
Leveraging The Ansoff Matrix for Strategic Growth in Packaged Food Micro-Enterprises

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ABSTRACT

Micro-enterprises are vital for local economic development, yet they often struggle with limited strategic capacity, particularly in regions where socio-cultural and religious factors strongly influence business practices. This study addresses the strategic management gaps among packaged food micro-enterprises in Bangkalan, Indonesia, with a focus on how these businesses navigate challenges while leveraging growth opportunities. The research fills a critical gap by integrating cultural and religious dynamics such as the importance of halal compliance-into established strategic frameworks like the ANSOFF Matrix.

Using a qualitative methodology, the study conducted in-depth interviews with 23 micro-entrepreneurs to explore their strategic behaviors, market approaches, and challenges. The thematic analysis revealed the alignment and divergence of practical strategies with theoretical models, offering insights into how entrepreneurs manage risks and pursue growth.

Findings indicate that while most businesses prioritize market penetration and product development, significant barriers-including inadequate access to resources and strategic knowledge-impede diversification and market expansion. Halal certification emerged as a pivotal yet challenging factor in market dynamics. The study concludes that strategic support, such as targeted training and collaborations with local institutions, can empower micro-enterprises to enhance competitiveness and contribute to sustainable development.

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Introduction

Micro-enterprises have played a crucial role in sustaining local economies especially through packaged foods, the clusters of which thrive throughout Bangkalan, Madura (Nasrulloh & Qomaro, 2024). This historical land is known for its cultural heritage and traditions, where economic activities are connected to the religious beliefs and tribal values (Wiyata, 2013). Although important players in the economic ecosystem, several of these micro-enterprises face strategic barriers including restricted market penetration and an unexplored diversification asset (Ramin & Farhan, 2024).

The global market landscape is rapidly evolving, placing increased pressure on local businesses to adapt and grow strategically (Kolasani, 2023). The ANSOFF Matrix, a time-tested strategic tool, that offers a clear framework for identifying pathways to business expansion, whether through market penetration, development, product innovation, or diversification (Ansoff et al., 2018). For the packaged food entrepreneurs, leveraging such strategic insights is not just a business imperative but a crucial step toward achieving long-term resilience and sustainability. Bangkalan needs to separate into identifying and thus describing the strategic options available for these micro-enterprises. It attempts to answer questions about how the various growth strategies can be maximized, what risks or opportunities are associated with each strategy-seeking approach and how cultural adherence per se (e.g., halal compliance) affects strategic choice (Salwa et al., 2024).

Micro-enterprises in the packaged food sector provide meaningful contribution to economic development (Qomaro, 2023), but the path to firm growth is also faced by a myriad challenges that long-term sustainability. One of the main challenges they face is getting significant market penetration. Most business owners are not only inexperienced in marketing, but they do not have access to wider distribution channels, which limits their operation to local markets. (Mariam & Khaeruman, 2024) Consequently, it is still challenging to target consumers beyond Bangkalan or larger cities. Moreover, there is less product differentiation – traditional packaged foods to start off with tend to compete viciously against each other, leading to a market saturation problem.

Small loans (or better, credits) are also a big problem because most of the micro-entrepreneurs have to fall back on personal savings or informal loans, limiting their possibilities for investment in product maturity, branding and growth (Servon et al., 2010). This lack of solid financial support creates little opportunity for innovation, bordering businesses on accommodating ever-changing market audiences. In addition, there are additional challenges to overcome in relation to regulatory requirements (e.g., obtaining halal certification). In Madura, where the local population is largely Muslim, it is necessary for a product to be halal compliant; however, the high costs and long procedures of certifying products are perceived by most owners as stumbling blocks for formalizing their goods (Vanny, 2023). Minimum government support and minimum information dissemination is faced which creates chaos among the processors who tend to not follow it properly missing out on the opportunity in trust building with market and expanding.

This gap is compounded by the fact that even among micro-entrepreneurs, there seems to be a large gap in strategic planning and knowledge application. Although a national and

global literature describes the possible geographical economic potential of micro-enterprises in low-income areas (Sen, 2011), few studies have incorporated specific strategies that can help be employed by small entrepreneurs within the cultural context that would be important to the micro-enterprises. It seeks to address this gap by not only identifying the challenges but also informing growth strategies that are consistent with each region's social fabric and economic landscape.

Packaged food micro-enterprises in Bangkalan face a dual burden of insufficient market access, financing challenges, regulatory barriers, and limited understanding of strategy that separates the organizations from their potential futures. This paper aims to address this gap by providing a holistic perspective on how these enterprises can achieve resiliency and long-term economic success through data-driven strategies for scaling businesses while accounting for the local socio-cultural context.

Prior research has underscored the diverse strategic approaches and challenges faced by small and micro-enterprises in adapting to dynamic market environments. For instance, Okpara et al. explored the management strategies employed by women entrepreneurs in Kuching, Sarawak, revealing that differentiation, market development, and product innovation are commonly used but are adapted differently depending on business type (Okpara et al., 2014). Their study highlights the importance of tailoring strategies to specific operational contexts. Similarly, Kamweru examined competitive strategies among SMEs in Kenya, emphasizing the critical role of financial resources, technological advancements, and cost-effective operations in navigating competitive global markets. The study also pointed to regulatory frameworks and competitor activity as significant obstacles to strategic implementation (Kamweru, 2012). Mutugi further demonstrated how environmental changes compel microfinance institutions (MFIs) in Kenya to adopt proactive measures to maintain sustainability and competitiveness. Her findings emphasized the necessity of strategic planning and adaptive responses to mitigate the adverse effects of environmental turbulence (Mutugi, 2006). Collectively, these studies underline the importance of strategic adaptability and resource mobilization as essential for business resilience, offering valuable insights into the factors that influence the success of small-scale enterprises across varying contexts.

Building on this foundation, the study provides a novel contribution by integrating the ANSOFF Matrix framework with cultural and religious considerations unique in Bangkalan. This interdisciplinary approach bridges the theoretical and practical gaps in micro-enterprise strategic planning, offering evidence-based recommendations for fostering resilience and sustainability. This research enriches the academic discourse by contributing to the underexplored intersection of strategic management and socio-cultural dynamics while delivering actionable insights for policymakers and practitioners. It underscores the critical need for context-sensitive strategies to unlock the growth potential of micro-enterprises, particularly in regions where economic activities are deeply intertwined with cultural identity and religious adherence.

Literature Review

Micro-Enterprise Economic Contributions and Challenges

Micro enterprises have traditionally been acknowledged as important engines of local economic development, especially in the context of developing economies (Liedholm & Mead, 2013). Often rooted within communities, these microenterprises create jobs, combat poverty – and contribute to economic resilience. Schumpeter introduced the Economic Development Theory, which demonstrates how entrepreneurship is a force for innovation and economic development (Schumpeter & Swedberg, 2021). Micro-enterprise is the very embodiment of this by stimulating entrepreneurship at the local level thus spurring higher levels and wider spheres of economic development through localized production networks and consumption chains.

One of the most visible areas micro-enterprise activities occupy is in the packaged food sector, which illustrates this potential well. Mainstream research in developing countries has pointed towards the role of the sector in tackling key socio-economic issues like unemployment and income inequality (Kuratko & LaFollette, 1987). According to Beck and Demirgüç-Kunt, micro-enterprises can target the very poor at household level including women, rural residents or other groups who are generally not able to obtain funded sources from formal employment services (Beck & Demirguc-Kunt, 2006). These enterprises help to shape a more inclusive economy by creating jobs and enabling self-reliance. Micro-enterprises have an important, multi-faceted role in local economic development. These enterprises can unleash inclusive growth and resilience by tackling systemic barriers and harnessing unique assets (Vargas, 2000).

As important as they are, micro-enterprises struggle with systemic barriers that inhibit their growth and success. The limitations in access to capital still show up as a common theme (Beck & Demirguc-Kunt, 2006), with millions of small businesses unable to procure financing from formal institutions. Due to insufficient collateral and absence of credit history among the micro-entrepreneurs, this barrier deepens by forcing them into unscalable unwritten loan systems (Ranaivo, 2024).

Moreover, poor infrastructure like bad transport networks and unreliable utilities negatively affects their operational efficiency and market access (Tonelli & Dalglish, 2012). Ayyagari, Demirgüç-Kunt and Maksimovic adds that regulatory hurdles such as cumbersome licensing procedures and compliance requirements further restrict their growth (Ayyagari et al., 2014). Halal certification is being seen as an increasingly important benefit in markets with significant Muslim populations where it not only reflects religious values but additional trust from consumers. Tieman and Ghazali (2014) indicate that there is a large demand of halal products out now in the society as it will boost the market competitiveness (Tieman & Ghazali, 2014).

The ANSOFF Matrix as a Strategic Framework

Developed by Igor Ansoff back in 1957, the ANSOFF Matrix is one of the most recognized and integrated frameworks within strategic management which can approach business growth through Market Penetration; Market Development; Product Development as well

as Diversification (Ansoff et al., 2018). Depending on the nature of its existing products in relation to its current and target markets, an organization has a number of different routes it can take to achieve growth. Though primarily designed for large corporations, the framework has been versatile, applying to a wide range of business settings — even micro-enterprises and small-scale industries (Kamweru, 2012).

Market Penetration— The first dimension focuses on stretching the market share of existing products in established markets. This strategy is based on making more efforts in promotion, product visibility and establishing strong customer loyalty. Empirical examples showing this type of behavior are various, for instance Kotler and Keller with promotional campaigns, low price strategy or better service. This approach, particularly for micro-enterprises, is typically characterized by localized networking and word-of-mouth marketing and creating repeat sales to gain a foothold (Kotler & Keller, 2006). **Market Development** refers to the sale of existing products in a new market (geographic, demographic, or psychographic).

This tactic is especially applicable in the proliferation of niche products audited for cultural or regional identity. Research by Hitt et al. shows that successful market development depends on knowing about new target audiences. Micro-enterprises aiming for expansion in new territories may need to overcome hurdles of logistics, regulation differences or unfamiliarity with their brand (Hitt et al., 2000). However, with the advent of digital platforms and e-commerce, this approach has become much easier to implement, allowing small businesses to reach larger audience without heavy investments in infrastructure (Räisänen & Tuovinen, 2020).

The next strategy is **Product Development**, which lies in innovating new products appropriate for existing markets. This is especially important in sectors that change according to consumer needs and the need for differentiation. Ansoff's thesis that consumer and market-oriented product innovation reduces the risk of entering new markets through innovative product/market combinations which meet the needs of consumers is still highly valid especially when underlined by technology or R&D institutions partnerships (Ansoff, 1977).

The last strategy is **diversification**, and it is the most high-risk, highest-reward strategy that has companies developing new products and entering markets. Companies use this strategy to reduce risk because of dependence on a single product line or market (Ansoff, 1957). Micro-enterprises can expand into adjacent industries or a related product category. But executing such a strategy requires tremendous resources, market research and tactical foresight to manage the complex nature of entering new markets or new industries.

Figure 1
ANSOFF Matrix



Source: Ansoff (1957), adjusted by the author (2024)

The ANSOFF Matrix is adaptable across different circumstances for its ability to find a balance between strategic goals and operational realities. Even though these strategies are often deployed by larger firms with sophisticated analytical tools and financial means, micro-enterprises showcase creativity and resourcefulness in adhering to these principles even within constrained organizational contexts.

Cultural and Religious Considerations in Business Strategy

In the broader context of Islamic-majority societies, compliance with halal principles is more than a regulatory requirement- it is a foundational element of market trust and consumer loyalty (Tenesha & Nasrulloh, 2023). The concept of halal extends beyond dietary laws to encompass ethical production processes, transparency, and the prevention of exploitation, reflecting the core tenets of Islamic business ethics (Al-Aidaros et al., 2013). These ethical imperatives demand that businesses align their operations with principles of fairness, accountability, and the prohibition of harmful practices, which can significantly shape strategic decisions.

The halal industry has grown exponentially in recent decades, spurred by increasing consumer awareness and demand for ethical products that align with Islamic values. However, studies reveal significant challenges in integrating halal compliance into micro-enterprises (Usman et al., 2023). For instance, obtaining and maintaining halal certification often entails financial and administrative burdens that many small-scale entrepreneurs find prohibitive (Tieman & Ghazali, 2014). Additionally, a lack of awareness and education about halal standards among micro-entrepreneurs further complicates compliance efforts (Siregar & Razali, 2022). These challenges highlight the need for supportive frameworks that can bridge the gap between small-scale producers and regulatory bodies, ensuring that halal certification is accessible, affordable, and streamlined.

Geert Hofstede's cultural dimensions theory provides a valuable lens for understanding how cultural norms influence business practices and consumer preferences. Hofstede's

work emphasizes dimensions such as individualism versus collectivism and uncertainty avoidance, which are particularly relevant in contexts where communal values and risk-averse decision-making predominate (Hofstede, 1983). Collectivist cultures often prioritize group cohesion and trust, which translates into business strategies that emphasize long-term relationships, reputation management, and ethical adherence. In Muslim-majority markets, these values are intertwined with religious principles, creating a unique business environment where cultural and religious expectations converge (Meldona et al., 2022).

Research Methods

This study employs the ANSOFF Matrix as a strategic framework to analyze the growth strategies of micro-entrepreneurs in Bangkalan, focusing on market penetration, product development, market development, and diversification. Each quadrant of the ANSOFF Matrix is used to classify and examine qualitative data, identifying specific strategic actions. For example, market penetration strategies are associated with increased promotional efforts and customer retention, while diversification strategies include innovations such as offering customizable frozen dough that allows customers to tailor their products. Data collection is grounded in semi-structured interviews, which provide participants the flexibility to share their experiences while addressing critical themes such as perceptions of growth opportunities, the influence of cultural and religious norms (e.g., halal standards), and strategic responses to market challenges. These interviews, conducted in participants' business settings, are supplemented by observational data to enrich contextual understanding (Creswell & Poth, 2016).

Purposive sampling was applied to select 23 micro-entrepreneurs with varying product types, years of business operation, and market reach. This sampling approach ensures a diverse representation of experiences and strategies, reflecting the heterogeneity of the sector. The selection criteria align with strategic management literature, emphasizing the importance of contextual factors in understanding business dynamics (Eisenhardt & Graebner, 2007). Data analysis involves a thematic approach. Interview transcripts and field notes undergo iterative readings to identify narratives and patterns, which are coded into themes aligned with the ANSOFF Matrix quadrants. Inductive coding highlights emerging ideas, while deductive analysis maps these themes onto the framework. For example, product development is explored through patterns of innovation in product offerings, and market development is assessed based on participants' efforts to expand their geographic and demographic reach (Braun & Clarke, 2006).

Result And Findings

Respondent Profile

The research surveyed 23 micro-entrepreneurs in a diverse range of packaged food products, including traditional food, dry snacks, processed fish products, and locally flavored beverages. The average age of respondents was 37 years, with a majority (60%) are female, reflecting the significant role of women in this industry. About 70% of the respondents had a secondary education, while only 10% had tertiary education, highlighting a relatively low level of formal business education. Business longevity varied, with 40% of enterprises having operated for 5 to 10 years, indicating a mix of established and emerging

players. In terms of business scale, 75% of the enterprises had fewer than five employees, classifying them as micro-businesses. The primary markets for these products were local, with 85% of respondents selling predominantly within Bangkalan, while only 15% had ventured into neighboring regions or urban markets. Interestingly, 90% of the businesses emphasized the importance of halal certification, yet only 40% had successfully obtained it, citing financial and bureaucratic hurdles as significant barriers.

Result and Discussion

The qualitative analysis of micro-enterprises in packaged food sector offers a compelling narrative about their strategic growth behaviors. The findings highlight that Market Penetration remains the most accessible and frequently employed strategy, driven by entrepreneurs' reliance on familiar, low-risk tactics such as local promotions and leveraging personal networks. While these approaches maintain steady customer engagement, they often fail to generate substantial sales growth. For example, one entrepreneur observed that participating in community events increased visibility but did little to expand revenue beyond a localized customer base. This underscores the limited scalability of penetration strategies without additional resources or innovative approaches. Product Development, though less common, emerged as a promising avenue for growth among some enterprises. Entrepreneurs introduced new packaging designs and flavor variations to appeal to evolving customer preferences. However, this strategy was hampered by operational constraints, particularly the lack of skilled labor and capital for scaling production. As one respondent noted, "Our new packaging has been well-received, but fulfilling growing demand requires investments we cannot afford." (K, 2024). This highlights a critical paradox: while product innovation attracts and retains customers, it simultaneously exposes resource deficiencies that limit broader implementation.

Table 1
Coding of Interview Data

Code	Respondents	Definition	Quotes
Halal Compliance Challenges	SW, A, J	"Obtaining halal certification is expensive and complicated for small businesses like mine."	Participants highlight financial and procedural barriers to acquiring halal certification.
Cultural Influence on Strategy	ST, H	"Our products must align with local tastes, which are heavily influenced by Madurese traditions."	Entrepreneurs adapt strategies to meet cultural expectations and community preferences.
Perception of Risk	S, AA	"Entering new markets feels risky, especially since we don't know if our products will be accepted."	Fear of failure and lack of market intelligence contribute to hesitancy in exploring market development.
Informal Knowledge Sharing	M, MM	"We often rely on advice from friends and family"	Micro-entrepreneurs rely heavily on informal networks for strategic

		rather than formal business training."	decisions and knowledge sharing.
Market Dynamics	D, MW	"Competition is increasing, but our loyal customer base keeps us going."	The balance between competition and customer loyalty is critical for sustaining market penetration strategies.

Source: Processed research data

This further reveals a glaring underutilization of Market Development and Diversification strategies. Entrepreneurs cited logistical and financial barriers as primary obstacles to geographic expansion or product portfolio diversification. The lack of market intelligence and the perceived complexity of entering new markets deterred many from pursuing these higher-risk strategies. For example, one participant expressed aspirations to penetrate markets outside Madura but identified transportation costs and a lack of trusted distributors as insurmountable challenges. Across all strategies, the pervasive influence of cultural and religious considerations was evident. Entrepreneurs emphasized the necessity of aligning growth initiatives with local values, particularly the demand for halal-certified products. Yet, the process of obtaining formal halal certification was widely criticized for being prohibitively expensive and administratively opaque. This duality—of cultural alignment as both a strength and a constraint—complicates the adoption of strategies like Market Development, which often require formal certifications to establish credibility in broader markets.

Table 2
Theme Development from Coding

Themes	Related Codes	Description
Navigating Regulatory Complexities	Halal Compliance Challenges	This theme captures how regulatory challenges, especially related to halal certification, influence strategic choices and operational constraints.
Cultural Embeddedness in Strategy	Cultural Influence on Strategy, Informal Knowledge Sharing	Reflects the impact of local traditions, religious practices, and informal networks on business operations and strategic planning.
Risk Perception and Management	Perception of Risk	Explores how entrepreneurs evaluate risks associated with growth strategies like market development and diversification.
Market Adaptation and Resilience	Market Dynamics, Cultural Influence on Strategy	Represents how micro-enterprises adapt to changing market dynamics while leveraging cultural alignment to maintain customer loyalty

Resource Limitations and Strategic Decisions	Informal Knowledge Sharing, Halal Compliance Challenges	Highlights the constraints posed by limited financial, human, and informational resources in adopting formalized strategic frameworks.
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Source: Processed research data

A recurrent theme was the lack of strategic knowledge among participants. While most entrepreneurs demonstrated resourcefulness in day-to-day operations, few were familiar with structured frameworks such as the ANSOFF Matrix. Many relied on intuition and inherited business practices, which, while effective in maintaining cultural resonance, limited their ability to adapt to changing market conditions or exploit emerging opportunities. This gap in strategic literacy suggests an urgent need for capacity-building initiatives tailored to the unique socio-economic realities of micro-enterprises in the region.

Findings

The widespread reliance on market penetration and minimal engagement with diversification highlight a sector that is cautious yet ambitious, bound by cultural commitments and financial limitations. The positive correlation between strategic knowledge and business performance underscores the potential benefits of targeted training and resource allocation. While micro-entrepreneurs demonstrate an impressive commitment to maintaining cultural integrity in their business practices, there is a clear need for more strategic support and resource access.

The findings reveal that Market Penetration is the most frequently adopted strategy among micro-entrepreneurs, a choice consistent with existing research on micro-enterprise behavior in developing regions. Scholars such as Kotler and Keller argue that market penetration is often preferred by resource-constrained businesses because it allows for incremental growth without the significant investment associated with new product development or diversification (Kotler & Keller, 2006).

This study's quantitative data supports this view, showing that 65% of respondents focused on deepening their presence in familiar local markets. However, the limited impact on sales growth, as reported by only 30% of these businesses, suggests that market saturation and competition are significant barriers, an observation echoed by Ayyagari, who emphasize the vulnerability of micro-enterprises to stagnant demand (Ayyagari et al., 2014).

In contrast, Product Development and Diversification strategies were less frequently employed but showed promise in retaining customers and capturing new market segments. The literature highlights the importance of innovation for small businesses, with researchers like Schumpeter advocating that product differentiation can be a key driver of competitive advantage (Schumpeter & Swedberg, 2021).

Table 3
Representation of ANSOFF Matrix Findings

Strategic Dimension	Observed Practice	Entrepreneurial Insight	Challenges Identified
Market Penetration	Entrepreneurs focus on deepening relationships with existing customers through personalized service and promotions.	"We offer discounts during festivals to retain customers."	Limited financial resources restrict extensive promotional campaigns.
Market Development	Efforts to expand into neighboring regions are cautious due to cultural and market unfamiliarity.	"We tried selling in the nearby city, but the market was different, and we lacked proper connections."	Fear of market rejection and insufficient market research constrain regional expansion.
Product Development	Introduction of new flavors and packaging designs to cater to evolving customer preferences.	"We added a spicy flavor because it's popular with younger customers."	Lack of R&D facilities and funds for experimentation slow innovation.
Diversification	Entrepreneurs pivot from selling ready-made frozen meatballs to offering frozen meatball dough, allowing customers flexibility in creating their own meatball sizes or fillings, such as stuffed dim sum or larger-sized meatballs for family meals.	"By offering dough, our customers can experiment with different sizes or stuff the meatballs with ingredients like cheese or eggs. It's been a great way to stand out in a crowded market."	Diversification demands additional marketing to educate customers about the new product's versatility. It also requires robust quality control to maintain consistency and cater to varied usage scenarios.

Source: Processed research data

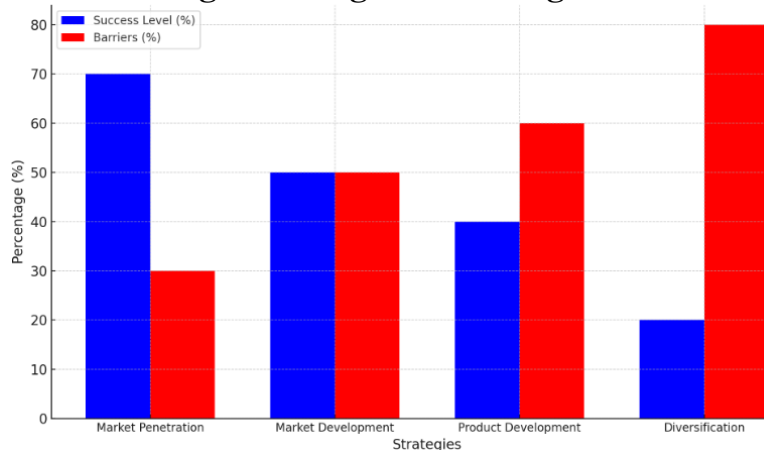
Market penetration strategies focus on increasing market share within existing segments, often through competitive pricing, promotional campaigns, or improved distribution channels. For micro-enterprises, this strategy poses minimal risk since it leverages familiarity with local consumer behavior, especially the cultural and religious preference for halal-certified products. However, over-reliance on saturated local markets could stifle innovation and limit long-term growth potential. Strengthening branding and customer loyalty within this context can build a resilient foundation for regional competitiveness.

Market development involves entering new geographical markets, whether within Indonesia or internationally. For packaged food sector, this strategy requires overcoming logistical and regulatory barriers, particularly those related to halal certification in global markets. While offering significant growth opportunities, such expansion increases exposure to risks, including heightened competition and unfamiliar consumer preferences. Reducing risk

entails forging strategic partnerships with distributors, leveraging government support for export initiatives, and employing market intelligence to align products with target demographics.

Product development emphasizes innovation, such as introducing new flavors, healthier options, or eco-friendly packaging to meet evolving consumer demands. While this strategy can differentiate micro-enterprises in crowded markets, it demands considerable investment in R&D, market testing, and production adaptation. For micro-entrepreneurs with limited capital, this risk can be mitigated through collaborative innovation hubs, shared production facilities, or grants aimed at fostering product innovation. Success in this domain could establish these enterprises as trendsetters, enhancing their appeal to regional and global markets.

Diversification involves venturing into entirely new markets or developing unrelated products, presenting the highest level of risk due to a lack of operational familiarity. For micro-enterprises, diversification might involve leveraging traditional knowledge to create niche products for premium global markets, such as organic or artisanal offerings. This strategy necessitates robust market research and substantial investment but, if executed well, could yield significant rewards by opening new revenue streams and reducing dependency on current market conditions. Risk management for diversification includes phased implementation, pilot projects, and securing external funding or partnerships.

Figure 2**ANSOFF Matrix Findings for Bangkalan Packaged Food Micro Enterprise**

Source: Processed research data

The findings of this study align with and extend existing research on micro-enterprise strategic management in developing regions. The dominance of market penetration strategies observed among micro-entrepreneurs mirrors the patterns documented by Kotler and Keller, who highlight market penetration as a low-risk, cost-effective strategy for resource-constrained businesses (Kotler & Keller, 2006).

This strategy's focus on deepening relationships within familiar markets is consistent with the behavior of micro-enterprises globally, which often prioritize stability over innovation due to financial limitations. However, the study also corroborates Ayyagari et al., who emphasize that market penetration strategies alone are insufficient in saturated or highly

competitive environments, often leading to diminished returns and limited growth potential (Ayyagari et al., 2014).

In contrast, this study identifies opportunities in product development and diversification strategies, though these remain underutilized due to financial and resource constraints. Schumpeter's theory of innovation underscores the critical role of product differentiation in achieving competitive advantage (Schumpeter & Swedberg, 2021), a finding echoed in the limited yet promising innovations observed among entrepreneurs. For example, the introduction of customizable frozen dough reflects an innovative response to consumer preferences, resonating with literature advocating for tailored solutions in niche markets. These findings also align with Wilson and Liu, who argue that leveraging cultural and religious compliance, such as halal certification, can enhance market differentiation in Muslim-majority regions (Wilson & Liu, 2011).

However, the financial and bureaucratic challenges tied to such compliance highlight the need for institutional support, as seen in Rachman and Sangare's advocacy for integrating halal certification into business training programs (Rachman & Sangare, 2023). Moreover, the lack of strategic awareness among micro-entrepreneurs, particularly their unfamiliarity with frameworks like the ANSOFF Matrix, supports Mintzberg's critique of prescriptive strategic models in contexts lacking formal business education (Mintzberg, 1994).

This gap underscores the necessity of targeted educational programs, a recommendation also supported by Eisenhardt and Graebner, who emphasize the contextual nature of strategic decision-making (Eisenhardt & Graebner, 2007). The positive correlation observed between strategic knowledge and business performance in this study reinforces the potential impact of such interventions. This research extends the literature on micro-enterprise strategy by emphasizing the interplay of cultural values, resource limitations, and strategic behavior. While previous studies have highlighted the importance of cultural and religious factors in shaping business practices (Wilson & Liu, 2011), this study provides empirical evidence of how these factors constrain and enable specific growth strategies. It also identifies a critical gap in institutional support, advocating for an integrated framework that balances economic objectives with cultural sensitivity.

Conclusion

This study reveals that micro-entrepreneurs predominantly adopt market penetration strategies, reflecting a preference for leveraging existing market familiarity and cultural alignment, particularly through personalized services and promotions. While this approach minimizes risk, its effectiveness is constrained by market saturation and limited resources. Product development and diversification strategies, though less common, demonstrate significant potential for growth, especially when aligned with consumer trends and supported by innovation. However, financial constraints, limited strategic awareness, and challenges in navigating cultural and regulatory complexities hinder broader adoption of these approaches. To address these gaps, future efforts should prioritize targeted training programs that enhance strategic knowledge, foster innovation, and provide practical tools tailored to the unique challenges of micro-enterprises in this region. Collaborative initiatives involving government, educational institutions, and local communities could bridge

resource limitations and strengthen the capacity of entrepreneurs to pursue more diverse and sustainable growth strategies.

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