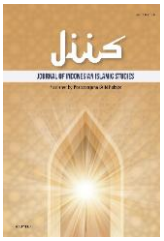
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# MSME Adaptation Strategies in Facing Rising Production Costs: An Islamic Economic Perspective

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**Abstract**

This study examines the adaptation strategies of a culinary micro-enterprise in responding to rising production costs from an Islamic economic perspective. The study focuses on Dapur Mamanau, a home-based culinary micro-enterprise in Tulungagung, East Java. This study employed a qualitative case study design. Data were collected through semi-structured written interviews conducted via WhatsApp with five informants, consisting of one business owner as the primary informant and four consumers as supporting informants. The data were analyzed thematically through an inductive coding process, while data credibility was strengthened through source triangulation and member checking. The findings indicate that rising raw material prices and difficulties in obtaining certain production inputs created pressure on the business's profit margins, while selling prices were not immediately increased. In response, Dapur Mamanau maintained product quality and variety, considered production and labor costs as well as the target market, developed product variants, adjusted production quantities according to market conditions, and utilized social media as a supporting marketing channel. The adjustment of production quantity was explicitly associated with declining purchasing power and the prevention of potential losses. From an Islamic economic perspective, these practices can be interpreted through 'adl in considering price and consumer affordability, shiddiq in communicating potential price changes, amanah in maintaining product quality, hygiene, and safety, maslahah in preventing unnecessary losses while maintaining business continuity, and tarāḍin through transparent communication with consumers. The study provides a contextual account of how a home-based culinary micro-enterprise combines economic and ethical considerations when adapting to rising production costs.

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# Introduction

The Indonesian economy continues to demonstrate growth amid ongoing changes in the economic environment. Statistics Indonesia (Badan Pusat Statistik/BPS) reported that the Indonesian economy grew by 5.29% year-on-year in the second quarter of 2026, while cumulative growth in the first half of 2026 reached 5.45%. The accommodation and food service sector also recorded growth of 11.83% during the first half of 2026, indicating continued economic activity in a sector closely related to culinary businesses (BPS Indonesia, 2026a). However, macroeconomic growth does not necessarily mean that all micro-enterprises experience similar business conditions. At the micro level, business actors may still face increases in production costs, changes in the availability of raw materials, and pressure on profit margins.

One of the pressures directly relevant to micro-enterprises is the increase in production costs, particularly when the prices of raw materials rise. Statistics Indonesia reported that producer prices increased by 5.62% year-on-year in the second quarter of 2026, while consumer prices recorded year-on-year inflation of 2.88% in July 2026 (BPS Indonesia, 2026b). Such price developments may affect businesses that depend on raw materials for daily production. For micro-enterprises with relatively limited capital and production capacity, increases in raw material prices can directly reduce profit margins. The situation becomes more challenging when business actors cannot immediately transfer the entire increase in production costs to consumers because selling prices must also consider purchasing power and market conditions (Pan, 2024).

This issue is particularly relevant to Micro, Small, and Medium Enterprises (MSMEs), especially home-based culinary businesses. Food products are closely associated with daily consumption, making price, product quality, and affordability important considerations for consumers (Rifai et al., 2026). When raw material prices increase, business actors need to determine appropriate responses without compromising the value offered to consumers. Such responses may include maintaining product quality, adjusting production quantities, developing product variations, improving cost efficiency, adjusting prices, and utilizing marketing channels (Yunus et al., 2023). Therefore, adaptation to rising production costs involves more than simply increasing selling prices. It requires business actors to balance production costs, prices, product quality, consumer considerations, and business sustainability.

The relationship between rising raw material prices and MSME adaptation has been examined in several previous studies. Khairunisah, Marliyah, and Jannah (2026) investigated pricing strategies among Muslim coffee-shop MSMEs in responding to increases in raw material prices. Their findings indicate that business actors employed gradual and selective price adjustments, material efficiency, supplier diversification, menu expansion, and communication with customers. The study also associated these practices with Islamic economic principles, including *al-'adl*, *shiddiq*, *amanah*, and *maslahah* (Khairunisah et al., 2026). Riani et al. (2025), meanwhile, examined the response of ketoprak MSMEs to rising raw material prices and found that some business actors maintained selling prices while preserving product quality and portion sizes in order to retain consumers. Their findings demonstrate the tension between increasing production costs and consumers' sensitivity to price changes (Riani et al., 2025).

Handayani and Syam (2025) examined the relationship between inflation, purchasing power, price changes, demand elasticity, and consumption behavior among MSMEs in the food and beverage sector in Balikpapan. Their study indicated that inflation and purchasing power influence price changes and demand elasticity, while production efficiency, innovation, and digital marketing can become relevant responses for MSMEs facing economic changes (Handayani & Syam, 2025). From the perspective of cost management, Hutajulu et al. (2024) examined the implementation of target costing in tempeh-producing MSMEs and found that target costing can be used to reduce production costs and increase profits. This demonstrates the importance of cost management when MSMEs face increases in raw material prices (Hutajulu et al., 2024). Meanwhile, Harto et al. (2026) examined inventory management in a Mie Level MSME in Lamongan and showed that increases in raw material prices accompanied by changes in demand can create operational cost pressures. Their study emphasized inventory management as a means of improving cost efficiency and maintaining the availability of raw materials (Harto et al., 2026).

These studies demonstrate that MSME responses to rising raw material prices are multidimensional. Previous research has discussed pricing strategies, consumer purchasing intentions, production-cost efficiency, inventory management, product quality, and digital marketing. Nevertheless, these dimensions are generally examined separately according to the particular focus of each study. There remains an opportunity to examine how several forms of adaptation are practiced simultaneously within a micro-enterprise when rising production costs affect business decisions, while the entrepreneur must also consider product quality, consumer affordability, market conditions, and business continuity.

This gap becomes more significant when adaptation to rising production costs is examined from an Islamic economic perspective. Islamic economics does not view business decisions solely in terms of profitability and business survival but also considers ethical principles governing economic transactions. Principles such as justice (*'adl*), honesty (*shiddiq*), trustworthiness (*amanah*), public benefit (*maslahah*), and mutual consent (*tarāḍin*) provide an ethical basis for examining business practices (Rifai, 2023). Previous studies have demonstrated the relevance of these principles in areas such as MSME management, pricing, and promotion (Sugiana et al., 2023). However, further empirical examination is needed to understand how these principles are reflected in the concrete adaptation decisions of a micro-enterprise experiencing rising production costs.

This study focuses on Dapur Mamanau, a home-based culinary micro-enterprise in Tulungagung, East Java. The business provides an empirical context for examining how rising raw material costs affect production and business decisions. Rather than assuming that every existing business practice represents a response to rising costs, this study examines the adaptation practices that are identified in relation to production-cost pressures and considers how these practices are connected with product quality, consumer purchasing power, market conditions, and business sustainability. The single-case setting enables the study to provide an empirical and contextual account of adaptation within a micro-enterprise.

Accordingly, the research gap addressed in this study is not the absence of research on MSME responses to rising raw material prices, but the limited empirical

understanding of how multiple adaptation practices are combined within a single micro-enterprise and subsequently examined through Islamic economic principles. The contribution of this study is therefore empirical and contextual rather than intended to formulate a general model of MSME adaptation. By examining Dapur Mamanau, this study provides an account of how a culinary micro-enterprise responds to rising production costs through interconnected decisions concerning production, product quality, pricing considerations, market orientation, and business sustainability, while also considering Islamic economic values.

Based on this background, this study aims to analyze how rising production costs affect the business activities of Dapur Mamanau, identify the adaptation strategies adopted in response to these cost pressures, and examine those adaptation strategies from an Islamic economic perspective. Through this approach, the study positions price adjustment as one component of adaptation rather than as the sole response to rising production costs.

## Literature Review

MSME Adaption Strategies In Facing Rising Production Costs

Adaptation strategies refer to a series of actions undertaken by business actors to adjust their business activities to changes in the internal and external business environment in order to maintain business continuity (Ishak et al., 2026). For MSMEs, adaptation becomes particularly important when production costs increase due to rising raw material prices and difficulties in obtaining production inputs. MSMEs generally have more limited resources, capital, production capacity, and bargaining power than larger businesses. Consequently, changes in raw material prices, consumer purchasing power, and market conditions can directly affect their production activities and profit margins (Khairunisah et al., 2026).

Adaptation to rising production costs does not necessarily mean increasing selling prices. Business actors may respond through several forms of adjustment, including improving cost efficiency, adjusting production quantities, maintaining product quality, developing product variations, modifying marketing strategies, and strengthening relationships with consumers. Product diversification, digitalization, business networks, and improvements in production capacity may also constitute forms of adaptation when they are undertaken in response to changes in the business environment (Utami et al., 2021). Thus, adaptation should be understood not merely as a change in price but as a process through which business actors adjust various aspects of their operations to manage cost pressures and maintain market continuity.

Rising production costs may create a dilemma for MSMEs because increases in input costs cannot always be fully transferred to consumers through higher selling prices. Increasing prices may affect purchasing power and consumer demand, while maintaining prices may reduce profit margins. Therefore, business actors need to consider production costs, market conditions, consumer purchasing power, product quality, and business continuity when determining their responses to cost pressures (Ita et al., 2026). Adaptation in this context refers specifically to business practices that are undertaken or adjusted in relation to rising production costs, raw material availability, purchasing power, or the risk of business losses. This distinction is important because not every routine

business activity can automatically be categorized as an adaptation strategy to economic pressure.

Adaptation Strategies From An Islamic Economics Perspertive

From the perspective of Islamic economics, business activities are not oriented solely toward financial gain but are also governed by ethical principles concerning justice, responsibility, honesty, and public benefit (Rifai et al., 2025). Therefore, adaptation strategies undertaken by MSMEs in response to rising production costs should also be considered in terms of their effects on consumers, business partners, product quality, and business sustainability. Islamic economic principles provide an ethical basis for examining whether business decisions maintain a balance between the interests of the business and the rights of consumers.

The first principle is al-'adl (justice), which refers to fairness in economic transactions and treatment of the parties involved. In the context of MSME adaptation, justice can be examined through the fairness of pricing and the treatment of consumers. Price adjustments, for example, should be considered in relation to production costs, product quality, and the value received by consumers rather than being determined solely by the desire to maximize profit.

The second principle is shiddiq (honesty). Shiddiq concerns truthful and accurate information in business transactions, including information about products, prices, quality, and other conditions relevant to consumers. Under conditions of rising production costs, honesty becomes important because business actors may need to communicate changes in prices, product characteristics, or other aspects of transactions to consumers (Fauza & ’Azizah, 2026).

The third principle is amanah (trustworthiness and responsibility). In business activities, amanah is reflected in the responsibility of business actors toward the products and services they provide. This includes maintaining product quality, ensuring product safety, and providing services in accordance with what has been offered to consumers. Therefore, maintaining product standards despite production-cost pressures can be examined in relation to the responsibility of the business actor toward consumers.

The fourth principle is maslahah (benefit), which refers to efforts to achieve benefit and prevent harm. In the context of business adaptation, maslahah can be examined by considering whether a particular adaptation provides benefits for business continuity while avoiding unreasonable harm to consumers. Adjustments in production quantity, product composition, pricing, or marketing therefore need to be understood in relation to their consequences for both the business and consumers (Linda Puspita Sari et al., 2025).

The fifth principle is tarāḍin (mutual consent), which emphasizes transparency and willingness between parties in economic transactions. In the context of MSME adaptation, tarāḍin can be examined particularly when business decisions affect consumers, such as changes in selling prices or product conditions (Sitanggang et al., 2024). Information concerning such changes should be communicated transparently so that consumers can make purchasing decisions based on adequate information.

Based on these principles, Islamic economics provides an analytical perspective for examining adaptation strategies rather than assuming that every business practice automatically represents an Islamic value. 'Adl is therefore analyzed through fairness in

pricing and treatment; shiddiq through truthful information; amanah through responsibility for product quality, safety, and service; maslahah through the pursuit of benefit and prevention of harm; and tarāḍin through transparency and mutual willingness in transactions. These criteria provide a basis for interpreting the empirical adaptation practices identified in the case of Dapur Mamanau (Sugiana et al., 2023; Anshari & Yurmaini, 2023).

Price Adaptation, Consumers, And The Need For Business Sustainability

Price is one of the important aspects of business adaptation because it is directly related to production costs, profit margins, and consumer purchasing power. When raw material prices increase, MSMEs may face several alternatives, including increasing selling prices, maintaining existing prices while accepting lower profit margins, improving production efficiency, or combining several strategies (Handayani & Syam, 2025). The choice of strategy depends on the characteristics of the business, production costs, market conditions, and consumers' ability and willingness to purchase.

Price adaptation is closely related to the relationship between businesses and consumers. A price increase that is too high may reduce affordability and purchasing interest, while maintaining prices without considering production costs may threaten business sustainability. Consequently, pricing decisions need to consider the relationship between production costs, product quality, consumer purchasing power, and the value received by consumers (Amarodin et al., 2026). Price adaptation should therefore be viewed as one component of a broader adaptation strategy rather than as the only possible response to rising production costs.

From an Islamic economic perspective, business sustainability is not limited to maintaining short-term financial gains. Sustainability also requires business practices that maintain fairness, transparency, responsibility, and benefit for the parties involved. Pricing and other adaptation decisions should therefore consider 'adl, shiddiq, amanah, maslahah, and tarāḍin as relevant ethical principles (Rifai et al., 2025). These principles provide a basis for assessing whether adaptation to rising production costs can simultaneously support business continuity and maintain appropriate consideration of consumer interests.

Accordingly, the literature positions adaptation to rising production costs as a multidimensional process involving production, product quality, pricing, consumer considerations, marketing, and business sustainability. An Islamic economic perspective adds an ethical dimension to this process by examining not only whether an adaptation strategy supports business continuity, but also how the strategy affects fairness, honesty, responsibility, benefit, and mutual consent in business transactions.

## Method

This study employed a qualitative case study design to examine the adaptation strategies of a culinary micro-enterprise in responding to rising production costs from an Islamic economic perspective. A qualitative case study is appropriate for investigating a contemporary phenomenon within its real-life context, particularly when the boundaries between the phenomenon and its context are not clearly separated (Yin, 2018). The approach was therefore used to obtain an in-depth understanding of the experiences,

considerations, and business practices of the research subject in dealing with changes in production costs.

The research was conducted at Dapur Mamanau, a home-based culinary micro-enterprise located in Tulungagung, East Java. The case was selected because the business experienced increases in raw material prices and difficulties in obtaining certain production inputs, which affected production costs and profit margins. The case provided a contextual setting for examining how a micro-enterprise responds to cost pressures while considering product quality, consumer purchasing power, and business continuity.
The research was conducted during June–July 2026.

The study involved five informants, consisting of one business owner as the primary informant and four consumers as supporting informants. The owner was selected purposively because of her direct involvement in managing production, determining prices, selecting raw materials, considering the target market, and making business decisions. Therefore, the owner was the principal source of information concerning the business's adaptation strategies.

The four supporting informants were women aged 20–30 years, residents of Tulungagung, who had purchased Dapur Mamanau products more than three times. They were selected purposively based on their repeated purchasing experience and their relevance to the study. Their purchasing experience was considered useful for confirming information concerning product quality, price considerations, and service practices described by the business owner.

Primary data were obtained from the informants' written responses concerning the impact of rising production costs, business adaptation practices, consideration of consumers and markets, and the implementation of Islamic economic values in business activities. Secondary sources, including relevant academic literature and official statistical information, were used to provide contextual support for interpreting the research findings.

Data were collected through semi-structured interviews conducted via WhatsApp. The researcher provided interview questions in written form to the informants, and the informants responded in writing. The informants were given approximately two to three days to complete the responses. When a response required clarification, the researcher conducted follow-up communication through WhatsApp.
No audio recording was used because the interviews were conducted in written form. Consequently, the written responses served directly as the primary interview data and did not require audio transcription.

The interview questions addressed four main areas: (1) the impact of rising production costs on business activities; (2) adaptation strategies undertaken by the business; (3) the consideration of Islamic economic values in business decisions; and (4) efforts related to business continuity and sustainability.

To strengthen the credibility of the information, the researcher compared the owner's responses with information obtained from the four consumer informants. The researcher also presented a summary of the owner's responses to the four consumers through WhatsApp and asked them to confirm whether the summary was consistent with their experience as customers. All four consumers confirmed the information and did not

provide corrections or additional information. This process was used as source triangulation and member checking to strengthen the credibility of the qualitative data.

The data were analyzed using thematic coding. The written interview responses were first compiled and reviewed systematically. Relevant statements were then identified and assigned initial codes based on their substantive meaning. The initial codes were subsequently grouped into broader categories and themes relevant to the research questions. This process follows the general logic of thematic analysis, which involves identifying patterns of meaning within qualitative data and developing them into themes (Braun & Clarke, 2006).

The coding process identified themes related to rising raw material costs, effects on profit margins, product quality maintenance, product variation, production-cost and target-market considerations, production adjustment, digital marketing, pricing considerations, and Islamic economic values. The researcher then examined the relationships among these categories to distinguish the economic pressures experienced by the business from the adaptation strategies undertaken in response to those pressures.

The analysis was conducted inductively, meaning that specific categories were developed from the empirical data rather than imposing predetermined findings on the informants' responses. However, the overall analysis remained directed by the research objectives. A business practice was treated as an adaptation strategy only when the empirical information indicated its relationship with rising production costs, raw material availability, purchasing power, or the risk of business losses. This distinction was applied to avoid treating ordinary business activities as adaptations to economic pressure without supporting empirical evidence.

For the Islamic economic analysis, the empirical findings were subsequently examined using clearly defined analytical criteria. 'Adl referred to fairness in pricing and treatment of consumers; shiddiq referred to honesty and truthful information in business transactions; amanah referred to responsibility for product quality, safety, and service; maslahah referred to efforts to maintain benefits and prevent harm to consumers and the business; and tarāḍin referred to transparency and mutual willingness in transactions, particularly in relation to changes affecting consumers. These principles were used as analytical lenses after the empirical findings had been identified, consistent with previous discussions of Islamic economic principles in MSME practices (Sugiana et al., 2023).

Data credibility was strengthened through source triangulation and member checking. Source triangulation was conducted by comparing information provided by the business owner with the experiences and confirmation of the four consumer informants. Member checking was conducted by presenting a summary of the owner's information to the consumer informants and obtaining their confirmation. These procedures were used to assess the consistency of the information obtained from the primary and supporting informants.

Data collection was considered sufficient when the information obtained from the informants had reached data saturation, in which additional responses did not provide substantially different information concerning the main themes of the study. The combination of the primary owner's account and supporting consumer confirmations provided the basis for interpreting the adaptation practices examined in this case.

# Results

## *Impact of Rising Production Costs On The Businees*

The findings indicate that rising production costs affected the business activities of Dapur Mamanau, particularly through increases in raw material prices and difficulties in obtaining certain production inputs. The business owner explained that the increase in the price of basic ingredients did not immediately lead to an increase in selling prices. Instead, the business continued to maintain its existing selling prices while absorbing part of the increased production costs.

The owner stated:

*"Alhamdulillah, the business is still able to survive even though the prices of basic ingredients have increased, while the selling prices remain unchanged."*

This statement indicates that the increase in production costs had occurred while the selling price of the products remained unchanged. The business was therefore still able to operate under increased cost conditions, although the increase in input costs affected the financial margin of the business.

The pressure was not limited to price increases. The owner also reported difficulties in obtaining certain raw materials:

*"Sometimes the prices of raw materials increase, and the materials are difficult to obtain."*

The combination of increasing prices and limited availability of raw materials created additional challenges for production. Thus, the pressure experienced by Dapur Mamanau was related not only to the nominal increase in production costs but also to the availability of inputs required for production.

The owner further explained the effect of rising raw material prices on business profitability and consumer purchasing power:

*"The increase in raw material prices has a significant effect, particularly on the profit obtained, while consumers' purchasing power remains the same because there has been no increase in the selling price."*

This finding shows that the increase in raw material prices directly affected the profit obtained by the business. At the same time, the business did not immediately increase its selling price, while consumer purchasing power was perceived as remaining relatively unchanged. Consequently, the business faced a situation in which production costs increased but the selling price and consumer purchasing capacity remained relatively stable.

The information obtained from the four consumer informants provided supporting confirmation of the owner's account. All four consumers confirmed the summary of the owner's responses regarding product quality, price, and service and did not provide corrections or additional information. Their confirmation supports the consistency of the owner's description from the perspective of customers who had repeatedly purchased Dapur Mamanau products.

## *Adaption Strategies of "Dapur Mamanau"*

The findings show that Dapur Mamanau did not implement a single specific strategy to respond to rising production costs. Instead, the business adopted several forms of

adjustment related to product quality, product variation, production-cost considerations, target-market considerations, production quantity, digital marketing, product safety, and communication with consumers. These practices indicate that the business responded to cost pressures through a combination of operational and market-oriented considerations rather than relying solely on selling-price increases.

Regarding the business's immediate response to rising production costs, the owner explained:

*"For now, there is no specific strategy; I only focus on maintaining product quality and product variety."*

This statement indicates that maintaining product quality and variety was prioritized when the business faced changes in production costs. The business did not identify a specific cost-cutting measure that would reduce product quality. Instead, the owner emphasized maintaining the characteristics of the products offered to consumers.

In determining business decisions, the owner also considered production costs, labor, and the target market:

*"Besides considering the cost of goods sold (COGS) and labor costs, the target market is also a major consideration."*

This finding shows that adaptation was not determined solely by the increase in raw material prices. The business also considered other cost components and the characteristics of its target consumers. Such considerations were important because the selling price could not be determined independently of consumer purchasing conditions.

The business also responded to market conditions by introducing new product variations. The owner stated:

*"I try new variants and observe what is currently in demand among many people."*

The finding indicates that the development of new product variants was associated with the business's effort to respond to current market demand. In the context of rising production costs, this practice formed part of the business's broader effort to maintain consumer interest while adjusting its product offerings to market conditions.

Another adaptation concerned production quantity. The owner explained that the possibility of declining consumer purchasing power was considered in determining the quantity of products to be produced:

*"In business, it is possible that one day people's purchasing power will be low. Therefore, we also need to understand the market and adjust the quantity of production to minimize the possibility of losses."*

This statement provides direct evidence of an adjustment in production quantity based on perceived consumer purchasing power and the risk of losses. The adjustment was explicitly connected by the owner to the possibility of declining purchasing power and the need to minimize business losses.

Digital marketing was also identified as an important strategy for maintaining market access. The owner stated:

*"Since everyone is currently using social media, the main strategy that can be implemented is to utilize social media for advertising and marketing business products."*

The finding indicates that social media was used as a marketing channel to promote and market the products. However, the owner did not explicitly state that the use of social media was initiated because of rising production costs. Therefore, in this study, digital marketing is treated as a supporting marketing practice for maintaining market access, rather than being presented as a direct response to rising raw material costs.

In addition to operational and marketing considerations, the owner emphasized honesty, product safety, and hygiene in the production process. Regarding honesty, the owner stated:

*"Honesty, by not using chemicals that could be harmful to the body."*

The statement indicates that the owner associated honesty with the avoidance of ingredients considered potentially harmful to consumers. This practice was presented by the owner as part of the business's responsibility toward the products provided to consumers.

The owner also emphasized justice in determining selling prices:

*"Justice, by adjusting the selling price according to the quality of the product received."*

This statement indicates that the owner considered the relationship between product quality and selling price when determining the price offered to consumers. Thus, price consideration was not described solely in terms of production costs but also in relation to the quality received by customers.

Regarding responsibility for the production process, the owner explained:

*"Responsibility, by prioritizing cleanliness during the production process so that the products are guaranteed to be hygienic."*

This finding indicates that cleanliness and product hygiene were explicitly considered part of the business's responsibility. The practice was related to the condition of the products provided to consumers and was therefore included among the business practices concerning product quality and consumer protection.

The owner also described how the business communicated potential price changes to consumers:

*"Before making any price changes, information is usually communicated well in advance. For me personally, it is better to increase the selling price slightly while maintaining the same product quality than to reduce product quality."*

This statement provides evidence that price changes, when considered, were preceded by information to consumers. The owner also expressed a preference for a limited price increase while maintaining product quality rather than reducing quality to accommodate increased costs. This finding connects price decisions with both consumer communication and product-quality considerations.

The four consumer informants provided supporting confirmation of the owner's account. The researcher presented a summary of the owner's responses to the four consumers through WhatsApp and asked them to confirm whether the information was consistent with their experience as customers. All four consumers confirmed the information and did not provide corrections or additional information. Their confirmation

supports the consistency of the owner's account concerning product quality, price, and service practices experienced as customers.

# Discussion

### *Adaptation To Rising Production Costs And Business Sustainability*

The findings of this study indicate that rising raw material prices created direct pressure on the profitability of Dapur Mamanau. Although the business was still able to maintain its selling prices, the owner reported that increases in raw material prices had a significant effect on the profit obtained. This condition illustrates a common challenge faced by micro-enterprises: increases in production costs cannot always be immediately transferred to consumers through higher selling prices because consumer purchasing power must also be considered.

This finding is consistent with Handayani and Syam (2025), who found that inflation and purchasing power are related to price changes and demand conditions among MSMEs. Their study also indicates that business actors may need to consider efficiency, innovation, and marketing strategies when responding to changing economic conditions. In the case of Dapur Mamanau, the consideration of the target market alongside production and labor costs demonstrates that adaptation was not determined solely by the increase in input prices but also by the perceived capacity of consumers to absorb price changes.

The findings also complement Riani et al. (2025), who examined MSMEs responding to increases in raw material prices and showed the importance of maintaining product quality and considering consumer purchasing interest. Dapur Mamanau similarly prioritized maintaining product quality despite experiencing increased raw material costs. However, the present case shows that maintaining quality was accompanied by other considerations, including product variation, target-market conditions, and production quantity.

From a cost-management perspective, the findings are also relevant to Hutajulu et al. (2024), who demonstrated the importance of production-cost management in maintaining MSME profitability. In Dapur Mamanau, the owner explicitly considered cost of goods sold and labor costs when making business decisions. However, the case did not indicate the use of a formal cost-management method such as target costing. Therefore, the finding is better understood as a practical consideration of production costs rather than as the implementation of a specific accounting technique.

Another important finding concerns the adjustment of production quantity in anticipation of reduced consumer purchasing power. The owner stated that production quantity could be adjusted to minimize potential losses. This practice demonstrates that adaptation occurred not only through price or product decisions but also through production planning. In this respect, the finding has similarities with Harto et al. (2026), whose study emphasizes the importance of managing inventory and the availability of raw materials in controlling costs and maintaining operational continuity in an MSME. Nevertheless, the present study focuses on a different mechanism, namely the adjustment of production quantity in response to anticipated changes in purchasing power and the risk of losses.

The findings therefore suggest that business sustainability in the case of Dapur Mamanau was pursued through a combination of maintaining product quality, considering production costs, observing market conditions, developing product variations, and adjusting production quantity. This pattern indicates that adaptation to rising production costs should not be understood simply as a decision to increase selling prices. Rather, it involves balancing the need to control costs, retain consumers, maintain product quality, and reduce the possibility of losses.

In the context of this single case, adaptation can therefore be understood as a process of balancing cost pressure and business continuity with consumer considerations. The findings do not imply that all MSMEs respond to rising production costs in the same way. Instead, the case of Dapur Mamanau demonstrates how a home-based culinary micro-enterprise combines several practical considerations when faced with increasing input costs. This contextual character is important because the adaptation strategies identified in this study are closely related to the business's scale, product characteristics, market, and consumer conditions.

## *Adaptation Practices Through Islamic Economis Principles*

The findings indicate that the adaptation practices of Dapur Mamanau can be interpreted through several Islamic economic principles, particularly 'adl (justice), shiddiq (honesty), amanah (trustworthiness), maslahah (benefit), and tarāḍin (mutual consent). These principles are applied as analytical criteria rather than as labels automatically attached to every business practice. The discussion therefore focuses on the specific empirical findings that correspond to the meaning of each principle.

### 'Adl (Justice)

The principle of 'adl is relevant to the owner's consideration of production costs, product quality, selling prices, and consumer purchasing power. The owner stated that justice was understood as adjusting the selling price according to the quality of the product received by consumers. The owner also explained that the target market was considered alongside cost of goods sold and labor costs.

These findings can be interpreted through 'adl because the pricing consideration involves both the interests of the business and the value received by consumers. The owner did not describe price determination solely in terms of maximizing profit but related it to product quality and consumer conditions. This is particularly relevant when the business faces rising raw material costs while consumers' purchasing power remains a consideration.

This finding is consistent with Anshari and Yurmaini (2023), who discuss price determination among MSMEs from an Islamic economic perspective. It also corresponds with Khairunisah et al. (2026), who found that Muslim MSMEs facing increases in raw material prices consider pricing together with other business strategies. In the case of Dapur Mamanau, however, the finding is contextual and demonstrates how considerations of cost, quality, and consumers are combined within a single micro-enterprise.

### Shiddiq (Honesty)

The principle of shiddiq refers to honesty and truthful information in business activities. The empirical finding most directly related to this principle concerns the owner's

statement that information about potential price changes is communicated to consumers in advance. The owner explained:

"Before making any price changes, information is usually communicated well in advance."

This practice can be interpreted through shiddiq because the business provides consumers with information concerning a change that may affect the transaction. The relevance of shiddiq in this case therefore lies in the communication of information rather than simply in maintaining product quality.

The owner's statement that it is preferable to increase the selling price slightly while maintaining product quality rather than reducing quality also demonstrates the importance placed on maintaining the characteristics of the product offered to consumers. However, this practice is not treated by itself as evidence of shiddiq. The stronger empirical basis for interpreting shiddiq is the owner's stated commitment to communicate potential price changes in advance.

This interpretation is consistent with the emphasis on honesty and ethical business practices in Islamic economic studies of MSMEs (Sugiana et al., 2023). Thus, the relevance of shiddiq in this case lies primarily in the owner's stated practice of communicating price changes rather than in the mere fact that product quality was maintained.

**Amanah (Trustworthiness and Responsibility)**

The principle of amanah is reflected in the owner's responsibility for product quality, cleanliness, and safety. The owner explicitly stated that responsibility was demonstrated by prioritizing cleanliness during the production process so that the products remained hygienic. The owner also stated that harmful chemical ingredients were not used.

These findings provide a direct basis for interpreting the practices through amanah, because the relevant criterion is responsibility toward the condition and safety of products received by consumers. The business owner's responsibility is therefore not limited to producing and selling products but also includes maintaining appropriate production standards.

The relevance of amanah becomes particularly important under conditions of rising production costs. Cost pressures could create incentives to reduce production standards, but the owner explicitly stated a preference for maintaining product quality rather than reducing quality. In this case, responsibility toward consumers is considered alongside the economic interests of the business.

This finding supports the broader discussion of Islamic economic principles in MSME activities, in which business practices are expected to incorporate responsibility and ethical considerations rather than being oriented exclusively toward financial returns (Sugiana et al., 2023).

**Maslahah (Benefit)**

The principle of maslahah is particularly relevant to the adjustment of production quantity. The owner explained that if consumer purchasing power declined, the business would need to understand market conditions and adjust production quantity in order to minimize potential losses.

This finding can be interpreted through maslahah because the adjustment seeks to maintain a balance between continuing production and preventing unnecessary losses (Robbani et al., 2025). The practice is not categorized as maslahah merely because it reduces costs. Rather, its relevance arises from the owner's explicit consideration of consumer purchasing power, production levels, and the prevention of potential business losses.

The finding is consistent with the broader understanding of maslahah in Islamic economics as an orientation toward benefit and the prevention of harm. Studies on MSMEs from an Islamic economic perspective also emphasize the importance of business practices that contribute to welfare and sustainable economic activity (Sugiana et al., 2023).

In the case of Dapur Mamanau, however, maslahah is understood contextually. The adjustment of production quantity represents an effort to prevent excessive production when demand may decline while maintaining the continuity of the business. The finding therefore demonstrates how consideration of benefit can operate simultaneously at the level of business sustainability and consumer conditions.

**Tarāḍin (Mutual Consent)**

The principle of tarāḍin is most directly related to the communication of potential price changes. The owner stated that information concerning price changes would be communicated well in advance. This practice gives consumers an opportunity to understand the change before making subsequent purchasing decisions.

The relevance of tarāḍin therefore lies in the transparency of the transaction process. The principle is not inferred merely from the existence of a price change but from the effort to provide information before the change takes effect. Such communication allows consumers to make purchasing decisions based on information concerning the price they may have to pay.

This finding is relevant to the Islamic economic understanding of pricing, in which transactions should consider the interests and willingness of the parties involved (Ita et al., 2026) . In the case of Dapur Mamanau, communication concerning potential price changes represents a practical mechanism for maintaining transparency in the relationship between the business and its consumers.

Overall, the findings demonstrate that the Islamic economic interpretation of Dapur Mamanau's adaptation practices involves different principles corresponding to different empirical practices. 'Adl is reflected in the consideration of price, product quality, production costs, and consumer affordability; shiddiq is most directly reflected in the communication of potential price changes; amanah is reflected in responsibility for product quality, cleanliness, and product safety; maslahah is reflected in production adjustments intended to maintain business continuity while minimizing avoidable losses; and tarāḍin is reflected in transparent communication that allows consumers to make informed purchasing decisions. This interpretation demonstrates that Islamic economic principles provide an analytical basis for understanding specific business decisions rather than functioning as predetermined labels for all forms of adaptation (Utami et al., 2021).

**Adaptation, Consumer Consideration, And Business Sustainability**

The findings demonstrate that consumer considerations play an important role in the adaptation decisions of Dapur Mamanau. The owner did not view rising production costs solely from the perspective of internal business expenses but also considered the purchasing power and characteristics of the target market. This consideration was reflected in the decision to maintain product quality and selling-price accessibility while accepting pressure on profit margins.

The relationship between production costs, prices, and consumer purchasing power is consistent with Handayani and Syam (2025), who found that inflation and purchasing power are associated with price changes, demand elasticity, and consumption behavior among MSMEs. Similarly, Riani et al. (2025) found that MSMEs facing increases in raw material prices need to consider the potential effects of price changes on consumer purchasing interest. The case of Dapur Mamanau reinforces these findings by showing that consumer purchasing power became one of the considerations in determining business responses to production-cost pressures.

However, the findings also indicate that maintaining consumer affordability was not pursued by reducing product quality. The owner explicitly preferred maintaining product quality even when a price increase might become necessary. This reflects a form of adaptation in which the business attempts to preserve the value received by consumers while responding to changes in production costs. Therefore, consumer orientation in this case was not limited to keeping prices low but also involved maintaining the quality of the products offered.

Product variation also played a role in maintaining the business's relationship with consumers. The owner's effort to introduce new variants and observe products that were currently in demand indicates that market responsiveness formed part of the business's adaptation process. Such a strategy allows the business to adjust its product offerings according to consumer preferences rather than relying exclusively on existing products. This finding complements previous research that identifies innovation and product diversification as relevant strategies for MSMEs responding to changing market conditions (Handayani & Syam, 2025).

At the same time, the adjustment of production quantity represents an important connection between consumer conditions and business sustainability (Darmawan & Mulyanto, 2026). The owner explained that production quantities could be adjusted when consumer purchasing power was expected to decline in order to minimize potential losses. This approach allows the business to avoid producing quantities that may exceed market demand. In this respect, sustainability is pursued not simply by increasing sales but also by controlling the potential losses associated with changes in demand.

The findings therefore suggest that business sustainability in the case of Dapur Mamanau is closely related to the ability to balance three considerations: production costs, consumer conditions, and business continuity. Rising raw material prices place pressure on profit margins, while consumer purchasing power limits the extent to which additional costs can be transferred through selling prices. The business consequently responds through a combination of quality maintenance, market observation, product variation, production adjustment, and price considerations.

From an Islamic economic perspective, this balance is relevant because sustainability should not be separated from ethical responsibility toward consumers (Maulidya, 2025). The findings discussed in Section 5.2 show that the business owner's considerations concerning price fairness, product quality, hygiene, safety, and communication provide an ethical dimension to the adaptation process. Thus, sustainability in this case is not understood merely as the ability to continue operating but as the continuation of business activity while maintaining appropriate consideration of consumer interests and product value.

The case of Dapur Mamanau consequently contributes a contextual understanding of MSME adaptation under rising production costs. Rather than demonstrating a single standardized strategy, the findings show how a home-based culinary micro-enterprise combines several practical responses according to its production conditions, target market, consumer purchasing power, and perceived risk of losses. This contextual finding complements previous studies that have tended to examine particular aspects of MSME adaptation, such as pricing, cost efficiency, inventory management, or consumer purchasing behavior (Hutajulu et al., 2024). The contribution of the present study therefore lies in illustrating how these considerations are interconnected within a single micro-enterprise and how they can be interpreted through Islamic economic principles.

## Conclusion

This study examined how rising production costs affected the business activities of Dapur Mamanau, identified its adaptation strategies, and examined these practices from an Islamic economic perspective. In the case examined, rising raw material prices and difficulties in obtaining certain production inputs primarily affected profit margins, while selling prices were not immediately increased. The business responded through interconnected practices, including maintaining product quality and variety, considering production and labor costs and the target market, developing product variants, adjusting production quantities according to market conditions, and using social media as a supporting marketing channel. The adjustment of production quantity was explicitly associated with declining consumer purchasing power and minimizing potential losses, while digital marketing was not directly attributed to rising raw material costs.

From an Islamic economic perspective, the findings indicate that different adaptation practices correspond to different ethical principles. 'Adl is reflected in considerations of price, product quality, production costs, and consumer affordability; shiddiq in communicating potential price changes; amanah in maintaining product quality, cleanliness, and safety; maslahah in adjusting production to maintain business continuity while minimizing avoidable losses; and tarāḍin in transparent communication concerning changes affecting consumers. These findings suggest that Islamic economic principles provide an analytical basis for understanding the ethical dimensions of business adaptation. Practically, adaptation to rising production costs may therefore involve more than immediate price increases by combining cost considerations with market observation, production adjustment, quality maintenance, consumer communication, and product development.

This study is limited to one home-based culinary micro-enterprise in Tulungagung involving five informants, consisting of one business owner and four consumers. The

consumer informants primarily served to confirm the owner's account, while data were collected through written WhatsApp interviews rather than recorded face-to-face interviews. Therefore, the findings represent a contextual account of Dapur Mamanau and should not be generalized to MSMEs more broadly. Future research may involve multiple MSMEs across different locations and business scales and combine qualitative interviews with financial or longitudinal data to examine changes in production costs, prices, profit margins, and consumer demand over time.

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