

# Developing Responsibility, Ethics, And Strategic Planning: A Case Study On MSMEs In Mojokerto

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## Abstract

Stone sculpture SMEs in Mojokerto are one of the creative economic sectors that have great potential in improving public welfare, especially in the Trowulan District and surrounding areas. However, challenges in business management, such as low operational responsibility, weak business ethics, and unstructured strategic planning, often become obstacles to business sustainability and competitiveness. This study aims to analyze the development of responsibility, ethics, and strategic planning at MSME Patung Batu in Mojokerto. The research method uses a qualitative approach to case studies with observation techniques, in-depth interviews, and documentation. The results showed that (1) strengthening responsibility can be done through a clear division of tasks and more disciplined production management, (2) business ethics need to be improved in aspects of honesty, price transparency, and marketing practices with integrity, and (3) strategic planning can be developed through SWOT analysis, determination of vision and mission, and product differentiation strategies. This research contributes to providing relevant management development models for local MSMEs.

**Keywords:** Responsibility, Ethics, Strategic Planning, MSMEs, Patung Batu, Mojokerto.

## 1. Introduction

The stone sculpture creative industry in Mojokerto plays a critical role in supporting the regional economy due to its deep integration with local history and culture, particularly in the Trowulan area, which is widely recognized as the heritage center of Majapahit. Stone sculpture products carry both aesthetic and economic value, resulting in sustained demand from local to national markets. However, this growth has not been matched by strengthened internal management within stone sculpture MSMEs. Challenges such as weak responsibility systems, limited application of business ethics, and the absence of strategic planning continue to hinder business sustainability. Recent studies indicate that MSMEs with unstructured management are more vulnerable to productivity decline and market loss (Sari & Pratiwi, 2022).

Responsibility within the MSME context includes the capacity to manage production tasks, quality control, and workforce arrangements effectively. Many stone sculpture MSMEs in Mojokerto still rely on traditional single-owner management models, causing production processes to depend heavily on one individual and resulting in disproportionate workloads. Such models reduce operational efficiency and undermine product consistency. Nugroho and Widodo (2023) found that MSMEs with clearly defined responsibility structures improve



production timeliness and service quality by up to 30% compared to those using traditional work patterns.

Beyond responsibility, business ethics represent a fundamental pillar for sustaining long-term customer relationships. Common ethical challenges among stone sculpture MSMEs include limited price transparency, unclear disclosure of raw materials, and unprofessional communication with customers. A recent study by Wahyudi and Saputra (2021) demonstrates that customer trust toward MSMEs is significantly influenced by business ethics, especially in craft-based sectors where product quality and uniqueness serve as key value propositions. When ethical principles such as honesty, integrity, and transparency are inconsistently upheld, customers tend to shift to more credible producers.

Strategic planning is also a critical issue for stone sculpture MSMEs. Strategic planning not only defines business direction but also involves environmental analysis, long-term goal setting, product innovation, and marketing strategies. Many MSMEs have not implemented strategic planning formally, resulting in business development that lacks a clear trajectory. Hidayat and Rahmawati (2022) show that MSMEs that apply structured strategic planning experience greater competitiveness and adaptability, particularly amid global competition and the digital economic transformation. The absence of strategic planning also limits digital marketing adoption, even though digital platforms have been proven effective in enhancing product visibility and sales (Putri & Santoso, 2023).

Considering the importance of these three dimensions, this study aims to analyze how responsibility, ethics, and strategic planning can be strengthened within stone sculpture MSMEs in Mojokerto. It also evaluates supporting factors such as workforce competence, access to information, and external support, as well as barriers including traditional work culture, resource limitations, and low managerial literacy. This study is designed to provide an adaptive and sustainable management framework for MSMEs in the stone sculpture sector.

The case study focuses on three key research problems:

- a) What is the current condition of responsibility implementation in the operational management of stone sculpture MSMEs in Mojokerto, and what factors facilitate or hinder its effectiveness?
- b) How are business ethics applied in production processes, customer service, and transactions within these MSMEs, and which ethical practices require improvement?
- c) How is strategic planning formulated and implemented by stone sculpture MSMEs in Mojokerto, and what strategies can be developed to enhance business competitiveness?

## 2. Methods

This study uses a qualitative approach with a case study focused on MSMEs' stone statues in the District of Trowulan, Mojokerto. This approach was chosen because it allows researchers to deeply understand operational management practices, the application of business ethics, and strategic planning in the real context of MSMEs. Data collection was carried out through direct observation, with the aim of observing in detail the production process, employee work patterns, and daily management systems implemented by MSMEs. In addition, in-depth interviews were conducted with business owners, workers, and consumers to gain an understanding of aspects of responsibility, ethics, and strategic planning from various perspectives. To complete the primary data, the study also utilizes documentation in the form of sales records, organizational structure, Raw Material Management records, and other related documents. Data analysis was conducted using the Miles & Huberman model,

which includes data reduction, data presentation, and conclusion, making it easier to find patterns, themes, and relationships between variables. The validity of the data is maintained through triangulation of sources and techniques, which ensures that the research findings can be accounted for and reflect the real condition of the stone sculpture SMEs in Mojokerto.

### **3. Results and Discussion**

#### **3.1. Implementation of Responsibility in the Operational Management of Stone Sculpture MSMEs and Supporting/Inhibiting Factors**

The study of several stone sculpture MSMEs in Trowulan District indicates that the implementation of responsibility in operational management remains partial and is often carried out informally. Many enterprises still operate on a family-based or owner-managed structure without a clear division of labor. Owners commonly handle nearly all stages of the business—from raw material selection, carving, and finishing to marketing and administrative tasks. As a result, workloads accumulate, productivity declines when the owner is unavailable, and product quality becomes difficult to maintain consistently. This situation reflects the lack of internal structure in operational responsibilities, a condition previously identified in traditional MSMEs across Indonesia (Rudianto & Rudianto, 2024; Pauzy, Sundari, & Özdemir, 2023).

The main inhibiting factor is the limited managerial awareness among business actors, many of whom lack management backgrounds or formal operational experience. Additionally, limited human resources with adequate skills and restricted capital to hire permanent workers hinder the implementation of task specialization (Sugianingrat, Astrama, & colleagues, 2024). However, supporting factors emerge when owners begin delegating specific tasks to local workers, such as providing basic training in finishing or painting, which helps maintain product standards even when the owner is occupied. This approach demonstrates that responsibility can be improved even at a small scale when owners develop awareness and initiative (Hasanah, Danial, & Z., 2024). Furthermore, simple documentation practices—such as basic records of raw material usage and stock—help owners become more accountable in managing logistics and quality control.

Overall, the findings show that responsibility implementation among stone sculpture MSMEs remains low and informal, although some businesses have initiated improvements. Strengthening responsibility requires developing more formal internal structures (e.g., task distribution, simple SOPs, record-keeping) and providing managerial training for MSME owners or managers to support more organized operational functions (Dahmiri, Khalik, & Ramadhan, 2023).

#### **3.2. Application of Business Ethics in Production, Customer Service, and Transactions, and Aspects Requiring Improvement**

In terms of business ethics, field findings reveal that some stone sculpture MSMEs are beginning to recognize the importance of price transparency and honesty toward customers, particularly for custom orders. Several owners record product specifications and communicate estimated production time and initial pricing to buyers as a positive ethical practice to build customer trust (Syahrani & Roni, 2025; Nindyningtyas, 2023).

However, ethical practices remain inconsistent. For example, in urgent orders, some artisans impose different prices without clear justification or provide overly optimistic production time estimates to attract customers, but later request extensions. These practices align with findings from studies of traditional MSMEs in Indonesia, which indicate that a lack

of understanding of business ethics and pressure from price competition may drive unethical behavior (Irianto, Hidayati, & Asiyah, 2025).

Furthermore, customer service and transparency regarding raw materials are insufficient. Customers often receive limited information about stone types, finishing quality, and product maintenance. Yet existing literature shows that the application of ethical principles—such as honesty, transparency, and social responsibility—significantly enhances business reputation and sustainability (Sekolah Tinggi Ilmu Ekonomi Bima et al., 2021; Nabila & Faraby, 2023).

Another critical aspect requiring improvement is the consistency of ethical practices throughout the entire business process—not only during transactions or marketing but also in internal management, such as fair treatment of workers, transparent wages, and quality control (Syahroni & Roni, 2025). Thus, although good intentions and some ethical practices exist, many stone sculpture MSMEs have not applied business ethics comprehensively and consistently. Improvement requires business ethics education or training, standardized transparency in pricing and product specifications, and the development of simple internal codes of ethics (Nindyaningtyas, 2023).

### **3.3. Strategic Planning: Current Conditions and Strategies for Development**

Case study findings indicate that most stone sculpture MSMEs in Mojokerto do not have formal or structured strategic planning. Business operations often run on an ad hoc basis: production occurs when orders are received, and when orders decline, activities slow down or shift to minor work. As a result, there is no systematic market analysis, business vision and mission, product innovation strategy, marketing initiative, or long-term development plan (Permatasari & Choiriyah, 2023; Repository ETD UGM, 2021).

The absence of strategic planning renders MSMEs vulnerable to demand fluctuations, limits their ability to seize new market opportunities, and constrains their capacity to adapt to increasingly competitive and digitalized markets. This aligns with studies on traditional MSMEs in Indonesia, which demonstrate that many micro and small enterprises do not adopt strategic management, even though effective strategy and management significantly influence competitiveness and sustainability (Lo & Sugiarto, 2021; Dinasti Pub, 2024).

Nevertheless, stone sculpture MSMEs have opportunities to improve their strategic planning by adopting SWOT-based development strategies, recognizing strengths (local wisdom, unique materials/products), weaknesses (limited human resources and capital), opportunities (tourism markets, export potential, digital marketing), and threats (mass-produced competitors, changing consumer tastes) (Dahmiri, Khalik, & Ramadhan, 2023). Additionally, product innovation and digital marketing strategies can be integrated—for example, diversifying sculpture models, utilizing online platforms and social media, and developing branding based on local craftsmanship uniqueness (Aziz, 2023; Prakoso, 2024).

Thus, the findings show that stone sculpture MSMEs in Mojokerto generally lack formal strategic planning. Through structured strategic planning, product innovation, and adoption of digital marketing, these MSMEs have substantial potential to enhance competitiveness and business sustainability amid changing market dynamics and consumer demands (Sugianingrat, Astrama, & colleagues, 2024).

## 4. Conclusion

Based on the case study of stone sculpture MSMEs in Trowulan District, Mojokerto, several key conclusions can be drawn:

a) Implementation of Responsibility:

Operational responsibility remains partial and informal. Many MSMEs are managed within family structures, with owners handling nearly all stages of the business. Major inhibiting factors include low managerial literacy, limited human resources, and restricted capital. Supporting factors emerge when owners delegate tasks, provide basic training to workers, and implement simple documentation of logistics and raw material inventory (Rudianto & Rudianto, 2024; Pauzy, Sundari, & Özdemir, 2023).

b) Application of Business Ethics:

Some MSMEs have started applying ethical principles such as price transparency and honest communication with customers, particularly for custom products. However, overall consistency remains low, especially when managing urgent orders or internal matters such as wages and employee treatment. Business ethics training, price standardization, and simple internal codes of ethics are necessary to enhance comprehensive ethical implementation (Syahroni & Roni, 2025; Nindyaningtyas, 2023).

c) Strategic Planning:

Most MSMEs still lack formal strategic planning. Business activities remain ad hoc, making them vulnerable to market fluctuations and competition. Adoption of strategies based on SWOT analysis, product innovation, and digital marketing is strongly recommended to strengthen competitiveness and business sustainability (Permatasari & Choiriyah, 2023; Dahmiri, Khalik, & Ramadhan, 2023; Prakoso, 2024).

Overall, integrating responsibility, business ethics, and strategic planning is essential for enhancing the performance and sustainability of stone sculpture MSMEs. Support through managerial training, ethics education, and digital strategies will provide a positive impact on competitiveness and the overall reputation of MSMEs in Mojokerto.

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