

Adaptive Capabilities of Entrepreneurs in Responding to Changing Consumer Preferences: A Qualitative Study on Culinary MSMEs in East Luwu and Palopo

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ABSTRACT

This study aims to explore and understand in depth the adaptive capabilities of entrepreneurs in responding to changes in consumer preferences in culinary MSMEs. The main focus is to identify the forms of adaptive, absorbive, and innovative capabilities applied by culinary MSME actors, as well as the factors that affect the effectiveness of these capabilities. The research uses a qualitative approach with a dual case study design. Data were collected through semi-structured in-depth interviews with 12 informants selected by *purposive sampling* from culinary MSMEs in East Luwu and Palopo. Data analysis used interactive thematic techniques with the help of NVivo software. Data validity was strengthened through source triangulation and member checking. The results of the study show that culinary MSMEs develop three dimensions of adaptive capabilities: (1) adaptive capabilities through menu adjustments, prices, and services; (2) absorptive capabilities through learning from market trends and social media; (3) innovative capabilities through the development of new products based on local wisdom and digitalization. However, these activities have not been managed comprehensively and sustainably. The main factors that support adaptive capabilities include digital literacy, entrepreneurial orientation, and community support. Conversely, limited capital, knowledge, and networks hinder responsiveness to changing consumer preferences. This research makes a theoretical contribution by integrating the concept of dynamic capabilities into the context of culinary MSMEs in Indonesia, as well as offering a conceptual model of adaptive capabilities that is relevant to the dynamics of post-pandemic consumer preferences.

INTRODUCTION

Changing consumer preferences are becoming an increasingly dynamic phenomenon in the culinary industry. Today's consumers are not only looking for taste and price, but also values such as health, sustainability, and digital experiences. Culinary MSMEs, as the backbone of the local economy, are required to have adaptive capabilities to remain relevant and competitive (Liliani & Wiliana, 2018). However, many MSMEs face limited resources, knowledge, and networks that hinder their ability to respond quickly and appropriately.

Previous studies have highlighted the importance of dynamic capabilities in dealing with a turbulent business environment. Liliani and Wiliana (2018) found that some MSMEs have been involved in adaptive, absorbive, and innovative activities, but have not been managed comprehensively. Another study by Hidayatullah (2019) shows that adaptability plays a positive role in increasing entrepreneurial orientation and innovation, but not directly on business performance. Meanwhile, Syahputra (2025) emphasizes the role of product innovation in the sustainability of young entrepreneurs' businesses, including in dealing with changes in consumer preferences.

The rapid change in consumer preferences, especially after the COVID-19 pandemic, has prompted a deeper understanding of how culinary MSMEs build adaptive capabilities. This research aims to fill the literature gap by qualitatively exploring the adaptive capabilities of culinary entrepreneurs in responding to changing consumer preferences. The significance of this research lies in providing practical insights for MSME actors, policymakers, and academics in developing effective adaptation strategies.

LITERATURE REVIEW

Dynamic and Adaptive Capabilities

The concept of dynamic capabilities refers to an organization's ability to integrate, build, and reconfigure internal and external resources to adapt to a changing environment (Liliani & Wiliana, 2018). In the context of MSMEs, dynamic capabilities include three main components: adaptive, absorbive, and innovative capabilities. Adaptive capabilities allow MSMEs to adapt their operations and strategies to market changes. Absorbent capabilities are related to the ability to recognize, absorb, and utilize external information. Innovative capabilities drive the creation of new products, processes, or business models.

Hidayatullah (2019) emphasized that adaptability is an intangible resource that is important for micro businesses to achieve competitive advantage. Studies on the rattan craft industry show that adaptability has a positive effect on entrepreneurial orientation and innovation, although not directly on performance. These findings indicate that adaptive capabilities need to be mediated by other factors such as innovation to have an impact on performance.

Changing Consumer Preferences and Their Implications for Culinary MSMEs
Consumer preferences in the culinary sector have undergone a significant shift, especially after the pandemic. Consumers are increasingly concerned about health, hygiene, and ease of digital access. Kurniady et al. (2025) noted that product innovation based on local wisdom, process innovation with appropriate

technology, and digital marketing innovation are the main strategies in developing F&B entrepreneurs.

Winarsih (2025) through a phenomenological study on MSMEs in Bekasi found that prominent adaptation strategies include marketing and operational digitalization, product diversification, cost efficiency, and collaboration in social networks. Resilience factors such as optimism, self-efficacy, community support, and religiosity also strengthen adaptive capabilities. This finding is in line with the concept of business resilience put forward by Ar Rasyid (2026), where business management and business innovation are the main factors in building the resilience of young entrepreneurs.

The Role of Innovation and Digitalization

Product innovation is a crucial element in responding to changing consumer preferences. Syahputra (2025) revealed that product innovation contributes significantly to the three dimensions of sustainability: economic, social, and environmental. Product innovation not only increases profitability, but also encourages community empowerment and the preservation of local cultural values. The integration of innovation with a digital orientation strengthens the sustainability of young entrepreneurial businesses in the midst of digital market dynamics.

Digital transformation is the main catalyst in the development of F&B entrepreneurship. Kurniady et al. (2025) emphasize a focus on e-commerce, digital branding, fintech, and data analytics. However, the success of digital transformation is not enough just with device ownership; digital literacy is a basic capacity that enables MSMEs to access market information, manage digital communication, and make information-based business decisions (Sachrir et al., 2026).

Supporting Factors and Inhibiting Adaptive Capabilities

Oxyopida et al. (2020) found that business experience, business knowledge, and environmental adaptability affect business performance, with the quality of competing strategies as a mediating variable. Entrepreneurial knowledge, entrepreneurial orientation, and innovation have also been shown to have a positive effect on business success (Merline & Widjaja, 2022). On the other hand, limited capital, lack of digital literacy, and weak social networks are the main obstacles to developing adaptive capabilities (Sachrir et al., 2026; Ar Rasyid, 2026).

METHODOLOGY

Research Design

This study uses a qualitative approach with a multiple case study design to gain an in-depth understanding of the adaptive capabilities of culinary MSMEs. The qualitative approach was chosen because it is suitable for exploring complex phenomena in a natural context (Liliani & Wiliana, 2018; Winarsih, 2025).

Sample and Informant Selection Techniques

Informants were selected by *purposive sampling* with the following criteria: (1) owners or managers of culinary MSMEs that have been operating for at least 2 years, (2) located in East Luwu and Palopo, (3) showing adaptation efforts to changing consumer preferences. A total of 12 informants participated, consisting of 6 from East Luwu and 6 from Palopo. This technique is in line with previous research (Liliani & Wiliana, 2018; Winarsih, 2025).

Data Collection

Data were collected through semi-structured in-depth interviews lasting 45–90 minutes per informant. Interview guidance was developed based on a framework of dynamic capabilities and changing consumer preferences. Interviews were recorded with the informant's permission and transcribed verbatim. In addition, participatory observations and documentation (menus, social media, financial records) were used as supporting data.

Data Analysis

Data analysis uses interactive thematic techniques consisting of data reduction, data presentation, and conclusion drawing (Miles, Huberman & Saldaña, 2014). The analysis process is assisted by NVivo 12 software to code and categorize themes. Data validity is strengthened through triangulation of sources (informants, observations, documents) and *member checking* to ensure interpretation according to the informant's experience.

RESULTS

The data analysis yielded three main themes that reflect the adaptive capabilities of culinary MSME entrepreneurs in responding to changing consumer preferences: (1) operational adaptive capabilities, (2) absorptive capabilities through external learning, and (3) innovative capabilities in products and marketing. Table 1 presents a summary of findings based on capability dimensions.

Table 1. Summary of Adaptive Capabilities of Culinary MSMEs

Dimension Capability	Sub-Theme	Implementation Examples	Frequency (n=12)
Adaptive Capabilities	Menu customization	Add healthy, low-calorie, or locally sourced menus	10
	Price adjustments	Savings plan, discounts for online purchases	8
	Service customization	Delivery, take-away, app booking	11
Absorbent	Learning from	Follow viral recipes,	9

Dimension Capability	Sub-Theme	Implementation Examples	Frequency (n=12)
Capability	social media trends	mimicking the presentation aesthetics of Instagram	
	Learning from customers	Receive direct feedback, simple satisfaction surveys	7
	Learning from competitors	Observing competitors' menus and strategies	6
Innovative capabilities	Product innovation	Developing new flavor variants, fusion food, packaged products	10
	Process innovation	Using modern cookware, digital ordering system	8
	Marketing innovation	Digital branding, creative content, collaboration with influencers	9

Operational Adaptive Capabilities

The informant showed the ability to adjust menus, prices, and services in response to changing consumer preferences. An informant from East Luwu stated: *"We started adding salad menus and healthy juices because many customers were starting to be health-conscious. At first, they were hesitant, but it turned out to be in demand."* Price adjustments are made by providing discounts for online ordering to attract digital consumers. Delivery and take-away services have become the new standard, especially after the pandemic. These findings are consistent with Winarsih's (2025) research which noted operational digitalization as the main adaptation strategy.

Absorbent Capabilities through External Learning

Culinary MSMEs are actively learning from trends on social media, customer input, and competitors. Most informants follow popular culinary accounts on Instagram and TikTok to get new menu ideas. However, learning has not been carried out systematically. As revealed by Liliani and Wiliana (2018), absorptive activities are still incidental and have not been integrated in knowledge management.

Innovative Capabilities in Product and Marketing

Product innovation is the main mainstay of culinary MSMEs. Innovation is not only in taste, but also in packaging and added value such as the use of local

ingredients. This is in line with the findings of Syahputra (2025) about the importance of product innovation for sustainability. Digital marketing innovations, such as creating engaging content and collaborating with *food bloggers*, are also applied by most informants. Kurniady et al. (2025) emphasized that digital marketing innovation is a catalyst in the development of F&B entrepreneurship.

However, some informants admitted that innovation has not been carried out in a sustainable manner due to limited capital and time. One informant complained: *"There are many innovation ideas, but limited capital. Sometimes we can only try one new product a month."* These findings confirm the research results of Liliani and Wiliana (2018) that innovative activities of MSMEs have not been managed comprehensively.

DISCUSSION

The findings of this study strengthen the concept of dynamic capability put forward by Liliani and Wiliana (2018) and Hidayatullah (2019). Culinary MSMEs in East Luwu and Palopo show three dimensions of capability (adaptive, absorptive, innovative), but with varying intensity and consistency. Operational adaptive capabilities are most prominent due to direct pressure from changing consumer preferences, such as the demand for healthy menus and digital services. This is in line with the findings of Winarsih (2025) that digitalization and product diversification are the main adaptation strategies.

Absorptive capabilities are still weak because learning from external sources has not been structured. MSMEs tend to learn reactively from viral trends, not through in-depth market analysis. Oxyopida et al. (2020) emphasized the importance of the quality of competitive strategies mediated by knowledge and adaptability. Weak absorptive capabilities can hinder the ability of MSMEs to anticipate long-term changes in preferences.

Innovative capabilities are the main strength, especially in product development and digital marketing. Syahputra (2025) and Kurniady et al. (2025) emphasized that product innovation and digitalization are determining factors for business sustainability. However, limited capital and digital literacy are serious obstacles. Sachrir et al. (2026) emphasized that digital literacy is a basic capacity that must be strengthened so that digital transformation has an impact on competitiveness. Ar Rasyid (2026) also emphasized business management and innovation as pillars of young entrepreneur resilience.

The role of community support and social networks is also revealed in this study. Informants who are members of the MSME community tend to adopt innovations more quickly and gain access to market information. These findings support the results of Winarsih (2025) and Larassati et al. (2024) on the importance of collaboration in creating innovation and resilience.

CONCLUSIONS AND RECOMMENDATIONS

This study concludes that the adaptive capabilities of culinary MSME entrepreneurs in responding to changes in consumer preferences are manifested through three main aspects, namely product and menu adaptation, adaptation of marketing and digital channels, and adaptation of business and operational

models. These capabilities are supported by entrepreneurial creativity, entrepreneurial knowledge, digital literacy, and ecosystem support and market dynamics. However, the development of adaptive capabilities still faces obstacles in the form of limited capital, digital knowledge, and access to support networks. Therefore, MSME actors need to continuously monitor changes in consumer preferences, increase digital literacy, strengthen business networks, and proactively implement SWOT analysis to anticipate market changes. The government and supporting institutions also need to strengthen training and mentoring programs that include digitalization, product innovation, and business management, along with increased access to capital and technical support. The next research is suggested to quantitatively examine the relationship between adaptive capabilities and MSME performance, explore the role of entrepreneurial creativity and digital literacy, and use longitudinal and comparative approaches to understand the development of adaptive capabilities in various business contexts.

FURTHER RESEARCH

Based on the findings and limitations of the research, further research can be directed to expand the understanding of entrepreneurial adaptive capabilities in dealing with changes in the business environment. Some of the research agendas that can be developed are:

1. **Testing adaptive capabilities and performance of MSMEs.** Further research can use a quantitative approach with a larger sample to test the relationship between adaptive capabilities and MSME performance, including exploring the role of **Entrepreneurial Creativity and Digital Literacy as Mediation Variables**.
2. **Development of longitudinal and comparative research.** Future research can use a longitudinal approach to observe the development of adaptive capabilities over time, particularly in the face of technological changes, economic uncertainty, and changing consumer preferences. Comparisons between MSME sectors, such as culinary, fashion, and handicrafts, can also be done to gain a broader understanding.
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3. **Development and testing of adaptive capability training models.** Further research can develop a scalable adaptive capability training model and test its effectiveness through field-based interventions. The model is expected to produce a more applicable approach in improving the ability of MSMEs to adapt to changes in the business environment.

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