

Enhancing the Capacity of Roemah Djoempoetan Srihadi SME through Socialization of Financial Risk Management Literacy

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Abstract

*This community service initiative addresses the identified gap between theoretical understanding and practical application of financial risk management in the Roemah Djoempoetan Srihadi SME, a cultural enterprise in Yogyakarta specializing in *jumputan* and *batik* products. Despite the SME's recognized cultural value and participation in government mentoring programs, initial interviews revealed critical vulnerabilities: a complete absence of financial risk measurement, inadequate financial record-keeping, and high dependency on consignment sales models. These shortcomings render the business susceptible to capital depletion, revenue instability, and impediments to sustainable growth. The intervention employed a two-pronged methodology comprising targeted socialization sessions on financial risk management literacy and direct mentoring. The program focused on implementing practical solutions, including diversifying sales channels through e-commerce platforms, simplifying financial recording using user-friendly applications, and strengthening policy advocacy through MSME associations. The outcomes demonstrate that a comprehensive approach integrating financial literacy with strategic business adjustments significantly enhances operational resilience. This initiative underscores the necessity of transitioning culturally significant SMEs from production-centric hobbies to professionally managed enterprises, thereby ensuring the dual sustainability of both the business entity and the local cultural heritage it represents.*

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1. INTRODUCTION

Yogyakarta is renowned as a cultural city rich in artistic and traditional heritage. In an effort to preserve this cultural wealth, the role of cultural-based Micro, Small, and Medium Enterprises (MSMEs) is vital. The role of MSMEs is highly important and strategic (Aliyah, 2022; Hidayat et al., 2022; Sofyan, 2017; Vinatra, 2023). One such MSME participating in this preservation mission is Roemah Djoempoetan Srihadi. This business is fostered by the Yogyakarta City Office of Cooperatives and Small and Medium Enterprises. The MSME operates in the production of *jumputan* (tie-dye) fabric combined with *batik*, and also produces finished products such as clothing, pashminas, and shawls. The existence of this MSME holds not only economic value but also serves as a guardian of local cultural heritage. It was founded based on the hobby of its owner, Mrs. Sri Rumayati, who creates *jumputan* cloth with unique motifs.

Although possessing high cultural value and being part of a government mentoring program, the operational sustainability of an MSME highly depends on its management capabilities, including financial risk management. Financial risk management is a systematic approach to identifying, evaluating, and mitigating uncertainties that can threaten business assets and income (Brigham & Houston, 2022; Dionne, 2013). Understanding and implementing this risk

management is crucial for ensuring business sustainability amidst competition and economic uncertainty (Hasanah et al., 2025).

Below are the initial interview results to assess the financial risk management conditions at the Roemah Djoempoetan Srihadi SME.

Table 1. Initial Interview

No.	Question	Answer
1.	Are you familiar with what risk is?	I know the meaning of risk. Risk is something that disrupts our business.
2.	Do you perform financial risk management measurements?	I have never performed any financial risk management measurements.
3.	Do you have financial reports?	I do not do bookkeeping on a regular basis.

Based on the initial interview conducted with the owner of Roemah Djoempoetan Srihadi SME, it was revealed that there is a gap between the theory and practice of financial risk management in this business. Mrs. Sri Rumayati admitted to understanding that risk is "something that disrupts our business." However, this understanding has not been translated into concrete managerial actions. It was disclosed that "financial risk management measurement has never been performed at all."

The primary foundation for measuring and analyzing financial risk is financial reports. The owner admitted that "she does not maintain financial records regularly." This condition reflects the absence of a reliable accounting system, meaning financial decisions are likely made based on intuition and are not supported by accurate data. The lack of routine and systematic financial recording makes this business vulnerable to various financial risks, such as negative cash flow, a lack of understanding about product profitability, and difficulties in future financial planning and budgeting.

Therefore, the conditions at the Roemah Djoempoetan Srihadi SME form a crucial background for further research. The gap between a basic understanding of risk and the complete absence of measurement practices and financial recording systems indicates a pressing need for mentoring and the implementation of a simple, applicable financial risk management model (Rinanda & Anshar, 2025). This initiative aims to enhance the business's resilience, support government mentoring programs more effectively, and ultimately ensure the sustainability not only of its cultural products but also of the business itself.

Based on the initial interview, it can be concluded that the risk management capacity of this SME is still limited. The focus of business management remains centered on production aspects, with a minimal systematic understanding of risk identification and mitigation. This condition has the potential to hinder business growth and reduce its competitiveness in an increasingly competitive market. Therefore, the Financial Risk Management Literacy Socialization program is designed as a strategic intervention to build the SME's capacity. This program aims to enhance practical understanding and skills in managing various business risks. Consequently, it is expected to strengthen business resilience, improve competitiveness, and support the sustainability of Roemah Djoempoetan Srihadi.

2. RESEARCH METHODS

This community service program utilizes two primary methods: conducting socialization sessions on financial risk management literacy and providing direct mentoring. These activities are specifically focused on applying financial risk management principles to the operations of the Roemah Djoempoetan Srihadi SME.



Figure 1. Community Service Activity.

3. RESULTS AND DISCUSSION

The main problems faced include the SME experiencing various financial risks such as those related to capital, revenue turnover, and financial record-keeping.

Table 2. Business Risks for the SME

No.	Risk
1.	Capital
2.	Sales
3.	Financial Recording

The primary factors contributing to these risks are as follows:

1. **Payment Scheme.** The risk of decreased revenue and capital occurs due to a payment scheme using consignment methods. This method is applied only to sold products. If products remain unsold, we withdraw them from the market, and there is no additional payment for unsold items. Withdrawn products that are resold will inevitably be priced lower. This results in frequent capital depletion and declining revenue.
2. **Market Competition.** Operating in a saturated market with multiple competitors creates significant business risk. Fierce competition often forces price cutting that directly impacts profit margins. Many business owners struggle to compete against other players providing more competitive pricing or better customer service.
3. **Limited Human Resources.** Financial reports that should be prepared periodically and consistently are not completed by the business owner. The business owner focuses solely on product development, as this enterprise originated from the owner's personal hobby. Consequently, the obligation to prepare financial reports is only fulfilled when undergoing reviews or upon request by specific institutions such as the government.
4. **Government Policies.** Government regulations concerning batik procurement and payment methods have led to significant changes in this business. The absence of socialization regarding the importance of implementing risk management in business operations has further exacerbated these challenges.

The solutions offered to mitigate financial risks are:

1. **Diversification of Sales Channels and Payment Schemes.** The SME owner can reduce reliance on consignment methods by establishing direct sales channels through e-commerce platforms (Shopee, Tokopedia, Instagram, TikTok Shop) to sell directly to end consumers. This approach results in higher profit margins and enables direct receipt of payments.
2. **Simplify the Recording System.** The business owner can utilize Simple Financial Applications. SME owners can take advantage of user-friendly financial applications such as BukuKas, Jurnal, or Jojonomic. These applications facilitate real-time recording of income, expenses, and inventory directly through mobile phones.
3. **Negotiation with the Government.** Business owners can provide input and suggestions to the government regarding various policies that affect their operations. Owners can convey their aspirations through associations. MSMEs can advocate for their needs to the government, such as the necessity for easier financing schemes or more massive and clear policy socialization.

4. CONCLUSIONS

Based on the conducted analysis, it can be concluded that the Roemah Djoempoetan Srihadi MSME faces significant challenges in financial risk management aspects. The main identified risks include capital limitations, fluctuations in sales turnover due to dependence on consignment systems, and the absence of adequate financial recording systems. The root causes of these problems stem from several factors, including still limited marketing strategies, high market competition intensity, human resource capacity in financial management that needs improvement, and the impact of government policies that are not well-socialized. As solutions, a comprehensive approach is required that includes diversification of sales channels through digital platforms, implementation of simple and applicable financial recording systems, and strengthening policy advocacy through collaboration with MSME associations. The implementation of these strategies is expected to enhance business resilience, strengthen competitiveness, and ensure business sustainability that not only holds economic significance but also serves as preservation of local cultural heritage.

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