

Financial and Debt Management of Small Medium Enterprises for Housewives in Srowot, Kalibagor, Banyumas.

Nawalin Nazah^{1*}, Dwi Winarni²

^{1,2}Universitas Muhammadiyah Purwokerto
nawalin_nazah@ump.ac.id^{1*}, dwiwinarni@ump.ac.id

Abstract

The program aims to provide an understanding of the Financial and Debt Management of Small Businesses for housewives in Srowot Village, Kalibagor, Banyumas Regency. Financial and debt management are two important aspects for maintaining the financial stability of individuals, families, or small businesses run by housewives of Srowot Village. Effective financial management includes planning, budgeting, and monitoring cash flow to achieve financial goals. On the other hand, education of debt aims to provide an understanding of not making debt a lifestyle so it will not burden the financial conditions in the future, especially for consumptive purposes. With good financial management and an understanding of debt, families can manage their financial systems and balance income and expenses.

Keywords: Financial Management, Debt Management, Financial Stability

1. INTRODUCTION

Financial and debt management play an important role, especially for housewives in the villages who have to struggle with managing family finances to balance income and expenses. With limited resources and uncertain income, housewives need to have the ability to manage income, reduce unnecessary expenses, allocate funds, and prioritize basic needs (Andiansyah & Hasrul, 2024) to achieve economic stability in the future. (Nadhiroh & Mukhlis, 2023)

Some of the housewives in Srowot work as farmers, small traders, and own some small businesses. The contributions of housewives to family income are significantly counted. Therefore, small-sized businesses in the villages play a significant role in contributing to the welfare or economic benefits (Tubastuvi et al., 2023). However, some housewives have limited financial management skills which might be behind the inability of their businesses to grow significantly (Ademola et al., 2017)

Being financially literate is very important, some factors that influence the understanding of financial management among housewives are income and lifestyle (Hayyi & Nuriyah, 2024). Every household should adjust expenses to income so there is no greater outlay than income. Some things that can be done are preparing a family budget by calculating total income, identifying routine expenses, allocating funds for savings for future needs, and adjusting lifestyle. It is also important to note how families determine financial priorities by determining basic needs, education, and other important needs. All income and expenses should be recorded so that families can monitor where money is spent and see if there are expenses that can be reduced or avoided.

Meanwhile, for small traders and small businesses, financial management includes recording profit and loss reports and cash flow reports. Cash flow reports consist of income and expenses. Expenses can be in the form of purchasing raw materials, rent, employee salaries, and operational costs. All expenses must be recorded neatly so that the flow of funds can be monitored, and evaluations can be made if expenses are greater than income. If there is a profit, it would be better if some of it could be set aside for business development.

On the other hand, debt awareness is equally important. Both as an individual household or as a small-business runner. Household debt will significantly reduce family's happiness (Liu et al., 2020) while the failure in managing debt wisely can put their business at risk and be trapped in financial problems in the future. Poor financial decisions can quickly lead to liquidity problems, which, in turn, may cause a business to collapse.

The program emphasizes giving an understanding that debt cannot become a lifestyle, especially among young age. A shift in the paradigm that socioeconomic status is reflected by the number of credit cards a person possesses causes the increment in the level of debt among youth. This kind of issue arises from ignorance of debt management (Kaviyarasu, 2012). This does not imply, however, that debt is prohibited in Islam. Taking on debt is acceptable when necessary. People in need can obtain a good loan, or qard hasan (Bakri, 2011). According to the Qur'an, "Who among you will lend a good loan to Allah, so that He may repay it after multiplying it many times over? Wealth can only be increased or decreased by Allah, and you will ultimately return to Him (2:45). The term "good loan" in this passage refers to an interest-free loan. (Biplob & Abdullah, 2019)

2. METHOD

The initial stage is observing the problem faced by the housewives in Srowot village. The topic is designed to answer the need for management skills in finance for households and small enterprises so they can improve their ability to run their business. The explanation about financial and debt management is delivered by providing material through presentation and discussion, allowing the audience to consult and share their experiences and problems. The steps of the activities can be summarized as follows:

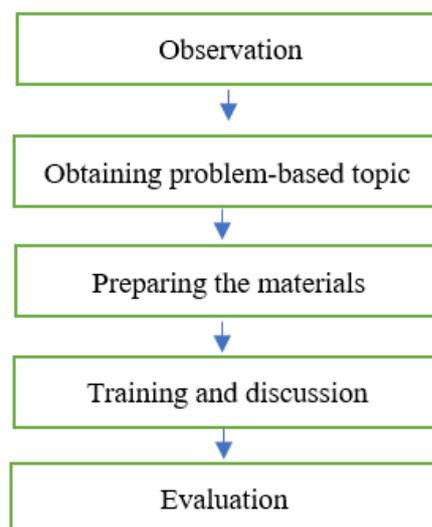


Figure 1. The flow chart of the program

3. RESULT AND DISCUSSION

In rural areas, households and small businesses often face unique financial challenges, ranging from limited access to financial services to poor financial literacy. Debt management and financial planning are critical for improving economic resilience, especially in villages where income sources may be irregular or insufficient. To address these challenges, a community service program focused on financial and debt management as an effective tool for educating and empowering local households and small businesses.

The discussion offers personal financial counseling to households and small business owners, helping them assess their current financial status and providing tailored advice on managing debt or optimizing their budgets. Another issue is how to avoid the customer who keeps buying without purchasing, thus it should be declared in the beginning that the payment should be made in cash to ensure the liquidity of the cash flow.

By educating residents on responsible borrowing, they can avoid falling into debt traps. Furthermore, implementing a financial and debt management program can have several positive outcomes such as financial empowerment, and reduced over-indebtedness.



Figure 2. Delivering the materials



Figure 3. Photo session

4. CONCLUSION

A community service program focusing on financial and debt management can bring lasting benefits to both households and small businesses in the village. By improving financial literacy, fostering responsible borrowing practices, and supporting local enterprises, the program would help elevate the overall economic well-being of the village. Financial empowerment at the grassroots level is essential for long-term development and community resilience.

REFERENCES

- Ademola, S., Adeyemi, A. Z., & Itunu, O. (2017). Financial Management Practices and Women Entrepreneurs Performance: An Empirical Investigation. *International Journal of Economics and Business Management*, 3(1).
- Andiansyah, F., & Hasrul, S. (2024). Family Financial Management Training for Farmer Housewives in Terutung Payung Hulu Village. *Journal of Community Service and Rural Development*, 1(1).
- Bakri, Z. M. (2011). *Kewangan Islam Dalam Fiqh Syafi'i*. IBFM.
- Biplob, H., & Abdullah, Md. F. (2019). The Importance of Islamic Financial Literacy for Muslims: A General Review. *Islam and Civilisational Renewal*, 10(1), 106.
- Hayyi, H. Q., & Nuriyah, A. (2024, March 16). The Influence of Islamic Financial Literacy, Income, and Lifestyle on Financial Management among Housewives. *Proceedings of Femfest International Conference on Economics, Management, and Business*.
- Kaviyarasu, E. (2012). Usage of Credit Cards beyond Limit: A Case Study of Younger Generations in Malaysia. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 2(4), 330–338.
- Liu, Z., Zhong, X., Zhang, T., & Li, W. (2020). Household debt and happiness: evidence from the China Household Finance Survey. *Applied Economics Letters*, 27.
- Nadhiroh, U., & Mukhlis, I. (2023). Family Financial Management Behavior in Housewives (A Phenomenological Review). *Formosa Journal of Science and Technology*, 2(12).
- Tubastuvi, N., Winarni, D., & Dewandaru, R. O. (2023). Tourism Village Financial Management Model: The Interpretive Structural Model (ISM) Approach. *Management And Accounting Review*, 22(3).