

## CORPORATE ADAPTATION STRATEGIES IN FACING FINANCIAL RISKS: A QUALITATIVE STUDY ON INDUSTRIAL SECTOR COMPANIES

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### ABSTRACT

The industrial sector plays a crucial role in the global economy, significantly contributing to Gross Domestic Product (GDP) and employment absorption. However, many industrial companies have not effectively implemented adaptive strategies to manage financial risks arising from economic fluctuations, exchange rate volatility, and commodity price instability. This research gap lies in the lack of a comprehensive understanding of integrated adaptive strategies within financial policies and risk management in industrial firms. This study employs a qualitative approach with a case study methodology, involving in-depth interviews with key stakeholders to identify adaptive strategies applied in response to economic uncertainties. The findings indicate that industrial firms rely on financial diversification, hedging, supplier diversification, technological adoption, and efficient working capital management as key strategies for mitigating financial risks. External factors, such as government regulations and industrial policies, also play a significant role in determining the effectiveness of these adaptive strategies. This study contributes to the academic literature on financial risk management and provides guidance for stakeholders in formulating more adaptive and evidence-based financial policies.

**Keywords:** Financial Adaptation; Industry; Mitigation Strategy; Risk Management

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### INTRODUCTION

Industrial sector companies have a very important contribution to the global economy. This sector is not only the main driver of economic growth, but also absorbs a large number of workers, thus playing a role in reducing the unemployment rate in many countries. Based on data from the World Bank and other economic institutions, the industrial sector contributes a significant percentage to the Gross Domestic Product (GDP) in various countries, especially in the manufacturing, automotive, and energy industry categories. With such a big role, the financial stability of industrial sector companies is a fundamental aspect in supporting overall

economic sustainability. Therefore, maintaining the resilience of the industrial sector to global economic changes is a top priority for many countries and stakeholders.

In maintaining financial stability, industrial sector companies must face evolving challenges. One of the main challenges faced is currency **exchange rate fluctuations**, which can affect production costs as well as the selling prices of goods and services traded internationally. Volatile exchange rate changes often lead to uncertainty in financial planning and can impact the profitability of industrial companies. In addition, in an interconnected global environment, financial market volatility also has a significant impact on the capital and financial structure of industrial companies. Therefore, understanding the dynamics of the global economy is a crucial aspect in the preparation of financial strategies for industrial companies.

In addition to the exchange rate factor, **inflation** is also a big challenge for industrial sector companies in maintaining their financial stability. High inflation can lead to an increase in the cost of raw materials, labor, and other operational costs, which can ultimately reduce the company's profit margins. Rising raw material prices are often not fully passed on to consumers, especially in industries with fierce competition and price-sensitive demand. In this condition, industrial companies must be able to manage production costs more efficiently and optimize raw material procurement strategies to reduce the impact of inflation on financial stability. Therefore, adaptive financial management and risk mitigation strategies are important factors in maintaining the sustainability of the industry's business amid inflationary pressures.

Another challenge faced by industrial sector companies is **changes in commodity prices**, which can have a significant impact on the cost structure of companies. The manufacturing and energy industries, for example, rely heavily on the prices of commodities such as crude oil, gas, and metals. When commodity prices experience a sharp increase, industrial companies must allocate more funds to obtain raw materials, which has the potential to reduce profitability levels and worsen the company's financial condition. Conversely, a decline in commodity prices can also have a negative impact on industries that depend on raw material exports. Therefore, industrial companies must have a flexible strategy in dealing with commodity price volatility and diversify resources to reduce dependence on one specific type of raw material.

Taking into account the various challenges that have been described, financial stability in industrial sector companies is a determining factor in maintaining operational sustainability and corporate competitiveness in the global market. The company's ability to adapt to global economic changes is highly dependent on the financial strategies implemented, both in terms of working capital management, financial risk mitigation, and supply chain optimization. Therefore, research related to adaptation strategies in dealing with financial risks in the industrial sector is very important to be developed. Through a deeper understanding of global economic dynamics and effective financial management strategies, industrial sector companies are expected to be able to improve financial resilience and strengthen their competitiveness in the long term.

Although industrial sector companies have an important role in the global economy, many of them have not implemented effective adaptation strategies in dealing with financial risks. This condition causes companies to become vulnerable to unexpected economic changes, such as exchange rate fluctuations, interest rate hikes, and commodity price instability. Unpreparedness in managing financial risk can lead to an increase in unplanned operational costs, reduced competitiveness, and a decrease in the company's profitability. Some companies are even having difficulty maintaining cash flow due to ongoing uncertainty, which can ultimately threaten the sustainability of their business. This situation shows that without proper adaptation strategies, industrial enterprises not only face high financial risks, but also difficulties in maintaining operational stability.

One of the main factors that lead to the ineffectiveness of adaptation strategies is **the lack of understanding and implementation of comprehensive risk management** within the organization. Many companies still manage financial risk reactively, namely by responding to problems after the impact is significant, instead of proactively mitigating. A less systematic approach to identifying, measuring, and managing risks leaves companies unadequately prepared to deal with market uncertainty. In addition, in many cases, the risk management strategies that have been implemented have not been fully integrated with financial policies and overall business strategies. This imbalance causes companies to have difficulty adapting their business models when facing rapid and dynamic economic changes.

In addition to internal aspects, external factors such as **the lack of policies that support the readiness of financial risk management in the industry** also contribute to this problem. In some countries, regulations related to financial risk mitigation are still not optimally implemented, so industrial companies often have to face uncertainty without clear guidelines from the relevant authorities. This regulatory uncertainty worsens the company's condition, especially for industries that rely on fiscal and global trade policies. This unpreparedness in dealing with financial risks indicates a significant gap in the adaptation strategies implemented by industrial sector companies. Therefore, further research is needed to identify the main causes of the ineffectiveness of these adaptation strategies and formulate a more systematic approach to facing increasingly complex economic challenges.

Financial risk management is an important element in a company's sustainability strategy, especially in the face of increasingly complex economic uncertainties. Risk management theory emphasizes the importance of **proactively identifying, measuring, and managing risks** so that negative impacts on company performance can be minimized. Accurate risk identification allows companies to understand the source of financial threats, whether they come from internal or external factors. Once risks are identified, risk measurement is necessary to determine the company's level of exposure to economic changes and market volatility. Effective risk management is then implemented through various mitigation strategies, so that companies can maintain their financial stability and competitiveness in the industry.

One of the key approaches in financial risk management is **portfolio diversification**, which aims to reduce exposure to certain risks by spreading investments or funding sources across various financial instruments. Diversification can be carried out in various aspects, such as funding, investment, or market expansion, in order to reduce dependence on one source of income or a specific sector. By implementing this strategy, companies have the flexibility to adapt to changing global economic conditions and avoid systemic risks that can threaten the sustainability of their business. This approach is in line with modern portfolio theory which emphasizes that diversification can lower overall risk without sacrificing optimal rates of return.

In addition to diversification, **hedging** is also one of the strategies that is often used to manage financial risk in industrial companies. Hedging allows companies to hedge the value of their assets or liabilities from fluctuations in exchange rates, commodity prices, and interest rates by using financial derivative instruments, such as futures contracts, options, and swaps. By implementing the right hedging strategy, companies can reduce the uncertainty that arises due to market volatility and maintain financial stability over the long term. Previous studies have shown that companies that implement hedging strategies well tend to have more stable financial performance than companies that do not use these risk mitigation strategies. Therefore, a deep understanding of hedging mechanisms is a key factor in the successful financial risk management of industrial enterprises.

Although various risk mitigation strategies have been developed, **their implementation often faces various obstacles**, such as limited resources, lack of knowledge, and resistance to change in the organization. Companies with limited financial capacity may have difficulty

allocating funds for the development of a more comprehensive risk management system. In addition, the lack of financial literacy in organizations can hinder the effectiveness of the adaptation strategies implemented, especially in data-driven decision-making and financial analysis. Resistance to change is also a major challenge in implementing risk mitigation strategies, as many organizations tend to maintain conventional practices in financial management. Therefore, a more systematic approach is needed to increase corporate awareness and capabilities in implementing risk management strategies that are more adaptive and responsive to global economic dynamics.

This research has a high urgency considering the urgent need for industrial sector companies to develop effective adaptation strategies in dealing with financial risks. The increasing global economic uncertainty due to market fluctuations, regulatory changes, and geopolitical instability requires companies to have a more resilient risk mitigation strategy. The company's unpreparedness in facing these challenges can cause significant financial losses and even threaten business continuity in the long term. Therefore, this study aims to provide a deeper understanding of adaptation strategies that can be applied to improve the financial resilience of industrial companies. With this study, it is hoped that companies can have a more systematic approach in managing financial risks to remain competitive in a dynamic business environment.

Proper financial risk management allows companies to maintain **operational stability**, especially in the face of unexpected economic shocks. Many companies are experiencing difficulties in maintaining operational sustainability due to a lack of readiness in anticipating economic changes. Effective risk management not only helps in securing financial structures, but also contributes to maintaining supply chain efficiency and production strategies. By understanding the risk patterns that may arise, companies can adopt a preventive approach that can minimize operational disruption. Therefore, this research is the basis for strengthening the literature related to companies' adaptation strategies in facing increasingly complex economic challenges.

In addition to contributing to industrial practice, this research also has academic **significance** in the development of theories and concepts related to financial risk management in the industrial sector. Broader academic literacy on risk mitigation strategies can be a reference for future studies focusing on specific industry sectors. Thus, this study not only enriches the theoretical understanding of the financial strategies of industrial companies, but can also be considered for academics in developing a more comprehensive financial risk analysis model. This academic relevance is also important for policymakers in designing regulations that better support the stability of the industrial sector in the face of global economic volatility.

Furthermore, this study provides **practical recommendations** for stakeholders, including company management, investors, and regulators in formulating more adaptive financial policies. In a business world that is increasingly data- and technology-based, the use of digital systems in risk analysis and mitigation is becoming increasingly important to be implemented. With the results of this study, industrial companies can better understand the approach that can be taken in developing risk mitigation policies based on evidence and empirical analysis. Ultimately, this research is expected to have a positive impact not only on companies in the industrial sector, but also on the national economy as a whole by creating a more resilient and highly competitive business ecosystem.

This research has academic urgency in **filling research gaps** related to the adaptation strategies of industrial sector companies in facing financial risks due to economic fluctuations and market uncertainty. Most previous studies have focused more on risk mitigation strategies in the financial and banking sectors, while studies that specifically highlight industrial companies are limited. In addition, the approach used in previous studies often focused on

quantitative methods, which may be less able to describe the strategic dynamics applied by companies in the face of global economic changes. Using a qualitative approach, this study aims to provide a deeper understanding of how industrial companies adjust their financial and operational policies in unstable economic conditions. Therefore, this study will provide new insights into adaptation practices that industrial companies can use to strengthen their financial resilience.

In addition to filling in the research gap, the study also has strong relevance to **contemporary** issues that are emerging in the world of industry and the global economy. In recent years, many industrial companies have experienced pressure due to the **global economic crisis, the COVID-19 pandemic, trade wars, and volatility in the prices of energy and raw materials**. Fluctuations in currency exchange rates and unexpected increases in inflation further complicate the financial situation of industrial companies, especially those that have a high dependence on imported raw materials or export markets. This study is here to analyze how industrial sector companies adjust their strategies in the face of economic pressures that occur in the modern era. Thus, this study provides a relevant empirical foundation in understanding the adaptation patterns of industrial enterprises in the context of current economic uncertainty.

Furthermore, this research also contributes to legal **policies and practices** related to financial regulation and risk mitigation in the industrial sector. Regulations implemented by governments and financial institutions have a major impact on the flexibility of companies in adjusting their financial strategies. In many cases, fiscal policies such as tax incentives, subsidies, and rules related to industrial financing and investment are decisive factors in the effectiveness of a company's adaptation strategy. Therefore, the results of this study can be a reference for policymakers in drafting regulations that better support industrial resilience in the midst of fluctuating economic conditions. In addition, this research can also be a reference for industry practitioners in designing internal policies that are more responsive to global economic dynamics, thereby increasing the competitiveness of companies in the international market.

Based on the background that has been described, this study aims to explore the adaptation strategies implemented by industrial sector companies in facing financial risks caused by economic fluctuations and market uncertainty. Industrial companies are faced with a variety of challenges, including **inflation, changes in raw material prices, currency exchange rate volatility, as well as disruptions in global supply chains**. Therefore, it is important to understand how the financial and managerial strategies used by companies respond to these risks in order to maintain their operational and financial stability. In addition, this study also seeks to identify factors that affect the effectiveness of the adaptation strategy, both from the company's internal policies, management roles, government regulations, and the use of technology in financial risk mitigation. By understanding these factors, this study is expected to provide a more comprehensive insight into the dynamics of financial strategies in the industry as well as practical implications for risk management in the industrial sector.

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## RESEARCH METHODS

This study uses a qualitative descriptive research design to explore the adaptation strategies of industrial sector companies in the face of financial risk. This approach was chosen because it allows an in-depth understanding of complex phenomena in a natural context without manipulation of variables. The descriptive qualitative method provides a detailed description of the situation under study, in accordance with the objectives of this research.

The main instruments used in this research were semi-structured interviews and document analysis. Semi-structured interviews enabled in-depth information to be extracted from

respondents, while document analysis provided additional relevant data. The use of these two instruments aimed to obtain comprehensive and valid data.

The research procedure includes several stages, namely planning, data collection, data analysis, and conclusion drawing. In the planning stage, the research topic and objectives were determined. Data collection was conducted through interviews with key informants and collection of related documents. Data analysis was conducted using thematic analysis techniques to identify emerging patterns and themes. Conclusions were then drawn based on the findings that had been analyzed.

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## RESULTS AND DISCUSSION

The results of this study show that industrial sector companies apply various adaptation strategies in dealing with financial risks due to economic fluctuations and market uncertainty. The Chief Financial Officer (CFO) revealed that funding diversification is a key step in minimizing the impact of financial market instability. In addition, hedging strategies are also implemented to reduce risks due to currency exchange rate volatility. This is in line with the CFO's statement that "*a funding diversification strategy that includes internal and external capital sources can reduce dependence on bank loans, while the use of hedging instruments can mitigate the impact of exchange rate fluctuations on operating costs.*" With this approach, companies are able to maintain their financial stability despite changing macroeconomic conditions.

Identification and mitigation of financial risks are also important factors in the adaptation strategies of industrial companies. The Financial Risk Manager emphasized that monitoring global and domestic economic trends is carried out regularly to anticipate changes in monetary policy that may have an impact on the company's financial structure. In addition, an early warning system is used to detect potential risks before they have a significant impact on the company's performance. As the Financial Risk Manager puts it, "*a data-driven approach to risk analysis allows companies to identify threats early and take appropriate preventive measures.*" This shows that the use of technology in risk modeling has a very important role in improving the financial resilience of industrial companies.

From an operational perspective, this study found that financial risks have a direct impact on the company's supply chain and production. The Operations Manager explained that fluctuations in raw material prices as well as distribution delays due to international trade disruptions can cause a significant spike in production costs. To overcome this, a supplier diversification strategy is implemented to reduce dependence on one specific region. In addition, the adoption of technologies such as the Internet of Things (IoT) and Artificial Intelligence (AI) has helped companies in optimizing operational efficiency. As the Operations Manager explains, "*digital technology allows real-time monitoring of production, so that companies can control the use of raw materials and reduce waste that can increase financial burdens.*" Therefore, the use of digital innovation in supply chain management is a key factor in a company's financial risk adaptation strategy.

Analysis from the perspective of economists shows that global economic trends and monetary policies have a significant impact on industrial competitiveness. Geopolitical uncertainty and global inflation are increasing pressure on companies to be more flexible in their working capital management strategies. Industrial finance experts revealed that "*industrial companies that have liquidity resilience and export and import market diversification have a greater chance of maintaining financial stability amid economic uncertainty.*" In addition, efficiency in working capital management is one of the key factors in the sustainability of industrial companies. Therefore, strategic decision-making in financial

management must take into account the dynamics of the global market and prevailing economic policies.

Government regulations also have an important role in supporting the financial risk adaptation strategies of industrial companies. Representatives of industry associations explained that tax incentives and import duty relief policies have been implemented to help the industrial sector in facing economic pressure. In addition, financial digitalization is one of the initiatives that continues to be encouraged to increase transparency and efficiency in the company's financial management. As stated by the industry regulator, *"the government works with the private sector and academics in providing training and consultation related to financial risk management so that companies are better prepared to face future economic challenges."* Therefore, synergy between the government, companies, and financial institutions is urgently needed in creating an industry ecosystem that is more resilient to financial risks.

Based on the findings of this study, the financial risk adaptation strategy in industrial sector companies does not only depend on internal financial management, but is also influenced by external factors such as government regulations, global economic conditions, and technological developments. Companies that are able to implement the right risk mitigation strategies, such as funding diversification, the use of financial technology, and innovation in the supply chain, have a greater chance of surviving in an uncertain economic situation. Thus, the success of a financial adaptation strategy is highly dependent on internal policy flexibility as well as the company's ability to proactively respond to changes in market dynamics.

Table 1. Research Aspects

Research Aspects	Key findings
Funding Diversification Strategy	The company uses a variety of internal and external funding sources to mitigate financial risks.
Hedging	The company implements financial instruments to protect exchange rates and market volatility.
Supplier Diversification	The company reduces its reliance on a single supplier to avoid supply chain disruptions.
Utilization of Technology	The use of AI and IoT improves operational efficiency and helps in mitigating financial risks.
Working Capital Management	Efficient cash flow management is a key factor in the sustainability of industrial companies.
Government Policy	Government regulations, tax incentives, and subsidies play an important role in helping companies deal with economic uncertainty.

Based on the results of the research, there are several main strategies used by industrial sector companies in managing financial risks due to economic fluctuations and market uncertainty. One of the strategies implemented is funding **diversification**, which involves a combination of internal and external capital sources. This strategy aims to reduce dependence on one specific source of funding, such as bank loans or equity investments. With this diversification, companies can balance their capital structure and minimize liquidity risks that can have an impact on operational continuity. This is in line with financial theory which emphasizes the importance of a flexible capital structure in the face of economic uncertainty.

In addition to diversifying funding, the company also implements **hedging strategies** to reduce risks arising from currency exchange rate volatility and financial market fluctuations. The application of derivative instruments, such as futures contracts and currency options, is an

effective mitigation measure in protecting the value of the company's assets. Thus, the company can maintain the stability of production costs and improve its competitiveness in global trade. This strategy is supported by previous research that shows that companies with strong hedging strategies have a more stable financial performance than companies that do not implement this strategy.

Another factor found in this study is the importance of **supplier diversification** in reducing the risk of supply chain disruptions due to global crises or changes in international trade policies. Reliance on a single supplier can increase a company's vulnerability to disruptions in the supply of raw materials, which can ultimately lead to a surge in production costs. With a supplier diversification strategy, companies can ensure smooth operations and avoid instability in raw material prices. This approach is in line with the supply chain risk management model which suggests the use of multiple strategic suppliers to reduce exposure to external risks.

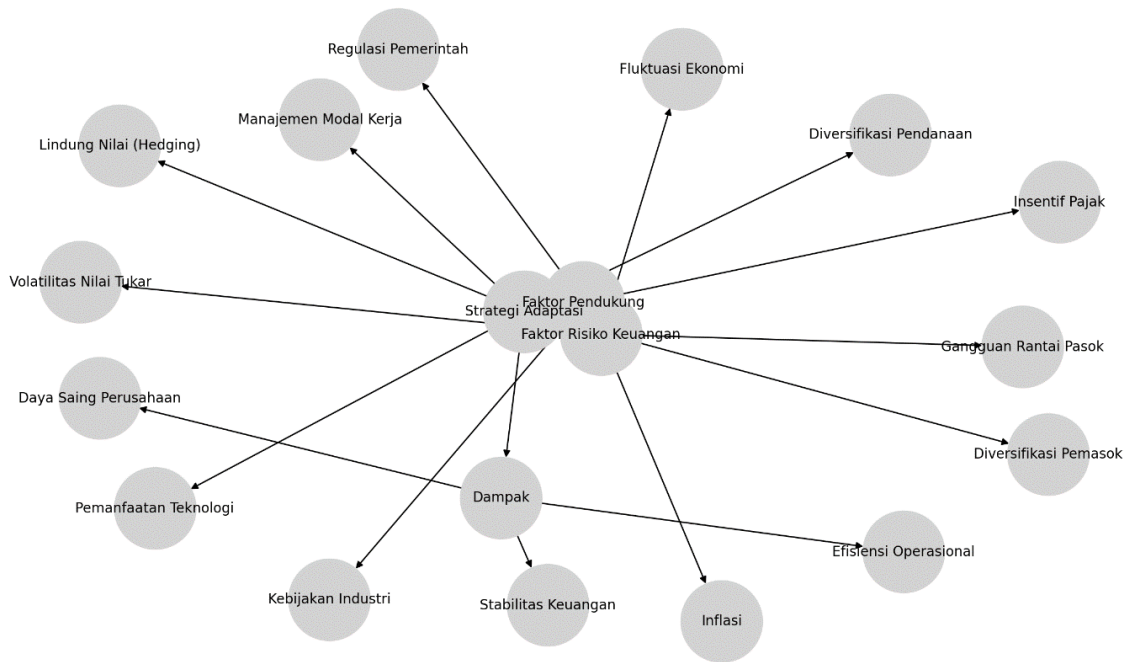
In addition to financial and supply chain aspects, the study also reveals that **the use of technology**, especially Artificial Intelligence (AI) and the Internet of Things (IoT), has an important role in financial risk adaptation strategies. This technology allows companies to monitor production in real-time, optimize the use of raw materials, and reduce waste that can increase financial burdens. The use of this technology is in line with the concept of digital transformation in industry 4.0, which emphasizes efficiency and flexibility in business operations. The implementation of digital technology also helps companies manage financial data more accurately, so that decision-making can be made faster and more precisely.

In terms of financial management, this study finds that efficient **working capital management** is the main factor in the sustainability of industrial companies. Healthy cash flow allows the company to maintain its operational stability despite facing volatile economic challenges. Companies that are able to optimize working capital tend to be more flexible in dealing with financial crises and have better resilience in the long term. Previous research has shown that working capital efficiency contributes to increased company profitability as well as reducing reliance on risky external funding.

In addition to internal strategies, **government policies** are also external factors that greatly affect the effectiveness of financial risk adaptation strategies in the industrial sector. Tax incentives, import duty relief, and energy subsidies provided by the government play a role in increasing industrial competitiveness in the midst of global challenges. Regulations that support financial digitalization also help companies improve risk management efficiency. This shows that synergy between the government and the industrial sector is a crucial element in creating a more resilient business ecosystem against market volatility.

To support the results of this study, here is a **conceptual framework chart** that illustrates the relationship between adaptation strategies and factors influencing financial risk in industrial sector companies.

Bagan Kerangka Konsep: Strategi Adaptasi Risiko Keuangan dalam Perusahaan Industri



1. **Financial Risk Factors:** Economic fluctuations, exchange rate volatility, inflation, supply chain disruptions.
2. **Adaptation Strategy:**
  - 1) Funding Diversification
  - 2) Hedging
  - 3) Supplier Diversification
  - 4) Utilization of Technology
  - 5) Working Capital Management
3. **Supporting Factors:** Government regulations, tax incentives, industry policies.
4. **Impact:** Financial stability, operational efficiency, competitiveness of the company.

The conceptual framework chart above illustrates the relationship between **financial risk factors**, **adaptation strategies**, **supporting factors**, and **the resulting impact** in industrial sector companies.

### 1. Financial Risk Factors

Factors such as **economic fluctuations**, **exchange rate volatility**, **inflation**, and **supply chain disruptions** are the main challenges faced by industrial companies. Financial management theory suggests that economic instability can lead to increased capital costs and reduced financial flexibility of companies.

### 2. Adaptation Strategies

The company implements five main strategies to mitigate the impact of financial risks, namely:

- 1) **Diversification of Funding**, which is supported by a theory of capital structure that emphasizes the importance of a combination of internal and external funding.
- 2) **Hedging**, in accordance with the risk management theory which states that companies can reduce their exposure to exchange rate risk through financial derivatives.
- 3) **Supplier diversification**, which is in accordance with supply chain theory to reduce the risk of supply disruptions.

- 4) **The use of technology** is in line with the concept of industry 4.0 which emphasizes digitalization as a financial risk mitigation tool.
  - 5) **Working Capital Management**, which confirms that healthy cash flow is a key factor in long-term financial stability.
3. **Supporting Factors**  
Governments play a crucial role in the success of these adaptation strategies through supportive regulations, such as **tax incentives** and **industrial policies**. Public economic theory suggests that pro-business government policies can increase the competitiveness of industries in the face of market volatility.
4. **Impact Produced**  
The implementation of an effective adaptation strategy results in **financial stability**, **operational efficiency**, and **increased company competitiveness**. This is in accordance with previous research which shows that companies that have a strong financial risk management system are better able to survive in an economic situation full of uncertainty.

This conceptual framework provides a systematic overview of how industrial companies design adaptation strategies to financial risks and the factors that influence them. Thus, the results of this research can be used as a reference in developing corporate financial policies and future industrial strategies.

## Discussion

Research related to the adaptation strategies of industrial sector companies in facing financial risks due to economic fluctuations and market uncertainty. These findings highlight the importance of funding diversification, the implementation of hedging, supplier diversification, technology utilization, and efficient working capital management as strategic steps in managing financial risks. In addition, the role of government regulation and industrial policy was also identified as an external factor that affects the effectiveness of the adaptation strategy. This discussion will further examine how these findings can address previously identified research gaps, and compare them with relevant literature and theory.

Diversification of funding emerged as a key strategy implemented by companies to reduce dependence on a single source of funding and minimize liquidity risk. This strategy is in line with the theory of capital structure which emphasizes the importance of a combination of internal and external sources of funding to achieve financial flexibility (Modigliani & Miller, 1958). Previous research by Sipayung (2023) also showed that effective financial management practices contribute positively to a company's value, supporting the finding that funding diversification can improve a company's financial stability. However, the implementation of this strategy requires careful planning and the involvement of all members of the organization to ensure its success (Annabila, 2022).

The application of hedging using derivative instruments such as futures contracts and currency options has been found to be effective in protecting companies from exchange rate volatility and commodity price fluctuations. This is consistent with research that shows that companies that implement hedging strategies have more stable financial performance compared to those that do not (Ross et al., 2018). However, some companies face challenges in implementing these strategies, such as a lack of understanding of complex financial instruments and limited resources to proactively manage risk (Mastuti, 2012). Therefore, training and internal capacity building are crucial to optimize the benefits of hedging strategies.

Supplier diversification is identified as an important step in reducing the risk of supply chain disruptions that can negatively impact a company's production and operational costs. This strategy supports supply chain management theory which suggests the use of multiple suppliers to reduce dependency and improve operational flexibility (Miller, 2019). Research

by Samahita (2023) emphasizes that adapting to macroeconomic changes through supplier diversification can help companies maintain operational stability. However, the implementation of this strategy requires an in-depth analysis of the quality and reliability of alternative suppliers to ensure continuity of supply and maintain product quality standards.

The use of technology, especially the Internet of Things (IoT) and Artificial Intelligence (AI), has been found to play a significant role in improving operational efficiency and reducing financial risks. This technology allows for real-time production monitoring and more effective resource management, in line with the concept of digital transformation in Industry 4.0 (Thomas, 2020). However, the adoption of these technologies is often hampered by resistance to change and the limitations of competent human resources to operate the system (Smith et al., 2020). Therefore, investment in training and organizational culture change is a key factor in the successful implementation of technology for financial risk management.

Efficient working capital management is also identified as a crucial factor in maintaining the company's financial stability. Good cash flow management allows companies to face economic uncertainties more resiliently, supporting research that shows that working capital efficiency contributes to increased profitability and reduced liquidity risk (Rehman et al., 2021). However, the challenges faced include fluctuations in market demand and rapid changes in economic conditions, which require flexibility and sustainable adaptation of working capital management strategies. In addition, collaboration between finance, operations, and marketing departments is essential to ensure holistic and responsive working capital management to market changes.

The role of government regulations and industrial policies was also found to have a significant influence on the effectiveness of financial risk adaptation strategies. Tax incentives, import duty relief, and energy subsidies provided by the government can increase the competitiveness of companies and help them overcome economic pressures (Khan et al., 2017). However, regulatory uncertainty and sudden policy changes can be challenging for companies to plan long-term strategies. Therefore, a constructive dialogue between the government and industry players is needed to create a regulatory framework that supports the stability and growth of the industrial sector.

Overall, the findings of this study confirm that a combination of internal adaptation strategies and external support through government policies is key in managing financial risk in industrial sector companies. The implementation of strategies such as funding diversification, hedging, supplier diversification, technology utilization, and efficient working capital management, supported by conducive regulations, can increase the resilience of companies to economic fluctuations and market uncertainty. However, the successful implementation of this strategy is highly dependent on the company's management commitment, resource readiness, and ability to adapt to changes in the dynamic business environment.

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## CONCLUSION

This study shows that the adaptation strategies implemented by industrial sector companies in dealing with financial risks focus on funding diversification, hedging, supplier diversification, technology utilization, and efficient working capital management. External factors, such as government regulations and industrial policies, also play an important role in determining the effectiveness of such adaptation strategies. These findings confirm that a combination of internal strategies and external support can improve a company's financial resilience against economic fluctuations and market uncertainty. However, the successful implementation of this strategy depends on the company's readiness to face challenges such as limited resources, lack of financial literacy, and resistance to organizational change. Thus, this

research contributes to providing a deeper understanding of financial risk mitigation strategies in the industrial sector and can be a reference for company managers in making more adaptive and data-driven decisions.

Theoretically, this study enriches the literature on financial risk adaptation strategies by providing a qualitative study-based perspective that highlights the challenges and opportunities faced by industrial sector companies. From a practical point of view, these findings provide guidance for strategic management in developing more flexible and technology-based risk mitigation policies to increase competitiveness in the midst of global economic volatility. In addition, this study also provides recommendations for policymakers to design regulations that better support industrial financial stability, especially in the aspects of tax incentives, energy subsidies, and financial digitalization. However, this study has limitations in the scope of the data used, because it only focuses on a few industrial companies that are the object of study. Therefore, future research can develop this study with a quantitative approach or cross-industry exploration to obtain a broader generalization regarding the effectiveness of adaptation strategies in dealing with financial risks.

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