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Explorative Study of Financial Management in Criminal Entrepreneurship Business Practices

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Abstract

This study aims to explore the financial management strategies employed by inmates involved in drug trafficking at Padang Class IIA Correctional Facility, focusing on how these individuals manage financial operations within a controlled and restrictive environment through organized, covert practices. Using an exploratory qualitative approach, the study involved in-depth interviews with five selected inmates who were directly involved in prison-based drug networks. Participants were chosen through purposive sampling based on criteria relevant to their involvement in narcotics-related business activities. Data were analyzed using thematic analysis supported by NVivo 12 Plus software to identify emerging financial patterns and strategies. The findings reveal that inmates maintain liquidity and conceal the origins of drug-related funds through various tactics, such as supporting legal employment as a cover and placing assets under third-party names. Entry into the drug business did not require personal financial capital; instead, trust and reputation served as key currencies within the network. These financial strategies closely resemble those used in legitimate business enterprises but are adapted to the prison context. This study contributes to the academic discourse on criminal entrepreneurship and suggests practical implications for enhancing financial surveillance and security protocols within correctional institutions. Future research should include broader samples and examine the role of external actors such as family members or prison staff.

Keywords: criminal entrepreneurship; financial management; correctional institutions; drug trafficking; exploratory qualitative approach

Introduction

In recent decades, the nature of criminal activity has undergone a significant transformation, shifting from impulsive acts of deviance to structured and strategically managed enterprises. This evolution parallels the increasing sophistication of global financial systems and technological infrastructures, enabling criminals to engage in organized, large-scale operations that mirror legitimate business practices. The concept of criminal entrepreneurship has emerged to describe this phenomenon, referring to illegal business activities that are executed using entrepreneurial approaches and managerial techniques, often exploiting legal ambiguities and systemic institutional weaknesses (Paoli & Vander Beken, 2014). This trend reflects a broader socio-economic shift in which illicit operations no longer operate in isolation but function as integrated systems with hierarchical structures, long-term planning, and financial controls. One of the most pressing manifestations of criminal entrepreneurship in the Indonesian context is the proliferation of drug trafficking activities conducted from within correctional institutions. Rather than serving solely as facilities for rehabilitation and law enforcement, many prisons have become operational hubs for illegal business networks. According to the National Narcotics Agency (2023), a significant portion of Indonesia's narcotics trade is directed from inside penitentiaries, with Padang Class IIA Prison recording over 700 active narcotics-related cases as of October 2024. This phenomenon underscores a critical systemic issue: Prisons, which are intended to restrict and reform criminal behavior, have become epicenters for the coordination of illicit economic activities.

Recent academic literature has increasingly focused on the managerial and financial dimensions of organized crime, highlighting how illicit enterprises adopt structures and strategies similar to legitimate businesses. Gottschalk (2013) emphasized the formalization of criminal group operations, drawing attention to how these entities adopt corporate-like organizational models. Smith (2009) further advanced this understanding by demonstrating that criminal actors, like legitimate entrepreneurs, actively exploit market opportunities and design tactical marketing strategies to expand their reach. In the Indonesian context, Agustina (2013) identified how the distribution of narcotics inside prisons utilizes digital communication technologies and electronic transactions, mirroring the strategic sophistication of modern enterprises. The Financial Transaction Reports and Analysis Center (PPATK, 2023) also reported that proceeds from drug-related crimes are often converted into foreign currencies or digital assets to obscure the trail of illicit funds, a crucial practice in money laundering within the current financial ecosystem. Beyond organized crime, recent studies on financial management have underscored the role of strategic financial practices in supporting business growth and sustainability. Key practices include effective capital structuring, innovative financing mechanisms such as crowdfunding, precise financial forecasting, and risk management strategies (Idris, 2024; Lumanauw & Lolowang, 2024). Arthur-Sam et al. (2024) found that in Ghanaian firms, five critical financial management components—accounting information systems, capital budgeting, working capital management, capital structure, and financial reporting—are pivotal to performance. Parallel inquiries into illegal markets also reveal nuanced financial strategies. In the UK's illicit tobacco trade, Antonopoulos & Hall (2016) described a decentralized and flexible financial arrangement, challenging the traditional centralized model of organized crime. In the cocaine trade, credit systems and varied sources of capital sustain fragmented networks (Hall & Antonopoulos, 2017). Similarly, the counterfeit goods trade employs complex mechanisms to secure capital, facilitate transactions, and reinvest profits (Antonopoulos et al., 2020). Even in legal enterprises, such as those in Croatia, the adoption of ICT tools for budgeting and procurement has increased, showing a convergence of financial practices across legal and illegal domains (Karanović et al., 2019).

While existing studies provide valuable insights into the organizational behavior of criminal enterprises and the financial sophistication of both legal and illegal businesses, there remains a critical empirical and theoretical gap concerning the micro-level financial management strategies employed by incarcerated individuals involved in drug trafficking. Most research, including that by Gottschalk (2013) and Smith (2009), focuses on macro-level structures or institutional dynamics without detailing how individual actors, particularly prisoners, execute, maintain, and secure financial operations under conditions of confinement. For example, although PPATK (2023) highlights the use of foreign currencies and digital assets for laundering drug money, these findings do not extend into the daily transactional behaviors, liquidity management tactics, or informal financial networks utilized by inmates on a personal scale. Moreover, although studies such as Antonopoulos & Hall (2016) and Hall & Antonopoulos (2017) reveal decentralized and credit-based financial systems in illegal markets, these observations are context-specific to European criminal economies. They are rarely contextualized within the closed institutional environments of Southeast Asia, particularly Indonesian prisons. Additionally, the application of strategic financial management theories, such as those proposed by Brigham (2016), has not been adequately tested in settings where financial practices are illicit, covert, and operate under systemic constraints. Thus, despite growing scholarly interest in criminal entrepreneurship, there is still limited understanding of how sophisticated financial techniques are individually deployed within correctional facilities, especially in environments characterized by physical restrictions, legal scrutiny, and institutional corruption.

This study offers a novel contribution by exploring, in detail, the financial management strategies practiced by drug trafficking inmates within the confined and controlled environment of Padang Class IIA Prison—an aspect overlooked mainly in the existing literature. While previous studies have examined organized crime from structural and managerial perspectives, this research uniquely focuses on the micro-level application of financial tactics by incarcerated individuals, addressing how they manage liquidity, secure funding sources, and conceal monetary flows through modern techniques such as digital transactions and currency conversion. By employing an exploratory qualitative approach, this study seeks to uncover hidden practices that sustain the financial viability of drug-related criminal enterprises despite physical confinement and institutional oversight. It builds upon the conceptual frameworks of criminal entrepreneurship (Gottschalk, 2013) and informal enterprise mechanisms (McElwee & Smith, 2015), integrating financial management theory (Brigham, 2016) with money laundering models (Unger & Van der Linde, 2013) and digital asset utilization. The core objective is to develop a deeper understanding of how inmates replicate business-like financial systems in illegal contexts and to reveal the specific, contextualized mechanisms through which these activities persist. This research not only fills a critical empirical void but also expands the theoretical discourse on the convergence of entrepreneurship, finance, and criminality in carceral institutions.

Criminal Entrepreneurship

Criminal entrepreneurship can be defined as a form of entrepreneurship conducted through illegal activities yet employing business management principles and strategic thinking comparable to those found in legitimate enterprises. This phenomenon highlights a significant departure from traditional criminological assumptions, suggesting that criminal actors are not merely impulsive individuals engaging in opportunistic deviance but are instead sophisticated organizers who develop complex, adaptive, and structured systems of operation. These actors operate within informal but functional networks, exploiting systemic loopholes and using strategic planning to sustain profitability. According to van Elteren et al. (2024), criminal organizations exhibit both resilience and robustness, striking a balance between operational efficiency and tactical security under conditions of constant threat. Their ability to adapt and restructure reflects a strategic logic that mirrors formal business thinking. Fioroni et al. (2025) further emphasize that organized crime groups often exploit institutional weaknesses and systemic corruption to establish economic footholds, thereby demonstrating a form of entrepreneurial innovation within the illegal economy. This innovation is not limited to the production or distribution of illicit goods but also extends to social and financial engineering practices, such as money laundering and covert resource allocation. Thus, criminal entrepreneurship involves both rational economic behavior and calculated risk management, making it a critical concept in understanding how illegality functions through mechanisms often reserved for legal economic activity.

Contemporary literature on criminal entrepreneurship has evolved beyond viewing it solely as a topic within the field of criminal justice studies. Increasingly, scholars approach it through socioeconomic and strategic management lenses, recognizing that criminal networks operate with a level of leadership and decision-making comparable to that of formal enterprises. Chopin and Dupont (2025) argue that leadership within organized crime reflects strategic patterns of trust-building, risk navigation, and resource distribution—functions commonly associated with legitimate corporate governance. These findings challenge the binary distinction between legality and illegality by highlighting how illegal operations often emulate legitimate business models. Furthermore, Antonopoulos et al. (2020) provide evidence from illicit markets in the United Kingdom, particularly in tobacco and counterfeit goods, where decentralized financial systems and network-based governance allow for high levels of adaptability in the face of regulatory enforcement. This flexibility illustrates that criminal entrepreneurs are not reliant solely on coercion but rather develop collaborative and efficient business models. Campedelli et al. (2021), using agent-based modeling, explain how recruitment into criminal organizations follows patterns based on social trust and perceived market opportunity, reinforcing the notion that such operations are grounded in economic rationality. Similarly, Kotzé et al. (2025) demonstrate how arms trafficking networks in wartime Ukraine effectively coordinated logistics and resources under extreme political instability, further underscoring the adaptability and strategic depth that characterizes modern criminal entrepreneurship across different contexts.

Drug Trafficking

Drug trafficking is defined as the illegal production, transportation, distribution, and sale of controlled substances, often carried out through sophisticated and hierarchical networks that span local, national, and international levels. These networks are not merely criminal, but they function with a level of operational complexity comparable to that of legitimate business enterprises. Illicit drug distribution systems are structured with defined roles, resilient organizational ties, and embedded communication strategies that enable continuity under adverse conditions (Engemann & Henderson, 2014). Within such frameworks, each actor performs a specific managerial or logistical role that collectively sustains the flow of narcotics and capital. Drug trafficking networks often leverage systemic corruption, especially in politically unstable regions like Latin America, to maintain control over supply chains and ensure legal immunity (Asiri, 2024). These observations demonstrate that drug trafficking cannot be reduced to informal street-level dealing but rather represents a strategic and profit-oriented enterprise. The persistence of these networks, despite law enforcement pressure, is primarily attributed to their ability to adapt quickly and replicate business-like practices such as risk diversification, decentralized operations, and the use of legal facades to cover illicit activities. In this sense, drug trafficking must be examined not only as a criminal offense but as a form of criminal entrepreneurship embedded in a broader illicit economy.

The financial dimension of drug trafficking reveals a high degree of sophistication in how illicit funds are managed, laundered, and reinvested. In cocaine trafficking networks, financial operations are often as complex as logistical ones, with proceeds being systematically funneled through legal entities, third-party accounts, or disguised as income from lawful activities (Kenney, 2007). These practices serve to obscure the origin of profits and reduce the risk of detection, mirroring financial management techniques in legitimate enterprises. Technological advancements have further enabled these networks to evolve. According to Dhali et al. (2023), digital currencies such as Bitcoin are increasingly used in drug transactions, particularly through dark web platforms, offering anonymity and cross-border transfer capabilities that challenge traditional financial regulations. These digital assets not only facilitate payment but also function as a storage mechanism for illicit wealth. Décary-Hétu & Giommoni (2017) reveal that even targeted law enforcement crackdowns on darknet markets have limited long-term effects. Drug vendors quickly migrate to alternative platforms, rebuild customer bases, and adjust financial flows accordingly. Such resilience indicates that agile financial strategies and technological flexibility underpin modern drug trafficking. Understanding these dynamics is essential to framing drug trafficking as a financially strategic and digitally enabled form of illicit enterprise.

Correctional Institutions

Correctional institutions are formal state facilities designed to serve as spaces for punishment, rehabilitation, and reintegration, intended to reduce recidivism and prepare inmates for lawful participation in society. However, numerous empirical studies reveal that, in practice, these institutions often function as breeding grounds for informal economies, systemic inequality, and hidden networks of deviant behavior. Yin and Kofie (2021) explain in their study of Ghanaian prisons how contradictions within institutional policies, coupled with inadequate oversight, create opportunities for the emergence of covert but structured economic exchanges within prisons. These informal systems often involve not only inmates but also prison staff and external actors, resulting in the development of parallel markets that operate beyond official regulation. Bardelli et al. (2023) contribute further to this discourse by examining commissary systems in American prisons. They argue that these stores have evolved into mechanisms of economic control that perpetuate and exacerbate social hierarchies among inmates. Individuals with greater financial resources can access better goods and services, while indigent inmates face further marginalization. The authors contend that this commodification of imprisonment reflects larger social inequalities and transforms incarceration into a transactional experience.

Beyond their legal and punitive functions, correctional institutions increasingly serve as nodes within broader socioeconomic systems, extending their influence well beyond their physical boundaries. Larroulet et al. (2023) provide evidence that prison-based work experiences—especially for female inmates—shape post-release economic behavior and may increase susceptibility to illegal income-generating activities in precarious labor environments. This suggests that incarceration may unintentionally reinforce the economic marginalization it is meant to disrupt. Moreover, Bardelli et al. (2022), in another study focused on austerity measures, highlight how inmates are compelled to develop adaptive financial behaviors in order to survive the economic pressures of daily prison life. These include offering informal services, bartering goods, and creating micro-enterprises within the prison ecosystem. Such activities are often structured like unregulated markets, complete with power hierarchies and monopolization of resources. Yin and Kofie (2021) further observe that power relations between inmates and prison staff frequently facilitate black-market transactions, which are normalized through institutional silence or complicity. These findings point to a fundamental contradiction: while prisons are constructed as spaces of moral reform and legal compliance, they simultaneously enable—and, at times, institutionalize—covert economic systems.

Financial Management

Financial management refers to the strategic process of planning, organizing, directing, and controlling financial activities such as fund procurement, allocation, and utilization to achieve organizational objectives efficiently (Permata, 2023). Traditionally associated with corporate finance and public institutions, financial management has evolved into a critical component of both formal and informal economic systems, including those operating outside legal frameworks. As highlighted by Rouhollahi (2021), advancements in financial technologies have empowered not only legitimate enterprises but also illicit actors to manage cash flows, disguise revenue sources, and safeguard assets from regulatory scrutiny. These developments underscore the transformation of financial management into a sophisticated system of control and adaptation, particularly in response to the growing digitization of financial ecosystems. Kurshan & Shen (2020) emphasize the importance of graph computing in detecting financial crimes, arguing that this technique enables the mapping of complex transactional relationships and behavioral patterns that are often missed by traditional monitoring systems. The ability to detect anomalies through data-driven analysis has revolutionized how financial management is monitored and executed, particularly in environments where concealment is a priority. Therefore, financial management must now be understood not only as a discipline of value maximization but also as a dynamic set of tools and strategies that can be weaponized in criminal contexts to sustain profitability and evade enforcement.

Illicit financial management often operates through decentralized and informal mechanisms designed to ensure liquidity, disguise ownership, and facilitate the movement of proceeds without triggering regulatory alerts. According to Kurshan and Shen (2020), actors within illicit markets frequently bypass formal banking systems by relying on cash-based economies, cryptocurrency exchanges, and peer-to-peer transfers, which are inherently more challenging to trace. These methods not only obscure the origin of funds but also allow for seamless integration into legitimate economic flows. Colladon & Remondi

(2017) argue that social network analysis can be a powerful tool for identifying hidden financial structures and mapping the relational architecture of money laundering schemes. Through their research, they demonstrate how illicit actors form covert financial networks that function with managerial efficiency and risk dispersion, resembling legal financial institutions in form, if not in legality. Additionally, Bazsalya (2020) reveals that dark web marketplaces serve as hubs for financial innovation among criminal entrepreneurs, who utilize digital wallets, pseudonyms, and cross-border technologies to conduct business outside the scope of traditional enforcement.

Analysis Method

This study employs an exploratory qualitative approach to gain an in-depth understanding of the financial management practices among inmates involved in narcotics-related activities within a correctional facility. According to Moleong (2007), the qualitative approach aims to produce descriptive data derived from the natural behavior, perceptions, and motivations of research participants. Heriyanto (2018:317) emphasizes that qualitative research is especially suited to exploring and narrating individual experiences as they relate to specific phenomena. This approach is particularly suitable for studies involving sensitive or covert practices, as it enables the researcher to capture nuanced insights that would otherwise be inaccessible through quantitative methods. The research was conducted at the Class IIA Correctional Facility in Padang, located at Jalan Muara No.42, Berok Nipah, Padang Barat District, Padang City, West Sumatra, Indonesia. This setting was selected due to its reported high number of narcotics-related cases and its relevance to the criminal entrepreneurship practices under investigation.

Participants were selected using purposive sampling, guided by specific inclusion criteria relevant to the studied phenomenon, as suggested by Creswell et al. (2015). The informants consisted of five inmates who were either currently or previously involved in narcotics trading networks. This sample size is consistent with Creswell et al. (2015) guidance for qualitative studies, which recommends a sample size of between 5 and 30 participants, depending on the study's depth and design. The selection criteria were as follows: (1) having active or prior involvement in narcotics-related business; (2) currently being incarcerated at Class IIA Correctional Facility in Padang; and (3) being at least 17 years of age. These criteria ensured that all participants had direct and relevant experience with the phenomenon under investigation.

Data collection was conducted using three primary techniques: observation, interviews, and documentation (Sugiyono, 2018). Observation enabled the researcher to gain insight into participants' behavior and contextual interactions within the prison environment. Semi-structured, in-depth interviews allowed for natural and flexible dialogue, giving participants space to share their experiences in their own words. These interviews were guided by an interview protocol developed to explore key themes related to financial practices and illicit business operations. Additionally, documentation—including photographs, sketches, and video recordings—served to support and enrich the qualitative data gathered through direct engagement with participants.

Thematic analysis was employed to analyze the collected data, following the procedures outlined by Fereday and Muir-Cochrane (2006) and Braun and Clarke (2006). This analytic process consisted of three primary stages: (1) familiarization with the data through comprehensive reading of interview transcripts and listening to recorded sessions; (2) two cycles of coding to identify recurring patterns and categories within the data; and (3) identification and refinement of core themes aligned with the study's objectives. To enhance the efficiency and accuracy of data analysis, NVivo 12 Plus software was utilized for organizing, coding, and visualizing the qualitative data.

To ensure the trustworthiness of the research, the study adhered to three essential criteria established by Moleong (2007). Credibility was achieved through prolonged engagement with participants and validation through discussions with academic supervisors. Transferability was addressed by providing thick, detailed descriptions that allow readers to interpret the relevance of findings to similar contexts. Confirmability was demonstrated through transparent documentation of the research process, allowing external reviewers to audit and verify the findings independently.

Results and Discussion

Results

Financial management in the context of criminal entrepreneurship refers to the methods by which criminals manage, conceal, and secure their profits from illicit activities. Financial management in criminal entrepreneurship differs significantly from that in legal business, as it involves techniques aimed at evading detection by legal authorities and ensuring the sustainability of criminal operations. Financial management in criminal entrepreneurship focuses on hiding sources of profit, maintaining confidentiality, and maintaining a steady flow of liquidity to ensure the continuity of illegal and high-risk businesses. (McElwee & Smith, 2015). The interview questions were analyzed using NVivo software, resulting in three themes and subthemes.

1) Cash and Liquidity Management
   - How do you ensure the money you hold is sufficient to finance your business (such as buying back the bartering, possible risk of lost goods, etc.)?
2) Money Laundering (Disguise)
   - How do you hide this money from drugs?
   - Maybe pretend to own another business, or how?
3) Operational Financing (Capital)
   - In the first place, where do you get the money to buy things?
   - Is there no capital (told to sell first) or how?

Based on the results of interviews conducted with five informants, the researcher processed the data using NVivo 12 software, incorporating voice recording transcript data and applying filters to sensitive parts. The following are the results of the interview, which were analyzed using NVivo 12 software.

Based on the informant's answer, as shown in Figure 1, in this business, individuals who join their network can have their finances guaranteed. Some informants revealed that in this business, you have to be wealthy, never lack money, even in situations where the goods may be lost. Suppose there is a condition, such as lost goods. In that case, the temporary vacuum, usually the informant is not asked for a deposit and will be recapitalized by being given the goods again.

No money is spent, as the initial capital of the informant plays a role in this business—the initial capital is used as an intermediary to buy goods for users. Some are encouraged by their environment to join the network or take advantage of special offers. The initial capital to take a role in this business is trust capital.

All the informants and people involved in this business go undercover to stay safe. The disguise is used to conceal the income from the proceeds of the criminal business. They have a legal (halal) job so that they do not raise suspicions among those around them. In addition, they also appear inconspicuous or reasonable and buy assets not in their name. This is done so that, if they are caught one day, the informant already has assets to leave to their family.

Financial management of criminal entrepreneurship based on a high level of seriousness, with five informants in the Padang Class IIA Prison consisting of 2 couriers, two dealers, and one courier who had been in the position of a drug warehouse, can be seen in Figure 2 a form of mind mapping that summarizes qualitative findings through observation and interviews (recorded by voice) and processed through nvivo12 software.

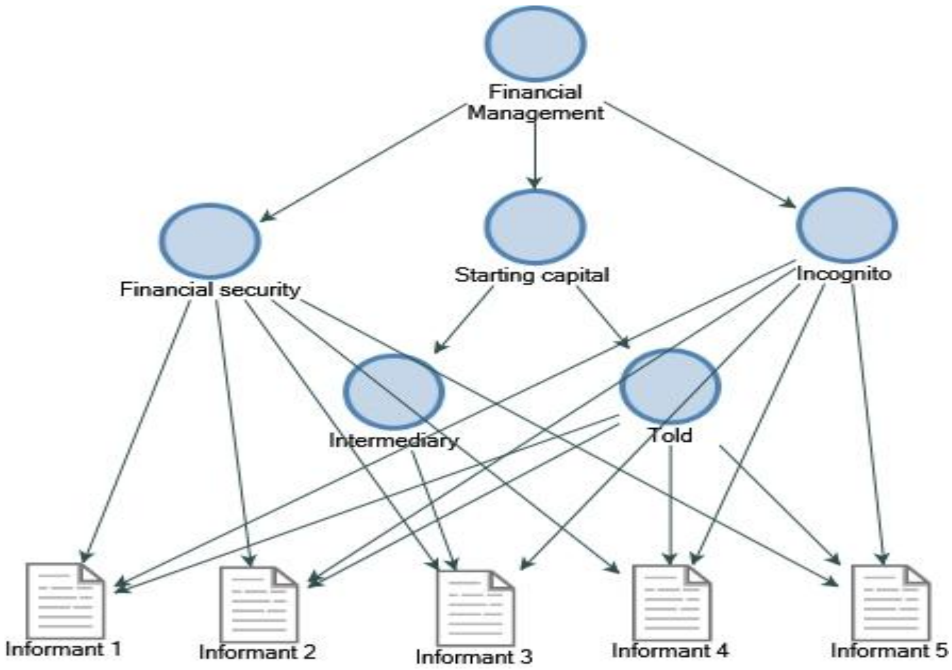

Figure 1. Project Map Informant's Answer to Financial Management Criminal Entrepreneurship

Source: *project map visualization from processed data of NVivo 12 Software*

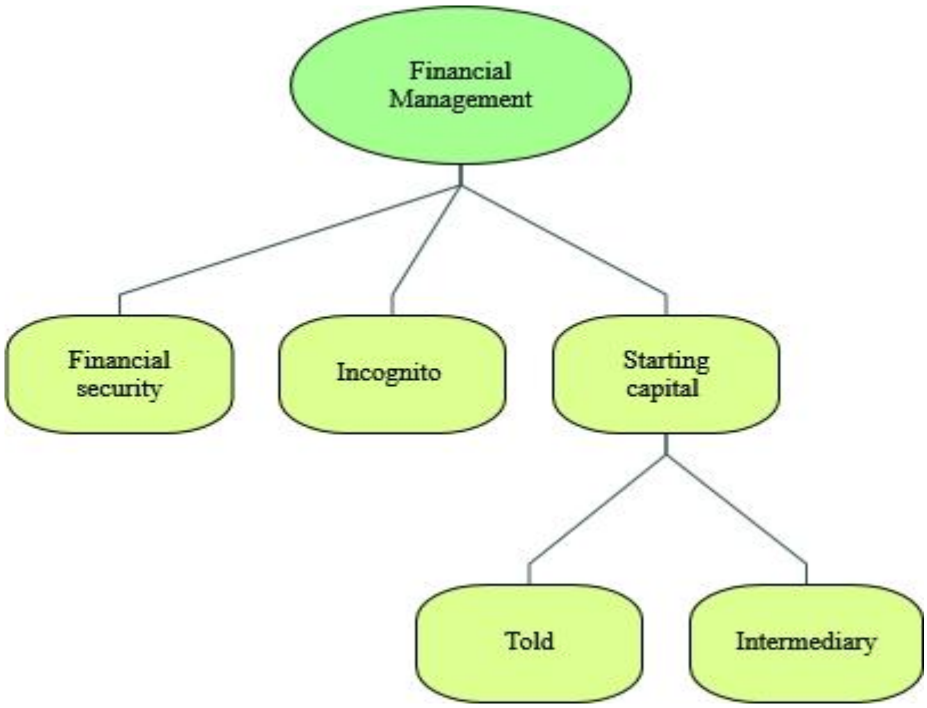

Figure 1. Mind Mapping, Financial Management, Criminal Entrepreneurship

Source: *mind mapping visualization from processed data of NVivo 14 Software*

Discussion

The findings of this study offer a nuanced understanding of how incarcerated individuals involved in drug trafficking organize and sustain financial operations within the constraints of a correctional facility. Through thematic analysis, it becomes evident that financial management in this context is not incidental but rather a deliberate and adaptive process shaped by the structural limitations of incarceration and the high-risk nature of criminal enterprise. These findings bridge a significant empirical and theoretical gap in the literature by shifting the analytical lens from institutional or macro-level criminal organizations to the micro-level financial behaviors of individual actors operating within a prison environment.

The first theme that emerged—cash and liquidity management—highlights the crucial role of maintaining a consistent flow of liquid assets to ensure operational continuity. Participants described a network in which liquidity is treated as both an operational necessity and a symbol of credibility. Individuals embedded in the drug trade within the prison are always expected to be financially prepared to replace lost goods, finance further transactions, and support urgent operational needs. Several informants noted that when financial shortfalls occurred, their networks provided goods on credit, essentially recapitalizing their roles. This informal support system suggests the existence of internal financial resilience, where obligations and reputations are honored not through formal contracts but through embedded social expectations. These dynamics mirror principles observed in legitimate small enterprises, where working capital and liquidity are critical to operational sustainability. They also reflect McElwee & Smith (2015) The proposition is that criminal enterprises rely on internally regulated financial frameworks to mitigate risk and maintain transactional reliability.

The second theme—money laundering and financial disguise—provides insight into the covert strategies employed to obscure the origins and uses of illicit funds. All informants articulated their awareness of the need to avoid drawing suspicion to themselves or their financial transactions. Common strategies included adopting a legitimate occupational cover, maintaining a low profile in their spending habits, and transferring asset ownership to trusted third parties. These behaviors align with the layering and integration stages of money laundering as outlined by Unger & Van der Linde (2013), wherein financial trails are deliberately distorted to prevent detection. Gilman's (2010) insights into the use of digital assets and informal networks to launder money are indirectly reflected in the informants' practices, even though specific digital tools were not mentioned in detail during interviews. The preference for asset ownership under other names demonstrates a forward-looking orientation toward wealth preservation, especially for the benefit of family members in the event of legal consequences. This strategy reveals the informants' long-term financial thinking and their efforts to integrate criminal income into legitimate-looking wealth structures.

The third theme—operational financing and capital acquisition—shows a departure from traditional business models that rely on upfront capital investment. Many informants indicated that they began their involvement in the drug trade without any personal financial input. Instead, their entry into the business was facilitated by trust-based invitations or instructions from senior network members. These informal contracts are based on social credibility rather than monetary contributions. This supports the notion of "trust capital," where one's reputation and perceived loyalty serve as the currency for entering and operating within the network. In this way, the capital structure of criminal enterprises differs markedly from that of legal enterprises; rather than being asset-based, it is reputation-based. This reinforces McElwee & Smith (2015) Observation that informal networks and personal reliability are central to the sustainability of criminal operations, particularly in closed systems such as correctional facilities.

The NVivo-generated mind maps and project maps further validate these findings by illustrating the interrelationship between trust, liquidity, and financial concealment strategies. The software enabled the visualization of coded themes and patterns across the interview data, underscoring that financial management practices in this context are neither random nor individualistic. Instead, they are structured, learned, and culturally reinforced within the prison-based drug trade environment. These findings are also supported by field observations that revealed consistent patterns in the way informants discussed their roles, risk calculations, and strategic decisions related to money. For instance, the roles of couriers, dealers, and those managing storage were accompanied by differentiated financial responsibilities and exposure levels, suggesting an internal segmentation of financial risk and obligation similar to divisions of labor in legitimate enterprises.

This study also challenges the conventional dichotomy between legal and illegal business practices by demonstrating that both spheres may employ similar financial logic, albeit with different tools and in divergent contexts. Brigham (2016) Defines financial management as the strategic allocation of financial resources to achieve business goals while maintaining solvency and profitability. The findings of this study reveal that, within the criminal context, these goals are reinterpreted as maintaining operational invisibility, avoiding legal repercussions, and preserving financial assets for post-incarceration security. In this way, incarcerated individuals exhibit sophisticated financial reasoning, applying business-like strategies to ensure that their operations are not only profitable but also sustainable under legal and institutional constraints.

Additionally, the study offers critical empirical insights that have been largely lacking in the existing literature. While Gottschalk (2013) and Smith (2009) Emphasize the structural and managerial parallels between criminal and legal enterprises, and Agustina (2013) focuses on institutional transactions of narcotics in Indonesian prisons. This study contributes by revealing the individual-level financial tactics employed by incarcerated actors. Moreover, while Antonopoulos and Hall (2016) and Hall & Antonopoulos (2017) describe flexible and decentralized financial models in European criminal markets, the present findings show how similar dynamics are adapted within a Southeast Asian prison setting, where surveillance is constant. However, informal financial structures continue to function effectively.

What distinguishes this study is its illumination of how the principles of financial management, such as liquidity planning, operational financing, asset shielding, and reputational capital, are operationalized under systemic constraints. The confined setting of a prison imposes unique challenges, yet the inmates' ability to navigate these challenges demonstrates resilience, strategic adaptation, and a high level of financial literacy. These findings are particularly relevant in understanding how criminal entrepreneurship persists and evolves despite legal and institutional intervention.

In a broader sense, this research contributes to the expanding field of informal and illegal economies by emphasizing the role of individual agency, strategic thinking, and social embeddedness in financial decision-making. The implications extend beyond academic theory. For policymakers and correctional institution administrators, the findings point to the need for more nuanced interventions that address not only the physical flow of narcotics but also the underlying financial infrastructures that enable the trade to persist. Programs that combine financial tracking, forensic audits, and rehabilitation efforts tailored to financial behavior could prove more effective than punitive approaches alone.

Conclusion and Suggestion

This study has explored how financial management strategies are implemented by individuals involved in narcotics-related business activities within Padang Class IIA Correctional Facility. The findings indicate that inmates maintain liquidity through informal yet systematic mechanisms, conceal the origins of illicit funds using strategic disguises, and gain initial access to the business network primarily through trust-based relationships rather than direct capital investment. These practices demonstrate a sophisticated adaptation of financial management techniques within a closed and surveilled environment, closely resembling those found in formal entrepreneurial settings. The financial strategies observed demonstrate effective planning and resource management despite the structural limitations of incarceration.

The study offers significant academic and practical contributions. From a scholarly perspective, it enriches the interdisciplinary dialogue among entrepreneurship studies, criminology, and financial management by providing empirical insights into a rarely examined context—criminal enterprise operations within prison environments. The originality of the study lies in its focus on the micro-level financial behavior of incarcerated drug offenders, an area often neglected in macro-oriented studies of organized crime. Practically, the research has implications for the development of enhanced financial surveillance policies and digital security systems in correctional institutions. Correctional administrators and policymakers may benefit from integrating financial monitoring with rehabilitation programs to identify covert financial behavior and prevent the institutionalization of illicit economic activity within correctional facilities.

This study is limited in scope due to its small sample size and single-location focus, which restricts the generalizability of the findings to broader contexts. These limitations provide opportunities for future research. Expanding the study across multiple correctional institutions and involving a greater variety of actor roles—such as suppliers, external accomplices, and facilitators—could deepen understanding of the financial structures underpinning prison-based criminal enterprises. Furthermore, future investigations should explore the use of financial technologies, such as mobile banking or cryptocurrency, and the involvement of external agents, including family members and prison staff. These elements represent critical extensions for building a comprehensive picture of financial management in criminal entrepreneurship, offering valuable insights for academics, practitioners, and regulators alike.

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