

**Research Papers  
on knowledge,  
Innovation and  
Enterprise  
(Conference Proceedings)**



**2018 International Conference on  
Knowledge, Innovation and Enterprise  
HOST CITY & COUNTRY: DUBAI, UAE**



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**Research Papers on  
Knowledge, Innovation  
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(Conference Proceedings)**

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# Research Papers on knowledge, Innovation and Enterprise

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## Editorial

This sixth volume of the journal—*Research Papers on Knowledge, Innovation and Enterprise (Conference Proceedings)*—is dedicated, as always, to papers submitted to the *International conference on Knowledge, Innovation and Enterprise* which was held in Prague, Czech Republic, 18-20 July 2018. Four papers were accepted and published in this edition—covering creativity and entrepreneurship. The first paper by Shih-Yu Chen, Athena Piterou, Suet Leng Khoo & Jin H. Chan is a case study research, which examines the role of a social enterprise art organisation ‘in responding to the issues of gentrification and the resulting displacement of communities embodying the local culture’ in Georgetown, the capital city of Penang state in Malaysia. The paper concludes that a social enterprise art organisation ‘can play the role of self-gentrifier and contribute in retaining the art community in the developed surrounding while connecting the art community and the wider society.’

The second paper by Christine Galib, introduces ‘the CHANGE-Driven Entrepreneur’s Mindset as a new framework of entrepreneurship education and leadership development that prepare individuals to solve these problems, tackle these challenges, and serve as creative change leaders.’ The paper argues that given current ‘challenges of scale and sustainability, the CHANGE-Driven Entrepreneur’s Mindset meets the need of preparing individuals to launch and lead creative change as they navigate non-linear careers or become entrepreneurs.’

The third paper by Festus Edobor—*Entrepreneurial Strategies in an Emerging Economy*—identified four entrepreneurial collaborative strategies in emerging economies—namely alliances, licencing agreement, joint venture and cooperatives which, according to the author, can ‘promote entrepreneurial and economic development in an emerging economy.’

The fourth paper by Abdul Morlai Kanu & Michael King Atimi-Yousuo examines financial management practices among entrepreneurial Small and Medium Enterprises in Yenagoa in the Nigerian state of Bayelsa. The research found that a significant proportion of the respondents do not have a finance officer – even though an equally significant proportion engaged in planning, recording-keeping of profits, expenses and losses.

The collection of papers in this edition speaks to the thrusts of the KIE conference and this journal. Enjoy.

James Ogunleye, PhD, FRSA  
Chairman, 2018 KIE Conference



# **The art hub in the World Heritage Site, Georgetown: a case study of creative sector entrepreneurship in the context of gentrification**

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**ABSTRACT** This research examines the role of an art organisation, which operates largely as a social enterprise, in responding to the issues of gentrification and the resulting displacement of communities embodying the local culture in Georgetown, Malaysia. The case study art hub has developed into an internationally acclaimed space for innovative ventures including an art gallery and units for arts, craft and food entrepreneurs. The research method includes first stage questionnaire and in-depth interviews to understand the managing strategies and innovation practices. With their innovative business strategies, the art organisation forms an extended network with the local art community and is positioned as the focal point in a mini entrepreneurial ecosystem. Through the case study in Georgetown, Malaysia, the research contributes to the understanding of the strength and challenges of innovative social entrepreneurship for cultural and creative organisations.

*Keywords:* creative enterprise; innovative entrepreneurship; sustainable entrepreneurship; relational aspects of ingenuity; boundary work and networking.

## **Introduction**

Gentrification (Glass, 1964), a global phenomenon in many World Heritage Sites, results in the displacement of long-term residents and causes erosion of local culture and heritage. Georgetown, a post-British colonial town in Penang, Malaysia, shares the same experience, especially due to the growth of tourism and influx of external capital investment after it has been inscribed as a UNESCO World Heritage Site in 2008. However, there has also been an increase in cultural activities in Georgetown as documented in policy reports (Think City, 2016). Especially in tourist sites, city planner attempt to develop the city and offer the space for tourists in order to attract investment and induce economic development. In most instances, gentrification is detrimental to the livelihood of local residents. However, top down

approaches to urban development might not always be successful in helping long-term indigenous residents.

The concept of ‘self-gentrification’ (Chan et al, 2016) is applied to this paper in order to understand how local residents “fight back”, reclaim their space, conserve their heritage and develop their culture, and improve their economic and social standing. Nonetheless there is limited understanding of how local residents could achieve the above objectives sustainably and the challenges they encounter. In the case of heritage and cultural reach localities, creative workers and artists might be attracted to be early gentrifiers – but could also contribute positively in enriching local resident participation in cultural activities. Cultural producers, which include artists, writers, curators, performers and marginalised groups, embody different narratives of a post-colonial city (Beswick et al., 2015).

This paper looks into the innovation development and challenges of the selected arts organisation as an example of self-gentrification. The organisation was formed with a group of private investors, with the intention to cultivate the local art community and to provide a platform for young artists. Although the organisation was meant to at least break-even financially, they have in practice prioritised their social mission to cultivate the local artist community as they do not face strong pressure from investors to achieve financial returns. Therefore, in this article, we argue that although the case organisation was set up as a private sector venture, operates on a social entrepreneur approach in practice as it accommodates around twenty artists with extremely low rent as a support. We use the case of this artistic hub as an example to examine how an art organisation can play the role of a creative and a social enterprise that cultivates its local art community and increases the connections with the resident community. To have a comprehensive understanding, we look into how they engage local artists and local residents innovate and what type of innovation they have chosen and which approach, and issues of funding and challenges in financial sustainability.

This paper contributes to the study of creative enterprise by discussing the innovative approaches that have been taken by an art organisation in the context of gentrification. It also presents how the organisation, as an established resident in Georgetown became a self-gentrifier that seeks opportunities to improve the social standing of the local art community. The article argues that the case organisation builds its extended network from previous collaborations that assist the innovation development of the organisation, and adopts the approach of a social enterprise to support its art community members, thereby placing itself into a key position in the sector.

## **Literature review**

### *Gentrification, cultural entrepreneur and social enterprise*

In Glass (1964), the term gentrification was used to describe the phenomenon of changing housing stock in Islington, London, caused by the changing industrial structure (Ley 1981, 1996) and the changes in preferences and working pattern of the rising white collar workers (Butler, 1997; Ley 1980). Since the

1990s, gentrification has been seen as a “generalized urban strategy for municipal governments in consort with private capital in cities around the world” (Smith, 2002, p.441). As the result of structural changes in the economy from industrial manufacturing to post-industrial business, lower classes were displaced by upper-middle classes (Smith, 2002; Zukin, 1995). State-led gentrification has also been introduced in many Asia cities, as Kim (2016) points out, while local governments adopt gentrification as an urban regeneration policy, “inter-urban competition intensifies the homogenisation of urban landscapes at the expense of visual and conspicuous urban transformations led by local governments through activities such as festivals, exhibitions, and various cultural events, thereby dismissing everyday lives on the level of mundanity” (Kim, 2016, p.134). This policy also leads to the result that the manufacturing-based economy is replaced by post-industrial knowledge and service-based economy as well as the rise of the creative industries. According to Zukin (1991), artists who have the ability to interpret meanings of cultural values would also be able to become involved in framing the spatial appropriation and selling cultural products. For example, in New York and Los Angeles, the presence of artists in studios and galleries and the display of art could contribute to claiming cities’ worldwide status (Zukin, 1995). Furthermore, the presence of artists would also attract other professionals who share the same or similar cultural capitals (Lloyd, 2002; Peck, 2005). In addition to artists, Lloyd (2002) examined ‘digital bohemia’, such as young musicians, designers in media and technology industries, around Wicker Park in Chicago and concluded that their subcultural affiliations also play important roles in forming the post-industrial economy.

The top-down, state-led gentrification happens in a better organised manner and a larger scale but may serve certain political objectives (Hackworth & Smith, 2001; Lees, 2008) and might lead to the neglect of long-term residents. Chan et al. (2016, p. 1265) introduce the concept of self-gentrification: “Under the threat of gentrification, the long-term residents adopt a proactive approach to become the ‘gentry’ themselves. ... benefiting from the positive aspects of gentrification whilst avoiding many of the negative effects, particularly displacement”. There are two categories of self-gentrifier, i.e. returning migrants, who moved back home after an extended period of time away, and the local entrepreneurs, who evolve through frequent interaction with tourists, the newcomers and outsiders. In the case of Honghe Hani Rice Terraces World Heritage Site, China, Chan et al. (2016) demonstrate that the returning migrants are often equipped with better knowledge, skills, and social capital, whereas local entrepreneurs rely more on personal attributes, motivation to transform and to learn from “outsiders”. The article (Chen et al., 2016 p. 1276) further argued that “when long-term residents are proactive and feel empowered to appropriate tourism development, this can also contribute to social equity, sustainability of the community ...”. In this article, the studied art organisation is considered a local entrepreneur that intends to empower themselves in the area that gentrification has been taking place.

Apart from the government policy, the influx of creative classes (Florida, 2002) would also assist in transforming the urban area. Peck (2005) points out that among the creative classes, there are many service workers and low income cultur-

al producers, it is also noteworthy to understand their strategies of living and working in urban areas (Doucet, 2009). Zukin (2010) uses the term cultural entrepreneur to refer to artists, writers, musicians and other cultural producers with roles as both artists and business people who are mainly based in local communities. Cultural entrepreneurs could be seen as those who occupy the upper-middle class in the overall creative class. However, instead of replacing or displacing others, they provide comfortable social spaces (Kim, 2016).

In this paper, an art organisation, is selected as a case study to examine an instance of cultural entrepreneurship where the entrepreneurs teamed up and operate in a social enterprise approach with an intention to cultivate and develop the local art community. As a local entrepreneurial venture, the organisation empowers local residents to self-gentrify in a city where gentrification is taking place. This article demonstrates how they ride against the wave of gentrification, trying to occupy the “space” and helping their community of artists to excel, as well as promoting art and appreciation of arts among the local residents.

With the rising emphasis on cultural and creative industries, the number of arts-based social enterprises has been increasing (Terjesen et al. 2012), relating to the fact that while art market is gaining in popularity globally, government funding for the arts has been declining (Deloitte Art and Finance Report, 2013). McQuilten et al. (p.15) argues that “in a context where there is a greater reliance on self-generated income due to lack of government and philanthropic support”, social enterprise in arts is commonly found in areas of textile art, craft, fashion and design as opposed to the areas of exhibitions, dealership and gallery sales, where access to capital is easier. Initiated by the mission of empowering the local community, the organisation studied in this paper shares the characteristics of a social enterprise, which has been recognised as an organisation that applies business approaches to achieve its social mission (Dees 1998; Nicholls 2007).

In addition to social enterprise, arts entrepreneurship is a specific form of entrepreneurial activity that has attracted increasing interest in the arts management literature and in the broader entrepreneurship literature. It is defined broadly as the management process through which cultural producers can create artistic as well as social and economic value, while they maintain their autonomy and support their creativity (Chang and Wyszormiski, 2015). Courses on arts entrepreneurship have been added to arts school curriculum and there is increasing emphasis on how artists can attract new audiences; the need to attract younger, more technologically savvy audiences and the decline in government support for the arts are factors driving arts entrepreneurship (Chang and Wyszormiski, 2015). Sacco et al. (2009) have discussed how fostering local entrepreneurship contributes to a region’s cultural development. Yet, arts administrators have raised concerns that arts entrepreneurship shifts the focus towards monetary success rather than artistic merit (Beckman, 2007).

Although creating wealth is not the priority of social enterprises, they still have the same challenges that private enterprise would have in order to survive in the market. Especially, social enterprises operate as an enterprise but serve a social mission, the hybrid characteristics also raise new challenges (Alter, 2004). Compared with private sector organisations, Austin et al. (2006) point out that social

enterprises have more difficulties in obtaining enough resources, such as recruiting talents, and limited financial resources. It has been recognised that applying management strategies from private enterprises could help social enterprises to secure the resources and managing the organisation effectively (Kearns, 2000; Rens & Associates, 2010). To proactively face the challenges, Dees (1998) suggests it is necessary for social enterprises to emphasise their innovation and social influences, while achieving different objectives in different stages in order to eventually have a great impact of the society.

As the study from Social Enterprise UK (2013, p.32) demonstrates, “social enterprises are considerably more innovative than their SME peers”. Westall (2007) argues that innovation is important for a social enterprise as it helps the organisation to explore the opportunities and tackle limitations, as the continual innovation makes the organisation more capable in obtaining resources, finding opportunities for collaborations and creating impact. Osborne and Flynn (1997) also recognised the significance of the innovation in a social enterprise and state that an innovative organisation tends to be more outward-oriented and have a stronger strategic network. In Miles and Green’s (2007) ‘Hidden innovation in the creative industries’, they point out innovations can be read in six dimensions, which include process of production, technology, delivery, cultural concept, cultural product and user interface.

The suggestion McQuilten et al. (2015) is particularly useful in this research as the organisation under study is considered a creative enterprise that applies a social entrepreneurship approach. It is suggested that innovation for social enterprise in art needs to focus on the strategies of “constant research for new markets and products, and innovative ideas for production and design aimed at increasing the level of creativity among the employees” (McQuilten et al. 2015, p.28). These dimensions will be used for the analysis in this article, and the focus will be put on examining the innovation of cultural product, delivery and user interface, as they are directly related to how the selected arts organisation improves their communication with its audience and community and creates an impact in the area. Innovation of cultural product focuses on the product that carries the cultural meanings or information, innovation of delivery address how the information is delivered and become accessible, and innovation of user interface looks into the communication between the examined case and its audience.

## **Methodology**

This study examines the development of the organisation and its achievements and challenges through a combination of social network analysis and qualitative methods. The research for this case study was conducted as part of the research project that aims to understand the overall network and innovation development of the creative and cultural sectors in the World Heritage Site, Georgetown in Malaysia. The research methods include a semi-structured questionnaire and in-depth interviews with the management team regarding their entrepreneurial orientation and strategy, engagement with innovative practices and the relationships formed be-

tween the organisation and actors from the creative sector, the arts and local communities.

The research team has conducted three interviews with the examined art hub, interviewees include the general manager, the curator (gallery manager) and an on-site graphic designer, between December 2017 and April 2018. In order to build the general picture of the creative and cultural sectors in Georgetown, the semi-structured questionnaire was designed with the focus on the general picture of the organisation, such as their firm size, the composition of the organisation, their orientation of innovativeness and entrepreneurial orientation, and their interactions with external actors. Through the questionnaire, the organisation's social network is examined, from looking into different relations such as exchange of advice, access to funding and financial resources, specific collaborations and access to talent. The questionnaire also asked about their talent resources, such as where do they recruit their members. The questionnaire interview contains 6 sections, 64 questions and lasted about 2 hours with the key actors of the organisation. Since the first interview is questionnaire-based, the details of their responses were followed up in the second stage data collection, the in-depth interviews.

In order to examine the detailed context of the development of the organisation, semi-structured interviews were conducted. The interviews put the emphasis on their managing goals and strategies, and their advisory and support network in the area as well as their relationships with other related organisations, such as local government, other art organisations, and international art foundations. There are two interviews conducted, in the first case study in-depth interview, we also asked about the origins of the venture and how their first temporary exhibition led into a permanent gallery. From their responses, we further asked their perspective on the whole art and creative industry in Georgetown and Penang, such as their observation on the changes of the industry and the responses of the general public. With the intention of understanding their network as well as the sources of their talents and ideas, the experiences of working with other art organisations, international artists and governmental parties were also covered in the interview. At the end of the interview, to illustrate their role in the industry and the area, we invited them to share their plan in the next 5 to 10 years and their expectations on the organisation as well as the whole sector in Penang.

Compared to the first in-depth interview that lasted about 90 minutes, the second in-depth interview was meant to be a follow-up interview. In order to have a much more comprehensive understanding on the role of the case organisation in the art community, a graphic designer, who is based there full time, was invited to join the follow-up interview and provided his experiences of working there as well as his view on the role of the organisation in the art community in Georgetown. In the follow-up interview, we used the examples and responses from the previous interviews to further tease out their innovative approaches and relationships with the wider society. With a new interviewee, this interview also offered additional views from the art community and the influences of the space.

***The context of the art hub, and their position in the sector.*** The examined art hub locates in the area that has been heavily developed, the space for leisure and art is

scarce and the connections between the art community and the local residents are limited. The site was built by Georgetown Municipal Transport in 1947 as part of recovery plan form World War II and it was run by Hin Company Limited which operated the motorbus service. In the 70's, the bus depot was believed to be the best looking bus depot in Penang, however, it was shut down in 1999 and became idle space. In 2013 the bus depot was reused to host an exhibition by Ernest Zacharevic, a Lithuanian artist who introduced murals to Penang. Since this inaugural exhibition, the organisation started to earn its reputation as a creative space in Penang.

In order to hold the exhibition, the bus depot was repaired and renovated. The exhibition 'Art is Rubbish is Art' opened on 17<sup>th</sup> January 2014, and attracted attention from the public and media. With the success of Zacharevic's exhibition, the managing team then was encouraged by the state government to manage the place as a contemporary art space in Penang. The place has been expanded from mural art space to include a gallery, deck, mural garden, lawn and retail outlets. It now includes an art gallery, innovative shops, artists' workplaces and a pop up art market every Sunday morning. It has become a creative hub for young artists and businesses with innovative approaches, especially start-up businesses.

The case study plays an active role in the art community locally and internationally. Today, its managing team of four consists of managers, curators and designers, responsible for managing the space for art exhibitions, creative events and business. Unlike other fine art galleries, the examined art hub is positioned to fill in the gap as a platform for uprising artists by its managing team and aims to increase the accessibility of the gallery. As the general manager puts, 'we really want to focus and do good art, ..., you know people come, people start to enjoy the art and hang out and enjoy the space as well.' The focus is to offer creative experiences to its community. In addition to the platform for the artists, the managing team also identified there is a need from the public, who has been keeping a distance from the 'white cube' kind of galleries and wishes to engage with art activities. Along with the success of Zacharevic's exhibition, the curator observes that the trend of street art or public art has become more popular. Compared to five years ago, when the interactions between the art community and the local public in Penang was limited, now the local public are also encouraged to visit the art more, although "they are not much really going to white box gallery" as the curator puts.

The geographic location of being at the edge of World Heritage buffer zone also gives the organisation the advantage of attracting people who visit the WHS but could be managed without the restriction from the regulations imposed on the WHS area. In addition, the influences of festivals, especially George Town Festival, has increased the trend of 'bringing art outside', such as street art and public art, "you can see the more like the alternative way is they are coming up in Malaysia... keep the artist to bring this art outside. It not just street art but we call it more on public art. Topography outside, sculptures are outside, interactive art outside and not just inside a confined space". Since public art has been established as a distinctive strength of the gallery, the identity of the space has been gradually recognised and the organisation could attract more artists and develop into an influential creative hub in Penang.

The creative space attracts young artists with affordable rent and extended networks, however, the organisation is still struggling to be financially self-sustainable. Not only is its size relatively small in Penang but also there are constraints in the local art market. Consequently, its financial performance has not grown as much as its reputation. For example, compared to other traditional art galleries, the art hub claimed to be more welcoming for young artists and supportive toward high risk ideas, as a result, their productions do not always guarantee the return of their investment.

## **Research results**

### *Network*

The extended network has been the biggest advantage for the organisation to build its reputation as a creative space and to achieve its mission of building a platform for the local young artists. Although the organisation is part of the meeting, incentives, conventions and exhibitions industry (MICE), which is under the Penang Convention & Exhibition Bureau and focusing on coordinating business events, it builds the connections mainly on the staff's personal and informal network. The managing team states that the art community in Penang is relatively small and considered to be friendly and supportive, thus, even the organisation is not in any formal organisations, there are chances to establish new connections from the existing ones. Their flexible network also reflects the nature of the creative class (Florida, 2002) and could simulate the fluidity of resources and innovations that assist the art hub in forming a better and more comfortable space for other artists (Kim, 2016).

Although the examined art hub has a small team of regular staff, their experiences in the art industry in previous positions and collaborations give them extensive connections and support on building their reputation and sustaining the space. The organisation has worked with many freelancers who are based locally or in Malaysia, such as designers and photographers, as well as university students in Penang. These relationships range from internship to giving exhibitions of their works.

Especially after the collaboration with Zacharevic, who is described as the Penang art embassy, many international connections were introduced through him. In addition, the organisation has established other international links with US embassy and Japan Foundation through working with individual artists. The international connections become one of the main source where they learnt about innovative ideas, new approaches and sometimes accessed resources. From their experiences of international collaborations, they have projects with foreign funding from Germany, Taiwan and Korea, the funding was intended to create the awareness of their culture. As the manager points out, 'Japan Foundation is one of the few foundations that have done many shows here', in those exhibitions, there will be some objects from Japan or a Japanese artist is part of the show. But this type of approach and support is rarely found in Penang, as most of the fund that the organisation has is from its stakeholders rather than other public sector funders.

### *Innovation development*

After its incorporation into a formal organisation, it is necessary that the management team need a strategic approach to run the space. Especially with the intention of cultivating the art community in Georgetown, Penang, where the organisation was the first public art space, the conventional management for fine art galleries, such as highlighting artworks with specific lighting indoor or building relationships with agents, would not be suitable for it.

As Calcagno and Balzarin (2016) point out, it is common that arts entrepreneurs often face artistic responsibility as well as business requirements. This can also be found in this case where the responsibility of producing creative artworks exclusively falls on the artists. On the other hand, the management team is responsible for the business part, such as the approaches of recruiting talent, maintaining talent, bringing in more resources, and so on. Their innovation development can be divided into two main categories, one in the innovations of cultural products and delivery and the other is the innovations of user interface (Miles and Green, 2008). The former one looks into the new approaches they have taken in order to improve the quality of the art, such as how they attract creative artists and staff to build a better platform for artists as well as improve the sustainability of it. The later focuses on the innovative approaches of the communication with its audience and partner artists. Through the discussion, it can be understood to what extent the organisation provides a platform for artists and the general public.

### *Innovations of cultural products and delivery*

In order to sustain and build on the reputation of a creative hub, the organisation has dedicated its efforts on increasing the input of talents and ideas as well as looking into innovative solution and to improve its management ability (Moulaert et al. 2005; Van Slyke & Newman, 2006). Particularly, working with various artists, curators and designers offers great opportunities to learn new approaches, new knowledge and ideas. From the collaboration with Zacharevic, they have established international contacts. Some of these new connections would also lead them to a further connection and the formation of a much extended network. For example, the connection with British author and curator, Gabija Grusaite, who was introduced through Zacharevic, then later led to another collaboration with Urban nation, who is based in Berlin, for a street art festival. These international collaborations not only introduced fresh ideas about art and exhibitions, they also offered further channels for the organisation to expand its community further.

Consistent to their international collaborations, most of the connections within the local area, Georgetown Malaysia, are also built with individual artists, curators, art collectors and project managers rather than formal or governmental organisations. Similar to the current management team, who were hired from reference for their art related background, the interns and freelancers were also mostly recruited from personal networks. While the organisation has benefited from new artistic ideas from the collaboration with international artists, the working relation-

ships with locally based freelancers are particularly helpful in management aspects, such as project management and space management.

Expanding the space for attracting similar minded people as their business partners is the other strategy it takes to manage the identity of the space. In addition to art exhibitions in the gallery, the expanded space allows many activities and businesses to take place in the premises, and renting out units also becomes the main source of income. Its tenants include food businesses such as coffee shops and other smaller galleries, as well as 18 other artists who are based on the outer surrounded area that has been bought by the organisation. In addition to renting out the space, a pop-up market is held on Sundays that offers young artists the opportunity to gain exposure and market their works. As the manager comments, they “also have attracted many experimental ideas, as the space is also used by the local community, some of the ideas were not accepted very well but we still welcome these ideas”.

Unlike traditional art galleries that are described as ‘white boxes’ by the curator, the case organisation is an open space gallery, which is considered to be more inviting for the public and allows various of types of artworks to be presented. Through working with people from different backgrounds and different career stages, the organisation absorbs the experiences and knowledge from external parties and becomes a platform for the artists to share knowledge, techniques and ideas (March and Simon 1958).

### *Innovation of user interface*

Communicating with its communities is the biggest drive for the organisation to develop new tools or apply new technology. They rely on online platforms to manage their connections. Newsletter is one of the main tools that they use to reach out to their audience and visitors. The decision of using online platform was made from learning the experiences of other art actors, according to the managing team. It is effective for them to receive feedback and invite more people to visit the gallery. Especially, concerning their biggest audience is the younger generation that receives information from social media more often than other traditional ways. Having the young audience in mind, social media, such as Facebook and Instagram, is one of the new approaches they use to reach out to their audience, visitors and communities, as well as receiving feedback from them. Nevertheless, because of the limited resources, their market research has not been conducted in a structured and systematic way but was conducted in a relatively informal way, as the managing team admitted “we don’t have any formal survey with the audience because of the funding”, the engagement with the local community is mainly from informal communication and observations.

Although the management team has emphasised their communication with its communities, compared to the communication with artists, the interactions between the local public attracts relatively less attention. The emphasis of the communication has been placed on the art community, for instance, the organisation has developed a database of the exhibitions they have held, these archival materials assist them in managing the relationships with their collaborating partners. In addi-

tion, one of their future plans is to apply the new technology, QR code, to deliver the information of the exhibited artworks to their visitors, as well as an online platform that allows them to trade their art collections online.

The organisation has put its focus on delivering the art; this is also related to their mission of supporting young artists. The managing team claims that they have full autonomy of running the site from the investors. Instead of prioritising profit, they welcome any creative ideas and encourage artists to take the risk in exhibitions. As the on-sites graphic designer recalled, there was sensitive topic exhibited in their gallery with the full support from the managing team, even though the society was not fully appreciative. They are, however, cautious in dealing with any art expression that carries sensitive political overtones.

## Discussion

In the above discussion, the research has shown that the organisation has been applying different types of innovative approach in order to improve their performance as well as to achieve their mission, building the local art community and offering a platform for young artists. Although from the managing approach, the art hub is not run as a non-profit social enterprise, such as it still tries to generate profit by renting out spaces and taking commission; turning profit and becoming sustainable financially is still the biggest challenge for them, especially when prioritising profit contradicts the goal of supporting artists.

On the other hand, as discussed in the literature, instead of judging from the economic performance, the measurement of a social enterprise would be better to place the emphasis on their achievement on increasing social value. In this case, the increased social value can be found in their widely known reputation of an encouraging platform for rising young artists as well as an inviting art space for the general public. However, from the discussion of innovation of user interface, the organisation has dedicated its effort more on the connections with the art community, and has earned the recognition from the artists, art organisations and the local government, whereas for the local community, it is still arguable where the distance between artists or other cultural producers has been shortened.

However, the sustainability of the space has been one of the biggest concerns for the managing team which includes two main issues, one is how to become financially self-sustained, as the general manager states, '[u]ntil today, we are still not able to sustain this place. I still have to ask [the] owner for money... Very obvious the art work does not sell good. Every exhibition will do but we don't really make any money at all'. Apart from selling art and holding art exhibitions, as discussed above, renting out space is another income resource for the organisation. As the managing focus is to build the space as a creative space, the managing team prefers to rent their space to creative and passionate people, however, '[b]ecause you want creative environment, you want creative people with passion, so you have to reduce the rental. Usually rental with no money'.

Another is the unknown future of the physical space. The location has been seen as an advantage, however, sitting in the area that has been the focus of development, it is still a concern for the management team that the site "will even-

tually be developed”, says the general manager. As a result, instead of having a grand plan for the space, the emphasis of the future plan is to continue building the reputation of the space and to sustain it as long as possible. Their concerns of the space will be redeveloped also show on their response regarding the state project, Penang Art District, which is intended to be an art space and platform to encourage the public engagement. The location of Penang Art District is only few blocks away from where the organisation is; another nearby art space could potentially become a threat to them. However, according to the manager they actually welcome the project and willing to support the project on building the local community, and to “take the burden off them”.

In addition, the other main difficulty is to recruit and retain staff, even though the managing team is optimistic about art industry in Malaysia and Penang, they still struggle to extend the working relationship from short-term projects. However, the difficulty of employing long-term staff seems to be inevitable. With the success of building a platform for young artists and others to exchange ideas, and a relatively extensive collaborative network in Penang, staff may be offered new opportunities following their work with the organisation. For instance, the on-site graphic designer chooses to leave for further education after 5 years of experience. As the gallery manager noted it is still difficult to plan long-term for a career in the arts in Penang.

## **Limitation**

This paper is part of the research project that examines the creative and cultural industries in the World Heritage Site, Georgetown in Malaysia. Due to the scope of this article, the discussion focuses on the examinations of the case study of the wider social influences, such as policies, have not been reviewed and addressed much. However, with the emphasis on the case study, the networking and operation strategies of the organisation, a self-gentrifier in WHS, have been clearly shown and discussed.

## **Conclusion**

In this paper, the development of an arts organisation is argued as an example of self-gentrification where long-term residents seek to improve and secure their places in the context of gentrification. Especially since Georgetown has been inscribed as World Heritage Site, Penang has attracted significant amount of external investment and has undergone the process of urban development, and raise of living cost. Similar to other gentrification examples, along with the development in the urban area, living costs have also raised, and local artists would gradually lose their place in the area. In the article, the crucial position of the organisation has been shown with their mission of improving the social standing of local art community.

Austin et al. (2006) suggests that in order to tackle the challenges of scarce resources, organizations establishing an extended network can improve their communication skills on promoting their social value thereby have more opportunities to secure their resources. Assisted from their existing network, the strategy of

emphasising on building the reputation contributes more on increasing the social value and further contributes to the organisation's position in the wider sector and in the area. The organisation starts to obtain the critical position that not only does it have influence in the local art community but also has some impact on the governmental plan of building an art district in Penang. The examination of the case study shows that as an art gallery, it adopts innovative approach from the idea of 'cultural entrepreneur', sharing the responsibilities of managing the business and creating art with its partner artists, nevertheless with a social entrepreneurship approach, which focuses on building the community and supporting young artists.

Through the examination of the case study, this paper has demonstrated that to what extent an art organisation can play the role of self-gentrifier and contribute in retaining the art community in the developed surrounding while connecting the art community and the wider society. Especially with social missions in mind, cultural enterprises like the examined art hub could benefit from the application of a social entrepreneurship approach to strengthen their social standing in the gentrifying neighbourhood. It is shown in the above discussion, the strategy of emphasis on building its reputation also assists in extending networks and attracting innovative ideas and talents, which are key elements for enterprises with scarce resources.

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# Creating a Future that is Not Just Different, But Better: Designing and Directing a High School Entrepreneurship Diploma Program

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**ABSTRACT** This paper briefly identifies the 21<sup>st</sup> century landscape as one comprised of globalized, hyperconnected, and technologically integrated systems. These systems create new problems and challenges, resulting in a different context for the roles of entrepreneurs and creative, sustainable change leaders. This paper introduces the CHANGE-Driven Entrepreneur's Mindset as a new framework of entrepreneurship education (EE) and leadership development that prepares individuals to solve these problems, tackle these challenges, and serve as creative change leaders. The Entrepreneurship Diploma (ED) is a high school diploma program that promotes the CHANGE-Driven Entrepreneur's Mindset. The methodology used to develop this mindset is an approach that draws from literature on systems thinking, self-actualization, leadership, creativity, and innovation, and from the researcher's own academic and professional experiences as an entrepreneur and creative change leader with a non-linear career path. This paper promotes the CHANGE-Driven Entrepreneur's Mindset as a highly experiential, learner-centered curriculum model for EE, leadership development, systems thinking, self-actualization, creativity, and innovation. Given the 21<sup>st</sup> century's challenges of scale and sustainability, the CHANGE-Driven Entrepreneur's Mindset meets the need of preparing individuals to launch and lead creative change as they navigate non-linear careers or become entrepreneurs.

*Keywords:* entrepreneurship education, leadership, self-actualization, creativity

## Introduction

'The fourth industrial revolution, combined with a more globalised, competitive world, is changing the way we all work – both now and in the future' (Cox, 2017, para. 1). These factors not only have changed the way we work, regardless of our chosen field, but also have created our 21<sup>st</sup> century reality of interacting problems, or messes (Ackoff & Greenberg, 2008). The United Nation's Sustainable Development Goals address solving these interacting problems (United Nations, n.d.). What skills are needed to prepare entrepreneurs and leaders of creative, sustainable change to clean up these messes, solve these problems, and achieve these goals?

This paper briefly surveys the 21<sup>st</sup> century landscape as one comprised of globalized, hyperconnected, and technologically integrated systems. These systems

create new problems and challenges, resulting in a different context for the roles of, and skills needed by, entrepreneurs and leaders of creative, sustainable change. This paper introduces the CHANGE-Driven Entrepreneur's Mindset as a new framework of entrepreneurship education (EE) and leadership development education. The CHANGE-Driven Entrepreneur's Mindset empowers individuals to develop the skills of systems thinking, self-actualization, adaptive and transformational leadership, creativity, and innovation, in a coherent and connected way. The Entrepreneurship Diploma (ED) is a high school diploma program that promotes the CHANGE-Driven Entrepreneur's Mindset in high school students, more purposefully preparing them to solve these problems, tackle these challenges, achieve these goals, serve as creative change leaders, navigate non-linear careers, and create and participate in jobs that do not yet exist. Before describing this mindset and the literature that informs it, this paper briefly states the methodological approach for developing this framework, as well as examines the 21<sup>st</sup> century landscape.

## **Methodology**

The methodology used to develop the CHANGE-Driven Entrepreneur's mindset is an approach that draws from a review and analysis of the literature on the 21<sup>st</sup> century landscape, systems thinking, self-actualization, leadership, creativity, and innovation. It also draws from the researcher's own academic and professional experiences as an entrepreneur, mindfulness practitioner and instructor, educator, and creative change leader with a non-linear career path. The curriculum of Drexel University School of Education's Doctorate in Educational Leadership and Management also influenced the development of the CHANGE-Driven Entrepreneur's Mindset. This doctorate focuses on teaching the skills needed for sustainable leadership. This doctorate program prepares graduates to 'meet the challenges of diverse educational environments [and] to serve in a variety of educational leadership roles' (Drexel University School of Education, 2018).

## **The 21<sup>st</sup> Century Landscape**

The second half of the 20<sup>th</sup> century and first decades of the 21<sup>st</sup> century have seen exponential growth in globalization and technological advancements (Beetham, 2013; Reisman, 2017; U.S. Department of Labor, 1999). Further, technological advancements, such as artificial neural networks and machine learning (Villa et al., 2016), mobile platforms, social networks, and data management and collaboration systems 'have revolutionized the way we live, work, and communicate—and the pace is only accelerating' (Bersin et al., 2017, p. 2-3). With these advancements in technology, as well as increasing globalization, our world has become one complex system (Howell, 2018). This one complex system is comprised of numerous, integrated, and complex sub-systems (Howell, 2018) in which information flows in dynamic and non-linear ways, as well as connects cultures, organizations, societies, and ideas. According to the OECD Global Science Forum, complex systems are characterized by adaptability, emergence, non-linearity, phase transitions, and self-organization (cited in Howell, 2018). To create sustainable change in this land-

scape, as an entrepreneur or leader, individuals must be able to identify, perceive, and understand how individuals share, interpret, and manage information. Accordingly, individuals must develop, practice, and apply systems thinking skills.

### *Systems thinking*

What do systems thinking skills involve? Systems thinking skills enable individuals to identify events, uncover the underlying reasons for and characteristics of these events, and observe the patterns and relationships that link these events. Goodman's (1997) Iceberg Model is a helpful tool for uncovering the underlying thought patterns, mental models (Senge, 1992), and structures that influence patterns of behavior, observable events, and actions in a system. A way to understand the concept of a system is needed. Boulding's (1963) definition of a system as a big black box, governed by flows of inputs that result in outputs, is helpful:

A system is a big black box  
Of which we can't unlock the locks,

And all we can find out about  
Is what goes in and what comes out.  
Perceiving input-output pairs,  
Related by parameters,  
Permits us, sometimes, to relate  
An input, output and a state.  
If this relation's good and stable  
Then to predict we may be able,  
But if this fails us—heaven forbid!  
We'll be compelled to force the lid!  
(cited in Meadows, 2008, p. 87-88)

The image of a big black box evokes a clearly bounded object or place with unknown internal processes that mysteriously change inputs into outputs. It also evokes secrecy, perhaps indicating that as observers of, or participants or leaders in, the system, we are not able to understand the system's essence. However, Boulding suggests we can understand how the system works, by examining the systems' inputs and outputs.

The characterization of systems as families (Senge, 2013) helps us picture how inputs might influence a system. This characterization also helps us see how the rules that govern a system might influence and produce its outputs. A family unit, in many ways, is a locked system: The rules, customs, and traditions governing the behavior and relationships of individual family members may not be visible to external observers who are not members of the family. Further, family leaders or members may not know or understand these rules. Yet, to authentically understand the family values and how these values inform family actions and behaviors, family members and leaders must identify, understand, and share their own beliefs and mental models (Senge, 1999). Much like observing the behaviors of family members or leaders is the first step to understanding how these family values inform

family behaviors, so too observing the behaviors of members of an organization is the first step to understanding how the organization's values inform its behaviors. In this regard, Senge's analogy of systems as family is highly apt.

In his poem, Boulding also suggests that if our predictions are not correct, we must force the box's lid open to see inside. This is analogous to exerting force to see inside the system, so we observe how the system internally works. But, much like forcing the lid has the potential to break the box, so too exerting force on the system can break the system. Our task, then, as entrepreneurs and creative change leaders – especially as educational leaders training novice entrepreneurs and the next generation of creative change leaders – is to determine how to unlock the locks that keep the system's essence inaccessible and hidden. In doing so, we position ourselves to determine the rules, parameters, and relationships that govern the system, without breaking and disrupting the system.

How do we unlock the locks? Keeping with this analogy, before we can unlock the box's locks so we can see inside, we must unlock and understand our own skills and potential as careful and consider locksmiths, leading and making key decisions in the unlocking process. We must also understand how we work with others who are involved in the unlocking process, to collaboratively approach unlocking the locks. To do this, we must step outside or away from the locked box and consider different perspectives on ourselves and our roles. So too, when understanding a system, we must identify not only our own individual work styles and character traits, but also how we collaborate with other system members and stakeholders who influence the system as well. Self-actualization, adaptive and transformational leadership, and creativity and innovation are skills that position entrepreneurs and change leaders to understand themselves and others, as well as their own, and others', roles.

### *Self-actualization*

The individual's quest to understand and make meaning of her- or him-self has fascinated humans since Ancient Greek times and before. *Know thyself*, the maxim written on the Temple of Apollo at Delphi, is frequently quoted and referenced throughout history and pop culture. One such reference is a pivotal scene in *The Matrix*, when Neo visits the Oracle to ask if he is The One. Self-actualization is the process of fully knowing oneself, to leverage and actualize one's fullest potential (Maslow, 1943).

Self-actualization enables individuals to unlock their fullest potential. Self-actualization prompts a strong sense of self-awareness and identity. A strong sense of self-awareness is needed to identify core values and creative leadership skills (Puccio et al., 2011). According to Runco (2014), Rogers (1995) and Maslow (1971) explicitly tied creativity to self-actualization. For Maslow, self-actualized individuals accurately and authentically understand themselves and their world, and are spontaneous, independent, and creative (Runco, 2014). Entrepreneurs and creative change leaders demonstrate these traits in designing and directing sustainable change.

Developing self-actualization skills in high school better enables individuals to understand internal values and characteristics, empowers students to listen to their inner-self, and positions students to realize their purpose earlier and more concretely (Zwilling, 2017). When high school students understand their internal values and characteristics, they empower themselves to link their personal values to their education process and to solving real-world problems. In this way, school becomes a place in which students not only test, extend, and strengthen their own values and character traits, but also apply their values to solving real-world problems, tackling real-world challenges, and achieving real-world goals. Identifying their own core values positions students to be more purposeful creative change leaders while still in high school. It also enables students to more intentionally recognize mentors around them who model authentic and desirable leadership behavior, as well as model this type of leadership behavior themselves (Kouzes & Posner, 2008).

How do high school students develop self-actualization skills? Mindfulness (Kabat-Zinn, 2013), presencing (Scharmer, 2016), and feedback sharing skills are three tools that help individuals unlock their fullest potential identity and better understand themselves. Mindfulness is ‘paying attention . . . on purpose, in the present moment, and non-judgmentally’ (Kabat-Zinn, 2013, p. xxvii). Presencing is the dialogue between the past self and emergent self (Scharmer, 2016, pp. 41-42). In this process, individuals identify and surface their own mental models, biases, and assumptions as their past-selves and emergent-selves dialogue. Mindfulness and presencing also enable individuals to pause their routines and thought patterns so that individuals stop ‘listening from habits’ by downloading information (Scharmer, 2015). Once individuals create this pause, individuals can start ‘listening from outside’ to notice and observe, ‘listening from within’ to practice empathy, and ‘listening from [the] source’ to connect to an emerging future through generative listening (Scharmer, 2015). Constructive, relevant, and specific feedback highlights individuals’ strengths and growth areas. Feedback is essential to learning, development, and skill and content mastery (Lynch, 2018; Philippakos, 2017; Talwar, 2018; University of Reading, n.d.; Vander Ark, 2018). When individuals share and apply immediate, constructive, and specific feedback, they empower themselves as self-evaluators, evaluators of others, and critical and iterative thinkers.

Mindfulness, presencing, and feedback sharing skills promote nonjudgmental curiosity, empower individuals to understand their own identity and personal brand, and develop the metacognitive skills to know their passion and purpose. Mindfulness and presencing also enable individuals to develop a growth mindset, grit, and coping skills to manage stress and view challenges as opportunities. A growth mindset helps students develop self-efficacy. Perceived self-efficacy is the degree to which individuals believe they can produce desired effects by their own actions (Bandura, 1999). Self-efficacy is foundational to being an entrepreneur and creative change leader (Zimmerman, 2014, p. 292). Self-efficacy also relates to effort, self-directedness, persistence, motivation, and drive (Bandura, 1999; Lee & Mao, 2016; Pink, 2009). Motivation and action are also related to behavior, innovation, and social change (Bandura, 1986). Since self-efficacy links self-directed

motivation to achieving challenges, self-efficacy also relates to sense of purpose and promotes metacognition. Individuals with higher levels of self-efficacy are more likely to engage in metacognition and understand the rationale and motivation for their own and others' actions. These skills and methods not only position individuals to *fail forward* – to make and learn from mistakes – and to use failure as feedback as they continue pursuing their goals, but also help individuals lead and collaborate with others to accomplish a shared vision.

### *Adaptive and transformational leadership*

In applying systems thinking to create and lead sustainable change in the globalized, hyperconnected, and technologically integrated 21<sup>st</sup> century landscape, individuals must apply their self-knowledge and understanding of their own core values and traits to motivate and inspire others to accomplish a vision. This is leadership, which Bolman and Deal (2008) define as: 'a subtle, holistic process of mutual influence fusing thought, feeling, and action to produce cooperative effort in the service of purposes and values embraced by both the leader and the led' (p. 37).

In this process, collaboration, active and generative listening (Scharmer 2015), feedback, and negotiation skills are needed to accomplish a shared vision. Leaders also must demonstrate strategic decision-making, navigate uncertainty, and assess and manage risk. Adaptive leaders comfortably navigate this process by observing events and patterns, interpreting observations, and designing interventions based on their observations (Heifetz et al., 2009).

The first step in accomplishing a shared vision is diagnosing what actual problems exist, how these problems manifest in the system, and how these problems are perceived by system members and collaborators. Diagnosing problems, or seeking and identifying thorough analyses and understandings of problems, informed by multiple perspectives, is crucial to successful adaptive leadership (Heifetz et al., 2009). Diagnosing problems enables adaptive leaders to develop an ongoing pulse on collaborator and stakeholder concerns. With this pulse, adaptive leaders can identify blind spots (Scharmer, 2016). Without knowledge of blind spots, adaptive leaders have limited and siloed views of concerns, perspectives, and challenges that could hinder the shared vision (Scharmer, 2016). Adaptive leaders' blind spots also block leaders from 'direct access to the deeper sources of creativity' (Scharmer, 2016, p. 99). Understanding these blind spots is foundational to successful collaboration and creative problem solving.

To diagnose problems and uncover blind spots, creative change leaders must dialogue with and listen to others and take the balcony perspective (Heifetz et al., 2009). To surface authentic perspectives, this dialogue must be grounded in nonjudgmental, receptivity, empathy, and trust. This type of dialogue is a powerful method of collaborating, generating new learning, and creating solutions (Ackoff & Greenberg, 2008). Emotional intelligence is crucial to collaborating empathetically. Emotional intelligence goes beyond knowing 'one's makeup, proclivities, moods, and emotions [and] being able to recognize personal strengths and weaknesses' (Goleman, 1995, cited in Mirvis & Ayas, 2008, p. 128). Emotional intelligence also involves the dynamic process of 'understanding the impact one has on

others' (Goleman, 1995, cited in Mirvis & Ayas, 2008, p. 128). Emotional intelligence enables adaptive leaders to get an accurate pulse on the people and events that comprise the system. With this pulse, individuals can collaborate to create more sustainable, system-specific, and needs-based change. This pulse also provides accurate information on the system. This information positions adaptive leaders to make tough decisions (Heifetz et al., 2009). Information also helps adaptive leaders, stakeholders, and collaborators navigate uncertainty and assess and manage risk.

Adaptive leaders are better positioned for transformational leadership. Transformational leaders raise themselves and their followers to 'higher levels of morality and motivation' (Mindtools, 2018). According to Bass (1985), transformational leaders also model integrity and fairness, set clear goals, hold themselves and others to high expectations, encourage and support others, recognize and celebrate the efforts of others, motivate and inspire others, propel others to look beyond their own self-interests, and inspire others to reach for the improbable (cited in Mindtools, 2018).

How do high school students develop adaptive and transformational leadership skills? Engaging in experiential, collaborative, student-driven and problem-based learning activities helps students develop and practice adaptive and transformational leadership. In these activities, students co-create their own learning process and design solutions to real-world problems. Students drive the process of creating group norms and rules so they can achieve desired outcomes and the group's shared vision. With these activities, students develop greater agency, competency, voice, and choice (Vander Ark, 2017).

Role-play is a method that facilitates collaborative learning (Stevens, 2015). Role-play invites students to apply their content knowledge to acting out a role and solving a problem that requires that knowledge. Since role-play invites students to make decisions and imagine what would happen in a given situation, from the perspective of their assumed role, role-play also builds leadership and followership skills. Role-play activities in a collaborative environment 'make abstract problems more concrete and real, [enable] immediate feedback, [facilitate] expression of attitudes and feelings, [and enable students to wrestle with] uncertainties' (Reisman, 2017, p. 174). These skills and methods not only enable individuals to link their understanding of themselves to their identity as creative change leaders, but also position individuals to diagnose problems and collaborate empathetically and authentically with others to accomplish a shared vision.

### *Creativity and innovation*

Creativity and innovation underlie systems thinking, self-actualization, and adaptive and transformational leadership. Creativity 'involves the production of novel, useful products' (Mumford, 2003, p. 110), 'something original and worthwhile' (Sternberg, 2011, p. 479), the communication of a new concept (Rhodes, 1961, p. 305), and the generation of ideas (Johnson, 2010; Mattimore, 2015). Creativity is an intraindividual process; innovation involves interindividual and social processes (Anderson et al., 2014).

While employers increasingly value creative, self-starter, and entrepreneurially minded employees (Institute for the Future for Dell Technologies, 2017), measuring, assessing, and teaching creativity are debated and complex topics. Encouraging creative development in the classroom is difficult, as few teaching strategies have been effective (Renzulli, 2017, p. 23). This could be due to a myriad of reasons, as an individual's understanding of, and ability to execute, their own creative talents is influenced by a complex relationship of environmental, social, cultural, and organizational factors that recognize, promote, and reward creativity (Csikszentmihalyi, 2006; McIntyre, 2008; Runco, 2014). While understanding the difference between convergent and divergent thinking is a good starting point (Renzulli, 2017, p. 23), many other factors influence creativity in the classroom, as well as the interplays among teachers, students, and parents that promote this creativity. Convergent thinking involves converging on one correct answer, whereas divergent thinking promotes a broad exploration of possible answers. Puccio et al. (2011) offer strategies for adaptive and transformational leaders to promote and implement creativity in their organizations, including numerous frameworks for divergent thinking. Divergent thinking encourages students to generate and explore more options, which leads to more content knowledge and creativity. 'More creativity will often lead to more content knowledge, and more content knowledge will generally lead to more creativity' (Baer & Garrett, 2017, p. 50).

How do high school students develop creativity and innovation skills? There are numerous factors that indicate and influence an individual's ability to perceive themselves as creative and also to execute and strengthen their creativity (Reisman, 2017; Reisman et al., 2016; Runco, 2016). Educational leaders, teachers, students, peers, parents, and community partners and stakeholders all play roles in creating an educational environment that extends beyond the classroom to family, social, community, cultural, and national environments. Since 'different leadership styles may significantly influence creative work' (Runco, 2014, p. 161), all influencers in students' lives, including individuals in students' own peer group, must be aware of how to identify, value, validate, promote, and strengthen individual creativity. The Reisman Diagnostic Creativity Assessment (Reisman et al., 2016) is a self-reported 'diagnostic, rather than predictive, [instrument] with a focus on making the user aware of creative strengths and weaknesses' (p. 177).

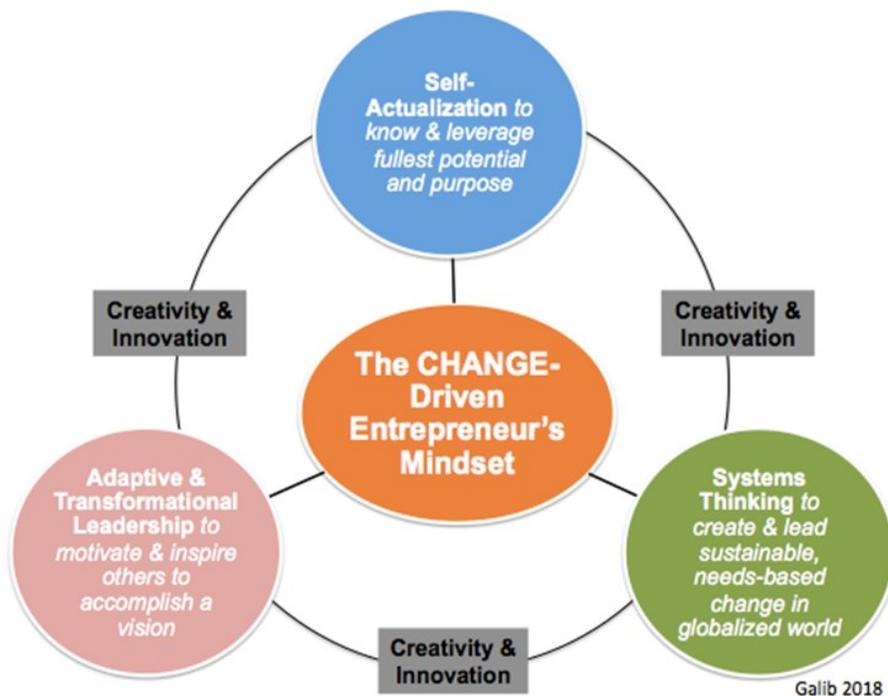
Additionally, beyond designing classroom and school environments that help students increase their own awareness of their creative strengths, teachers play important roles in affirming students' perceptions of themselves as creative. How teachers understand, develop, and execute their own creative potential, and whether they see themselves as creative, are crucial in promoting creativity in students. Teachers must be aware of their own perceptions of themselves as creative, as well as their own biases of creative individuals: If teachers have too strong an image of 'the ideal student' (Torrance, 1972, as cited in Runco, 2014), as one who is punctual, courteous, and compliant, teachers may hinder students from exploring their identities as creative individuals and their fullest creative potential. To identify as a creative individual, teachers and students must be able to see how they can express creativity in multi-dimensional, accessible, and relevant ways, across a broad range of subjects. In this way, creativity connects different disciplines and provides purpose to existing roles and routines.

A coherent and clear framework is needed to promote creativity and innovation skills in ways that connect them to systems thinking, self-actualization, and adaptive and transformational leadership, as well as to contextual these five skills in the 21<sup>st</sup> century's highly globalized, hyper-connected, and technologically integrated landscape and economy.

### **The CHANGE-Driven Entrepreneur's Mindset**

The CHANGE-Driven Entrepreneur's Mindset, as promoted by the ED, provides this framework. This framework promotes skills for entrepreneurship and creative change leadership, regardless of an individual's career path or whether an individual becomes an entrepreneur. The CHANGE-Driven Entrepreneur's Mindset promotes systems thinking, self-actualization, leadership, creativity, and innovation in purposeful, programmatic, experiential, and student-centered ways, in school settings (see Figure 1 on page 29). As such, this framework is a new framework of EE and leadership development education.

In the acronym CHANGE, each letter stands for specific words, which align with the skills promoted by the CHANGE-Driven Entrepreneur's Mindset. *C* stands for collaborate to create. Leaders must collaborate with others to create the sustainable and needs-based change they seek to implement. *H* stands for holistic: head, heart, and hands. Leaders must lead in, and build solutions from, holistic and integrated ways, applying the skills and knowledge in their heads, values and morals in their hearts, and actions authored by their hands. *A* stands for actualize to accomplish. Leaders must actualize the change they seek to accomplish: Wishing and hoping for change is not enough. *N* stands for now's needs. Leaders must uncover and understand system members', collaborators', and stakeholders' current needs and meet individuals where they are in the present moment, to co-construct more purposeful solutions that connect the present to the future. *G* stands for grow for good. Leaders must invest in their own and others' personal and professional growth and development and constantly seek to apply their knowledge and skills not only to doing well, but also to doing good. *E* stands for energize to excel. Leaders must understand how to motivate themselves and others to pursue excellence as they accomplish the shared vision. So, the CHANGE-Driven Entrepreneur's Mindset prepares individuals to be creative change leaders, as they navigate non-linear career paths, regardless of whether they become entrepreneurs.



*Figure 1: The CHANGE-Driven Entrepreneur's Mindset*

Source: results of own research (Galib, 2018)

## The Entrepreneurship Diploma

The Entrepreneurship Diploma (ED) is a high school degree program that promotes the CHANGE-Driven Entrepreneur's Mindset. The ED enables students to take coursework and extra curricular opportunities in entrepreneurship and business literacy. These courses include Entrepreneurship, Financial Literacy, Negotiations, Decision Making, Leadership Development, Marketing & Strategy, and Private Equity & Venture Capital. ED candidates also take a Creativity Module. Throughout these courses, featured experts, entrepreneurs, or business leaders, are brought in as speakers to share their stories and bring the real world to the classroom through the Entrepreneurship Speaker Series.

These courses are taken as half-year electives, typically during junior and senior year of high school, while ED candidates concurrently meet their standard high school requirements. The Entrepreneurship course is a full-year course, typically taken during the student's freshmen or sophomore year. The Entrepreneurship course culminates in a Pitching Event at which Entrepreneurship students pitch their business idea to, discuss their business plan with, and network among community leaders, peers, and school administrators, parents, and faculty. ED candidates also must participate in an internship experience, as well as a service-based learning or sustainable development project, before they graduate. Extra-curricular

opportunities include field trips to local entrepreneurial hubs and universities with business or entrepreneurship centers. The culminating project for ED candidates is a Capstone project in which students launch their own business, from idea to execution. To obtain her or his diploma, each student must pitch her or his business to investors, entrepreneurs, and other professionals at a pitching event, as well as show metrics of success. The ED enables students to develop strong creative leadership, management, and entrepreneurial skills, while gaining the tools to tackle the problems and challenges of our 21<sup>st</sup> century local and global landscape.

### **A Future That is Not Just Different, But Better**

As educational leaders, how do we create real change? For Senge et al. (2010), ‘All real change is grounded in new ways of thinking and perceiving’ (p. 10). As Einstein’s quotation explains, ‘We can’t solve problems by using the same kind of thinking we used when we created them’ (Senge et al., 2010, p. 10). To create innovative and sustainable solutions for the problems and challenges that define the 21<sup>st</sup> century global landscape, real change is needed. These solutions must include, leverage, and engage all stakeholders.

Whether we sit in a corner office overlooking a busy city street, stand at an operating table focusing on a complicated surgery, start our own business to solve a community need, or complete academic coursework as curious, lifelong learners, all individuals have the potential to be creative change leaders. As educational leaders, we must inspire students to discover, understand, develop, and strengthen their creative change leadership potential. In doing so, we truly make our future not just different, but better (Thiel, 2015).

### **Conclusion**

This paper has surveyed the 21<sup>st</sup> century landscape, identifying this landscape as one comprised of globalized, hyperconnected, and technologically integrated systems. These systems create new problems and challenges. To solve these problems and tackle these challenges in scalable and sustainable ways, entrepreneurs and creative change leaders must be able to apply creativity and innovation to thinking in systems and leading adaptively and transformationally. To better position themselves to think and lead in these ways, individuals must develop deep and authentic self-knowledge. Promoted by the ED, the CHANGE-Driven Entrepreneur’s Mindset is a new framework for EE and leadership development education that empowers high school students to develop these skills. As such, the CHANGE-Driven Entrepreneur’s Mindset prepares our future leaders to launch and lead creative change as they navigate non-linear careers.

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# Entrepreneurial Strategies in an Emerging Economy

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**ABSTRACT** Entrepreneurship and innovation remains a frustrating pursuit. Failure rates for these ventures are high, and even successful companies cannot sustain their performance. The root cause is that companies fall into the trap of adopting whatever best practices are in vogue or aping the exemplar innovator of the moment. Entrepreneurs should therefore articulate an innovation strategy that stipulates how their firm's entrepreneurial innovation efforts will support the overall business strategy. This will help them make trade-off decisions so that they can choose the most appropriate practices and set overarching innovation priorities that align all functions. There is no single route to entrepreneurial success or failure: successful entrepreneurs are those who can identify and adjust their entrepreneurial strategies according to their social capital and capabilities. Therefore, this paper has identified four entrepreneurial collaborative strategies in emerging economies—namely alliances, licencing agreement, joint venture and cooperatives. Using a sample of 20 entrepreneurs to test the hypothesis using a multiple regression analysis, the paper found that these strategies can promote Entrepreneurial and economic development in an emerging economy.

*Keywords:* Entrepreneurship, Innovation, Strategy and Economic development

## Introduction

Most parts of the developing world are experiencing growth spearheaded by entrepreneurship, but our understanding of them remains equally limited. It is predicted that by 2050, the economies of Brazil, Russia, India, and China (the “BRIC” economies) will be larger than that of the United States, Japan, Germany, U.K., France, and Italy (G6) (Bird & Mendenhall, 2016). Yet there are extremely limited research efforts, particularly on Brazil, Russia, and India. It has been shown in other domains such as strategy that researchers should not assume that findings in a developed economy will be equally applicable in an emerging economy (Peng et al., 2015). As a result, the setting today can be summarized as what is known from the world's developed economies may not readily apply to entrepreneurship in emerging economies plus there is only limited research directly on these environments. Thus, there is a strong need to develop an understanding of entrepreneurship strategies in emerging economies (Chen & Shapiro, 2015).

Nations with emerging economy do play significant roles in the general global economy. These nations receive huge amount of foreign direct investment

(FDI). Chari et al., 2015, there are about 64 nations with emerging economy, 51 with growing economy and 13 in transition. The growing importance of emerging economies is reflected in an upsurge of strategy research on the topic in recent years. Since the first major overview of the field by Kim et al., 2015, numerous publications have appeared to push the frontier of this research. In addition to journal articles, books which cover more than one country or region in this area include Chittoor ety al., 2015. For continues development in emerging economies, entrepreneurs need to develop sustainable strategies to ensure sustainability.

### *Emerging Economies*

Firms in Emerging economy (EE) are increasingly competing in global markets and also find themselves facing foreign multinational corporations (MNCs) at home (Hertenstein et al., 2017). This creates problems for these firms because their organizational routines and management processes are rooted in local institutional conditions (Kumar ety al., 2012) contend that this mismatch between global markets and local institutions constitutes a “liability of localness” as EE firms face global competitors in their home markets. The institutional conditions in EE countries are sometimes referred to as “weak” in that they are believed to be less conducive to effective and competitive firm governance and management (Meyer, 2015). While in some cases EE firms may be able to “springboard” to international competitiveness by acquiring foreign firms or resources (Lami, 2013), this is a short-term substitute for indigenously developed competitive advantage (Li et al., 2016). Furthermore, most of the literature on business environments in EEs focuses on the societal or national level and several empirical studies indicate that institutions in EEs result in different outcomes (Li et., 2017), but they fail to explain how national level institutional weakness results infirm-level competitive disadvantage. Thus, in this perspectives paper, we extend the EE strategy scholarship work (Li et al., 2016) in furthering the understanding of how institutional differences affect strategic choices in EE firms.

### *Concept of an Emerging Economy*

In laying the foundation for understanding strategic entrepreneurship in an emerging economy, one must first define the term *emerging economy*. Past scholars have defined the term in multiple ways. In the 1980s, the World Bank economist Antoine van Agtmael first used the term “emerging economies” to describe less developed countries. From these early efforts to examine emerging economies, scholars recognize that emerging economies are characterized by underdeveloped market-supporting institutions that include weak laws and poor enforcement capacity of the formal legal institutions referred to as *institutional voids* (Liu & Woywode, 2013). Yet, others also recognized that to separate emerging economies from economies of those nations that are just poor, scholars need to incorporate both the rapid pace of economic development and government policies favouring economic liberalization through the adoption of a free-market system into the definition (Luo & Wang, 2012).

Integrating these different definitions, Meyer & Xin (2017) defined emerging economies as low-income, rapid-growth countries using economic liberalization as their primary engine of growth. These scholars went further to recognize that 13 former centrally planned economies evolving into market economies are a unique subset of emerging economies, which they called transitional economies. Scholars have now built on the work by Xie & Li (2017) to try to provide greater context for the definitions of emerging economies. One of these definitional streams argues that factor endowments, such as natural resources, found in classical economics are an important element in defining emerging economies. For example, Liu & Woywode (2013) argue that endowed factors “used to produce goods or services (that is, used for transformational activities) are critical in defining emerging economies since such endowments impact the ability of firms to capture any value created. More recent scholarship (Meyer & Xin, 2017) builds on the recognition of the impact of endowed factors to emphasize that both institutions and factor endowments impact emerging economies. The result is that factors markets form a basis for production activities in a specific country, and one needs to consider institutions that facilitate both production and distribution of generated rents through better contractual assurance in classifying economies as emerging.

The definitions developed to date for an emerging economy share the feature that they recognize that the environmental setting of a nation is critical to determining whether a nation is emerging or not. Too often scholars have tended to view the concept of which nations are emerging as static. But the dominant concept in the definition of an emerging economy is evolution and change. It should not be assumed that nations that were emerging 20 years ago are still emerging today, as many are now well developed economies.

## **Entrepreneurial Strategies in an Emerging Economy**

### *Joint venture*

Joint venture is the venturing of two or more companies for the development of new businesses within the existing organizations with a new way of working, organizational structures and rewards (Saha & Chattopadhyay, 2015), as against the existing working style and culture of an organization (Amadabadi & Gerdefaramarzi, 2012). Similarly, Beamish and Lupton (2016), defined joint venture as an engagement between firms for the expansion of their market participation in a geographical manner, learning new technologies and skills, the creation of economies of scale, etc. Also, joint ventures help in consolidating and strengthening their existing market positions as well as gaining information process (Beamish & Lupton, 2016). In international operations, a joint venture is referred to as having its headquarters in the country of operation of any one of the venturing companies (Pomponi et al., 2015). Amadabadi & Gerdefaramarzi (2012) considers joint venture as the involvement of any one of the local partners with a foreign partner for the achievement of business objectives. The main motives of joint venture are gaining and sharing knowledge in the market place, acquiring or learning knowledge from the venturing partner, and improving and managing the marketing, administration, operations, finance and human resource departments (Pomponi

et al., 2015). Besides all these ideas, cluster analysis suggests that the development of knowledge is an important criterion for joint ventures (Triki & Mayrhofer, 2016). Almost 82 % of the total joint venturing organizations help in generating knowledge and alleviating poverty (Vitalis & Scott, 2015).

### *Strategic alliance*

The agreement between two or more companies for reaching a common goal or objective is referred to as a strategic alliance (Reuer & Devarakonda, 2016). Albers et al. (2015) argue that strategic alliances are one of the various operating options for achieving organizational goals based on the cooperation between the alliance companies (Albers et al., 2015). Veltri et al. (2015) posited that for a strategic alliance to impact on economic development and reduce poverty, there must be an agreement between two or more independent organizations. In a strategic alliance, the alliance companies share all kinds of relationships, except for acquisitions, loans, sales based on short-term contracts, and less important activities based on agreements or activities that are not strategic for the partners (Xu et al., 2016), for example, a long-term basis agreement provided for service or outsourcing (Albers, 2016). The alliance partners willingly provide modifications to their existing business practices for reducing wastage and duplication and for facilitating improved performance (Veltri et al., 2015; Jordan, 2015). A strategic alliance can sometimes be referred to as a “partnership”. It offers the chance for businesses to take mutual benefits from each other and take the opportunity of a sustained competitive advantage (Albers, 2016).

### *Licensing agreement*

A commercial contract between the licensee and the licensor is defined as a licence agreement (Dauletshina, 2015). There are several key elements in the contract, even though this varies from contract to contract (Bonfanti et al., 2016). The contract is based on the patented technology, registered trademark, a copyright work, industrial design, trade secret or any kind of intangible asset (Littlewood & Holt, 2015). A licensing agreement is also referred to as a reference for providing technical support, assistance and training (the licensing agreement provided by the licensor for the benefit of the licensee) (Chandra, 2016).

Licensing may be general, and this is due to the fact that only having one kind of right or patent will not be sufficient for the licensee party to produce as well as to sell a particular item (the licensee needs to obtain the right to use a corresponding trademark) (Massey et al., 2015). Similarly, the licensing contract also specifies and permits the functional use of Intellectual Property Rights (IPRs) (De Sousa & Docuyan, 2016). The licence agreement gives the right to use the subject matter without distribution of the copyright with respect to the competition ((Duchene et al., 2015)). The geographical market restrictions can be specified with regional, national and international laws (Fox & Sohnesen, 2016). The expiry date is another important aspect of a licensing agreement. Other important elements of a licensing agreement include performance warranty (performance of the licence subject matter under the right conditions as per the licence agreement to give the desired results) and lastly, termination contingencies (this is in the event of

any kind of bankruptcy of either of the parties). Biggins and Scott (2015) argued that the licensing agreement is not only applicable to commercial businesses, but also in the social service sector for the purpose of poverty alleviation. Furthermore, Thomas and Wilkinson (2015) added that CSEs can take advantage of licensing agreements to achieve the corporate mission of poverty alleviation. Wu et al. (2015), in relation to the Commercialization of University Invention, posited that licensing agreements are a source of major innovation within learning organizations who want to add value to the economy and the local community through poverty alleviation. Policy framework could affect a successful licensing agreement in any society, therefore the government has a major role to play in the process ((Duchene et al., 2015). The need for transparency from both the licensor and the licensee is important in a licensing agreement if it is to achieve its objectives (Akinwale, 2016).

### *Cooperatives*

The foremost voluntary business organizations formed for mutual development are the cooperative societies (Melton et al., 2016). These societies are managed by the people through shared capital contribution or profit contribution accrued from their respective businesses. In short, these societies are democratically managed by the members (Tregear & Cooper, 2016). Tregear & Cooper, (2016) has defined cooperatives as autonomous associations or organizations that are voluntarily managed by people in order to meet the social, economic and cultural needs of a democratically owned and operated enterprise. Cooperative is defined as a member-owned and group based enterprise or business, which aims at the social and economic development of any sector (Tregear & Cooper, 2016 Tregear & Cooper, (2016), considered cooperatives as an association of a person with limited means and voluntarily achievement of its goals through democratically controlled business organizations. The person is also responsible for sharing the profit and loss of his accrued shares and is liable to take all the benefits associated with the organizations (Jolly & Raven, 2015). Cooperatives act as a catalyst for the growth of the local entrepreneur (Tregear & Cooper, 2016). This is because it helps in mobilizing and operating the capital, and further helps in entrepreneurial development. This is supported by Mair & Marti (2009), since they understand that cooperative societies are owned, controlled and operated through their members on a non-profit or cost basis. Cooperative enterprises help in providing several productive employments and alleviating poverty through the achievement of social integration and collaboration (Mathuva, 2015). They also help in that they are a model for providing values of self-help, democracy, social responsibility, equity, equality and solidarity (Kania & Kramer, 2013; Poledrini, 2015).

## Analysis of data

1a Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.515 <sup>a</sup>	.265	.250	.422		
Predictors: (Constant), Alliances, Joint Ventures, Cooperatives, Licensing Agreements (Independent Variables)						
1b ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.628	4	3.157	17.699	.000 <sup>b</sup>
	Residual	34.962	196	.178		
	Total	47.591	200			
a. Dependent Variable: Employment and Business Opportunities						
Predictors: (Constant), Alliances, Joint Ventures, Cooperatives, CSE Collaboration (Independent Variables)						

### 1c Impact of Entrepreneurial collaboration strategies on employment creation and business opportunity

## Implication of data analysis

Table 1a shows a correlation coefficient of .515 in the model summary table, which indicates a linear relationship between *Entrepreneurial collaboration strategies* and employment and business opportunities. The model summary table also shows a correlation of determination value of .265. The ANOVA table shows a significant value of .000 at  $p < .05$ . Table 1c shows that licensing agreements have a correlation value of -.120 and a t- value of -.850. Joint ventures have a negative correlation value of -.414 and a t- value of -3.797, cooperatives have a correlation value of .393 and a t- value of 3.840 and, finally, alliances have a correlation value of .514 and a t- value of 2.095.

The results in Table 1c therefore indicate that both cooperative and alliance collaborations were statistically significant at  $t = 3.840$  and  $2.095$  respectively, which implies that these forms of collaboration will positively impact on economic growth through employment creation and business opportunities. Collaboration

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
CS E Col- labo- rati- ons	(Constant)	2.681	1.023		2.622	.009
	Licensing Agreement	-.120	.141	-.083	-.850	.396
	Joint Venture	-.414	.109	-.357	-3.797	.000
	Cooperatives	.393	.102	.262	3.840	.000
	Alliances	.514	.245	.154	2.095	.037

**a. Dependent Variable: Employment Creation and Business Opportunity. Correlation Coefficient (R) .671 , R-Square .450**

through cooperatives and alliances have positive correlation values of .393 and .514 at 0.5 t-value, which thus implies that the more collaborations that there are through deliberate cooperatives and alliances of Entrepreneurial collaboration the emerging nations, the higher the likelihood of economic growth and transformation. More so, a coefficient correlation of .515 also indicates that there is a strong linear relationship among the variables explained. That is, a 26.5% increase in employment creation and business opportunities is explained by the *Entrepreneurial collaboration strategies*. The ANOVA table figure shows a value of .000 at  $p < .05$ , indicating a positive and significant relationship between *Entrepreneurial collaboration strategies* and business opportunities

Looking at the coefficient value from Table 1c, the Beta weights show values of -.083, -.357, .262 and .154, representing licensing agreements, joint ventures, cooperatives and alliances in standardized terms. These values show the relative importance of each independent variable. This indicates that the variables are significant predictors to economic growth. Joint ventures and cooperatives are highly significant ( $p < .01$ ), in comparison to alliances ( $p < .05$ ). The analysis in Table 1c, looking at the Beta values, indicates that alliances and cooperatives will contribute more to economic growth than joint ventures and licensing agreements, even though they are correlated.

## **Conclusion**

This study has looked at various strategies adopted by entrepreneurs in an emerging economy from a different dimension as strategies drives vision. In conclusion, for the same reason that strategy practice in emerging economies pushes the frontier in strategic thinking, strategy research with a focus on these emerging economies, both as an opportunity and as a necessity, is challenging conventional wisdom in academic thinking and theories in significant ways. To the extent that emerging economies are fertile grounds not only for testing existing theories but also for developing newer ones, these endeavours are likely to greatly enrich the strategy enterprise globally. To keep pace as an emerging nation, there is need to adopt strategies for further development. These entrepreneurial collaborative strategies will enhance economic growth in the emerging nations.

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# Financial management practices among entrepreneurial Small and Medium Enterprises: Empirical Evidence from Yenagoa, Bayelsa State, Nigeria

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**ABSTRACT** This paper examines financial management practices among entrepreneurial Small and Medium Enterprises in Yenagoa, Bayelsa State, Nigeria. The target population of the study is made up of the SMEs in the aforementioned state. This research used random and stratified sampling techniques. Also, the study employed quantitative research methods which were carried out using questionnaires accompanied by personal interviews. Thus, the data was analysed using the statistical package for social sciences (SPSS) using descriptive statistical analysis, independent-samples t-test, paired-sample t-test and Pearson Correlation. The research found that a significant proportion of the respondents do not have a finance officer—even though an equally significant proportion of the respondents engaged in planning, recording-keeping of profits, expenses and losses. Additionally, the results revealed a significant negative relationship between light credit standards and sales ( $R=-0.129$ ,  $P=p<0.01$ ). On the strengths of the findings, therefore, the paper concludes that chief accounting officers (accountants) are not responsible for preparing the financial statements and that entrepreneurs are the major decision makers when giving out credits.

*Keywords:* Small and Medium Enterprises, SMEs, working capital, financial management, River State, Nigeria

## Introduction

Small and Medium enterprises (SMEs) have been recognised globally as a major contributor to socio-economic development (Coulter, 2003; Zacharakis, et al., 2002; Karadag, 2015). Their recognition is premised on their beneficial contributions to product-process innovations, gross domestic product, increased tax revenue, societal betterment, technological advancement, poverty reduction, entrepreneurship, innovation and job creation (Coulter, 2003; Kotey & Meredith, 1997; IORUN, 2014; Karadag, 2015; Oreoluwa, 2011). As a result of these benefits, there is a phenomenal economic dependence on SMEs in both developed and developing economies (Pushpakumari & Watanabe, 2010). In Nigeria, the focus on SMEs is extremely huge as the sector is seen as a vibrant tool to help the

overwhelming poor population to grow out of poverty. This is because they provide employment for more than 60% of the population in the country. In addition, SMEs contribute to resource mobilization and support the usage of domestic raw materials (IORUN, 2014). Supporting the foregoing viewpoint, Kennedy and Hohohm (1999), maintained that SMEs contributions in developing countries with Nigeria as a case in point include their ability to bring about productive allocation of resources in these countries. They are labour intensive methods; they also augment productive capacities of development and are good absorbers of productive resources in the economy. Moreover, they are a seedbed for entrepreneurial spirits and skills in addition to reducing inequality between rural and urban areas. Sharing this view, IORUN (2014), stated that SMEs contribute not only to the production and distribution of goods and services but as well as the consumptions of them. Regardless of the constructive contributions of SMEs to socio- economic development, they are overwhelmed with barriers of which lack of access to finance stands out (Bekele & Zeleke, 2008; Owoseye, 2011).

Numerous start-up and existing SMEs do not engage in financial planning. This is based on the truth that they have inadequate knowledge to handle financial management practices. Nonetheless, it is coupled with the fact that they put more emphasises on other management activities including the management of people within the enterprise (Jindrichovska, 2013). Alanis et al. (2013), Wolmarans and Meintjes (2015) shared the view that SMEs' inability to implement good management practices at an initial stage are a principal reason for their failure.

### **Definition of entrepreneurial SMEs**

As reported by Coulter (2003, p. 14) , an entrepreneurial SMEs is an enterprise “that is pursuing opportunities, characterized by innovative practices and has profitability and growth as its main goals”. This paper focuses on the financial management practices among entrepreneurial SMEs in Yenagoa, Bayelsa State –Nigeria. The main objective of this study is to examine the financial management practices adopted by the entrepreneurial SMEs in Yenagoa, Bayelsa State in Nigeria. The study seeks to answer one main question which include:

*What are the financial management practices implemented among entrepreneurial SMEs in Yenagoa, Bayelsa State - Nigeria?*

#### *Hypothesis*

H<sub>0</sub>: Good credit control practices (light credit standards henceforward) have a significant negative impact on sales.

H<sub>1</sub>: Good credit control practices (light credit standards henceforward) have a significant positive impact on sales.

H<sub>0</sub> =Null hypothesis

H<sub>1</sub>=Alternative hypothesis

## **Theoretical Framework**

### *Financial Management Practices among SMEs*

Financial management involves managing the finances of an enterprise in pursuance of the financial objectives of the enterprise (Abanis, et al., 2013). According to McMahon et al. (1993, p. 3) “Financial management is concerned with raising the funds needed to finance the enterprise’s assets and activities, the allocation of these scarce funds between competing uses and with ensuring that the funds are used effectively and efficiently in achieving the enterprise goal”. In Meredith (1986, p. 13) “Financial management is concerned with profit or surplus from operations, control over funds, ensuring that cash is available, cash management, raising funds, controlling internal funds, investment of finance, cost control, pricing, forecasting and measuring financial performance against financial expectations”.

As maintained by Gatuhu (2013), good credit management is an essential criterion for the profitability and stability of an enterprise. Whereas, waning credit value is the principal cause of poor financial performance and condition. Although every single enterprise faces financial management difficulties, however, these are particularly evident among SMEs because of the smallness of their sizes as well as their vulnerability to variations in capital (Mazzarol, et al., 2015). Financial management is a primary concern for the entrepreneurs of SMEs in both developed and developing countries as it has a direct impact on the viability, growth and sustainability of the sector (Walker & William Petty II, 1978). Sound financial management is important for the survival and well-being of SMEs (McMahon, et al., 1993). To the contrary, despite the importance of financial management, research on this management practice is rare (Bolton, 1971). Literature has shown that SMEs’ failure is due to poor or careless financial management practices (Berryman, 1983). Along the same line of thought, Najak and Greenfield (1994) cited by Berry et al. (2002) argued that deficiencies in financial management practices are a primary cause for business failure.

### *Cash flow and Working Capital*

It is very vital for SMEs entrepreneurs to manage the funds of their enterprises for the reason that money is the king pin hitherto the least resource under the control of the enterprise (Scarborough & Zimmer, 2003). Working capital is very important for SMEs in order to fill the gap concerning what is being paid to them in addition to paying the parties that supply the goods or services as well as their administrative or operational expenses (Stokes & Wilson, 2010). Working capital is a major concern for SMEs and its management practices have also been receiving significant attention from many researchers such as Grablowsky (1978); Cooley and Pullen (1979); Peel and Wilson (1996) and Bolton Committee (1971). Mazzarol, et al. (2015), purportedly stated that cash flow cycle and working capital management are the central components of financial management practices among SMEs. Studies have shown that working capital management is of particular im-

portance to SMEs development (Peel & Wilson, 1996). In the absence of operating funds, the risks of an enterprise going bankrupt and dying out are great (Grondin and Cieply, 1999) cited by Mazzarol, et al (2015). This being the case, working capital among SMEs is central to their successes (by Mazzarol, et al, 2015). Therefore, with limited access to finance, SMEs tends to depend more on the entrepreneur's personal and family savings, trade credit and short term loans to finance the business (Chittenden, et al., 1998). Studies in the UK and USA indicated that poor working capital management is a major cause for the failure of small businesses (Berryman, 1983; Dunn & Cheatham, 1993). This position was taken by Rafuse (1996) who maintained that lack of working capital is a primary cause for the failure of small businesses universally. The growth, survival and sustainability of SMEs depend on a sound working capital management which helps to make the business accrue profit (Peel & Wilson, 1996). Furthermore, the aforementioned authors stated that smaller firms should adopt formal working capital management routines in order to reduce the probability of business closure, as well as to enhance business performance. On the contrary, Reid and Jacobsen (1988) maintained that small firms have inadequate time to undertake working capital management and to provide formal training in financial management (Howorth & Westhead, 2003).

Cash management is the process of planning and controlling cash flows. It is made up of three basic components which consist of cash forecasting practices, cash surplus investment practices and cash-control practices (Cooley & Pullen, 1979). In examining the cash management practices of 122 small enterprises in the petroleum industry, the above mentioned authors found that 73% of the respondents saw a cash surplus. In another study, Howorth and Westhead (2003) found that small businesses put much emphasis on working capital. Moreover, the pioneer work of Burns and Walker (1991) on working capital among small manufacturing enterprises in the US found that 39% of the companies' total assets were working capital with 24% of the financial managers' time spent on working capital. Regarding accounts payable, the firms became net suppliers of credit with the hope that the cost of the past trade discounts was in the neighbourhood of 13% and the companies used cash budgeting on a weekly basis as a cash management practice in order to plan for cash shortages and surpluses.

### *Financing SMEs*

In order to “make poverty history, leaders in private, public, social economy and civil-society organisations need to embrace entrepreneurship and innovation as antidotes to poverty. Wealth-substitution through aid must give way to wealth-creation through entrepreneurship” Evidently, the difficulty is where and how entrepreneurial SMEs in impoverished countries such as Nigeria source funds for their enterprises (Bygrave & Zacharakis, 2008, p. 342). SMEs cannot survive and stand the test of competition without capital which is an essential resource needed to finance the provisional and permanent activities of these enterprises (Analoui & Karami, 2003; Stokes & Wilson, 2010; Stokes, 1992).

Studies have shown that finance is an essential determinant for the growth of SMEs globally (Kallon, 1990; IslamicDevelopmentBank, 1994). Therefore, it is imperative for businesses either small, medium or large to be in possession of sufficient money to be able to meet their financial commitments (Scarborough & Zimmer, 2003).

In most cases, governments and financial institutions have been found wanting in areas of financial assistance for SMEs development. The financial institutions and local money lenders have not sufficiently met the financial needs of SMEs especially in developing countries, partly because of lack of information on SMEs or based on a number of factors such as collateral security, trust, personality and so on (Bygrave & Zacharakis, 2008). Along this same line of reasoning, Trulsson (2002), Van Dijk (1995), and Stokes and Wilson (2010) maintained that SMEs have limited access to finance because of their inability to meet lending institutions criteria and those that do pay higher interest rates. SMEs raise their start-up and existing capital from personal sources. The commonest sources are “personal savings, home equity”, family saving, “cash proceeds from the sale of personal assets, life insurance policy loan, personal loans, credit cards and loans from friends” in addition to “ financial institutions, venture capital, angel investors, public offering”, leasing, hire purchase, factoring and business combinations (Coulter, 2003, pp. 102-106; Stokes & Wilson, 2010; Analoui & Karami, 2003; Stokes, 1992). Supporting the foregoing statement, Sunday (2011), maintained that Nigerian SMEs access funds from private, personal, corporate and near corporate finance. As reported by Butler (1991), the use of family resources makes businesses more successful and they are likely to be associated with long-term growth (Upton & Heck, 1997).

A number of studies seek to explain the complexities and difficulties involved in SMEs financing (Bolton, 1971; Centre for Enterprise and Economic Development Research, 2007). There are three theories that are put forth in an attempt to explain the financial structure of SMEs: The primary approach is the life cycle which was put forward by Weston and Brigham (1981). This approach was conceptualized on the basis of rapid growth and lack of access to the capital market. The entrepreneur’s funds serve as the starting capital. As the firm grows or expands there is a necessity for more finance which warrants the need for external sources of finance such as loans from banks. The increase in growth leads to the problem of inadequate capital. In that regard, the insufficient capital will in most scenarios prevent the firm from growing. The inability of the firm to grow reduces its potential to provide more employment; hence it cannot effectively contribute to economic development. Secondly, the pecking-order theory was first advanced by Donaldson(1961) cited by Myers (1984) in his study of financing practices of large corporations and he concluded that “Management strongly favoured internal generation as a source of new funds even to the exclusion of external funds except for occasional unavoidable bulges in need for funds”(p.67). He suggested that firms structure their financial needs in stages, first by exhausting the internal fund, followed by debt and external equity. Finally, the agency theory centres on transaction cost and contracting analysis (Coase, 1937) cited by Chittenden, et al. (1996). This body of knowledge gives a vital insight into the problems of ownership and

management. The lack of information, moral hazard and adverse selection has a greater tendency to be seen in contractual relationships between firms and external providers of finance. Small firms tend to bear the brunt of these problems more than the large firms.

### *SMEs in Nigeria: A synopsis*

A specific definition of SMEs does not exist in Nigeria, however, the definition differs from enterprise to enterprise (Abiodun, 2014). As claimed by Lucky and Olusegun (2012, p. 489), “the Nigerian industrial policy defined SMEs as industries with total investment of between N100,000 and N2.0 million, exclusive of land but including working capital”. Oyelaran-Oyeyinka (2010, p. 3), defined SMEs as “businesses with turnover of less than N100 MM per annum and/ or less than 300 employees”.

SMEs are essential component of the Nigerian economy as they constitute 96% of the enterprises in the country (Oyelaran-Oyeyinka, 2010). These enterprises comprise roughly 90% of the industrial sector in the country (Gbandi & Amisssah, 2014). Most of the SMEs in Nigeria have existed since the mid-1980s with the emergence of the structural adjustment programme. Because of their perceived contribution to the economic development of the country together with contributing to poverty reduction and unemployment, SMEs have been receiving heightened and favourable government policies and priority in comparison to their larger counterparts (Ogechukwu, et al., 2013; Agwu & Emeti, 2014). Aside from SMEs potential for self-sufficient industrialization utilizing indigenous raw materials, they are more capable to improve livelihood, provide assurance for equal delivery of industrial development simultaneously promoting the upturn of non-oil exports (Agwu & Emeti, 2014). As submitted by Gbandi and Amisssah (2014), SMEs function as promoters for economic growth in any country. Therefore, supporting SMEs in Nigeria will facilitate the “distribution of income and wealth, self-dependence, entrepreneurial development and a host of other positive economic uplifting factors” (Agwu & Emeti, 2014, p. 102). At the same time, SMEs slow down rural-urban migration in Nigeria (Ibid, 2014). Furthermore, these enterprises contribute to the development of the country through the distribution of income (Uzor, 2004).

In the opinion of Oyelaran-Oyeyinka (2010), Nigerian SMEs are distributed by sectors including the Kano leather SME clusters, Oshogbo tie and dye SME clusters, Abeokuta tie and dye SME clusters, Lagos otigba ICT SME clusters, Nnewi automotive SME clusters and Aba leather, feather and fashion SME clusters. It is extremely difficult to establish correctly the number of SMEs in the country due to the absence of a trustworthy SME database (Gbandi & Amisssah, 2014). Be that as it may, the presence of SMEs can be seen right across the country (Oluseye, 2013). Notwithstanding their blanket presence, their contribution to the country’s gross domestic product is infinitesimal and they are yet to take their right place in the economic growth and development of the country (Gbandi & Amisssah, 2014; Onugu, 2005). The abysmal contribution of SMEs to Nigeria was due to the unfavourable structural adjustment policies (SAP) that were

grounded on the neo-classical theory of efficient, perfect and competitive markets (Onugu, 2005). Moreover, the Nigerian SMEs are beset by the inadequate knowledge and use of marketing concepts, lack of access to market, awful flow of information, biased laws, inability to access land, poor infrastructure, lack of skilled workers, low investment commitment to bring pilot plants to commercial scale, lack of information, poor financial support and credit environment, corruption, poor entrepreneurial spirit and lack of credit facilities (Ogechukwu, et al., 2013; Ayopo, 2011; Oluseye, 2013; Titus, et al., 2013; Oyelaran-Oyeyinka, 2010; Mousley, 2007; Reuben Ufot, et al., 2014).

To minimise the challenges SMEs in the country face, the federal and state governments have put forth numerous fiscal and non-fiscal incentives for these enterprises. In particular the federal government promulgated the entrepreneurship development programmes that facilitate training and the impetus for jobless graduates to get work upon completion of their courses (Ogechukwu, et al., 2013). Oyelaran-Oyeyinka (2010) contrastingly revealed that since time memorial, Nigeria is not dedicated to establishing a vibrant SME sector.

## **Methodology**

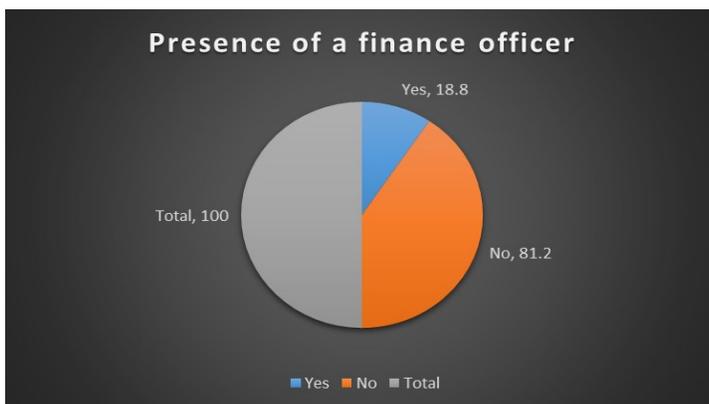
This research is designed to investigate the financial management practices adopted by the entrepreneurial SMEs in Yenagoa, Bayelsa State, Nigeria. To achieve this, the study employed random and stratified sampling techniques. The study adopted quantitative research method which was carried out using questionnaires accompanied by personal interviews. The survey which used a self-reporting, structured questionnaire consisting of non-parametric data was done between May 2017-August 2017. The questionnaires were used to gather information from the respondents regarding the following: having a finance officer, financial planning, keeping record of profits, expenses and losses, bank account, responsibilities of the chief accountant, sales, credit control system and sources of finance.

On the grounds of limited time and funds, the target population in this research did not cover all the SMEs in Yenagoa, Bayelsa State. The SMEs in the Yenagoa, Bayelsa State covered by the study were located in Akenfa, Opolo, Amara, Obele, Biogbolo, Yenezue-gene, Agudama, Akenpai and Etegwé. These were defined as the target population from where the sample was drawn for this research. The sample size of SMEs obtained for the survey was 350 which were distributed among the aforesaid areas of Yenagoa, Bayelsa State. The processing and analysing of the non-parametric data was done using the Statistical Package for Social Science (SPSS) 22.0. Descriptive statistics, mean ranking and Pearson Product -Moment correlations were the three main methods used for analysing the data. Of the 350 SMEs selected for the sample, 240(69.6%) were completed.

## **Findings and discussion**

Financial management is central to the success and growth of all SMEs. Nevertheless, few researches are being done on the financial practices among SMEs in de-

veloping economies including but not limited to Nigeria. Hence, this research sought to investigate whether entrepreneurs have a finance officer, their financial management practices, sales/month, credit control system and sources of finance. As Figure 1 below indicates, a relatively large number of the respondents (81.2%) do not have a finance officer. A reason for the majority of them not to have a finance officer is that they perceived hiring a finance officer to be expensive since their size in terms of the employees is small.



**Figure 1: Presence of a finance officer**

### *Financial Management Practices*

Table 1 below provides information on the financial management practices among SMEs in Yenagoa, Bayelsa State. With regard to financial planning, the table shows that as many as 87% of the respondents do financial planning. This finding do not only show the extent to which financial planning among SMEs in Bayelsa State is critical to their success but contradict the findings of Vos and Vos (2000) who maintained that SMEs hardly do financial planning except if the venture is profitable. With reference to the chief accountant being responsible for preparing the financial statements, 68.7% of the respondents disputed the statement. The foregoing findings did not support those of Kanu (2009) who found that the chief accountant was responsible for preparing the financial statements. As a matter of fact, fieldwork observations showed that the majority of the entrepreneurs did not have an employed accountant.

On the other hand, the success of any business depends on its ability to keep track records of all sales and proceeds. In consonance with this, when the respondents were asked if they keep records of profits, expenses and losses, 88.8% agreed with the statement. This finding do not support the findings of Amoako (2013) who established that SMEs do not keep financial records since it is meaningless to keep possession of them. With that said, fieldwork revealed that the bulk of records being kept were not formalized. This is so because most respondents keep records in their heads not in books. On having a bank account, 93.3% of

the respondents indicated that they have a bank account. The implication is that having a bank account means providing a safe place for the entrepreneurs to save their money. In addition, to providing a safe place, having a bank account will improve the chances of being able to obtain loans from the banks and other financial institutions.

To determine the most used financial management practices, the means of all the four items were ranked to be able to determine if the entrepreneurs agreed or disagreed with the statement. The *mean* ranking reveals that having a bank account is the commonest financial management practice for the entrepreneurs in the Yenagoa, Bayelsa State ( $x=4.6875$ ;  $s.d.=.84230$ ). By the same token, keeping records of profits, expenses and losses appeared to be the second most used financial management practice ( $x=4.5375$ ;  $s.d.=1.01384$ ). The aforesaid statements are ranked significantly higher than the remaining two items. This was achieved using the paired-sample t-test. For instance, the highest ranked statement (have a bank account) was ranked significantly higher than the lowest two ranked statements (chief accountant preparing financial statements with  $x=1.10833$ ,  $s.d.=1.47388$  and do financial planning with  $x=0.26667$ ,  $s.d.=1.37054$  [ $t(11.650)=239$ ;  $p\leq 0.000$ ;  $t(3.014)=239$   $p\leq 0.003$ ]. From the preceding findings, it can be concluded that there is a significant difference between having a bank account and chief accountant preparing the financial statements. Equally, there is significant difference between having a bank account and do financial planning. Similarly the second most ranked statement (keep record of profits, expenses and losses) is significantly higher than two lowest ranked statements [ $t(10.525)=239$ ;  $p\leq 0.000$ ;  $t(1.282)=239$   $p=2.01$ ]. From these findings, it can be established that there is a significant differences between keeping record of profits, expenses and losses and chief accountant preparing the financial statement. However, there is no significant difference between keeping record of profits, expenses and losses and do financial planning.

**Table 1: Financial Management Practices**

<b>Independent Variable</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Indifferent</b>	<b>Agree</b>	<b>Strongly agree</b>
Financial planning	4.4208	1.11005	4.6%	6.7%	1.7%	16.2%	70.8%
Chief accountant preparing financial statements	3.5792	1.12873	50.8%	17.9%	7.1%	4.6%	19.6%
Keep records of profit and losses	4.5375	1.01384	3.3%	5.4%	2.5%	11.7%	77.1%
Have bank account	4.6875	0.84230	2.1%	3.8%	0.8%	10.0%	83.3%

### Sales/Month

On sales/month, Figure 1 below shows that 65.8% of the respondents had monthly sales under N500000 (about US\$1395.00 using 2018 exchange rate). The second largest group of the respondents (13.3%) reported sales of over N2000000(about US\$5580.00 using 2018 exchange rate), 9.6% of the respondents reported sales of between N500000-N1000000(about US\$1395.00 - US\$ 2790.00 using 2018 exchange rate), 6.7% of the respondents had monthly sales of between N1000000-N1500000(about US\$ 2790.00 - US\$44185.00 using 2018 exchange rate). At the same time, 4.6% of the respondents reported sales of between N1500000-N2000000(about US\$44185.00 - 5580.00 US\$ using 2018 exchange rate). The conclusion here is that the type of business SMEs engage in is related to the sales.



Figure 1: Sales/month  
*Credit control system*

Credit control is a universal phenomenon, nevertheless, the way it is done is not universal. As claimed by Drever and Armstrong (2005), credit management among SMEs is a principal concern for entrepreneurs because of the direct effect it has on the sustainability of their businesses in addition to its ability to generate robust cash flow within the enterprises (Wong Sek Khin, et al., 2015). A good credit management including evading bad liability and decreasing late payments affect business cash flow in so doing the liquidity of the enterprise (Drever & Armstrong, 2005). Hence through good credit control systems, SMEs entrepreneurs can look forward to having a better credit control. As indicated in Table 4.2 below, 94.2% of the respondents have records of borrowed products, while 98.4% do not lend to people who do not pay. This demonstrates that entrepreneurs adequately monitor good and bad debtors. However, on decision making, 92.9% of the entrepreneurs are the sole decision makers with regards to giving out credit. The implication here is that the entrepreneurs want to keep a close eye on what comes in or goes out of

the enterprise. As many as 75.8% of the respondents disagreed with the statement that they give credit to people known by their employees. This finding is in tandem with those of Kanu (2009) that about 50.2% of the SMEs do not give credit to people known by their employees.

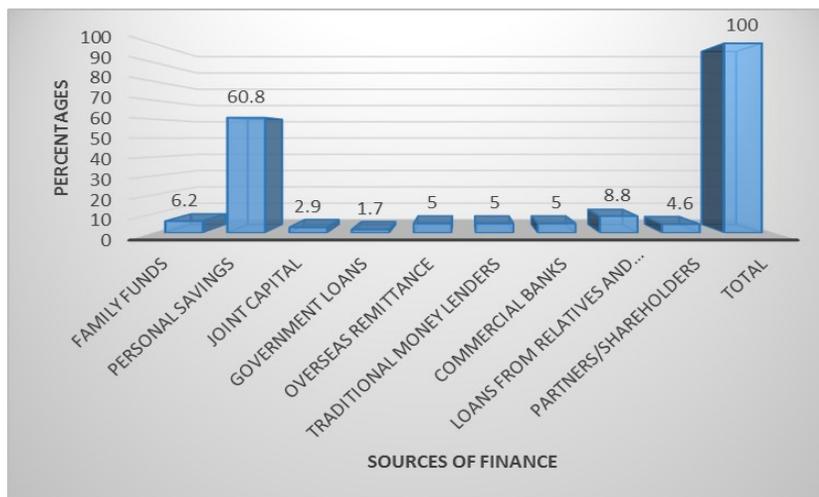
Table 2: Credit control system

Independent Variable	Mean	Standard Deviation	Disagree	Strongly disagree	Indifferent	Agree	Strongly agree
Have record of borrowed products	4.1375	0.80392	3.8%	0.8%	1.2%	66.2%	28%
Do not lend to people who do not pay	4.7958	0.56759	1.2%	0%	0.4%	14.6%	83.8%
Sole decision maker	4.5292	0.96767	4.6%	2.1%	0.4%	21.7%	71.2%
Give credit to people known by employees	2.0250	1.53597	60.4%	15.4%	2.5%	4.6%	17.1%

### Sources of finance

Another reason why SMEs have been attracting a lot of attention in the recent past is their lack of access to finance. Most researches have revealed that finance is an essential determinant for the growth of SMEs in both developed and developing countries (Bannock, 1981). However, SMEs are financially more constrained than their larger counterparts (Abanis, et al., 2013; Beck & Demirguc-Kunt, 2006). As a consequence, this study sought to investigate the sources of finance of the entrepreneurial SMEs in Yenagoa, Bayelsa State. Utilising the descriptive statistical method, it can be seen in Figure 3 below that 6.2% of the respondents get their finance from family funds. This finding is at odds with those of Oladele et al (2014) who stated that 80.4% of the SMEs in the Ado-Ekiti metropolis get their business finance from family members. A total of 60.8% of the entrepreneurs accessed their funds from personal savings. This is confirmed by Ojo (1984) cited by Terungwa, (2012) that 96.4% SMEs capitals were from personal savings. This implies that personal savings are central to SMEs financial accessibility. As few as 6.2% of the respondents accessed funds from joint capital, 1.7% from governments, 5% from overseas remittances, traditional money lenders and commercial banks such as Skye Bank, Union Bank of Nigeria, Access Bank, FBI bank et al. On the other hand, 8.8% of the entrepreneurs get their funds from relatives and friends within Nigeria. The afore-stated finding is in agreement with the findings of Gulani and Usman (2013) who found that 26.2% of the SMEs in the Gombe State sourced

their finance from relatives and friends. Moreover, the results support the findings of Oladele et al. (2014), that 42.2% of the SMEs in the Ado-Ekiti metropolis get funds from friends. Finally, Figure 3 shows that 4.6% of the respondents obtained funds from contributions from partners and shareholders.



**Figure 3: Sources of finance**

#### *Pearson Correlation Analysis and Reliability*

The researcher conducted a Pearson's Correlation Coefficient Analysis in order to determine the relationship between good credit control and sales. The approach was used in order to analyse the collected non-parametric data as it has been used to analyse variables measured using internal or ratio scales. Aggregating the items in the good credit control and sales constructs using the reliability approach, new constructs were created. Items coded in the same direction were selected and the reliability of each tested. As maintained by De Vaus (2002), a reliable scale must have an alpha coefficient of at least 0.7 and corrected item-total correlation greater than 0.3. For instance, the good credit control construct have a Cronbach's alpha of 0.762. Using the transform and compute commands in SPSS, new dependent and independent variables for the new aggregated scales were produced. The construction of the new construct was premised on the recommendations of De Vaus (2002).

The Pearson's correlation results in Table 4 indicated a significant negative relationship between light credit standards and sales ( $R = -0.129$ ,  $P = p < 0.01$ ). The findings are not consistent with the alternative hypothesis. On that account, the null hypothesis is accepted and the alternative hypothesis is rejected. The significant negative association between light credit standards and sales suggests that the extensive use of light credit standards lowers sales and in turn profitability. This view is shared by Ifurueze (2013) who mentioned that enterprises employing the light credit standards principle have difficulty in increasing sales volume which

inadvertently lowers profitability. Kungu et al (2014) findings are also not congruous to the finding of this study. They found in their study that 42.3% of the respondents said that lenient credit policy increases sales with the larger majority maintaining the view that wholesale credit policies have the propensity to accelerate sales. They further stated that light credit standards are essential for the growth of the enterprises and assist in protecting sales from being commandeered by the competitors coupled with attracting would-be customers to purchase at suitable conditions consequently preventing customers' turnover.

*Table 4: Pearson product-moment correlation Analysis*

Independent Variables	Dependent Variables
Good credit control	SALES R= -0.129(**) P=0.004

\*\* Correlation is significant at the 0.01 level (2-tailed).

### **Conclusions and recommendations**

The overwhelming majority of the SMEs do not have a finance officer. They do financial planning and for most of the respondents the chief accountant is not responsible for preparing the financial statements. The study also indicated that a large number of the respondents have records of profits, expenses and losses, have a bank account, have records of borrowed products and do not lend to people who do not pay. Additionally, the study showed that the entrepreneurs are the sole decision makers with regards to giving out credit. Generally, previous studies have shown a positive relationship between soft credit policy and sales (Ifurueze, 2013; Kungu, et al., 2014). This is not shown on the findings of the study with good credit management having a negative correlation with sales.

### **Contributions to knowledge**

This research is one of the few studies ever done in Yenagoa, Bayelsa State. Hence, it has filled a research gap regarding the financial management practices of the entrepreneurial SMEs. Added to this, the study contributes to an understanding of how the entrepreneurs in Bayelsa State go about securing finance for their enterprises. Besides, the study contributes to knowledge of research by providing an insight into the credit control systems of entrepreneurial SMEs. Over and beyond, the study contributes to knowledge of research on the financial management practices of the entrepreneurial SMEs in Bayelsa State which can be considered as representative for the entirety of Nigeria as well as Africa.

## **Policy Implications for the SMEs entrepreneurs**

The SME sector has been considered as a vibrant tool that contributes significantly to employment creation, income generation and poverty reduction worldwide with Nigeria no exception. However, for the sector to achieve this purpose, effective policies are essential. The findings from this study have implications for the SME sector in the country. The ability of SMEs to access funds is amongst the decisive interventions needed to help these enterprises overcome the problems of finance. From policy implications viewpoint, it is obvious that the Nigeria's financial sector reform package has not improved SMEs access to finance. It has on the other hand exposed the sector to depend more on personal savings and lending from the informal sector. An exceptional finding from the descriptive analysis indicates that finance is a major barrier that prevents the entrepreneurs from hiring a finance officer. Although, the government of Nigeria both current and past have favourably promulgated policies for SMEs (Ogechukwu, et al., 2013), access to finance by these enterprises is still a problem. There is, therefore, the need for the government to reform the financial sector once again to help increase SMEs access to finance. Regardless of the fact there are a number of commercial banks and other financial institutions in Nigeria, yet they lend less to SMEs. It is, therefore, important that these institutions take giant steps to engage in SMEs support campaigns and reach out with financial assistance programme. This will increase certainly the chances of SMEs to get adequate finance, expand their activities and contribute to economic development, wealth creation and poverty reduction. In addition, the study findings revealed that the entrepreneurs do not engage in any orderly and disciplined methods of keeping their business records. Maseko and Manyani (2011) suggested that recordkeeping is the mainstay for the success of SMEs. On the grounds of this, it is incumbent upon the entrepreneurs to not only keep records of their business activities but to formalize the practice as well. As stated above, most of the entrepreneurs do not have a finance officer who is expected to be knowledgeable in managing the finance of the enterprise. As mentioned in the literature review, SMEs' fail because of poor or shoddy financial management practices. This is due to the absence of a finance officer. Thence, it is necessary for SMEs who do not have a finance officer to get one in order to tap on the benefits of good financial management practices.

## **Limitations of the Study**

There is hardly any study without limitations. In that respect, this study is handicapped by a variety of limitations including financial and non-financial. Poverty of time and money as well as the nature of the research compelled the study to focus on a limited number of research questions and hypotheses. For the reason of the limited funds, this study could not cover all the entrepreneurial SMEs in Yenagoa, Bayelsa State. Nonetheless, the study focused on only a selection of the entrepreneurial SMEs that are located in Yenagoa, Bayelsa State as the sample size and is considered as a representation of all the entrepreneurial SMEs in the state.

## **Recommendations for Further Research**

The study was designed to investigate the financial management practices of the entrepreneurial SMEs in Yenagoa, Bayelsa State. In view of the aforementioned limitations of the study, the following suggestions for future research are put forth. As a starting point, future research should draw randomly larger samples of the Entrepreneurial SMEs in Nigeria to investigate the financial management practices of these enterprises. The study was cross sectional; hence it is suggested that future research should employ a longitudinal study on the financial management practices of the entrepreneurial SMEs so as to enhance the findings of this research which could provide a new insight on the financial management practices of the entrepreneurial SMEs especially in Africa. Correspondingly, future research should determine the extent to which the findings of this study could be generalised to the entrepreneurial SMEs in other countries. As a final point, further research should be done using additional sampling frames in order to increase the degree of representation of the sampled entrepreneurial SMEs.

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