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ABSTRACT Many social scientists believe that supporting entrepreneurship development within low-income communities is a viable development strategy to combat poverty. Some even suggest that if economic development is to be effective, new businesses in low income areas must be started through local initiatives, and that entrepreneurship is critical to the maintenance of a healthy economy. Underpinned by recent scholarship and grassroots movements that suggest that presence of smaller scale, locally-controlled enterprises can help determine whether communities prosper or decline, this paper explores the links between entrepreneurship and rural development. Using a theory of change framework (Oldsman and Hallberg 2002), the authors examine the USDA 1890 Entrepreneurial Outreach Initiative (USDA 2004) and its use as a local, community-based strategy to spur economic growth and development in rural communities across the South.

Microenterprise and small business development programs have become a relatively new and important research subject globally. Many development scholars and professionals believe supporting small businesses within low-income communities is a plausible development strategy to combat poverty. Some suggest that entrepreneurship is critical to the maintenance of a healthy economy and if economic development is to be effective, new businesses in low-income areas must be started through local initiatives (Acs and Malecki 2003, Lichtenstein and Lyons 2001, Smilor 1997, Winders 1997). Despite general support for microenterprise and small business programs, relatively little attention has been given to understanding entrepreneurship and small business development as the basis for a comprehensive, rural development strategy for low-income, rural communities.[1]

As it pertains to many low-income communities, business development seems to be complicated by the very circumstances that it is aimed to eradicate. A poor state of socioeconomic welfare coincides, and most likely contributes to, a dismal state of enterprise development within many low-income communities. Increasingly, however, small enterprise development is purported to be more sustainable as compared to traditional business attraction approaches that tend to be more costly, considering how much of the local tax base communities are expected to give away over a period of time. Due to the multiplier effects that accompany enhanced small enterprise development, the most apparent contribution of entrepreneurship to increased community welfare is the creation of new jobs and the generation of additional income as new firms start and existing ones grow. A substantial body of evidence suggests that the small business sector has yielded the bulk of new jobs in the United States (Acs 1999, Bates 1995, Birch 1979). Given this record, entrepreneurship as a rural development strategy within low-income communities in the United States has continued to gain credibility (Gittell and Thompson 1999, Porter 1995). Such credibility has prompted government and donor agencies to expand funding for entrepreneurship development programs and more articles now appear in both the scholarly and popular media about the success of this "new approach" on incomes, employment generation, and social empowerment. Interestingly, this development strategy is perhaps the first major economic development paradigm to be applied

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[1]For the purpose of this paper, "small enterprises" are defined to include both microenterprises and small- and medium-scale enterprises. Definitions vary by country, and are usually based on the number of employees, annual turnover, or assets. Typically, microenterprises are defined as firms with up to 10 employees, small enterprises have from 10 to 50 - 100 employees, and medium enterprises have from 50 to 100 - 250 employees (Oldsman and Hallberg 2002). Also, the terms small business, microenterprise, and entrepreneurship as they relate to development are used interchangeably.

to low-income areas in both developed and developing economies simultaneously.

To examine entrepreneurship and small business development as a rural development strategy, this paper explores the links between entrepreneurship and rural development. The goal of the paper is to expand our understanding of entrepreneurship and its conceptual underpinnings as well as its potential as a rural development strategy for economically disadvantaged regions like the southern Black Belt. First, we provide a brief review of the entrepreneurship literature and how the concept has been used to underpin rural development policy and programs. Next, we give an overview of the southern Black Belt to exemplify a region where both challenges and opportunities for entrepreneurship development abound. This section is followed by an examination of contemporary African-American business development trends. Finally, using the theory of change framework (Oldsman and Hallberg 2002), we then focus on the 1890 Entrepreneurial Outreach Initiative (USDA 2004) to highlight one approach being undertaken by the U.S. Department of Agriculture, in partnership with a group of historically black land grant institutions, to promote the creation of self-sustaining, long-term economic development strategies in underserved rural communities across the South that involve building entrepreneurial capacity and viable networks among businesses and entrepreneurs.

Entrepreneurship and Rural Development

From the mid-nineteenth to the early twentieth century, the United States developed a set of rural and agricultural institutions designed to improve productivity and welfare of farm people (Freshwater 2000). Although little or no attention was devoted to entrepreneurship and non-farm institutions per se, government invested in the basic infrastructure of agriculture by developing institutions and programs that provided rural roads, common market standards for farm products, and free mail delivery in rural areas. Later development included rural electrification; soil conservation; long-term, intermediate, and short-term farm credit; and commodity programs — all through national agricultural policy. The commodity programs, for example, have included supply control through acreage restrictions, allotments, long-term retirement and marketing quotas, and price supports through direct purchases of commodities and use of nonrecourse price support loans. Such programs have generally benefited larger farmers who have the land and capital to take advantage of program provisions. Thus, public policy was used to create a rural elite, built around farming and agriculture-related industries to the exclusion of the growing rural, nonfarm sector.

For many rural communities the consequence has been continued improvement in the productivity of the farming sector and a proliferation of public policies that focused on industrial development rather than on rural people and communities. For example, until the Great Depression much of the legislation enacted in support of rural communities was general social legislation creating public goods that were made available to all members of rural society, and often to members of the entire society. During the height of the Great Depression, general social legislation was pushed to the background as Congress created the Agricultural Adjustment Act (AAA) of 1933, once again providing selective goods and services to limited segments of the population (i.e., rural elite). Together, such policy initiatives helped to foster widespread erosion of human and institutional resources in many rural communities. Without the corresponding development of rural political institutions and economic structures independent of farming and agriculture, many rural communities were left behind, seemingly devoid of basic institutions necessary to counter the adverse effects of global competition that have resulted in unemployment, outmigration, and general rural decline.

Entrepreneurship is "the process of uncovering or developing an opportunity to create value through innovation and seizing that opportunity without regard to either resources (human and capital) or the location of the entrepreneur—in a new or existing company" (Slaughter 1996:7). Development theories of economic growth have largely ignored the existence of entrepreneurship, but pressures resulting from global competition and corporate restructuring have prompted development scholars and professionals alike to focus more attention on entrepreneurship as an area of policy and practice.

Theories of entrepreneurship are somewhat fragmented and not as well developed as economic growth theory. Most theories on entrepreneurship are centered around individual-specific factors, where the characteristics of the business owner are emphasized; environmental factors, where the access to markets, financing, labor force characteristics, and institutions are stressed as having prominent importance in the success of enterprise development; and group factors, where the importance of the ability to mobilize the population to facilitate institutional and attitudinal changes needed for enterprise development is stressed. Examples of changes requiring successful group mobilization that has led to group action, and subsequent institutional and attitudinal changes, include the Civil Rights Movement, affirmative action, and equal opportunity employment (Ahiarah 1993).

In response to today's global economy, community activists and rural policy makers are beginning to call for development strategies that focus attention on small firms, regional trade associations, industrial districts, and local entrepreneurs. They maintain that such institutions are potentially important, though often neglected agents of development. Others argue that if policy makers and program planners expect to foster economic development in underserved, low-income communities, a policy of endogenous self-development for sustainable economic growth is needed. This notion is backed by a growing body of theory and research that reexamines the "bigger is better" model, and emphasizes the organizational embeddedness of small-scale, locally-controlled economic enterprises (Robinson, Lyson and Christy 2002). Moreover, it suggests that the establishment of more entrepreneurship-centered economic development could enable economically disadvantaged communities to reverse stagnant economic conditions by creating wealth and jobs through locally-owned businesses.

The literature suggests that the factors determining the prospects of entrepreneurship in rural communities are numerous. In *Main Streets of Tomorrow*, a Federal Reserve Bank conference report on rural entrepreneurship, Nolan (2003) points out that determinants of enterprise creation include, among others, demographics, unemployment, wealth, the educational and occupational profile of the workforce, the prevalence of small firms, the extent of owner-occupied housing, infrastructure endowment, and regional history.

In his work on creating wealth within disadvantaged communities, Porter (1995:62) asserts that sustainable economic growth strategies require "improving the environment for business." To create such an environment, Porter contends that government must use public funds in ways that do not distort business incentives, but rather focus on providing infrastructure to support "genuinely profitable businesses" (Porter 1995: 67). Porter's model is not aimed to redistribute wealth but "to identify and exploit the competitive advantages of inner cities that will translate into truly profitable business" (Porter 1995:56). In so doing, the focus is on the private sector, as opposed to government and social service organizations. Another important factor in Porter's model is the engagement of skilled and experienced minorities in building business versus engaging them solely in the social service sector. What is essential to the proper functioning of such a model is that:

> Government assume[s] a more effective role by supporting the private sector in new economic initiatives. It must shift its focus from direct involvement and intervention to creating a favorable environment for business. This is not to say that public funds will not be necessary. But subsidies must be spent in ways that do not distort business incentives, focusing instead on providing the infrastructure to support genuinely profitable business (Porter 1995:67).

Drawing from Porter, fundamental principles underlying an entrepreneurship-led rural development policy are:

- An economic versus a social focus, emphasizing the creation rather than the redistribution of wealth within economically disadvantaged rural communities.
- An emphasis on the private sector as opposed to the government and social service sector; but highlights the supportive role of government and social services.
- An emphasis on having skilled and experienced individuals engaged in entrepreneurial activities.

Although many rural communities may be considered deficient and assumed to be at a distinct disadvantage to undertake such policy initiatives, some of the conditions underlying the economic structure of persistently poor areas like the rural Black Belt may lend themselves to opportunities for rural economic development as well. In the asset-based community development tradition, we look at the rural Black Belt as an example of one region where both challenges and opportunities to entrepreneurship and business development abound.

The Black Belt: A Rural Development Case Study

The economic development challenges of the Black Belt are longstanding and represent one of the most economically deprived regions of the country. Geographically, the Black Belt comprises 11 states and 623 counties, running from Virginia to Texas. Sociologist W.E.B. DuBois (1961) is credited with coining the term "black belt" to refer to the region's racial and cultural distinctiveness. Black Belt counties are typically rural. In Louisiana and Mississippi, for example, Black Belt counties are concentrated along both banks of the Mississippi River. In Louisiana, Black Belt counties are synonymous with the "Delta Parishes," which were major cotton producing areas during the era of plantation agriculture.

Development in the Black Belt has been historically oriented towards agricultural and resource-oriented industries such as textiles, apparel, and meat processing. For residents of the Black Belt, poverty, low income, and unemployment are often a way of life. Per capita income in the Mississippi Delta is persistently 20 to 25 percent lower than in the rest of the U.S. The poverty rate for blacks living in the Delta in 1980 was almost 42 percent as compared to 30 percent nationwide (Hyland and Timberlake 1993). Thus, Black Belt counties continue to be characterized by greater dependent populations, lower levels of education, greater incidence of female-headed households, and more lower-paying, less-skilled jobs (Falk, Talley and Rankin 1993). Educational attainment among rural blacks is less on average than other groups, including rural whites and urban blacks. The median years of school completed for rural blacks is 11.1 years as compared to 12.5 for rural whites and 12.4 for urban blacks (Allen and Christy 1992:830).

Socioeconomic conditions in the Black Belt continue to be among the poorest in the region. In a recent description of the area, a southern newspaper editor writes, "Long neglected, these areas typically suffer from a lack of infrastructure, poor education systems, a dearth of skilled workers and little or no economic development. The best and the brightest in those areas tend to leave and never return" (*The State* 2002). Such accounts coincide with Falk et al.'s (1993) description of the Black Belt as a "forgotten place," largely excluded from the economic growth and development taking place elsewhere in the region or in the country. Falk and Lyson (1988) suggest that the industrial and occupational structure of the region, supported by a low-skilled, poorly educated workforce, is largely to blame. Rural blacks are more heavily concentrated in unskilled occupations such as operators, fabricators, and laborers as compared to rural whites, who are about twice as likely to be in skilled occupations such as precision craft, repair, and production. For blacks, those structural conditions are manifested in low-wage jobs, limited economic and educational opportunities, poor health conditions, and general despair. Such conditions have prompted some (Falk and Lyson 1988; Hyland and Timberlake 1993) to compare Nonmetro Black counties to an underdeveloped country or colony, where the expansion of more economically advanced areas such as Metro counties is achieved through the influence of or control over less advanced areas. Falk and Lyson put it this way:

> The industrial fabric of the South is woven of cloth similar to that found in developing countries. Like the industrial base in those countries, businesses in rural areas of the South are often characterized as being in the periphery sector of the economy, while core establishments are more likely to be found in the urban areas (1988: 8).

Notwithstanding the comparison to conditions of developing countries, persistent high unemployment rates in the South suggest "reserves of labor" that could be mobilized, given the appropriate strategic approach and policy framework, to contribute to entrepreneurship and small business development in areas like the Black Belt.

Overview of African-American Business Development Trends and Characteristics

Since 1972, the number of African-American firms has substantially and steadily increased. African Americans are starting business enterprises at a greater rate than the general population. As Tables 1 and 2 show, between 1992 and 1997, the number of African-American firms increased by 32.5 percent as compared to 1.6 percent for total U.S. firms. Such increase in business start-ups among African Americans prompts the question of where this business activity is geographically located and in what industries it is concentrated. Woodward (1997) observes that the geographic concentration of African-American-owned firms closely reflects population densities of African Americans.

As shown in Table 3, the rate of black business ownership (i.e., the number of black businesses per 1,000 black persons) is relatively high for states with a greater concentration of African Americans than the national average. For instance, in Florida and Virginia, the African-American business ownership rate is higher than that of the United States., and the African-American population in each of those states exceeds the national average of 12.3 percent.

The service industry accounts for the highest volume of African-American-owned firms. Bates (1993:1) observes "minority-owned businesses, traditionally concentrated in small-scale retail and personal service sectors of the economy." Today, the traditional minority business community comprised primarily of small firms serving predominately minority clientele is changing. Minority businesses have begun to take advantage of expanding market opportunities with even larger firms geared toward corporate and government clients (Bates 1993 and Woodward 1997).

> Opportunities created by set-asides, preferential procurement policies, and the like have encouraged better-educated, younger entrepreneurs to create and expand business in finance, insurance, real estate, contracting, wholesaling, manufacturing, and business services. Entrepreneurs in these emerging lines of business are younger, better educated on

> average, and have higher earnings than other self-employed minorities (Bates 1993:1-2).

Although the landscape for African-American business is changing, Bates (1993:2) further reports that the "traditional personal service and small scale retail fields account for a larger number of firms than the combined total of the emerging lines of business." On average, owners of businesses in the traditional areas are less educated and have lower earnings power, and their businesses are in a state of continuous decline, particularly in the personal services sector. "Since the 1960s, the minority business community has started to diversify and expand in response to an influx of talent and capital, but continues to lag behind the non-minority small business universe" (Bates 1993:2). The lag is often attributed to constraints such as access to financial capital, geographic location, and discrimination.

Table 4 shows African-American-owned business industry concentration. Historically, African-American-owned firms have been concentrated in service and retail trade industries. Over time, the percent of African-American-owned firms in the service industry have increased while those in retail trade have decreased. This pattern is consistent with national trends.

According to the U.S. Census (U.S. Census Bureau 1997), in 1992, the service sector comprised the highest concentration of African-American-owned firms in the United States, accounting for nearly 54 percent of all African-American-owned firms. In 1997, the service sector accounted for a slightly smaller percentage of African-American firms at 53.1 percent. During the period between 1992 and 1997, the concentration of African-American firms in the retail trade sector decreased from 14 percent to 10.6 percent. Most notable were a 3.4 percent increase in the retail trade and a 2.0 percent increase in the finance, insurance, and real estate industries. Overall, the number of African-American-owned businesses in the United States. increased from nearly 340,000 in 1982 to over 820,000 in 1997.

Many scholars agree that focusing on smaller firms is a more realistic strategy for development of depressed economies with comparative disadvantages in the rural South (Christy, Wenner and Dassie 2000; O'Hare 1990). However, Bates (1993:50) cautions

Table 1. U.S. and Black Business Ownership: Selected Statistics, 1972 – 1997.

Year	U.S. Population	# of U. S. Firms (000s)	Gross Receipts of U. S. Firms $ (000s)	Black Population (000s)	# of Black Firms (000s)	Gross Receipts of Black Firms $ (000s)
1972	209,896	12,978	2,495,000	23,465	188	5,534
1977	220,239	14,741	4,384,000	25,122	231	8,645
1982	232,188	14,546	6,842,000	27,508	339	12,444
1987	243,308	18,351	10,208,000	29,325	424	19,763
1992	255,419	20,498	12,214,000	31,659	621	32,197
1997	281,422	20,822	18,553,243	34,658	823	71,215

Source: U.S. Census Bureau, Economic Census 1997.

Table 2. U.S. and Black Business Ownership: Selected Statistics, 1972 – 1997.

Year	# U.S.Firms per 1000 Persons	Gross Receipts of U. S. Firms Per Capita ($)	Black Population (% of U.S Population)	Black Firms (% of U. S. Firms)	# U.S. Firms/ 1000 Blacks	Black Firms Gross Receipts Per Capita ($)
1972	61.83	11,885.21	11.18	1.45	8.00	235.85
1977	66.93	19,917.01	11.41	1.57	9.20	344.13
1982	62.65	29,468.79	11.85	2.33	12.33	452.36
1987	75.42	41,953.47	12.05	2.31	14.46	673.93
1992	80.25	47,819.29	12.39	3.03	19.61	1,017.01
1997	73.98	65,926.29	12.30	4.00	23.95	2,054.80

Source: U.S. Census Bureau, Economic Census 1997.

Table 3. Black Business Ownership Rate and Total Business Ownership Rate for United States and 11 Southern States, 1997.

State	# of Black Owned Firms	Black Firm Ownership Rate (%)	Total # of Firms	State Firm Ownership Rate	% Black-Owned Firms	% Black Population
Alabama	19,077	16.5	285,206	64.1	6.5	26.0
Arkansas	6,721	16.0	193,424	72.4	3.5	15.7
Florida	59,732	25.6	1,301,921	81.5	4.6	14.6
Georgia	55,766	23.7	568,552	69.5	9.8	28.7
Louisiana	25,782	17.8	295,679	66.2	8.7	32.5
Mississippi	17,617	17.0	167,907	59.0	10.5	36.3
N Carolina	39,901	23.0	570,484	70.9	7.0	21.6
S Carolina	23,216	19.6	260,342	64.9	8.9	29.5
Tennessee	20,196	21.7	415,934	73.1	4.9	16.4
Texas	60,427	25.1	1,525,972	73.2	4.0	11.5
Virginia	33,539	24.1	480,122	67.8	7.0	19.6
U. S.	823,499	23.8	20,821,935	74.0	4.0	12.3

Source: U.S. Census Bureau, Economic Census 1997.

$$\text{Black Business Ownership Rate} = \frac{\text{(Total \# of Black-Owned Firms in State)}}{\text{Total \# of Black Persons in State}} \times 100$$

$$\text{State Business Ownership Rate} = \frac{\text{(Total \# of Firms in State)}}{\text{Total State Population}} \times 1000$$

that "entrepreneurial ability is highly correlated with both education and income levels: successful business operators tend to be above average in both categories." Even though the low education and income levels of individuals in the rural South make an entrepreneurship-centered development strategy challenging, eighteen 1890 institutions, in partnership with the U.S. Department of Agriculture, Rural Development, have undertaken an initiative to focus on local assets to stimulate entrepreneurship development in low-income, rural communities across the South. In the following section, the USDA-1890 Entrepreneurial Initiative (USDA 2004) is explored as a development strategy for rural Black Belt communities.

Table 4. Percent of African-American Owned Firms in the United States by Industry.

Industry	1972	1977	1982	1987	1992	1997
Service	35.0	44.0	43.4	49.4	53.6	53.1
Agriculture, Forestry & Fishing	2.2	2.2	1.4	8.7	1.6	1.5
Construction	1.0	9.1	6.8	1.9	7.0	6.9
Manufacturing	2.0	1.8	1.2	8.7	1.7	1.3
Transportation & Public Utilities	11.4	10.0	1.2	15.6	1.2	8.7
Wholesale Trade	1.0	1.0	1.2	15.6	1.2	1.0
Retail Trade	19.0	24.0	24.8	16.4	14.0	10.6
Finance, Insurance & Real Estate	4.0	4.2	4.4	1.7	6.6	4.6

Source: U.S. Census Bureau, Economic Census, 1997.

The USDA-1890 Partnership

U.S. Department of Agriculture. Since 1994, the United States Department of Agriculture (USDA), under the auspices of the 1890 Entrepreneurial Outreach Initiative (USDA 2004), has provided funding to eighteen 1890 land-grant institutions to undertake outreach programs in underserved, targeted rural communities, with the objective to develop and assist businesses and future entrepreneurs. Administered by USDA Rural Development, and awarded through a cooperative agreement between USDA and the respective institution, the 1890 entrepreneurial outreach initiative is designed to promote rural development, provide outreach and technical assistance, and encourage and assist individuals living in underserved rural communities. Each 1890 institution is given freedom to assess the needs of their targeted communities and prioritize their area of work. According to USDA, the main program objectives are: (1) To promote Rural Development programs in the targeted underserved rural communities; (2) To build capacity in those targeted underserved rural communities through outreach and technical assistance; (3) To encourage and assist the targeted underserved rural community leaders and residents to participate in USDA Rural

Development programs; and (4) To increase the number of the underserved rural residents (especially minorities) seeking programs at Rural Development state offices. A recent USDA (2002) review by Lovan and Aldridge (2002:2) suggests that the initiative represents "a good mix of information outreach, both formal and informal activities to develop the entrepreneurial skills, technical assistance and follow-up on individual project implementation," and has evolved into "an effective process for bringing together efforts at building client capacity."

1890 Institutions. The 1890 institutions, also known as Black land-grant institutions and Tuskegee University, were established in 1890 by the U.S. Congress to provide training to blacks in the fields of agriculture, home economics, and mechanical arts, among others. Over the years these institutions have essentially grown from under-funded secondary schools to accredited institutions of higher education with quality resident academic and extension programs that primarily serve rural communities in the southeastern United States. Today, through participation in programs like the Entrepreneurial Outreach Initiative, the 1890 institutions continue to carry out the land grant mission of being responsive to the problems of the people in their state and local communities. Figure 1 lists 1890 land-grant institutions participating in the Entrepreneurial Outreach Initiative.

Even though the 1890 land-grant institutions have long provided research and extension support to limited-resource farmers and rural communities (Christy, Williamson and Williamson 1992; Mayberry 1976), USDA funding for the Entrepreneurial Outreach Initiative is designed to help 1890 institutions target their business development efforts in a more focused and comprehensive manner. It enables 1890 institutions to provide business training and technical assistance to many rural entrepreneurs who otherwise would not receive it. To participate, each 1890 institution must provide matching funds equal to at least 25 percent of the amount provided by Rural Development in the cooperative agreement. These matching funds must be spent in proportion to the spending of funds received from the cooperative agreement. Any indirect costs provided by the 1890 institution may not exceed 10 percent of the funds provided by USDA. To receive funds, each 1890 institution is required to submit, for approval, a proposed plan of work and budget.

Figure 1. 1890 Land Grant Institutions Participating in the Entrepreneurial Outreach Initiative. Source: USDA 2003.

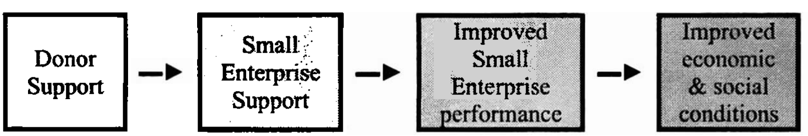
INSTITUTION	CENTER	LOCATION
Alabama A&M		Normal, AL
Alcorn State	Center for Rural Life and Economic Development	Alcorn State, MS
Delaware State	The Entrepreneurship Center	Dover, DE
Florida A&M	The University Center Project	Tallahassee, FL
Fort Valley State	Rural Business Outreach Institute	Fort Valley, GA
Kentucky State University	School of Business	Frankfort, KY
Langston University	Cooperative Extension Program	Langston, OK
Lincoln University	Cooperative Extension	Jefferson City, MO
North Carolina A&T University	International Trade Center	Greensboro, NC
Prairie View A&M University	Rural Business Project	Prairie View, TX
Southern University	Center for Rural and Small Business Development	Baton Rouge, LA
South Carolina State University	Center for Entrepreneurship and Rural Development	Orangeburg, SC
Tennessee State University	Cooperative Extension	Nashville, TN
Tuskegee University	Rural Business & Economic Development Program / RBEDP	Tuskegee, AL
University of Arkansas at Pine Bluff	Economic Research and Development Center	Pine Bluff, AR
University of Maryland Eastern Shore	Rural Development Center	Princess Anne, MD
Virginia State University	Cooperative Extension	Petersburg, VA
West Virginia State University	Rural Business Services Program	Institute, WV

Theory of Change

The guiding principle behind a successful entrepreneurship development program is the notion that initiatives aimed at boosting the performance of small- to medium-sized rural enterprises will ultimately improve the socioeconomic conditions of the rural people they serve (Oldsman and Hallberg 2002). In the case of the 1890 Entrepreneurial Outreach Initiative, the final beneficiaries are rural entrepreneurs in underserved, targeted rural communities. Using the theory of change framework, the initiative relies on 1890 land-grant institutions to provide business development services, access to business networks, and education to rural entrepreneurs.

The theory of change model of intervention, particularly its focus on intermediary organizations, "has become the hallmark of the new approach to promoting the development of small enterprises" (Oldsman and Hallberg 2002:6).

Figure 2. A Theory of Change.



In this framework, donor support represents resources from the USDA Rural Development[2]. For nearly ten years USDA has allocated approximately $1.9 million per fiscal year to participating 1890 land-grant institutions for the 1890 Entrepreneurial Outreach Initiative. The USDA-1890 Initiative represents a small enterprise initiative as it is designed as an outreach program to develop and assist businesses and future entrepreneurs in underserved, targeted rural communities. The impact of the initiative is measured in terms of improved enterprise performance resulting from training and technical assistance provided by 1890 institutions to rural entrepreneurs (i.e., the final beneficiaries), and ultimately by improved socioeconomic conditions within the communities where those rural entrepreneurs live and work.

[2] Strictly speaking, USDA views their support as a partnership.

To effectively employ the theory of change framework, the partnership has identified a core strategy based upon two fronts: 1) Building entrepreneurial capacity (i.e., National Scholars Program, information exchange workshops, technical assistance from centers), and 2) Developing viable business networks (i.e., Professional Agricultural Workers Conference/PAWC, funding through state offices, Business Information System Network/BISNet, networking at information exchange workshops). Together, these two fronts represent a collaborative effort by USDA and the 1890 institutions to promote entrepreneurship and small business development that will, in turn, help create self-sustaining, long-term economic development in underserved rural communities across the South.

Building Entrepreneurial Capacity

A stated goal of the entrepreneurship outreach initiative is to strengthen the capacity of underserved rural communities to undertake innovative, comprehensive, citizen-led, long-term strategies for community and economic development. Given its homegrown nature, entrepreneurship is widely becoming recognized as a means to stimulate economic growth and development in traditionally underserved communities.

In addition to providing technical assistance and training directly to entrepreneurs and small business owners, the 1890 entrepreneurial outreach initiative includes an annual 1890 Rural Entrepreneurial Program Information Exchange Workshop, co-sponsored by Cornell University and Tuskegee University, for all 1890 project staff involved in the delivery of management, marketing, and business training services to rural entrepreneurs. The workshop, which is held annually at Tuskegee University, is designed to build staff capacity and to identify a set of strategies that will enhance the competitiveness of small and medium-sized businesses enterprises, while ultimately expanding employment, incomes, and economic opportunities in underserved rural communities. Using case study methods and participatory approaches, the workshop seeks to train and empower 1890 entrepreneurship program managers to provide quality business development services through access to the latest, state-of-the-art information on topics ranging from best management practices and e-commerce to financial analysis and networking for the small business sector. The objective of the workshop is to help 1890 program managers to sustain their respective outreach programs by attracting additional sources of financial support and lessening their dependence on USDA funding.

Developing Viable Community and Business Networks

In the tradition of Rosenfeld et al. (1989) who suggest that network-building and collaboration among small and medium-sized enterprises is a prerequisite for communities attempting to participate and compete in the global economy, the entrepreneurial outreach initiative has established the Business Information System Network (BISNet, http://bisnet.sus.edu). BISNet is an electronic telecommunications initiative that allows rural areas access to the Internet. Jointly sponsored by USDA Rural Development and Southern University, BISNet is designed to allow communities to share successful business development concepts. It links users to a network of corporate, government, and private entities. By providing access to networks, BISNet is a resource to help targeted communities overcome the barriers of physical isolation that often characterize rural areas. Moreover, BISNet is instrumental in facilitating coordination and communication among entrepreneurs and small business owners, thereby enabling them to take collective action when necessary. It is intended to reduce incentives for opportunism as entrepreneurs come to expect problems to be solved through participation and negotiation rather than opportunism. The expectation is that eventually the networks will be become embedded in the culture to the extent that past success at collaboration provides a cultural template for future collaboration. Networks are thought to broaden or shift the consciousness of entrepreneurs from one that implies individualism to one that implies cooperation, thereby enhancing the desire for collective benefits.

Conclusion

For many small, rural communities, the consequences of global capitalism have resulted in unemployment, outmigration, and general community decline. Under such conditions low-income residents, limited resource farmers, and other economically disadvantaged groups are particularly vulnerable. For many development scholars and practitioners, entrepreneurship and small business development represent a plausible rural development strategy for these communities. The proliferation of policies and programs on entrepreneurship and small business development is widely viewed as a homegrown, local initiative that focuses attention on small firms and local entrepreneurs rather than on traditional branch plant attraction models. Increasingly, the literature on community and economic development suggests that the implementation of more entrepreneurship-led development policies could enable economically disadvantaged communities to reverse stagnant economic conditions by creating wealth and jobs through locally-owned businesses. The notion that entrepreneurship-led development can spur economic growth is complemented by a growing chorus of development scholars that has begun to suggest that social relations and a strong local social structure may positively affect such development. The prospect that social relations may enhance entrepreneurship-led development bodes well for small rural communities, especially those characterized by limited factors of production and few economic opportunities. The rural Black Belt is representative of such communities. Often compared to emerging market economies of the Third World, the "reserves of labor" characteristic of the rural South, and the Black Belt in particular, suggest a potential opportunity for local business development.

A recent initiative by USDA and a group of historically black land-grant institutions seeks to increase local business development in the rural Black Belt. This local development policy initiative is designed to promote the growth among new start-ups and enhance the competitiveness among existing small- and medium-sized businesses. In its effort to improve local socioeconomic conditions, the initiative employs the Theory of Change framework. This framework is aimed at boosting the performance of small- to medium-sized rural enterprises as to ultimately improve the socioeconomic conditions of the rural people they serve. The initiative involves funding from USDA to support entrepreneurship development training that seeks to develop and assist businesses and future entrepreneurs in underserved, targeted rural communities. Since rural areas often lack the requisite economic factors to stimulate growth and development, the initiative includes a strategy that strengthens and builds upon the local structure. To this end, the initiative involves building entrepreneurial capacity, developing community and business networks.

In sum, the 1890 Entrepreneurial Outreach Initiative represents a holistic policy strategy that seeks to enhance economic opportunities for underserved rural communities through entrepreneurship and small business development. Each component is directed toward developing entrepreneurial capabilities and leadership to facilitate economic growth. The Initiative's call for the expansion of private and public support of programs that invest in human capital development, particularly in those communities where resources are limited, suggests that the agricultural policy is beginning to change, with rural economic development gaining more prominence on the national policy agenda. In any case, the 1890 Entrepreneurial Outreach Initiative must continue to expand beyond the traditional cooperative extension land-grant university constituency to encourage and enhance business capacity across an even wider segment of rural communities, including the transitional poor, disadvantaged youth, and women, among others. To this end, rural development policies must continually adapt as economic organization and public policy environments change, thereby creating a viable policy framework for setting rural economic goals, developing strategies to accomplish those goals, and transforming institutions to address critical issues facing rural communities.

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