THE REGIONAL ENVIRONMENTS FOR SMALL
BUSINESS AND ENTREPRENEURSHIP
A PROFILE OF REGION VI

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Preface

We note in the introductory article of this manuscript that a certain historical blindness to the economic impact of small businesses has afflicted our economic thinking in the post-war period. Indeed this blindness has been so pervasive that we might go so far as to say that small business represents a "hidden sector" of increasing importance in our economy. Through the support of the SBA, this manuscript has attempted to direct the focus of skilled research upon the problems of the small business community. As the SBA stated in the preamble to its call for proposals, it is the purpose of this research to "put the small business sector under the microscope." Our laboratory for this effort was the Region VI states of Texas, Louisiana, Oklahoma, Arkansas, and New Mexico; our results speak to the needs of this community as well as those of small businesses nationwide.

The organization of this manuscript reflects the broad sweep of the research conducted and is divided into the following sections.

In the introduction, the editors raise a number of issues related to their concept of a "two-tiered economy." Briefly, they picture the economy as containing a tier of activity for small businesses and one for large enterprises. The structure and problems of these tiers are then delimited, as are policy recommendations for coping with this emerging economic reality.

Part I represents an overall profile of the region. In particular, the authors look at the economic history of the region as well as its
current structure, focusing upon the role of the small business sector. In addition, they look closely at government policies at all levels of government as these affect the activities of the small business community. Specific attention is given to the role of government policy in either supporting or inhibiting the management of small businesses.

In Part II, the reader will find four articles which explore the developmental impacts of small businesses. In one article, the author has created an analytical model to assess the role of small business in rural areas. Next, the focus shifts to the urban arena and an examination of small businesses in the central cities. Finally, two authors look at the changing role of the small business sector as it engages in international trade.

Part III presents a discussion of specific problems confronting the small business manager. In particular, one author explains the nature of financial markets as they affect small businesses, paying close attention to the subtle differences in the workings of these markets vis-à-vis small and large businesses. Secondly, two articles deal with the important topic of research and development in small firms. Both these articles discuss the important contributions which small businesses have made to innovation and the corresponding problems that must be addressed if this effort is to continue.

Finally, in Part IV we conclude by looking at three unrelated but important issues facing the small business sector. One issue, the impact of the energy crisis, is examined in two articles. Here the authors discuss the negative impacts of current energy policies as well as contingency strategies to cope with energy shortages. Next, we explore the complex problems confronting minority business enterprises.
as a special sub-category within the small business community. We then look briefly at the difficulties in finding adequate sources of information about all facets of small business activities.

We hope that the reader will find this volume informative about the problems facing the small business sector and indicative of appropriate policy options for resolving these problems. The editors wish to express their gratitude to others for their cooperation. First, to the authors, we extend our thanks for providing a solid effort within the rather restrictive time limits of the project. Secondly, Ms. Judith Eubank provided invaluable help as an editor. Finally, Mrs. Jane Yoder, the typist, was under the greatest stress in typing what had to be finished yesterday. Our thanks to all these people.