Rural Enterprise in Mexico: A Case of Necessity Diversification

Abstract

Purpose	This paper considers the challenges facing small rural businesses in Mexico in their efforts to be enterprising and sustainable when confronted with severe exogenous pressures. Extant literature on Farm diversification has a Developed economy focus - Pyysiäinen et al (2006), McElwee, 2008; McElwee and Smith, (2013), but relatively little has been published in developing economies.
Design/methodology/approach	This paper considers diversification activities of Mexican Farmers. It uses a case study of a specific project designed to increase the entrepreneurial capacity of farmers and data gathered from workshops with farmers other stakeholders to determine the barriers facing farmers and farm advisors from implementing successful diversified projects.
Findings	Farm businesses, particularly those located in drought prone regions have benefited from government sponsored support but this support needs to now be targeted to develop the entrepreneurial potential of individuals and collectives.
Research limitations/implications	Carried out in one region of Mexico only and thus the findings may not be transferable to other regions.
Practical implications	Recruitment of well qualified, honest farm advisors with entrepreneurial skills are necessary. Farmers need to be given additional training and support to develop both technological and entrepreneurial skills in order to successfully diversify
Social implications	Encouraging and supporting rural enterprise in Mexico helps to provide opportunities for regions to be economically and socially sustainable.
What is original/value of paper	A first attempt to look at farmers diversification strategies using an entrepreneurial framework

Key Words

Farm Diversification; Mexican Farmers, Rural Mexico, Farm Entrepreneurship

Introduction

In Mexico, the political economy of farm management has been influenced by the structural adjustment policies (SAPs) initiated in the mid-1980s. SAPS were introduced across South America with the vision of encouraging entrepreneurship and greater commercialisation and restricting barriers to international trade. These policies changed the way in which rural business in the food production sector viewed their entrepreneurial capability; (Rudel, 2007, Schmook and Vance 2009; Díaz-Pichardo, R et al 2012). Gravel (2007.26) argues that '*in the new Mexican rural economy, unfavorable market conditions for agricultural products and the lack of support to small-scale productive activities act as incentives to cease operations and leave for the city*'. Gravel blames Mexican rural socio-economic marginalization for creating a differentiated access to productive resources. In addition Humphries (1990) discusses the thesis of agricultural development initiated by peasant 'embourgeoisement' via petty entrepreneurship. Indeed, peasant entrepreneurship is a recognised dynamic role in the agricultural sector van der Ploeg, J.D (2009). Nevertheless, in a Mexican context, the concept of the 'Entrepreneurial Farmer' (McElwee, 2006) or indeed even 'Empressario' has yet to take root.

Although several studies have investigated the economic effects of particular policies associated with structural adjustment on Latin America's farming sector (Nadkami & Vedini, 1996; Silva-Ochoa, 2009; Milman & Scott, 2010), there has been limited research on the implications for farmers themselves.

Rural communities and economies in Mexico face unprecedented social and economic challenges and opportunities with Small Farmers at particular risk. Understanding which factors contribute to farm sustainability is often rooted in 'hard' and ostensibly quantitative performance indicators. National, regional or sub-regional measures of performance are used to indicate the socio-economic health and prosperity of a region or sub-region. Yet, little work has been undertaken to determine what makes some farmers more enterprising than others and indeed what barriers face farmers when they choose to diversify[1]. There is widespread agreement that farmers and food producers need access to agricultural market places in order to increase productivity and this is particularly the case in rural Mexico where access to international markets for example is particularly difficult.

Market opportunities for Smaller farmers in Mexico are however restricted. Not only are they remote from urban centres, they have high input costs, lower output prices,

[1]In an earlier work we defined diversification as 'a strategically systemic planned movement away from core activities of the business, as a consequence of external pressures, in an effort to remain in and grow the business' (McElwee, 2006.26). Note that this definition is not an attempt to exclude activities such as on farm diversification but it does exclude off-farm work or employment.

reduced number of buyers for their produce and as we shall see traditionally little access to business support services. This paper is an attempt to address this gap, by providing a case study of one particular Farm Support project in Mexico and consequently, do not make claims for a generalisation of our findings to all Mexican Rural farm businesses.

This paper explores the views and observations of rural actors: policy makers, farm advisors and food producers about their experiences of the government funded *Promotion for the Business Organization of Irrigation Units* (PROEUR) and how individual irrigation units have responded to and will continue to respond to on-going and emergent challenges. (PROEUR), is a component of the "Modernization and Technification Program of Irrigation Units", under the responsibility of the Management of Irrigation Units from the National Water Commission, CONAGUA. The initiative for the Program started with a pilot test ran from 2008 to 2010, in which 87 irrigation units[2] participated. From January 1st 2011 the initiative has been part of the National program "Modernization and Technification of Irrigation Units". PROEUR (Entrepreneurial Promotion in Irrigation Units), is a pilot project funded by the Mexican government through the National Water Commission (NWC) in order create interest in the sustainable development of agriculture.

[2] An irrigation unit is a collective of small farmers the success of which is dependent on water supplied from alternative water energy supply.

Farmers in irrigation units are organised for three reasons: to share experiences and work together for economic success; to manage water a preserve and modernise their irrigation infrastructures, and to work towards sustainable futures for their collectives and local infrastructure. NWC officials identify those farmers with the potential to make the most of PROEUR. An advisor is then assigned to the irrigation unit with the task of carrying out a diagnostic (in March), preparing an intervention plan (in April) and executing it during the first year (from May to December). Advisors are selected because of their experience in entrepreneurial and organisational business support skills: prior experience in the food production sector is not a prerequisite.. Advisors are appointed if they pass an intensive training session.

An array of one or more irrigation units, one advisor, and the official of the NWC comprise what is called "a project" in PROEUR. One advisor can have one or more projects. PROEUR began in 2008 with 41 organisations of irrigation users in 26 States of Mexico, the corresponding officials from the NWC, and 27 advisors. In 2010 PROEUR included 87 organisations of irrigation users in 30 States, the corresponding officials from the NWC and 50 advisors. At the end of 2012 there were 72 promoters, 101 projects in different stages and average 15 producers in each project. Rural businesses face very particular, social and economic issues and descriptions of how these issues affect rural sustainability are often rooted in 'hard' quantitative performance indicators.

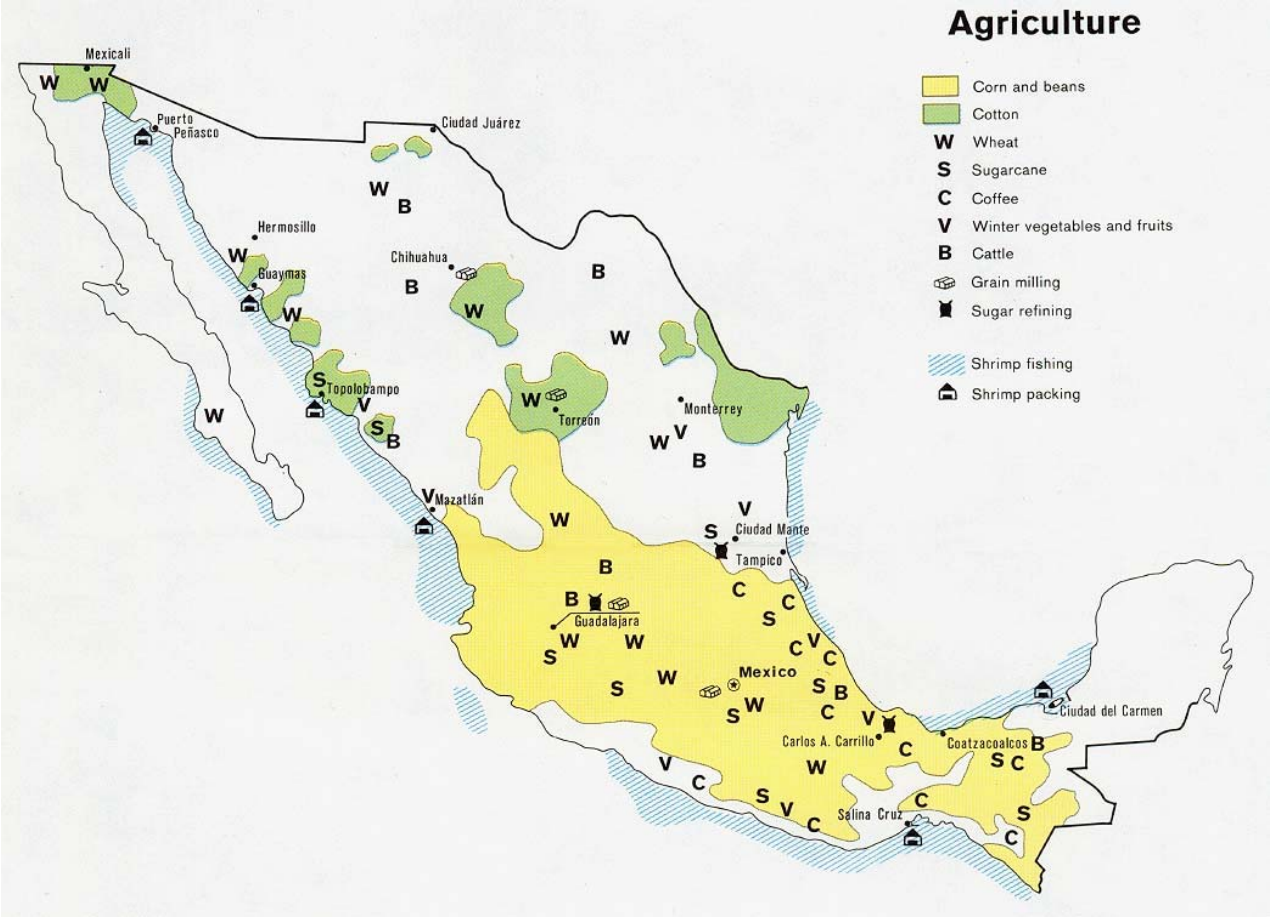
The remainder of the paper is structured as follows: We provide a broad context to rural Mexico and then discuss the problems facing farmers in Mexico who participated in the PROEUR Project. The concepts of animateur and rural entrepreneurship are introduced. We then define our terms, followed by a discussion of our methodological approach and a presentation of the key findings. We conclude by suggesting that a focus on innovation and provision of entrepreneurial support can stimulate greater levels of entrepreneurship in rural places.

Rural Mexico

Rural Mexico is changing. Today the composition of the rural economy increasingly mirrors that of economies in more urban areas with the manufacturing and service sectors providing the most jobs. The number of rural businesses is growing, rural employment is increasing and a rising proportion of Gross Valued Added (GVA) derives from rural activities. Rural areas host around 30% of Mexican businesses and it maybe suggested that unfulfilled potential from rural firms should amount to greater Gross Domestic Product (GDP) (OECD, 2011).

Rural Mexico has a significant role in the Mexican economy, but struggles with pockets of poverty, social exclusion, inaccessibility to high quality public services, and

an ageing population. Mexico has strong rural and urban interactions, with rural settlements dominated by villages of less than 200 people (OECD, 2011). Although the rural economy resembles the urban economy it has few higher order economic functions around sectors such as banking, health care, and further/higher education, small and medium size firms, lower formal education and skill levels in the workforce. Productivity is lower in rural areas, non R&D innovation is less well supported, agriculture is highly productive in some regions, but plays a minor role in the rural economy in terms of the number of people it employs (OECD, 2011).



Agriculture in Mexico Source: NationalMaster.com

Problems facing Mexican farmers

The notion of sustainable farm entrepreneurship is important because entrepreneurship, measured by indicators such as: new firm formation rates; the density of firms and Gross Value Added (GVA) has been correlated with economic prosperity and growth of regions. At a policy level in Mexico, there is broad consensus that enterprise generates economic growth and vitality within places and geographies and is fundamental to coping with and responding to broader changes in the organisation and dynamics of economic activity and interaction - yet tangible support for rural enterprise is missing.

Rural economies in Mexico are undergoing a huge culture change where people, in their everyday lives, in their homes, in their neighbourhoods, in their workplace do not always turn to officials, local authorities or central government for answers to the problems they face but instead feel empowered to help themselves and their own communities. Farmers, often without formal management training, realise that if they want to be successful they need to become more entrepreneurial in their diversification strategies in order for their businesses to be sustainable.

The CONAGUA program seeks to promote the strategic and responsible use of water resources in Irrigation Units through the promotion of effective business management by producers for their ventures; production models and of the hydro agricultural infrastructure by the Irrigation Users.

The need for this research has been highlighted by a number of factors but predominantly by projected central government cuts and the need to develop the entrepreneurial capacity of food producers in Mexico.

Aims and Objectives

The overall aim of the paper is to develop an understanding of how effective cooperation between various stakeholders: Producers (farmers), Promoters (farm advisors) and government agencies across Mexico can create an awareness of what the problems small farmers, who wish to become more sustainable and enterprising, face. The key aims of the project are to: to explore and provide an understanding of how these actors understand what is sustainable for them; to consider how rurality and remoteness impacts upon local perceptions of sustainability; to identify the specific factors that may be associated with, or inhibit, the development of enterprising producers.

Together these factors indicate a gap in the understanding of the relationship between initiatives such as PROEUR and local Food Producers skills', and point to the need for a refocusing on policy intervention.

The findings of this research will suggest how the most appropriate policy intervention to improve skills and productivity in rural and remote areas can be identified.

Literature

The role of animateurs

We define animateurs as those members of communities who, largely in either an honorary or voluntary capacity, have vision can spot opportunities, and through their networking capability can create change through the mobilisation of resources, physical or financial (Smith, 2012). They tend to be well respected members of communities and whilst acting entrepreneurially or not necessarily entrepreneurs (Annibal et al, 2014).

Studies of "bottom-up" approaches using animateurs have largely occurred in developing economies, for example in India (Mascarenhas; 2001) and in the Philippines, (Siebel and Torres, 1997; Siebel, 2001) where active participation has significantly contributed to changing local economies. Freidmann (1979) emphasized the need for "face-to-face" decision making process in his work.

The role of animateurs in knowledge transfer and learning within *regional* innovation clusters has been comprehensively researched by Morgan (1996, 1997), but the role of entrepreneurial animateurs in developing local sustainable communities has received limited attention.

Storper (1993) compared social relations and institutions at a regional level to show how economic actors developed collective identities, modes of interactions and participation in specific forms of innovation in France, Italy and the USA.

In rural Mexico, the PROEUR project through its work with small food producers i.e farmers has identified and supported such local animateurs.

Rural Entrepreneurship

In an EU research project involving ten cases drawn from five countries, North and Smallbone considered the kinds of new policies needed to stimulate rural entrepreneurship (2006: 41-59). They called for a more strategic and co-ordinated approach to building entrepreneurial capacity. Their findings reveal diverse and complex structures of programmes and policies, due to the different origins, histories, ideologies and cultures pertaining to enterprise policy.

Policies to stimulate enterprise in rural areas can originate from any level of governance, policy tools need to be appropriate to local circumstances, and those that work best have high levels of local involvement in project formulation and

implementation (North and Smallbone, 2006: 41-59). Policies should not only stimulate enterprise, but also facilitate diversification of farming and land based sectors, and overcome barriers to implementing new technologies. Policies should also be aimed at determining where sources of entrepreneurship will come from, for example young people, in-migrants or existing farm or land based activities. Local animateurs or serial entrepreneurs, who can stimulate local action groups, should be matched with infrastructure to support enterprise such as education and training opportunities to overcome some of the barriers (North and Smallbone, 2006: 41-59).

It is well articulated (Cox et al, 2010, CRC, 2008, 2010) that rural communities need to find solutions for local circumstances and policy makers need to harness the power and understanding of local communities to deliver their own tailored solutions to service delivery. Many local rural services are already innovating and working in partnership to address issues of common concern (Spedding, 2010).

In the UK, the theme of social disintegration and the effects on deprived or isolated communities was a focus for numerous welfare policies of by New Labour. Policy Action Teams were created in the late 1990s across a range of policy arenas, culminating in 2001 in the creation of the Social Exclusion Unit and Neighbourhood Renewal Unit in the Cabinet Office (Diamond and Liddle, 2005). Neighbourhood renewal, citizen empowerment, community cohesion and resilience were all key policy areas.

A number of specific endogenous and exogenous factors influence the potential strategic capability and activities within the rural village community. Endogenous factors comprise personal characteristics, 'soft' elements such as qualities and skills of enterprising individual, entrepreneurs and 'animateurs'. Exogenous factors, outside of the control of the individual village community, include 'hard' elements, or characteristics of the village itself, i.e. spatial organisation and environmental factors such as topography, access to labour markets, transport infrastructure etc.

Key Concepts and Definitions

The notion of a sustainable rural strategy for Mexico is important because entrepreneurship, as measured by indicators such as new firm formation rates, has been correlated with economic prosperity and growth (e.g. Gavron et al., 1998; Johnson and Conway, 1995; Keeble and Walker, 1994; Reynolds et al., 2000; Reynolds et al., 1994). At a policy level, there is broad consensus that enterprise generates economic growth and vitality within an economy, and is fundamental to coping with and responding to broader changes in the organisation and dynamics of economic activity and interaction (EC, 2003; OECD, 1998;).

Increasing the entrepreneurial capacity and capability of rural areas has been identified as a means of addressing economic development constraints and under-performance in rural areas (Laukkanen and Niittykangas, 2003, McElwee, 2010).

Drivers of a 'sustainable rural economy'

A number of drivers of development in a rural sub-regions and local economies have been identified and discussed in the literature. These are shown in Table 1 below

Drivers	**References**
Employment and skills	The Treasury (2001), Body *et al* (2005)
Investment	The Treasury (2001). Boddy *et al* (2005)
Innovation	The Treasury (2001)
Enterprise	The Treasury (2001),
Competition	The Treasury (2001)
Economic capital	(Falconer, 2000;) Agarwal *et al* (2004)
Human capital	(McElwee, 2005) Agarwal *et al* (2004)
Social capital	(McElwee, 2010). Agarwal *et al* (2004)
Cultural capital	Agarwal *et al* (2004)
Environmental capital	Agarwal *et al* (2004)
Mobility	(Maskell et al., 1998) Boddy *et al* (2005)
Travel time and peripherality	Boddy *et al* (2005)

Table 1 Drivers of rural success

The OECD (1996) suggests that less tangible factors are the reasons why rural areas with very similar characteristics, can exhibit differences in economic performance.

Barriers for rural businesses

This section identifies the barriers confronting rural businesses and the strategies that can be used in order to overcome these barriers. A barrier can be defined as a phenomenon - political, social, economic, technical or personal - that places a restriction, either permanently or temporarily, on the potential of the individual to develop the business (McElwee, 2004).

Specific potential barriers to the development of enterprise in rural communities include those shown in Table 2 below. Barriers will differ for different enterprises and sub-regions and Producers.

Barriers	References
Access to distribution channels	(McElwee, 2005)
Capital requirements of entry	(Gasson, 1988; Rantamäki-Lahtinen, 2002)
Economies of scale	(McElwee, 2005)
Geography and proximity to markets including Labour markets	(Maskell et al., 1998)
Skills/Education	
Inward Investment	OECD 1998
Lack of entrepreneurial spirit	(McElwee, 2010).
Legislation and Regulation	(Falconer, 2000; Poot et al., 2006), European Commission (1996) Atkinson and Hurstfield (2004).
Limited access to business support	(Lowe and Talbot, 2000; McElwee, 2006).
Poor management skills	(McElwee, 2005)
Position on the 'experience curve'	(McElwee, 2006)
Retaliation of existing businesses and Competition between firms and areas	
Security	European Commission (1996)
Travel time and Peripherality	(Maskell et al., 1998)

Table 2 Barriers to the development of the sustainable rural Producer

Methodology

The methodological approach

It is necessary to briefly discuss issues of methodology prior to presenting the mechanics of how the research was undertaken. The primary methodology used is that of the case study approach (Stake, 1995; Yin, 2002; Smith and McElwee, 2013). This approach is used in the spirit of being a serious research strategy or empirical inquiry investigating a phenomenon within a real-life context (Yin, 1981).

The case is based upon information-oriented sampling using direct ethnographic observation, conversation, anecdote and stories. Naturalistic observation is a technique used to collect behavioural data in real-life situations and works best when little is known of the matter under consideration. It is of note that although we have chosen to use this methodology we could have constructed other approaches, but less qualitatively rich, by administering questionnaires for example.

The choice of entrepreneurs was determined through local discussions with PROEUR about their view of food producers who would provide "typical" experiences – these were the animateurs who provided the entrepreneurial energy to create localised change often with limited or no formal management skill or training.

Gathering data for this research project involved a two - stage approach.

Research Stage 1. Pilot discussion

An initial discussion pilot workshop was undertaken in Mexico City. The participants were self-selecting and consisted of Promoters and government representatives. The purpose of this workshop was to develop an emergent agenda for the type of questions and issues which could be raised with the producers themselves

Research Stage 2 The practical Workshops

The purpose of the workshops was to gather a "narrative" of the stories and experiences of individuals ensured that responses were as free and open as possible. This method was deemed appropriate for organising a large volume of information that was constituted as intrinsically qualitative and was considered more practicable than quantitative analysis/modelling of indicator data.

The Process

A series of internal workshops occurred with interested stakeholders at three locations in Mexico in January 2013 over a three day period. The workshops occurred in first Mexico City, then in Morelia and finally in Taquiscuareo. The first workshop in Mexico

City primarily consisted of Promoters or Farm Business Advisers and government representatives from CONAGUA. Its purpose was to understand the key issues deemed important to these stakeholders.

The second meeting in Morelia consisted of 14 Promoters and 6 Producers. It was held in a meeting room. The third meeting was held in situ on a 10 hectare Strawberry producing farm in Taquiscuareo near La Piedad and Churitzio with farmers. The first two events were held in hired meeting rooms and the third occurred outside.

This unit is one of three similar production units in a cooperative of 3 farmers and their families. It is a recent diversification opportunity and unique in that it involves 3 farm families. This meeting consisted of 20 people mainly farmers and their partners and children. The third meeting was particularly interesting as it was an opportunity to understand how a successful cooperative worked. The three farm families, each running a successful 10 hectare production unit, had a clear division of labour employing a farm manager and up to 100 full time workers.

At these workshops the proposed approach was discussed and agreed. This section provides a discussion of the rationale for the methodological approach used.

The workshops

The approach we take is a "narrative" approach given that our concerns are looking at the stories and experiences of individuals in a relatively unstructured environment. We did this to ensure that our responses were as free and open as possible and that the respondents were able to feel relaxed and that their views would be considered valuable and useful. This method seems appropriate where the requirement is to organise a large volume of information from respondents: where so much of the information is intrinsically qualitative, narratives are more practicable than quantitative analysis/modelling of indicator data.

In January 2013 we ran a series of round table discussions with Food Producers and Promoters and other actors in Mexico. We split the participants into groups of 5 and asked them to respond to a number of questions. We explained in general terms what the research was about. A number of story lines and narratives emerged.

The workshop which occurred on the farm was particularly interesting, in that it was held on a working day in situ. The mood was particularly exciting as all of the respondents saw the event as an opportunity to engage in an impromptu planning session at the same time as providing answers to the posed questions.

Fig 1 “What do we need to do?”

All of the participants were animated and totally involved in the process. Not only was the workshop productive in terms of the data gathered, but new ideas emerged for other potential diversification opportunities. In many ways, this is an example of how the ‘context’ of research can be an important opportunity for entrepreneurial learning (Welter, F. 2011).

The overall research questions are simple. Firstly, how successful is PROEUR and why are some food producers more enterprising than others? Secondly, what lessons can be leant form these producers in pursuit of a sustainable rural strategy?

Unit of analysis The units of analysis are the Producer and the Promoters.

Approach

We asked three specific questions of respondents in each of the workshops.

- What is **not** working well?
- What **is** working well?
- What **could/should** be done to improve both in the short and long term?

Limitations

In general terms, the case study articulated in this paper is restricted to participants on the PROEUR programme, and consequently, the results are not generalizable to all Mexican rural farm businesses. There are two specific limitations of the approach taken. The first is that the results are derived from three workshops only. Clearly, the views of respondents in the sample may not be replicated elsewhere. However, the findings do tend to mirror wider empirical academic and policy research and from anecdotal evidence appear to be replicated in the experiences of Producers and Promoters elsewhere in the Project. The second limitation refers to the attendees themselves.

These respondents tend to have a well-defined view of their communities and are well networked. They tend to have the 'voice' of other more silent members of the communities from which they come from.

Findings

It is clear that the impact of the programme for producers is not necessarily in line with the rationale for the programme. The promoters seem to be assessing "what works" based on programme level issues rather than impacts in the field. These distinctions can be seen in the overall tabulated findings in Tables 4 and 5.[3]

For the producers, the positive outcomes seem to stem from networking and increased economic opportunities - profitability, technology, liquidity and access to international markets. This suggests that programme designers need to think more widely about how intervention might change behaviours or attitudes. In terms of animateurs, it also suggests that successful action stems from a collective focus - in this case irrigation schemes - that can draw people together and the skill of the promoters is to facilitate as wide a range of benefits from the resulting engagement as possible.

[3] All of the raw data can be obtained from the authors.

Farm businesses, particularly those located in drought prone regions have benefited from government sponsored support but this support needs to now be targeted to develop the entrepreneurial potential of individuals and collectives. Recruitment of well qualified, honest farm advisors with entrepreneurial skills is necessary. Farmers need to be given additional training and support to develop both technological and entrepreneurial skills.

The farm advisors are appointed and funded by PROEUR on three year contracts. Once appointed they are provided with initial training. They might be responsible for up to 30 individual farmers. Their role is to provide business advice and support and to indicate access routes to potential areas of development. As advisors their skills are variable and not all have a background in food production. Invariably, their experiences differ and consequently they may not always provide what the farmers need.

The farmers themselves are predominantly small scale producers with little experience of hi-technology and who own on average 5 acres. Their management and enterprise skills are limited. Initially there was a high degree of sceptism towards the PROEUR initiative but gradually the benefits to the farmers are beginning to be realised.

These farmers are labelled as irrigation users and are organised in irrigation units. Irrigation users in irrigation units share territory, face similar problems, and are organised in order to find solutions to their common problems, at least theoretically.

Initially these irrigation units were unable to improve productivity. Historically farmers work individually, hiring family members in order to pay lower wages and survive. They do not register any of their costs, productions volumes or sales, and, subsequently, or unaware of the profitability if their business. The most reliable indicators of success are the cash flow in their pockets and the physical capitalization of their farms.

In the main there is a great deal of support and recognition for the work of PROEUR which since 2010 has been extremely successful in beginning to develop an entrepreneurial culture amongst Food producers and indeed the Promoters (Farm Advisors). Inevitably some producers are more successful than others and some Promoters are more effective than others.

Producers highlight a range of successes ranging from better and more efficient use of technology, diversification, developing entrepreneurial skills, networking more effectively with other producers, expanding into new markets, developing their supply chains, reducing production costs, and collaborating with for business success with other producers.

Our findings have led us to be able to construct a clear segmentation of producers as suggested below in table 3.

Category A Economically sound and well-established High Level Entrepreneurial Skills	**Category B** Economically sound with affordable Borrowings Entrepreneurial Skills are well developed but need improvement
Category C Below benchmark performance, often with sizeable borrowings Aware of the need to develop entrepreneurial skills but need well-structured support	**Category D** Well below benchmark, over-borrowed, struggling to survive No awareness of entrepreneurial possibilities and hostile to change

Table 3 segmentation of Producers

It may be inferred that resources should be put into Categories A-C and remove any support from Category D.

What is NOT working well?	What is working well?	What could/should be done in the short and long term?
• Planning Cycles • Strategic Planning • Lack of Formal Feedback • Capability of Advisers and selection process • Bureaucratic Processes • Lack of Financial Support for Successful Producers • Limited involvement of government institutions	• Users' engagement in taking part of the project • the selection process of the Irrigation Units/ • the focus on entrepreneurial skills development • Strategic employment of water resources Forums, symposia, experience exchange • Development of entrepreneurial skills	**Short Term** Reinforce the knowledge community Experience exchange Attendance at specialized events for promoters Make the recruitment process more robust Long Term Standardization of PROEUR administrative and systems at a national level Celebration of success/failure using marketing cases Develop strategic planning models for farmers/producers Long term Protection of the program Multiannual contracts for producers Become a national policy Post-incubation/hatchery strategic alliance Promote the success of food producers as a solution for national food safety and security Recruit and train young people

Table 4 Results From Promoters

What is NOT working well?	*What is working well?*	*What could/should be done in the short and long term?*
Number of visits to producers Marketing of PROEUR New Market Penetration – particularly international markets. Lack of trust between govt agencies and producers and financing sources bureaucracy Lack of communication. Lack of initial knowledge for new crops. Lack of more dissemination of successful projects Lack of market options for vegetables, corn, sorghum and wheat Lack of added value for strawberry Technological demands are too many for certain products The low involvement of other producers The lack of trust between producers and promoters The efficient use of hydrological resource Experimenting with new ideas Sharing experiences of other users and other organizations.	The necessity to develop entrepreneurial skills Growing awareness of management issues such as: Scale economies coordination of the added value supply chain; reduction in production costs happened, Vision and expansion Businesses/company/entrepreneurs Low production costs "A clearly defined organogram exists the profile of each of the members. "From the beginning, objectives and goals were defined" "Everyone shares a similar view. Strategic planning meetings the decision making process is owned by the producers Knowledge exchange Young people are being introduced in the final project high profitability crops being identified, for both national and the export markets Food producers are open to sharing knowledge between themselves, The type of technology in production and market More liquidity Leadership, and better service Thinking out of the box	**Short term** ***Marketing*** ***Training*** ***Strategic Planning*** ***Finance Skills*** ***Entrepreneurial skills*** ***More effective communication strategies*** Technological Training "We need constant preparation, not only as an enterprise, but as individuals, too" "Identify persons that can perform certain roles within the cooperatives" More training in different environments, for instance; innovation

Table 5 Results from Producers

Potential Development areas

Institute Entrepreneurship Training Programmes for Producers with tangible outcomes; Key Skills; Marketing; Finance; Networking; Exporting; and Logistics. Producers need to network much more effectively now with commercial businesses who can share expertise, market knowledge and act as potential financial partners.

Discussion

The challenge in realising this potential is for national and local government to review how they think both about service provision and about rural community development. There is little evidence that services within local government are interpreted at the level of a community. Rather they are planned on a service by service basis with little consideration of the economic and social geography underpinning the places they relate to. This approach, which arises as a consequence of its simplicity and cost efficiency from a public service perspective, leaves individual communities with an ad hoc cocktail of services. It also leaves local people often feeling significantly isolated from the complex and often silo based processes by which their services are planned and delivered.

CONCLUSIONS

The importance of local context, in this case the production unit, to the emergence of specific values and norms in turn generates a particular, often normative, perspective on enterprise. Developing strong examinations of the role of the individual producer in terms of transfer of community knowledge and cooperation between producers is likely to generate greater insight into our understanding of rurality, and sustainability. Dana examines some of the factors which new entrepreneurs consider before making decisions. Like, the farmers in this study, 'where entrepreneurship is culturally desirable, people's values encourage venture creation' (1997.62). Thus following Dana, farmer's cultural values need to be fully understood.

- Understanding the concerns of Producers and rural settlements involves collating, listening and responding to the views of Producers
- Rural policy in Mexico cannot be about 'special pleading' as there is a new agenda around community values, equity and sustainability which will require new, more 'linked up' substantively and geographically evidence, and

Emerging thinking about the insights offered by the actors within the communities, the need to re-engineer the dialogue between communities and the state, suggests scope for one way forward. This would involve the following actions:

1) Considering the application of the concept of innovative clusters comprehensively in rural communities, as a tool to interpret their current level of capacity and enthusiasm around taking more responsibility for the delivery of services for themselves.
2) Using the application of the outcomes of this approach to support communities in thinking more actively about the key issues they wish to address at the local level and the challenges of tackling them.
3) Considering through the process of an enhanced and more local service planning approach, how this can be best achieved on a practical basis.

Recognising that there is potential for Producers development and learning to make this a long term sustainable process. This will only work if the producer development activities identified above are stretched to support the sharing and dissemination of community learning as well as initially fostering it. This paper has argued that there is a lack of explicit consideration in the literature of the role of entrepreneurship in developing a sustainable rural strategy. The importance of local context, in this case the food producer, to the emergence of specific values and norms in turn generates a particular, often normative, perspective on enterprise. .

Understanding the concerns of rural businesses involves collating, listening and responding to the views of producers and farm advisors. Writing rural policy requires a blend of appropriate *evidence* and convincing *narrative*, this can be obtained from the

approach to analysis suggested here and the experience of a range of policy practitioners in all locally relevant fields.

The findings of this research will assist policy makers in identifying the most appropriate policy intervention to improve skills and productivity in rural and remote areas of Mexico. The paper has emphasized the need for "face-to-face" decision making process.

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