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THE RELATIONSHIP OF PERSONAL AND FAMILY INFLUENCES TO FARMERS' EARNINGS

Prepared by G. A. Pond

Most studies of the factors affecting financial success in farming have dealt with farm organization and farm practices. Comparatively little attention has been given to the farmer himself who develops and directs the organization and determines the practices to be followed. During the past year, the University of Minnesota and the United States Department of Agriculture have been making a study of the farmer and the farm family to determine the influence of personal factors on farm earnings. This study covered a group of 172 dairy farmers in southeastern Minnesota who were cooperating in a farm management service project thru which records of their earnings were available. The data on personal factors were secured thru personal interviews and questionnaires.

Factors Influencing Success in Farming

A questionnaire listing 15 factors was mailed each cooperator and he was asked to list in order of their importance the ten most responsible for his success. Seventy-four usable replies were obtained. The ten factors most frequently named in order of the importance ascribed to them by these farmers were "farm experience", "wife's cooperation", "ambition to succeed", "liking for farm work", "getting work done on time", "hard work", "county agent's help", "production management", "farm papers", and "father having been a good farmer". Further study was then made to determine as far as possible the accuracy of the farmers' judgment. Some of the factors do not lend themselves to objective measurement. Farm experience, the factor given first place, is undoubtedly a factor essential to success but few of these men were handicapped by lack of experience. At least two of these factors were substantiated by further analysis.

"Wife's Cooperation"

No exact measure of wife's cooperation is possible but the field man and other acquainted with these families picked out 20 in which the best cooperation was evident and 20 in which there seemed to be the least cooperation. The first group of farmers had average labor earnings of \$2550, the latter \$1678. The average earnings for the entire group was \$1865. This seems to bear out the farmers judgment.

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### "Liking for Farm Work"

The farmers were divided into four groups according to their reasons for engaging in farming. Those taking up farming from personal preference had average earnings of \$2053 as compared with earnings of \$1960 for those who engaged in farming because it was the only work for which they were trained, \$1939 for those farming because of their health, and \$1386 for those farming because they had inherited a farm. A dislike for a job handicaps one in its performance. Those farmers disliking the poultry business obtained 25 per cent less eggs per hen and less than one-half as large a return over feed per hen as those having no dislike for poultry. Farmers disliking hogs received a return of only \$1.61 per 100 pounds of hogs produced as compared with \$2.98 received by those who had no such prejudices. Farmers disliking dairy cows received ten dollars less return over feed per cow than the others who had no such dislike. Apparently the liking for farming is an important factor in financial success.

Some factors such as "help of children" and "school training" were listed in the questionnaire but did not rank in the first ten according to the farmers' judgment.

### "Children's Help"

The farmer's opinion that the "children's help" was not a major factor in their success is borne out by further study. There was no significant difference in the earnings of those farmers who had children old enough to do some farm work as compared with those who had no children or at least none old enough to work. The average labor earnings of farmers having one or more grown sons at home was \$1769 as compared with \$1892 for those not having such help. Even tho their farms were 13 per cent larger, their earnings were less. Either it requires more skill to use family labor to best advantage or there is a tendency to avoid working it to its full capacity. Possibly the farmer relaxes somewhat himself when he has children old enough to help him.

### "Schooling"

The farmers with a farm school training or the equivalent had average labor earnings of \$2230 as compared with \$1802 for those with no specialized agricultural training. There was no significant difference between the earnings of those receiving high school training and the group who attended only grade school.

### Technical Agricultural Information

Each of these farmers was asked 50 technical agricultural questions. These questions covered facts commonly discussed in farm papers and by agricultural extension workers. The following tabulation shows a grouping of the men according to the rating of their answers together with their earnings and ages by groups.

<u>Score</u>	<u>Number of Men</u>	<u>Average Labor Earnings</u>	<u>Age of Men</u>
Under 60	18	\$1392	42.0
60 - 69	23	1649	48.1
70 - 79	44	1737	41.5
80 - 89	52	2028	38.6
90 - 99	20	2399	37.4

Apparently this technical agricultural information is an aid in attaining financial success in farming. This is in accord with the relationship between technical agricultural training and earnings shown in the previous paragraph. Whether this information is attained thru formal schooling or thru reading agricultural literature and attending agricultural extension meetings, it has an important influence on earnings. It is impossible to say to what extent this information is directly useful and to what extent its possession merely indicates a more alert mind.

#### Effect of Age on Earnings

The data in the previous paragraph indicate a slight influence of age on the score made in the agricultural information test. The following figures show the earnings according to age groups.

<u>Age</u>	<u>Labor Earnings</u>	<u>Age</u>	<u>Labor Earnings</u>	<u>Age</u>	<u>Labor Earnings</u>
Under 30 yrs.	\$1306	40 - 44	\$1953	55 - 59	\$1542
30 - 34	1953	45 - 49	1892	60 - 64	1414
35 - 39	2136	50 - 54	1956	65 & over	1365

Apparently the likelihood of high earnings is greater between the ages of 30 and 55. The younger men may be lacking in experience and possibly in capital. The older men are probably a little slower in picking up new ideas. They may also have accumulated sufficient property in their earlier years so that they do not need to work as hard as formerly. Probably many are not physically able to accomplish as much as younger men.

#### Financial Start in Life

It is commonly assumed that the farmer who inherits considerable property has an advantage over the man whose holdings represent only savings out of his own earnings. Sixty-nine of this group of farmers inherited some of their property. Their average labor earnings were \$1662 as compared with average earnings of \$2013 secured by those not inheriting property. The latter group was three years younger and had slightly smaller farms and yet their earnings were materially higher. Fifty-one of the men interviewed were operating farms formerly operated by their fathers. They had average earnings of \$1841. Thirty men of the same age on farms gained otherwise had average earnings of \$2139. Of the farmers who were handicapped for lack of capital during the past five years, 42.2 per cent had inherited property while of those who were not so handicapped only 40.6 had inherited property. The spur of necessity coupled with ambition and intelligent application more than offsets any advantage of inheritance.

The results of this study emphasize the importance of personal and family influences as factors affecting farmers' earnings. This should be especially encouraging to the ambitious young man starting farming with limited material resources. In spite of the many uncontrollable hazards of farming, the intelligence, ambition, judgment, and technical information of the farm operator together with his liking for his job have an important bearing on the degree of financial success he enjoys.