Intergenerational transfers of farm property: The development and testing of an instrument to measure values and goals

by

Jacqueline D. Wasney

A Thesis presented to the University of Manitoba
in partial fulfillment of the
requirements for the degree of
Master of Science
in
Family Studies

Winnipeg, Manitoba, 1992

ISBN 0-315-77792-3

Intergenerational transfers of farm property: The development and testing of an instrument to measure values and goals

by

Jacqueline D. Wasney

A thesis submitted to the Faculty of Graduate Studies of the University of Manitoba in partial fulfillment of the requirements of the degree of

MASTER of SCIENCE

I hereby declare that I am the sole author of this thesis.

I authorize the University of Manitoba to lend this thesis to other institutions or individuals for the purpose of scholarly research.

Jacqueline D. Wasney

I further authorize the University of Manitoba to reproduce this thesis by photocopying or by other means, in total or in part, at the request of other institutions or individuals for the purpose of scholarly research.

Jacqueline D. Wasney

Abstract

The main objective of this study was to develop a questionnaire to be used by farm families in estate planning. The role of economic theory in explaining the decisions that farm families make in estate planning and for farm transfers was examined. The existence of a model to explain the relationship between values, demographic characteristics, and the goals of farm transfer decisions was also explored.

The sample consisted of participants from the Farm Challenges '89 Home Study Course offered by the Manitoba Department of Agriculture. The questionnaire used in this study included a values test, a section for rating 34 questions that pertained to specific issues in farm transfers and a section for ranking five important farm transfer goals. A total of 225 completed questionnaires was returned, 144 of which were from 72 couples.

Five farm transfer goals were clarified through the use of the questionnaire. In addition, the values that were identified as most important to the group of respondents were the same as those identified in other research. The results also provided insight into the economic theory that has been postulated to explain family property transfers. Support for the existence of a model to explain the transfer decisions that are made by farm families was limited; however, suggestions for the further development of a model in future research were discussed.

Of most importance, the results of this study will aid in the further development of the questionnaire for use in the field. It is planned that the questionnaire will be used in farm estate planning workshops, and will be adapted for computer use. In its present form, the questionnaire has been included in the estate planning materials of the Departments of Agriculture in Manitoba and Saskatchewan.

Acknowledgements

I would like to thank my committee members Dr. Carol Harvey and Dr. Irwin Lipnowski for their support of this project and their patience in its completion.

I would like to express my deepest appreciation to my advisor Dr. Ruth Berry without whose endless patience and guidance this thesis would not have been what it is.

I would like to acknowledge the assistance of Robert Balshaw and especially Dennis Murphy of the Statistical Advisory Service.

I would also like to thank the members of the Home Economics Section of the Department of Agriculture for their assistance with the development of the questionnaire and the Department of Agriculture for granting me permission to use the Home Study '89 mailing list. I would like to acknowledge especially the contributions of Donna Hastings. I am grateful for having been given the opportunity to work with Donna throughout the course of this project.

I am also grateful for the support given to me from my family members and my friends in the grad room. I would like to acknowledge my parents Stephie and Walter Wasney and especially my sister Cynthia Wasney. Thank you Cindy for the conversation and the laughter. I would also like to thank Linda and Bill Meads for providing me with many practical examples of family farm management.

Last, but not least, I would like to thank my husband Jeff Allston for the tremendous amount of support he has given me. Thank you Jeff for the many hours of assistance with the preparation of this document and especially for your patience.

This thesis is dedicated to the memory of

Joseph Burek

Table of Contents

List of Tables

List of Figures

Introduction

The 1990's will be a challenging period for farm families. Changes in world economic conditions as well as the changing nature of farm businesses have added to the complexity of modern day farm management. Managers of farm businesses must have the skills and financial foundation required to accommodate the dynamic nature of the agricultural sector. Huffman (1988) supports this idea by stating, "Farmers and agribusiness can expect to continue to need skills to process information and to operate in a dynamic agricultural environment" (p. 500). Farming can be an especially difficult profession for new farm managers. Assistance from family members, either in the form of financial capital, human capital, or physical labour, plays an important part in the young farm manager's ability to become established in farming. The farm business may need to support parents in retirement and a new way of life for one or more children.

In January, 1990, a meeting was held with the Family Living specialist in the Home Economics Section, Manitoba Department of Agriculture. This home economist had been working with farm families in the area of estate planning and was interested in developing a Forced Choice Values Test that could be used in estate planning workshops. Staff members of the Home Economics Section had noticed in previous workshops that many farm couples were having difficulty in making decisions for their own retirement and their farm's future. It was felt that before farm couples could determine goals and then make actual financial and legal plans, they must be aware of their personal values. The need for a suitable instrument was the motivation for this study.

There are many issues involved in farm estate planning. Large amounts of capital are required for farming, and if, for example, the parents wish to transfer the farm so that the original family farm can continue to operate, how can they also address the needs of other children in the family or their needs for their own retirement? In particular, the method of transferring family property from parents to children can depend on such things as the retirement needs of the parents, the children's plans for the future (and whether or not they include farming), the desire for fairness or equity in the property transfer, as well as the role the retiring farm manager may wish to play in a continuing farm business. Conflict and stress can develop in farm family property transfers. Such things as emotional ties to the farm land, satisfaction with farm work and a rural lifestyle, and pride in the development of the farm business can complicate the transfer process. Personal or family conflict may arise, for example, when there is a desire for equity in the division of family property and a need to continue supporting the existing farm operation, or when one of the children is ready to assume the management position but the existing farm manager is reluctant to let go of his or her control. Farm managers may even feel some reluctance toward the idea of establishing a child in farming because of current economic uncertainties. A values test may be helpful at the first stage of estate planning to help families sort through the many issues so that they may then make decisions with regard to those issues that are most important to them.

According to Statistics Canada (1987b), approximately 33% of farm managers in Manitoba were in the age category of 55 years and older in 1986. In addition, the Census of Agriculture for Canada (Statistics Canada, 1987a) reported

that family operated farms accounted for 99% of the total number of Canadian farms and 95% of the total sales of agricultural products. These statistics suggest the number and immediacy of farm transfer decisions that are now being made or will soon be made by managers of family farms. The decisions that they make will influence the ease with which an established family farm business will continue to operate in future years especially if the land is divided among a few members of the family or if it is sold to someone outside of the immediate family. The questions that must be asked and the decisions that must be made in estate planning can be very complex.

Initially, attempts were made to find an existing forced choice values test that might be applicable to the needs of farm families doing estate planning. When no such instrument was found, some of the existing values tests were examined. Two of the major instruments are the LOV (List of Values) and VALS (Values and Lifestyles). An article by Kahle, Beatty and Homer (1986) compared these two Values tests and their usefulness in consumer market research. Kahle (1986) used VALS definitions for comparing different methods of dividing the United States and parts of southern Canada into segments or regions. Kahle included three variations of a general midwestern farming region, the Midwest, the West North Central, and the Breadbasket. Of interest was the fact that the region labelled the Breadbasket included the farming regions of Manitoba as well as those in some of the northern United States. Of interest as well was the finding that when a different definition of the agricultural region was used, the order of the values of importance varied only slightly. Using the LOV values, the three values of most importance for all three regional definitions were self respect, security, and warm relationships

with others. The other LOV values were being well respected, having fun and enjoyment in life, a sense of accomplishment, self fulfillment, and a sense of belonging. Based on this, it seemed possible that a group of people in an agricultural region could share common personal values that could be linked back to a family farm lifestyle. It might also be possible that a group of people with shared values of importance might express the importance of these values in different ways.

For this study, five broad estate planning goals were identified from the literature and from the feedback received from estate planning workshops. The estate planning goals included financial security in retirement, continuation of the family farm, good family relationships, financial assistance to nonfarming children, and financial assistance to farming children. There are also a number of issues that may characterize these goals and these goals are also highly interrelated. An instrument was designed to help respondents to think about some of these important estate planning issues. They might then be able to determine the issues that were most important to them, and then, in turn, establish the estate planning goal of greatest importance. Based on the VALS research as well as knowledge regarding the variety of issues that add to the complexity of estate planning, and family farm transfers in particular, it was important to include in the instrument a section for examining personal values as well as a section for examining specific issues related to farm transfers and estate planning.

In addition to the objective of developing an instrument for the Home Economics Section, the following objectives were also determined:

I. To reveal the nature of the relationship between the values of farm families and the farm transfer decision making process;

II. To compare the results of the goal category scores with the results of the goal ranking method;

III. To determine the significance of potential relationships between demographic characteristics and the goals of farm families used in making farm transfer decisions;

IV. To provide a partial test of Becker's (1976) human capital theory in the matter of farm intergenerational transfers.

There are a number of theories in the literature that, like values theory, provide some explanation as to why the parents in farm families might decide to transfer farm property to children or provide nonfarming children with other investments. The human capital theory, as proposed by Becker (1976), postulates that assets are retained to serve as a means of investing in the human capital potential of children. The intergenerational transfers of farming assets differ from the intergenerational transfers of other forms of family assets. There is a large amount of capital invested in many family farms, and it is often difficult to become established in farming without some assistance. In addition, the legal and tax implications of farm transfers and the fact that there is much money to be lost or gained depending on the manner in which the farm property is transferred also makes farm assets distinct. Finally, there are specific and unique skills required to

work and manage a particular farming operation. Based on these reasons, Becker's human capital theory was given attention in the study.

Many challenges are facing Manitoba farmers today. The intent of this study was to provide some practical and theoretical insight to one complex farm problem in light of the many difficulties that farmers face and which often originate from far outside of the immediate farming operation.

Review of Literature

This chapter includes a review of the literature in the areas of family property transfers, farm family business issues with respect to property transfers, and estate planning. Attention is also given to two popular values tests and the methods for implementing the tests.

Family Issues in Property Transfers

Manitoba farmers are an aging sector of the population as fewer young operators are entering the industry. According to the results of the 1986 Census of Agriculture for Manitoba (Statistics Canada, 1987b), 33.4% of farm operators were age 55 years or older in 1986 compared to 32.1% in 1976. The highest percentage of farm operators in 1986 was in the age category 55 - 59 years with 11.6% of the total number of farm operators. Further, based on the results of a survey examining the economic and noneconomic concerns of farm families, the Federal Department of Agriculture reported that intergenerational transfers received an importance rating of 87%, second only to environmental concerns which had an importance rating of 88% (Agriculture Canada, 1987). According to the results of the 1986 Census of Agriculture (Statistics Canada), family operated farms (composed of individual family holdings, all partnerships and incorporated family farms) accounted for 99% of the total number of farms. In addition, family operated farms had 95% of the total sales of agricultural products. Due to improved efficiency in productivity, "each Manitoba farm now feeds 250 people, five times as many as fifty years ago; and food prices have not increased as much as wages" (Manitoba Agriculture, 1991, p.4). This information suggest the importance of

intergenerational transfers to farm families and to those who work them, or who are affected by farm policy in some way.

According to Rosenblatt, de Mik, Anderson and Johnson (1985), a family business can be a valuable financial asset, a symbol of the success and accomplishments of the family and a showcase for the hard work of the family's members. The human side of family property transfers is no less complex when the family business is a family farm; there may be even more complications. Titus, Rosenblatt and Anderson (1979) suggest that "few other parental occupations are likely to have so consistent and pervasive an influence on children", and further, "conflict may be more likely when there is an occupational implication for potential beneficiaries" (p.344). According to Laband and Lentz (1983), "youngsters receive more exposure to the parents' occupation when the workplace is connected, to some extent, with the home than otherwise" (p. 311). The current state of farming makes it difficult for members of younger generations to start new farm businesses, and thus the inheritance process may serve as "a vital entry point into farming for persons who are likely to be heavily socialized toward agriculture as a career" (Russell, Griffin, Scott Flinchbaugh, Martin, Atilano, 1985, p. 363).

Laband and Lentz (1983) tested the following hypotheses in their study of occupational inheritance in agriculture: (i) There is an important distinction between farming and other forms of family business (ii) The transfer of human capital from the father to the son and/or the early work experience of the son has implications for farm earnings. The authors suggested that "the farm-specific and soil-specific human capital is of far greater value than the firm-specific human capital in other proprietorships" (p. 312). Further, the acquisition of farm-specific human capital

may give the sons who follow their fathers into farming an advantage in terms of their earnings potential. They state, "Farm-specific knowledge . . . cannot be carried by the individual farmer from one farm to the next because it is comprised of knowledge about such things as how a particular plot of land responds to different weather conditions, the application of fertilizer, and other processes; it is soil-specific human capital" (p. 311). The results indicated that farmers were nine times more likely to have followed the occupations of their fathers than were other self-employed workers. In addition, follower farmers earned 110% more than the nonfollower farmers, based on the mean values of earnings. Laband and Lentz concluded that, "a strong case can be made for the argument that intergenerational family farming occurs, in part, by virtue of a relatively costless transfer of valuable human capital across generations" (p. 314).

Russell et al. (1985) identified coping strategies that were associated with managing the stress produced by the transfer of the family farm. Their data were analyzed separately for four groups of family members, fathers, mothers, sons who were to receive the farm and who were also living on the farm, and the sons' wives. Coping strategies were grouped into five categories including farm management, discussion, individual coping, use of professionals, and expression of anger. Farm management included aspects such as taking membership in farm organizations, specializing in a particular aspect of the farm operation, and purchasing nearby land. Discussion with family members included retirement needs, farm management, and the farm transfer. Individual coping included belief in God, involvement in activities off the farm, and keeping problems to oneself. Use of professionals included attending estate planning workshops, consulting

extension agents and taking membership in a farm management association. Finally, expression of anger included allowing oneself to become angry, and getting angry at the economy. Their results indicated that, of the various coping strategies, individual coping and discussion were reported to be used most by all four groups and were also considered to be the most helpful. In addition, "use of professionals" was the third most frequently reported coping style by fathers and mothers.

Keating and Munro (1989) investigated the process by which farmers exit from the farming business and explored the existence of a relationship between the older farmers' goals of family continuity of the farm business and their exit behaviours. Their results indicated the following sequence of exit from the farm business: First, they discontinued their farm work; second, they reduced livestock holdings; third, they reduced their participation in production management then marketing management and then financial management; fourth, they reduced land holdings and last, they reduced equipment holdings. The authors also reported that those farmers who expected their farm to remain in the family were significantly more likely to have decreased their involvement in the different areas of farm business, including farm work, production management, marketing management, and financial management, than those who did not expect the farm to remain in the family.

Of interest, as well, was the finding that farmers who expected the farm to stay in the family were no more likely than those who did not, to have sons as legal partners in the operation (Keating & Munro, 1989). The authors explained this result by suggesting that parents who are involved in helping their children acquire

land are doing so in ways other than transferring their own land holdings directly. The authors suggested that buy-sell agreements, help to sons in acquiring land of their own, and informal partnerships may be examples of the strategies used to include children in the farm operation. Further to this point, Salamon, Gengenbacher and Penas (1986) state that "family contributions of land, father/son partnerships, or early retirement are positive indicators of an underlying parental obligation and a goal to assure continuity" (p. 28). Keating and Munro also stated that for those involved in the implementation of programs for two-generation farm families, "a useful addition to such a program might be to have families evaluate their current patterns and look ahead to how they will deal with land and financial transfer decisions in the next phase of the exit process" (p. 218). According to Rosenblatt et al. (1985):

> Recommendations for a good succession process include counting daughters as possible successors, planning the succession process (in a planning process that involves all family members who may be concerned), giving a potential successor latitude to choose not to be a successor, giving a potential successor appropriate education and opportunity to learn on the job, and educating the chief officer who will be stepping down in how to support the succession process, how to deal with tensions and dissatisfactions that may arise as a result of hard choices he or she has made about succession, and how to prepare for a life of rather different activity and involvements (p. 195).

These recommendations were based on the authors' research on the succession and inheritance process in family businesses.

Testamentary Behaviour

Salamon et al. (1986) investigated the effect of cultural factors on the intergenerational transfers of family land and farm operations using data collected from residents of communities in east central Illinois, using subjects that represented Swedish or "Yankee" ethnic origin. Ethnic context for a father-son succession pattern in Swedish families tended to be divided on the issue of continuity of the farming operation. For example, mothers tended to not encourage their sons to farm, while fathers encouraged their sons and committed capital and labor to help their sons enter farming. The inheritance system tended to generate sibling conflict because the child that was the heir to the farm was expected to pay off any of the other children in the family. According to Salamon et al., "sons farming with fathers express a sense of foreboding regarding their anticipated off-farm siblings" (p.26). The authors also stated that the fathers continued to work on the farm for the remainder of their lives, making it difficult for the son to assume operational control.

"Yankee" parents differed from Swedish parents in that they viewed the farm operation as a joint accomplishment and did not readily encourage sons or offer incentives to enter farming (Salamon et al., 1986). The authors stated, "Parents complain that children expect to be given what took hard work to accumulate" (p. 27). A strong commitment to farm continuity was lacking among these families. The authors also reported that the cooperative relationships between sons and their fathers and sons and their siblings "were motivated by financial benefit rather than continuity commitment" (p.27).

Carroll and Salamon (1988) investigated the effects of German-Catholic farm and family values and the entrepreneurial priorities of "Yankees" on testamentary behaviour and the effect of testamentary behaviour on the farming community evolution in east central Illinois. In examining testamentary behaviour, the authors were interested in the extent to which family values, enacted through intergenerational land transfers, play a determining role in family farm survival and the extent to which inheritance and estate planning patterns affected enterprise continuity.

Three categories of estate planning were reported. These were planned equality, planned inequality, and equal by default (intestacy) were reported. The category equal by default represented the actions taken within Illinois law in the case of intestacy. In the post-1960 period examined, German testamentary behaviour had a higher proportion of planned equality than did "Yankee" testamentary behaviour (58% versus 38%), while "Yankee" testamentary behaviour had a higher proportion of planned inequality (25% versus 16%) and a higher proportion of intestacy (37% versus 26%). German estate planning usually meant an equal division of the parental estate with the following forms of division: The estate was divided into shares, with each heir given both cash and an undivided interest of family land; or the estate was divided into equal parcels, with each heir receiving a land parcel, equivalent cash, or a parcel of land plus cash. Equal division of parental estates in the "Yankee" community was often the result of intestacy. Based on these results, Carroll and Salamon stated that, "How families choose to transfer resources to the next generation is shown to be determined by goals and priorities derived from ethnocultural values" (p.219).

Collea and Amato (1986) examined the effects of three inheritance patterns on land tenure systems. The first, primogeniture, awarded all the land to the eldest son or the only son. In a case where a family was made up of daughters only, the eldest daughter received all the land. The second inheritance pattern divided the land equally among all sons. Again, in the case where the family was made up of daughters only, the eldest daughter received the land. Finally, the third inheritance pattern divided the land evenly among all the children in the family, regardless of sex.

Three initial land distributions were tested with each of the inheritance patterns in order to develop the simulation of the resulting land tenure systems. There was a total of 120,000 units of land for each of three land distribution patterns. In the first land distribution, each of 60 couples (formed from an initial population of 120 people) received 2,000 units of land. In the second distribution, 30 couples received 3,600 units of land, and the other 30 couples received only 400 units. Finally, in the third initial land distribution, 20 couples received 5,400 units, 20 other couples received 540 units, and the final 20 couples received only 60 units of land. The landholdings were traced for five generations. To move from one generation to the next, each family was assigned between 1 and 4 children with the probability of having 1, 2, 3, or 4 children being .3, .35, .25, or .1 respectively. The average number of children per family was defined as 2.15. New couples, and hence, new families, were then created from the children of the original families in the three initial classes. The results indicated that the three inheritance patterns in combination with the three initial land distributions yielded very different land allocations. Collea and Amato (1986) stated that, "Each inheritance pattern tended

to produce a specific parcel size distribution regardless of the initial situation" (p. 76). Primogeniture caused large parcels of land to be held by a small percentage of landholders and the parcel sizes remained fairly constant over the generations. The sons only inheritance distribution caused a wider range of parcel sizes, each a small percentage of the total landholdings. According to the authors, "Bilateral inheritance preserves or even creates a relatively equitable land distribution" (p.80). They concluded that, "The initial distribution of land is not a critical factor determining the final pattern of ownership," and "the deterioration of an equitable land distribution will occur more rapidly and more severely in the real world" (p.80).

Estate Planning

Farmers have a high degree of flexibility in disposing of their property. Goody (1976) cites Cole and Wolf's study of the southern Tyrol to provide a description of the "conflicting pulls" for any estate manager:

> He would like to see every daughter well married and every son with land enough to support a family. Then too, he would like to see the holding that he has maintained against the world for a lifetime remain essentially intact to provide a material basis for perpetuation of the family line. However, the meagre resources at his disposal are, more often than not, insufficient to fulfill both these goals. He must balance his desires to perpetuate his name against the future of his children (p. 5).

Lynn (1983) defines estate planning as "applying future interests, insurance, and taxation to the ordering of one's affairs, while keeping in mind the possibility of retirement and the certainty of death" (p.1). Allen (1985) suggests

that estate planning involves helping people preserve what they work for and helping people to share their estate with their families while they live and when they die.

Alberta Agriculture (1988) provides the following as the main objectives of farm estate planning: security of income during retirement, continuity of the farm family business, equitable distribution of the estate to the next generation, and the minimization of taxes and state settlement costs. There are six basic steps involved in estate planning including, making a review of the present financial situation, discussing plans with spouse and family members, developing a plan for retirement and the estate, choosing professional help, considering possible options, and updating the plan on a regular basis. The process of estate planning can generate a number of questions that are specific to a particular farm family. Establishing goals in estate planning can be difficult, and yet it is "by far the most important part of estate planning and something each family must establish on its own" (p. 701).

The Concept of Values

The conceptualization and definition of values forms a large part of the values research. For the purposes of this study, more attention was given in this review of literature to specific values tests and their implementation. Rescher's (1969) work in the areas of values theory and decision making will provide the direction for the definition of values used for this study. Rescher cites Smelser and Kluckhohn for the following definitions of the concept of values: "Values are the desirable end states which act as a guide to human endeavor or the most general statements of legitimate ends which guide social action" (p. 2); "A value is a conception, explicit or implicit, distinctive of an individual or characteristic of a

group, of the desirable which influences the selection from available means and ends of action" (p. 2). In addition, Posner and Munson (cited in Pitts and Woodside, 1984) state that, "Values consist of beliefs about what the individual considers right, fair, just or desirable; as such, values are used, for example, in comparison processes when people establish standards, judge issues, debate options, plan activities, reach decisions, resolve differences, change patterns, or exert influence" (p.16). Smelser's definition was used for this study. There is a common element among the three definitions in that values are considered to provide guidance in making suitable choices when the presenting situations are complicated by many underlying issues.

The Use of Personal Values in the Planning Process

The importance of personal values to decision making has been recognized in areas such as consumer decision-making (Pitts & Woodside, 1984) and work-related decision making (Ravlin & Meglino, 1987). This suggests a role for personal values clarification in the decision making processes involved in the transfer of family property.

Rescher (1969) suggested that decision making involves dealing with priorities, as well as the merits and demerits, advantages and disadvantages, and the costs and benefits of alternative courses of action. The author stated that:

> It is at the point of 'decision making' that values most emphatically enter into practical reasoning . . . Valuation is inevitable in situations of this sort, where at the point of decision a choice must be made among incompatible alternatives, since rational choice must not be random but guided by

consideration of comparative merit, considerations in which values must play a pivotal role (p. 45).

Further, Dichter (cited in Pitts and Woodside, p. 139) stated that, "The examination of values provides a more meaningful and interpretative analysis of the underlying motives that structure attitudes and behaviour". Greenwood (1969) suggested the following steps as comprising an approach to business planning and decision making:

1. Define the basic idea.
2. Establish goals and objectives.
3. Evaluate the ideas, goals, and objectives.
4. Project cash needs.
5. Identify sources of funds.
6. Write a business development plan.

According to Hastings (1990), the steps in the first stage of the farm transfer process include collecting data, asking critical questions, and presenting written recommendations. The step of collecting data includes reviewing the present situation, establishing net worth of the farm and the family, determining the current cost of living, determining how much money is needed for retirement, and developing goals for the farm and the family. Hastings suggests that before goal development can proceed, a farm couple must be familiar with their own personal values. A goal may be defined by many underlying issues which, in turn, may reflect an individual's intrinsic value preferences. Homer and Kahle (1988) state, "Values are both a powerful explanation of and influence on human behavior" (p. 638).

The Measurement of Personal Values

Rokeach laid the foundation for many of the values tests that are in use today. In this section, two popular tests are presented and the methods of implementing them are also reviewed.

Kahle, Beatty and Homer (1986) compared two methods of measuring consumer values, the List of Values (LOV) and Values and Life Style(VALS). VALS methodology attempts to classify people into one of nine life style groups, survivor, sustainer, belonger, emulator, achiever, I-am-me, experiential, societally conscious, and integrated. In comparison, LOV methodology attempts to classify people according to the following values: self-respect, security, warm relationships with others, sense of accomplishment, self-fulfillment, sense of belonging, being well-respected, fun and enjoyment in life, and excitement. The authors stated that, " [LOV] values can be used to classify people on Maslow's hierarchy , and they relate more closely to the values of life's major roles (i.e., marriage, parenting, work, leisure, daily consumption) than do the values in the Rokeach Value Survey" (p.406). The results indicated that the LOV methodology accounted for more of the variation in consumer behaviour trends than did the VALS methodology. Holman (1984), on the other hand, suggested that, while individuals are very diverse in their personal characteristics and lifestyle groupings, VALS methodology may be a better way of grouping large numbers of people than many other methods of conceptualizing group membership. In discussing the application of VALS methodology to the field of consumer behaviour, Holman stated that "the ability to speculate about behaviour not previously studied or about future trends are strong points in favor of VALS" (p. 53).

Reynolds and Jolly (1980) compared three methods of measuring personal values as defined by the Rokeach Value Survey. The rank method involved the subject's ranking of the values in order of perceived importance. The rate method involved the subject's rating of the items using a seven-point Likert rating scale measuring from 1, "not at all important" to 7, "extremely important". Finally, a paired comparisons method involved asking subjects to place a 1 or a 2 to correspond to the position of the item which they perceived to be more important. The authors compared the test reliability of the three methods and the results indicated that the Kendall measure was more appropriate and that, based on the Kendall measure, the rank method was significantly more reliable than the rate method and not significantly less reliable than the paired method. Reynolds and Jolly concluded that "in terms of test-retest reliability then, rank ordering does appear to be a desirable technique, even in comparison with a theoretically maximal technique [that is, the paired method]" (p.534).

Wilkening (1955) compared several methods for assessing farm family values. The methods used were demonstrated with five types of questions as follows: (1) Direct questions as to how much of certain items was desired. (2) Subjects were asked to choose between alternative uses of time and money. (3) Verbal ranking of five family goals was made. (4) Open-ended questions that pertained to family goals were used. (5) Questions on material possessions, family expenditures, social participation and education were used. Direct questioning was used only as a means of indicating the value of education for children. The results indicated that there was a high degree of association among the four verbal indices of family values, direct questioning, hypothetical situations, ranking of family

goals, and open-ended questions about family goals. In addition, with respect to the use of hypothetical situations, Wilkening stated, "Responses to hypothetical situations provide both reliable and valid indications of values. Their reliability and validity can be increased by extending the range and the number of situations presented" (p. 49). Further, the ranking of family goals may be a better indicator of specific value orientation while the response to open-ended questions is a better indicator of more general value orientations, and "the ranking of family goals is a valid indicator only for values of the same level of generality" (p.49). Finally, "behavioural indices provide reliable and valid measures of values when the behaviour is not highly influenced by situational factors" (p. 49).

Kahle (1986) measured the values of a probability sample of Americans and examined the relationship between the patterns of values selected and the hypotheses based on the Nine Nations of North America developed by Garreau. Kahle also examined the relationship between the values selected and the United States Bureau of the Census (BOC) regions and the quadrants of the United States. The measure of values involved asking respondents to select their most important value from a given list of values which included a sense of belonging, excitement, fun and enjoyment in life, warm relationships with others, self-fulfillment, being well-respected, a sense of accomplishment, security and self-respect. In this study only 0.2% of the subjects valued excitement; therefore, it was combined with the value fun and enjoyment in life. This method of values measurement has been called the List of Values or LOV methodology by Kahle, Beatty and Homer (1986). Kahle (1986) reported that value choices and the Nine Nations were not significantly related; however, the values did relate to the BOC regions. Within

Garreau's Nine Nations, the Nation referred to as the "Breadbasket" was defined as follows: "Well north of Winnipeg, west nearly to Denver, as far east as Indianapolis - it excludes midwestern cities such as Milwaukee, Chicago, and Cincinnati but includes most of the farmland in Illinois, Wisconsin, the Dakotas, Nebraska, and Oklahoma" (p. 38). The West North Central Region (contained in the BOC regions) had a similar location to the Breadbasket, and included the states of North Dakota, South Dakota, Minnesota, Nebraska, Kansas, Iowa, and Montana. Kahle reported that subjects in the Midwest (values distributed by the quadrants of the United States) and the West North Central region (values distributed by the BOC regions), selected the value "warm relationships with others" more often and the value "fun and enjoyment-excitement" less often than any other region. When the values were distributed by census regions, the value "warm relationships with others" was chosen most often as the most important value in the West North Central region (22%). When the values were distributed by quadrants of the United States (East, Midwest, South, and West), the value "security" was chosen most often as most important by subjects in the Midwest quadrant (22%).

Of interest as well, was the finding that the three values of most importance to respondents in the Midwest and the West North Central regions and in the Breadbasket of the Nine Nations were self-respect, security, and warm relationships with others. Kahle reported the following percentage distribution for these values, within the three regions. In the Breadbasket region, self-respect was chosen by 18% of the respondents, security by 20%, and warm relationships with others by 21%. In comparison, within the Midwest region, self-respect was

chosen by 19% of the respondents, security by 22%, and warm relationships with others by 18%. Finally, in the West North Central region, self-respect was chosen by 17% of the respondents, security by 21%, and warm relationships with others by 22%.

Theoretical Perspective

Examination of personal values, cultural background and ethnicity may provide some explanation for the decisions that are made in the estate transfer process, and hence, for the estate transfer goals that are favoured. In addition, Cheal (1988) has suggested the following five theories as sources of explanation for the patterns of decision making that occur in the process of intergenerational transfers: social exchange theory, the kin selection theory of altruism, human capital theory, social constructivist theory, and rational transfers theory.

Cheal (1988) cites Moore's reference to "serial service" to explain the general flow of resources in family transfers: "While transactions in pre-modern societies took the form of an intergenerational circulation of supports, in modern societies beneficiaries of support in one generation 'pass it on' to the next generation rather than 'passing it back'. Resources therefore flow continuously in one direction, from preceding to succeeding generations, and as a result parenthood becomes sacrificial" (p. 262). In a study of interfamily transfers to beginning and elderly families, Smith and Olson (1984) found support for the theory of "social reciprocity". The authors' results indicated that there was a significant difference ($p < .01$) in the total dollar value of the grants (in the form of money, goods, and services) received by the two groups. The total dollar value of the grants received by the beginning group was greater than the total dollar value of the grants received

by the elderly group. Similarly, based on the results of intergenerational research by Rosenthal, Marshall, and Synge (cited in Rosenthal, 1987), Rosenthal (1987) reported that "older people gave more child care, financial assistance and advice than they received" (p. 325). Of interest here is the social exchange theory, the social constructivist theory, and the human capital theory.

Blau (1967) distinguishes social exchange from a stricter economic exchange by stating that the two general functions of social exchange are "to establish bonds of friendship and to establish superordination over others" (p. 89). Social exchange "refers to social voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others" (p. 91). Of interest is the point that Blau raises in reference to the role of social norms in the exchange process: "Whereas conformity with internalized standards does not fall under the definition of exchange as presented, conformity to social pressures tends to entail indirect exchanges" (p.92). Cheal (1988) suggests that "from the exchange perspective, economic losses in gift transactions are likely to be identified as part of a larger system of reciprocities, in which flows of goods and money are balanced by reverse flows of personal services" (p. 263). A flow of gratitude and compliance from benefactors may help to settle imbalances in the exchange process (Blau, 1967). Further to this, Cheal suggests that differences in the importance of kin relationships held between two generations may explain imbalances in gift giving and may suggest the role of serial flow in making family contacts more rewarding.

The social constructivist theory, as discussed by Cheal (1988), suggests that "individuals compare the well-being of the self with that of significant others;"

and further, "concern with the self as a system of action is progressively assimilated into a broader concern with the nature of relationships between the self and others" (p. 268). The social constructivist theory provides a base for discussing life course events and in particular provides insight into the differences between the generations and the reasons for intergenerational transfers of property. The social constructivist theory is based on the theories of symbolic interaction and phenomenology. Porter (1987) states that, "central to symbolic interactionism is the idea that people continuously interpret and make meaning out of their experience, their own and others'. Their interpretations are anchored in actual situations of social interaction" (p. 52). According to Cheal, experiential meanings change over the life course so that "among adults, and especially among elderly adults, meanings tend to be derived from a more passive involvement with objects that define the boundaries of the self" (p. 268).

Becker (1976) uses an economic approach to analyze human behaviour. In particular, a theoretical framework based on the concept of the personal utility function is used to analyze social interactions including family activities. Hirshleifer (1984) provides the following as a definition of utility: "Utility is the variable whose relative magnitude indicates direction of preference. In finding the most preferred position, the individual maximizes utility" (p. 61). Becker states that, "Since the head maximizes his utility subject to his budget constraint, anything that increased family income would [ceteris paribus] increase his utility. Therefore, the head would consider the effect on total family income of his different actions, and would forfeit own income if the incomes of other family members were increased even more" (p. 267). Becker's theory of social interactions also provides

a theoretical base for analysing family property transfers: "Although children usually eventually set up their own households and fully control their own incomes, the head would guide and help finance their investments in education and other human capital to maximize the present value of the real income yielded by these investments" (p. 267). The utility function of parents depends on the utility or welfare of children: $U_t = V[Z_t, \psi(U_{t+1})]$ where Z_t is the parents' own consumption and $\frac{d\psi}{dU_{t+1}} > 0$. This utility function is part of the mathematical interpretation of Becker's (1981) intergenerational mobility theory whose principles are similar to those of the human capital theory: "The analysis incorporates the human capital approach to inequality in that parents maximize their utility by choosing optimal investments in the human and nonhuman capital of children and other members" (p. 136). Investing in the human capital of farming children can include the devotion of time to the development of farm management skills, and transferring farm assets to them. Through these investments they may maintain and develop the farm business for the sake of all family members.

Economic theory also provides an explanation and definition of altruism. According to Becker (1976), an altruist *h* would raise his or her own utility, subject to his or her family budget constraint, but would also raise the utility of a benefactor *w* through his or her transfers to *w*. Becker states that, "An altruist is willing to reduce his own consumption in order to increase the consumption of others" (p. 284). The economic approach is based on the assumption that all behaviour results from the maximization of utility functions that depend on different commodities.

The following equations are the utility functions for an altruist:

$U^h = U^h(X_h, X_i)$ (for a single aggregate of market goods and services) and

$U^h = U^h \{X_{h_1}, \ldots, X_{h_m}, g(X_{i_1}, \ldots, X_{i_m})\}$ (for many market goods and services).

X_h and X_i are the own consumptions of *h* and *i* respectively.

Further, $pX_h + h_i = I_h$ (h_i is the dollar amount transferred to i, and I_h is h's own income) and $pX_i = I_i + h_i$;

therefore, $pX_i - h_i = I_i$ and $I_h + I_i = pX_h + h_i + pX_i - h_i$.

$I_h + I_i = pX_h + pX_i = S_h$ where S_h is h's "social income". Finally, the equilibrium condition for maximizing the utility function subject to the social income constraint given above is $\frac{\partial U^h/\partial X_h}{\partial U^h/\partial X_i} = \frac{MU_h}{MU_i} = \frac{p}{p} = 1$. Becker explains this equation by pointing out that "*h* would transfer just enough resources to *i* so that h would receive the same utility from increments to his own or to *i*'s consumption; *h* would suffer the same loss in utility from a small change in his own or *i*'s consumption" (p. 285). Hammond (1975) states that:

> It is evident that altruism can be invoked to explain any charitable behaviour we may observe. But it is not quite obvious that altruism must be invoked to explain all charitable behaviour. May not a person be charitable because he believes that his present charity increases the likelihood that charity will also occur in the future, when the person may himself be in need? (p.116).

With respect to farming operation transfer decisions, Salamon and Lockhart (1980) state that, "the transfer process takes time and a landowner has the option to

withdraw at any point. Consequently during this period a child must appear worthy of owning the land" (p. 328).

Manitoba Agriculture (1989) suggests that, "many farmers have contemplated farm transfers without realizing that legal requirements and income tax rules could create a substantial tax liability - one that could undo the original intent of the family's farm plan" (p. 1). The types of property with which farmers deal include capital property, such as land, buildings and equipment; shares in a family farm corporation; interest in a family farm partnership; depreciable capital property, including buildings and equipment; eligible capital property, including production quotas; principal residence (home plus one acre of land); and inventory assets, livestock, grain and supplies, and accounts receivable. There are tax gains and liabilities associated with the disposition of the different types of property. It is important, therefore, that the potential income tax liability that could arise if farm assets were sold or were "deemed sold" by Revenue Canada is determined (Manitoba Agriculture, 1989). There are also several types of farm business arrangements such as partnerships, corporations and spousal trusts, trusts for minor children, and family trusts, which allow for the control of, and income from, the farm to be spread among several family members (Clarke, 1988). Similarly, there are disadvantages and advantages to each type of arrangement. The information presented here suggests that the transfer of farm property is more complex than the transfer of other types of family property. It is important to consider this point when analysing the transfer process of a farm estate.

Becker's (1976) economic approach to the analysis of family activities may be appropriate for analyzing family farm property transfers and farm estate planning

decisions. Becker's theory may provide a base on which to explain some of the decision processes that are unique to farm family businesses. For example, it may be evident that decisions are made not only in the interest of family relationships, but are also made to improve overall financial viability for the entire family. According to the Statistics Canada (1987b), the average debt per farm was equal to $71,603 in 1986, an increase of $19,334, or 37%, from 1981. Young farmers often have to assume much larger amounts of debt and this is presently being done in the face of much uncertainty in farm policy development.

Unlike other family assets, the viability of farm assets can change depending on the manner in which they are reinvested, sold, or transferred. The continuation of the family farm may mean that parents have to forego some retirement income or that some children may have to receive less in the way of financial assets so that other children can try to maintain the family farm business. On the other hand, the continuation of the family farm may not be an underlying factor in the transfer decisions. The overall financial well being of the family will instead be the base for the decisions that are made.

Declining values of farm land and farm commodities may suggest to the family members and the farm manager that leaving farming may be the most rational financial decision. In order for the succession process to ensure a satisfactory retirement income for parents, children may have to assume large amounts of debt. Unlike other family businesses, farm businesses generally rely on family members alone for their continuation. Nonfarm family businesses may have nonfamily members who have been educated in the general characteristics and operating techniques of the family business so that the business can continue to operate,

providing financial support and a means of investment for the present and future generations.

The financial goals of estate planning with respect to a farm business include continuation of the existing farm business, a financially secure retirement, and financial assistance to children. With respect to Becker's (1976) economic approach to intergenerational transfer decisions, farm managers would base their asset transfer decisions on the best interest of the family apart from other influences. According to Becker (1981):

> Parents maximize their utility subject to their own income, the inherited endowments of children, and any anticipated market luck of children. The optimal investment in children depends on the propensity to invest in children ... this propensity is positively related to the fraction of family income spent on children, rates of return on investments in children, and the degree of assortative mating; it is negatively related to the growth in income (p. 164).

It was earlier suggested that such things as emotional ties to farm land or to a rural lifestyle may complicate the transfer decisions. These issues are usually a part of the goal of continuation of the family farm. Becker's (1976) theory provides a purely economic analysis of the farm transfer goals that are favoured; however, continuation of the family farm may not only be viewed as a means of optimizing the investment potential for the children and the entire family but may also be viewed as a means of maintaining history and fulfilling personal values. Quite simply, the transfer decisions should not be interrelated to continuation of the farm, if in fact continuation of the family farm is not viewed as a purely financial

goal itself, and if Becker's economic approach will help to explain the transfer decisions of farm families.

Hypotheses Tested

Based on the findings in the literature and the direction of the theory that was chosen, the following hypotheses were proposed:

1. The longer the farm has been in operation, the higher the investment in the farm where investment in the farm is determined from the score on the category Continuation of the Family Farm.

2. Wives will have significantly higher scores on the category Financial Assistance to Children than will their husbands. This hypothesis is based on the differences between husbands and wives in farm transfer decisions which were reported by Salamon, Gengenbacher, and Penas (1986).

3. Wives will have significantly higher scores on the category Financial Security in Retirement than will their husbands. The support for the direction of this hypothesis is similar to that in hypothesis 2 above.

4. A comparison between the value selected as the most important (the preferred value) and the scores on the five goal categories will not reveal any significant relationship between that value and the estate planning goals. The direction for this hypothesis is based on suggestions by Kahle (1986) that people in agricultural regions may hold similar values and that these values are connected to a family farming way of life. This hypothesis will fulfill objective I, a determination of the relationship between values and the goals of farm transfer decisions.

5. Subjects who score highly on the category Continuation of the Family Farm will also score highly on the category Financial Assistance to Farming Children. This

hypothesis will fulfill objective IV which is to provide a partial test of Becker's (1976) human capital theory.

6. A model predicting which of the five goal categories will be most likely to be selected by farm families, knowing their demographic and values data, will exist. This hypothesis will fulfill objective III, a determination of the significance of potential relationships between demographic characteristics and farm transfer goals.

Independent Measures

The independent variables identified included:

Family type - the total number of family members and the arrangement of family members within the given age categories. Families with one and two, three, four, or five members were further grouped based on the presence or absence of members over the age of fifty years. Families with six or more members were grouped together and defined as extended families for the data analyses.

Number of households - the number of individual households currently living on the farm property, where a household is defined as the group of people living in a particular house and sharing the activities of that house.

Farm type - the classification of a particular farm based on the size of the farm in acres and the total number of livestock. Farms were grouped as those having less than seven hundred acres and those having greater than or equal to seven hundred acres. These groups were divided as to those having twenty or fewer animals and those having more than twenty animals.

Farm ownership - the legal ownership arrangement of the farm. A sole owner, a co-operative, a husband and wife partnership, a parent and child

arrangement and a corporation were the legal arrangements used for this definition.

Farm operators - the person or persons involved with the daily operations and decisions of the farm. The operators were considered to include the respondent himself or herself, his or her spouse, family members, or nonfamily members.

Family farm - a farm that is legally owned by the respondent or members of the respondent's family.

Farming view - the respondents view of farming as being either a business or a way of life or both a business and a way of life.

Farm age - the age of the farming operation measured in years.

Ethnic - having identification with the practices and customs of a particular cultural group.

Further definitions were used for statistical analysis and are outlined in the section discussing results.

Values were measured with the questions in Part 1 of the Values and Goals Questionnaire that asked respondents to select their three most important values from a given list of eight values and then to select their one most important value from their list of three values. The definition of values used here is provided by Smelser (cited in Rescher, 1969): "Values are the desirable end states which act as a guide to human endeavor or the most general statements of legitimate ends which guide social action" (p. 2). The values used here are based on the following List of Values (LOV) discussed by Kahle (1986): self-respect, security, warm relationships with others, sense of accomplishment, self-fulfillment, being well-

respected, sense of belonging, and fun-enjoyment-excitement. For the purposes of face validity, the list was reviewed by three experts from the Home Economics Section of the Department of Agriculture and, using the experts' recommendations, the following list of values was included in the instrument:

Self respect - having proper esteem for oneself. Kahle (1986) suggests that, "to value self respect, it may be necessary to be satisfied with oneself and be in harmony with one's social and natural surroundings" (p. 40).

Warm relationships with others - maintaining close relationships with friends and family members is important.

Being well-respected - having the respect of one's family members and peers is important.

Fun and enjoyment in life/excitement - doing things in the interest of pleasure.

Security - financial security for oneself and one's spouse or partner is important.

Personal satisfaction - having positive feelings about one's own activities and experiences.

Sense of belonging - feeling of connectedness to family and community activities.

Feeling of accomplishment - feelings associated with positive developments in the course of one's daily life.

Dependent Measures

The dependent variable is the goal that the respondent reports as his or her most important goal, based on the scores obtained for each of the five goal categories. There are five goals that were reported to be important in family farm transfers including financial security in retirement, continuation of the family farm, good family relationships, financial assistance to nonfarming children, and financial

assistance to farming children. Initially, financial assistance to nonfarming children and financial assistance to farming children formed one goal category, but these were separated into two on the advice of members of the Home Economics Section. The importance of the five goals (financial security in retirement, continuation of the family farm, good family relationships, financial assistance to nonfarming children, and financial assistance to farming children) was measured in Part 3 of the questionnaire which asked respondents to rank the five goals in order of their importance to the respondent.

Method

Subjects

Subjects for this study were members of the group of 1567 participants registered in the Farm Planning '89 homestudy course offered by the Manitoba Department of Agriculture. This sample was used because the focus of the Farm Planning '89 course was Estate Planning and because the participants represented all of the farming regions in Manitoba including the Southwest, Central, Interlake, Eastern and Northwest regions. It was assumed that the subjects, selected from the list of course participants, had an interest in the topic of estate planning and the issue of farm property transfers because of their voluntary enrollment in Farm Planning '89.

There were 22 participants with out-of-province mailing addresses and 79 participants with Winnipeg mailing addresses. These participants were excluded from the list of subjects, leaving a total of 1466 possible subjects. A sample of 501 names was randomly drawn from the list of 1466 names, using a table generated from a random number computer program.

The names of the participants in the homestudy course were grouped by agricultural district and the districts were then grouped into regions. Table 1 shows the number of farms in Manitoba by region, compared to the participants in the homestudy course, excluding Winnipeg and out-of-province participants.

Table 1

Percentage Distributions of Farms by Agricultural Region

	1986 Census Results		1989 Homestudy Course	
Region	# of farms	%	# of participants	%
Central	7058	25.8	447	30.5
Southwest	7158	26.2	434	29.6
Northwest	5008	18.3	257	17.5
Interlake	4202	15.4	193	13.2
Eastern	3910	14.3	135	9.2
	27336	100.0	1466	100.0

The above results suggest that the 1986 Census and the 1989 Homestudy Course regional percentages were quite similar. In order to ensure the sample was representative of the percentage distribution of Manitoba farms, the group of subjects was stratified by region, using 1986 census percentages.

Procedure

The procedure followed in this study was based on the Dillman (1978) method. A letter of introduction, two copies of the questionnaire, and a return envelope that had been postage stamped and addressed with the University of Manitoba's Department of Family Studies mailing address, were mailed to the subjects' addresses in June, 1991. Each subject was asked, in the cover letter, to complete one questionnaire independently. If the subject was married (or in a permanent relationship), he or she was instructed to give the second copy of the

questionnaire to his or her spouse and to have him or her complete it independently. The majority of the participants in the homestudy course had been listed individually. Where two names were given, the instructions on the cover letter remained the same, except that the sentences asking the participant to pass a copy of the questionnaire to a spouse were excluded. Participants who did not feel that the issues addressed in the questionnaire applied to them at the time it was sent were asked to return the cover letter in the return envelope so that their names could be taken off the mailing list.

Each questionnaire included a section for choosing values of most importance, a section for rating the importance of a variety of estate planning issues, a section for ranking a given list of estate planning goals, and a set of questions pertaining to demographic information that was related to the variables tested and the comparisons made in the study. A section for the inclusion of personal comments on family farm transfers was also included. A copy of the questionnaire is in Appendix A and the cover letters are in Appendix B.

A reminder card was mailed to 348 participants who had not yet responded approximately two months after the initial mailing of the cover letters and questionnaires. Subjects who had returned their questionnaires in the meantime were asked to excuse the reminder. The reminder elicited 25 further completed questionnaires.

Responses from questionnaires that had been correctly completed by farm couples, where at least one member participated in a farming operation, comprised one of the three main data sets. A second data set was composed of the responses from the single questionnaires that had been returned. A third data set was

composed of the odd numbered entries in the couples data set and the complete singles data set. This third data set was used for the main analyses because it was felt that including the questionnaire responses from both members of a couple would cause the information from the particular farm to be over-represented.

Data Analysis

The Statistical Analysis System (SAS) and the Statistical Package for the Social Sciences (SPSS) were used for the data analysis. Frequencies were determined for all major variables. The dependent variables were also plotted against each of the independent variables. To test the reliability and validity of the 34 questions in Part 2 of the Values and Goals Questionnaire, item analysis and then factor analysis, using an orthogonal rotation of the factors matrix, were performed to determine the suitability of the proposed category groupings, and to determine the groupings or clusters of questions identified by the respondents. The values assigned to each of the 34 questions were determined from the circled numerical scores that followed each of the questions contained in Part 2 of the Values and Goals Questionnaire. The 34 questions were assigned to one of the five goal categories based on the advice and recommendations of the Home Economics section, as follows:

Financial security in retirement: questions 7, 10, 14, 20, 23, and 26.

Continuation of the family farm: questions 1, 2, 3, 4, 13,19, 21 and 34.

Good family relationships: questions 6, 11, 15, 17, 18, 24, 29, and 30.

Financial assistance to nonfarming children: questions 5, 9, 12, 22, 27, and 31.

Financial assistance to farming children: questions 8, 16, 25, 28, 32, and 33.

The sums of the scores of each grouping of individual questions were used to represent each of the five possible category groupings. These sums were then used to determine if there was a relationship between the goal category scores and the goal rankings. Cronbach's coefficient alpha was calculated to test the reliability of the proposed category groupings and the category groupings determined from the factor analysis, as well as the overall reliability of the instrument. The item analysis and factor analysis and the reliability procedures were used to address the objective of developing an instrument for the Home Economics Section as well as objective II which was to compare the results of the goal category scores with the results of the goal ranking method. The 34 questions were also reviewed by ten experts, professional agrologists and home economists from the Department of Agriculture and the Home Economics Section. In addition, a pre-test of the questionnaire was carried out at an estate planning workshop in Brandon, Manitoba in November, 1990.

Analysis of variance was the method used for determining the effects of values and demographic characteristics on the category scores. Five models were proposed. The dependent variables were the total scores of the five goal categories for each respondent. This method of analysis was used to address objectives III and IV. Objective III was the determination of the significance of potential relationships between demographic characteristics and farm transfer goals. Objective IV was the provision of a partial test of Becker's (1976) human capital theory. Objective I, which was the determination of the nature of the relationship

between values and the farm transfer decision making process, was addressed using the results of the factor analysis as well as the frequencies of the chosen preferred values.

A specific comparison between female and male subjects was made in terms of their scores on the categories financial assistance to children and financial security in retirement. The groups of female and male subjects were further disaggregated by the demographic variables farm operators and farming view. A comparison was also made between female and male subjects in terms of their choice of most important value. The couples data set was used to make comparisons between partners on the goal category scores.

Results

A total of 225 completed questionnaires was returned. Of this total, 144 questionnaires were returned in pairs from 72 couples at 72 separate farm addresses and an additional 81 individual questionnaires were returned from 81 separate farms. A total of 153 farms responded from the 501 farms that were originally sent questionnaires. In addition, 20 cover letters were received from participants who did not feel that the issues raised in the questionnaire applied to them, and 16 packages (return envelope containing cover letter and incomplete questionnaires) were also returned. A total of 8 packages were returned in the original envelope because of incorrect mailing addresses. Based on these results, the response rate for this study was 153 returns out of a possible 457 returns, or 33.5%. The distribution of respondents' farms by agricultural region are presented in Table 2. These results are quite similar to the Census regional distributions.

Table 2

Percentage Distributions of Census and Respondents' Farms by Region

	1986 Census Results		Survey Respondents	
Region	# of farms	%	# of farms	%
Central	7058	25.8	40	26.3
Southwest	7158	26.2	37	24.3
Northwest	5008	18.3	33	21.7
Interlake	4202	15.4	26	17.1
Eastern	3910	14.3	16	10.6
	27336	100.0	152	100.0

Of the 81 respondents, who were grouped as "singles", 70% of the respondents were male and 28% were female. Approximately 36% of the respondents were between the ages of 31 and 40 years and an additional 27% were between the ages of 41 and 50 years. Approximately 26% of the group of 81 respondents reported that they were older than 50 years.

Responses from couples formed one of the data sets used for analyses. The odd numbered observations in the couples data set were combined with the singles data set to form a second data set for the analyses. This data set was labelled "both". Of the 153 respondents in the both data set, 67% were male and 33% of the respondents were female. Approximately 39% of the respondents were between the ages of 31 and 40 years and an additional 24% were between the ages 41 and 50 years. A total of 37 respondents, or 24% of the 153 respondents, were over the age of 50 years. In comparison, according to the 1986 Census of Agriculture (Statistics Canada, 1987b), 22% of farm operators were in the age category "less than 35 years", 11% were in the age category 35-39 years, 33% were in the age category 40-54 years, and over 33% were in the age category "55 years and over".

Most of the 153 respondents (74%) in the "both" set indicated that they did not identify with an ethnic group while only 39 respondents (26%) indicated that they did identify with an ethnic group. Some of the ethnic groups that were included in the responses to the second part of this question were Mennonite, German, French, Ukrainian and Canadian.

The majority of the respondents (approximately 90%) classified their farms as family farms. A frequency distribution of the nine types for the variable family

type are presented in Table 3. Approximately 77% of the farms represented had one household, and the average family size was 3.86 members with a range of 1 member to 9 members. In addition, approximately 19% of the respondents were members in four-member young families (four members with no members over the age of fifty years). Older-couple families (one or two members with at least one member over the age of fifty years) were represented by 12% of the respondents.

The average farm size was 1039 acres with a range of 5 to 4000 acres. The average number of animals reported was 93 animals with a range of 0 to 1500 animals. Finally, the average farm age was 43 years with a range of 1 year to 115 years.

Table 3

Frequency Distributions of Family Type

Family Type	Frequency	Percent
Older Couple	18	12.0
Younger Couple	15	10.0
Older-Three Members	11	7.3
Young-Three Members	14	9.3
Four - Older	12	8.0
Four - Younger	29	19.3
Five - Older	9	6.0
Five - Younger	22	14.7
Extended Family	20	13.3

A husband/wife partnership was the most frequently reported type of farm ownership as indicated by 50% of the respondents, while 24% of the respondents indicated sole ownership, and 13%, a parent/child arrangement. Only 5% of the respondents indicated a corporation as the type of ownership arrangement. A frequency distribution of farm type is presented in Table 4. The most frequently reported farm type was Type C which was a farm with more than 20 animals and 700 acres or more.

The frequency distribution of farm operators and farming view are presented in Table 5 and Table 6 respectively. The most frequently reported operators' type was "myself". Of interest here, when the variable farm operators was further grouped by sex, 38 of the 39 respondents who classified themselves as sole operators were males and 1 was female. With respect to Table 6, there was no significant difference between males and females and farming view ($\chi^2 = 0.215$, p-value = .898, df = 2).

Table 4

Frequency Distribution of Farm Type

Farm Type	Frequency	Percent	Cumulative Frequency	Cumulative Percent
A. ≤20 animals, ≥700 acres	42	29.8	42	29.8
B. ≤20 animals, <700 acres	24	17.0	66	46.8
C. >20 animals, ≥700 acres	48	34.0	114	80.9
D. >20 animals, <700 acres	27	19.1	141	100.0

Table 5

Frequency Distribution of Farm Operators

Operators	Frequency	Percent	Cumulative Frequency	Cumulative Percent
1 M	39	25.7	39	25.7
2 S	10	6.6	49	32.2
3 M S	34	22.4	83	54.6
4 M S F	34	22.4	117	77.0
5 S NF	1	0.7	118	77.6
6 M NF	1	0.7	119	78.3
7 M F	21	13.8	140	92.1
8 S F	5	3.3	145	95.4
9 M S F NF	2	1.3	147	96.7
10 F	3	2.0	150	98.7
11 M S NF	0	0.0	150	98.7
12 NF	2	1.3	152	100.0

Frequency Missing = 1

Note. M='Myself'; S='Spouse'; F='Family Members'; NF='Nonfamily Members'.

Table 6

Frequency Distribution of Farm View by Sex

	Female	Male	Total
Business	18 (35%)	33 (65%)	51
Way of life	20 (31%)	44 (69%)	64
Both Business & Way of life	12 (32%)	25 (68%)	37
Total	50 (33%)	102 (67%)	152 (100%)

The three values that were selected most often as preferred by the group of respondents were self respect, security, and warm relationships with others. Of interest here is the fact that the three values selected most often as preferred values by the respondents in Kahle's (1986) study also included self respect, security, and warm relationships with others. The frequency distributions of the preferred values for males and females are presented in Table 7. There was no significant difference between males and females with respect to preferred value ($\chi^2 = 12.804$; p-value = .077, df = 7).

Table 7

Frequency Distributions of Preferred Value for Males and Females

	Female	Male	Total
Self respect	21 (46%)	25 (54%)	46
Warm relations	8 (35%)	15 (65%)	23
Being respected	2 (20%)	8 (80%)	10
Fun & enjoyment	0 (0%)	2 (100%)	2
Security	13 (42%)	18 (58%)	31
Satisfaction	3 (25%)	9 (75%)	12
Sense belonging	0 (0%)	2 (100%)	2
Accomplishment	1 (6%)	15 (94%)	16
Total	48 (34%)	94 (66%)	142 (100%)

Plots of each of the dependent variables against each of the independent variables were constructed and examined. Analysis of variance was then used to examine the paired relationships. Based on the results of the F-tests performed in the analysis of variance procedure, the relationships between the dependent variables financial security in retirement, continuation of the family farm, good family relationships, and financial assistance to children, and the independent variables preferred value, family type, gender, age, farm type, and farming view, tended to be significant. Significance was determined at the 5% level of confidence; the variables farm type and farming view had $p = .0572$ and $p = .0553$, respectively, but were still included in the analysis. From these results, four models were analysed and the results are given in Table 8. Caution must be used in

the acceptance of these results, however. When each of the dependent variables was plotted against each of the independent variables, no statistically significant relationships between the variables were detected. Furthermore, the error degrees of freedom for the initial paired relationships and the four proposed models were very high and the R-values were very low (< .2).

The results of Table 8 are presented to address three of the hypotheses of the study. No support was found for hypothesis 1 which addressed the relationship between the continuation of the family farm and farm age. The direction of hypothesis 4 was that there was no relationship between the values and the goals. This hypothesis is supported by the fact that there was little variation in the choices of preferred value by the group of respondents, and by the fact that the results of Table 8 are statistically weak even though they appear to be significant. Hypothesis 6 addressed the existence of an explanatory model for the variables. The results of Table 8 suggest a framework for an explanatory model; however, while three of the F-values are significant ($p<.05$) they are not practically significant as would be necessary for model development.

Table 8

F-statistics for Independent and Dependent Variables

Model		Model df	*F*	*p*
Financial Security in Retirement	= Gender Age Farmview	8	2.87	.0055
Continuation of the Family Farm	= Prefval Gender	8	1.87	.0694
Good Family Relationships	= Prefval Farmtype	10	2.45	.0108
Assistance to Children	= Prefval Famtype	16	1.75	.0456

The differences in the couples goal category scores were calculated (husband's scores were subtracted from wife's scores), and a paired t-test was used to determine if the differences between partners were significant. These results are presented in Table 9. For the purpose of clarification, RETDIFF is the difference in husband's and wife's scores for the goal category financial security in retirement, and CONDIFF is the difference in scores for continuation of the family farm. Similarly, RELDIFF is the difference in husband's and wife's scores for the goal category good family relationships, and HELPDIFF is the difference in scores for financial assistance to children. Finally, LEADDIFF is the difference in scores for the goal category management control.

Table 9

Paired t-test Results for Differences in Husband and Wife Scores

Variable	Mean	Std Error	T	Prob>|T|
RETDIFF	1.5588235	0.4336496	3.5946617	.0006
CONDIFF	-3.7794118	0.8633209	-4.3777603	.0001
RELDIFF	1.0441176	0.5731916	1.8215856	.0730
HELPDIFF	0.7941176	0.5108819	1.5544054	.1248
LEADDIFF	-0.2058824	0.3276535	-0.6283539	.5319

These results are presented to address hypotheses 2 and 3. Support was shown for hypothesis 3 which addressed the differences in husbands' and wives' scores for the category financial security in retirement. Of interest also are the differences in scores for continuation of the family farm where husbands' scores

were significantly higher than wives' scores ($p < .01$). No support was found for hypothesis 2 which addressed the differences in husbands' and wives' scores for financial assistance for children.

The order of importance of the five goals in the goals ranking was as follows: 1) good family relationships, 2) financial security in retirement, 3) financial assistance to farming children, 4) continuation of the family farm, and 5) financial assistance to nonfarming children. To obtain this result, the mean value of the ranks assigned to each of the five goals was examined, as well as the frequencies of the five goals by the ranked values. The goals were ranked from 1 (most important) to 5 (least important). The frequency distributions of the goals and the goal ranked values are presented in Table 10. The mean rank scores for each of the five goals are presented in Table 11.

Table 10

Frequency Distributions of Goals and Rank Values

Rank	Financial Security in Retirement	Continuation of the Family Farm	Good Family Relationships	Fin. Assist NF Children	Fin. Assist F Children
1	55	13	77	2	1
2	52	28	42	14	17
3	14	27	21	44	48
4	12	17	7	40	70
5	17	65	3	48	12

The results in Table 10 are quite clear in showing the importance of the five goals to the group of respondents. The goals of financial security in retirement and good family relationships seem to be more important overall than the goals of financial assistance to farming and nonfarming children and continuation of the family farm.

Table 11

Mean Rank Scores For Estate Planning Goals

Variable	N	Mean
Financial Security in Retirement	150	2.2266667
Continuation of the Family Farm	150	3.6200000
Good Family Relationships	150	1.7800000
Financial Assistance to Nonfarming Children	148	3.7972973
Financial Assistance to Farming Children	148	3.5067568

The results in Table 11, like those given in Table 11, suggest a pattern for the importance of the five estate planning goals.

The results of the factor analysis are presented in table 12. These results suggested the five following clusters of questions:

Factor 1: questions 1, 2, 3, 4, 13, 21, 25, 28, 32, 33, 34.

Factor 2: questions 5, 8, 11, 15, 18, 24, 29, 30.

Factor 3: questions 9, 12, 16, 22, 27, 31.

Factor 4: questions 7, 10, 20, 23, 26.

Factor 5: questions 14, 19.

Questions 1 to 34 were assigned to the factors based on the highest correlation value between a question and the factors, and by following a general rule of assignment based on a correlation value of approximately .6 or higher. Questions 6 and 17 were not assigned to any of the factors, because the highest correlation value between these two questions and the five factors was approximately .3.

Table 12

Factor Analysis of 34 Goal Category Questions

	FACTOR1	FACTOR2	FACTOR3	FACTOR4	FACTOR5
Q1	0.67905	0.16629	0.20720	-0.19463	0.19083
Q2	0.72290	-0.08261	0.05879	0.12965	-0.07586
Q3	0.64456	-0.09836	0.04713	-0.18152	0.27116
Q4	0.75087	0.22402	0.07820	-0.21161	0.01583
Q5	0.01848	0.54828	0.02400	0.15057	0.20785
Q6	0.20942	0.31231	0.22169	-0.19321	-0.17391
Q7	-0.06438	0.11750	0.04121	0.53808	0.18873
Q8	0.00443	0.68790	-0.00916	0.24495	0.07095
Q9	0.00865	0.24433	0.66530	0.15038	0.05695
Q10	-0.02269	-0.04305	0.09341	0.75284	-0.17366
Q11	0.18988	0.64540	0.08479	-0.08405	-0.21725
Q12	-0.00855	0.06946	0.78597	-0.03489	0.08535
Q13	0.41951	0.42546	0.05935	-0.22547	0.05888
Q14	0.14544	-0.00822	0.13892	0.00709	0.84201
Q15	0.48779	0.45664	0.24147	-0.07483	-0.19199
Q16	0.25864	0.41957	0.50430	-0.15370	0.17255
Q17	0.23096	0.32330	0.12231	0.16605	0.00070
Q18	0.33444	0.61290	0.18442	-0.16380	-0.16160
Q19	0.18437	-0.00300	0.07779	0.03969	0.84234
Q20	-0.18834	0.03547	-0.15050	0.59966	0.33697
Q21	0.80124	0.25904	-0.03304	0.02996	0.06971
Q22	-0.04143	0.08461	0.53641	0.32008	-0.10680
Q23	-0.15384	-0.00052	0.11366	0.62198	-0.29023
Q24	0.09057	0.66871	0.20392	0.10979	-0.08524
Q25	0.63101	0.32972	0.38053	-0.15528	-0.01787
Q26	-0.07894	0.04507	0.17753	0.72193	0.08084
Q27	0.13547	0.07423	0.79800	0.11634	-0.03404
Q28	0.66240	0.11467	-0.05664	-0.14370	0.12414
Q29	0.03673	0.66030	0.12349	0.00970	0.15492
Q30	0.32303	0.51525	0.25102	-0.10755	-0.08425
Q31	0.12218	0.18073	0.76982	0.02235	0.14124
Q32	0.68000	0.21645	0.15464	-0.09444	0.04632
Q33	0.72203	0.31717	0.08510	-0.21137	-0.00486
Q34	0.75920	0.02383	-0.13235	0.13675	0.00094

The reliability coefficients for the proposed category groupings, the five factors, and the overall instrument are presented in Table 13. The reliability of the groupings seemed to improve when they were analysed using factor analysis.

Table 13

Reliability Coefficients for Goal Category Groupings and Instrument

Goal Categories	α (Proposed Groupings*)	α (Factor Groupings)
Financial Security in Retirement	0.5848 (6)	0.6815 (5)
Continuation of the Family Farm	0.8232 (8)	0.9022 (11)
Good Family Relationships	0.8063 (8)	0.7935 (8)
Financial Assistance to Nonfarming Children	0.7368 (6)	–
Financial Assistance to Farming Children	0.7759 (6)	–
Financial Assistance to Children	–	0.8185 (6)
Management Control	–	0.8256 (2)

Overall Instrument Reliability = 0.8705

* – The numbers in parenthesis are the number of questions per grouping or factor

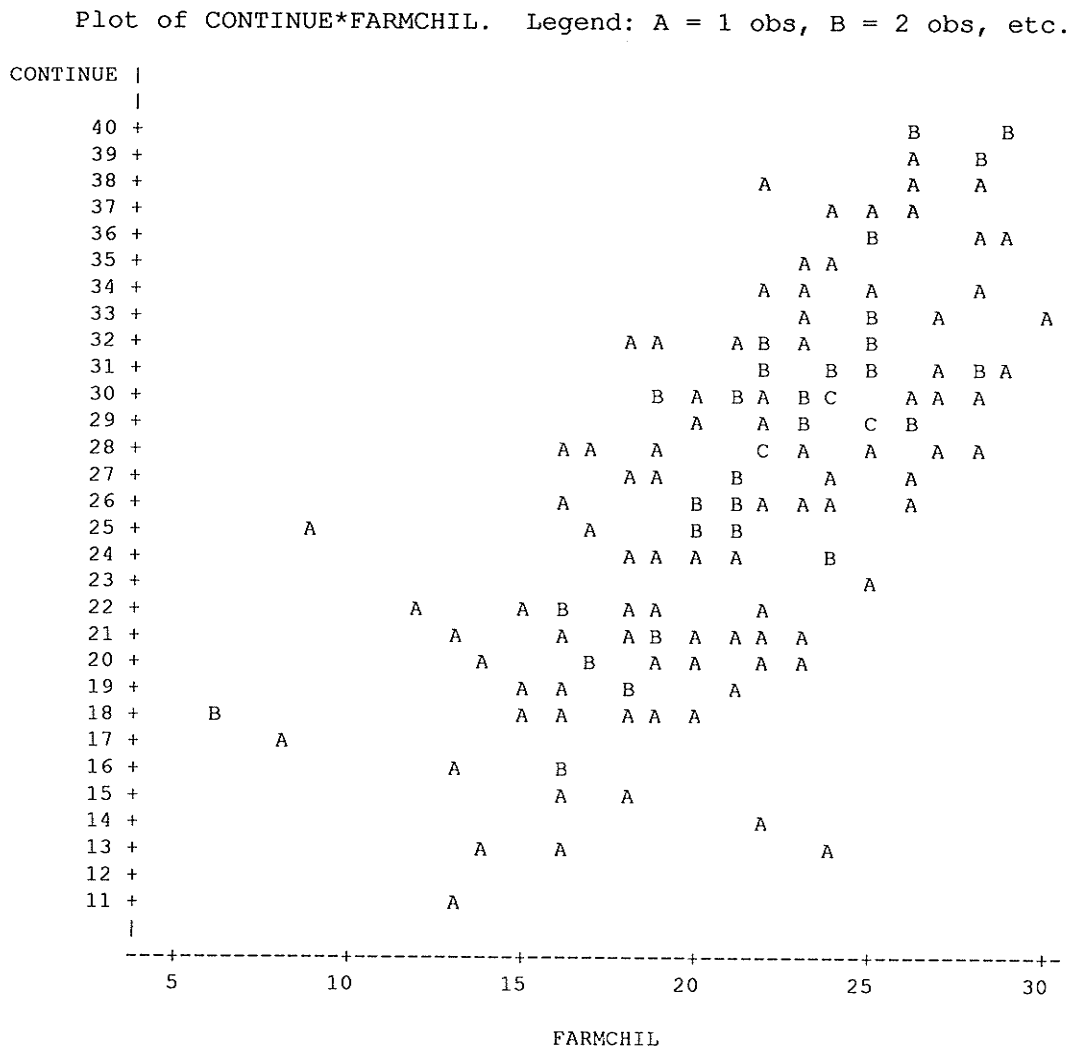
---

The questions grouped into Factor 1 were similar to the proposed grouping of questions for the goal category continuation of the family farm (seven questions were identical) and those grouped as Factor 2 were similar to the grouping of questions for good family relationships (six questions were identical). Similarly, the question numbers grouped as Factor 3 were similar to those in the proposed grouping for the goal category financial assistance to nonfarming children (five questions were identical). Factor 3 also included question 16 which referred to financial assistance to farming children. Finally, the questions grouped as Factor 4 were similar to those grouped as the goal category financial security in retirement (five questions were identical). The questions that were proposed for the goal category financial assistance to farming children were included within the first four

factors. Of interest was the finding that six of the eight questions proposed for this category weighted with Factor 1 which also included questions associated with the category continuation of the family farm. Figure 1 is a plot of the proposed category groupings continuation of the family farm and financial assistance to farming children. The result of this plot is included to address hypothesis 5 which was to address the relationship between the goals, continuation of the family farm, and financial assistance to farming children, in order to provide a partial test of Becker's (1976) theory. It suggests a correlation between continuation of the family farm and financial assistance to farming children as they were defined prior to the results of the factor analysis. Analysis of variance, using continuation of the family farm as the dependent variable and financial assistance to farming children as the independent variable, yielded an $\underline{F}$ value = 7.91 and $\underline{p}$ = .0001 based on 21 degrees of freedom.

Figure 1

Plot of Continuation of the Family Farm and Financial Assistance to Farming Children



Factor 5 included only questions 14 and 19, which both dealt with issues of farm management and the idea of maintaining some control in this area of the farm business. Based on the results of the factor analysis, Factor 1 was labelled

Continuation of the Family Farm; Factor 2, Good Family Relationships; Factor 3, Assistance to Children; and Factor 4, Financial Security in Retirement. Factor 5 was labelled Management Control to reflect the managerial participation suggested by questions 14 and 19. The eigenvalues of the correlation matrix for the first 10 possible factors were as follows: 8.4702, 3.7484, 2.3492, 2.0572, 1.7688 1.2660, 1.2007, 1.0591, 1.0157 and 0.9425, which indicate that the explanatory strength of the factors tended to level off after five factors. In addition, the variation explained by the first five factors was equal to 0.5410, or 54.10%, and by the first ten factors was 0.7023, or 70.23%, which was an increase of 16.13% with five additional factors. Histograms of the distributions of the scores of each of the five goal categories are presented in Appendix C.

The mean scores of each goal category are presented in Table 14. These results suggest the following order of importance of the goals for the group of respondents: financial assistance to children, good family relationships, financial security in retirement, continuation of the family farm, and management control. These results differ from those presented by the goals ranking.

Table 14

Mean Scores of Goal Categories

Variable	Mean	Std Dev	Maximum Possible Score	Mean as a % of maximum
FISECRET	18.176000	3.551610	25	0.727
CONTFARM	33.608000	8.678762	50	0.672
GOODRELT	27.184000	4.798158	35	0.777
ASSIST	19.872000	3.881254	25	0.795
CONTROL	6.464000	2.401424	10	0.646

Discussion

The purpose of this study was to develop a questionnaire for use by members of farm families in farm estate planning workshops, and to examine the role of personal value choices and demographic characteristics in determining the goals of intergenerational farm transfers. A framework for a farm transfer model was developed based on these variables and an economic approach to farm asset transfers was also examined.

The main objective of developing a questionnaire for use in the field by Manitoba Department of Agriculture Home Economists and Agricultural Representatives was achieved. The questionnaire, in its present form, has been included in the estate planning materials prepared by the Departments of Agriculture in Manitoba and Saskatchewan. It is also planned to implement a computerized version of the questionnaire. The results of this study have provided important information for the further development of the questionnaire. A scoring key had been devised for use with the original questionnaire; however, a new key incorporating the goal categories given by the results of the factor analysis can now be developed. The factor analysis identified factor groupings which, overall, had better reliability in comparison to the original goal category groupings. Weak questions were also identified, using the results of the item analysis and the factor analysis.

The factor clusters identified by the results of the factor analysis were quite similar to the groupings of questions originally proposed. Of interest here also, was the suggestion of a new factor or goal category, management control. Originally the idea of maintaining decision making and financial control in

retirement was considered to be a part of the goal of continuation. It may be possible that if farm managers consider continuation to be their most important goal of the farm transfer they may then want to try to maintain the present success of the farm operation by remaining in charge. If the operation is to have continued success, however, it is important that succeeding generations have the opportunity to learn and assume managerial responsibilities while the existing manager is still alive. It may also be possible that the role of continuity is more important to the children of farm managers than it is to the farm managers themselves, but that the farm managers may wish to maintain their level of control over the operation for the remainder of their lives because farming forms such a large part of their lives. For the group of respondents in this study, continuation of the family farm was not the most important goal. Further development of the instrument should include the addition of questions to the category management control so that it may examined both independently and in a comparison with continuation of the family farm.

The reliability coefficient for the category financial security in retirement was lower than the reliability coefficients for the other goal categories. This may have resulted because there were only five questions in the category. In addition to increasing the number of questions, the quality of the category could be improved by including questions that are specific to the retirement security needs of farm families. For example, the ability to maintain a household off the farm, the ability to keep a small hobby farm separate from the original farm business, or the ability to enjoy retirement years without the risk or financial loss due to a failing farm business are all important issues to be considered.

The majority of the respondents in this study chose self respect, warm relationships with others, and security as their most important values. The nature of farming as an occupation and the fact that the farm business, the family home, and the family itself are so closely tied together, suggests that a farming lifestyle may be different than the lifestyle patterns in other occupations and community settings. Maintaining good family relationships, for example, may be important because the family depends on its own members for the survival of the family business. Further to this, financial security may be more important for a family that is self supporting. Further development of the instrument should include the addition of personal values that can be more closely attributed a farming lifestyle.

Hypothesis 6, which addressed the existence of an explanatory model of the relationships between demographic characteristics, value preferences, and farm transfer goals, was not supported. Low sample sizes in many of the variable type categories may explain some of the difficulty in determining the nature of the relationships between the goal of choice, the preferred value and the demographic characteristics. It may also be possible that the questions used to obtain the demographic data are no longer applicable to farming as it is today. Off-farm employment and legal ownership arrangements between husbands and wives and their children are examples of the steps that farm families may be taking to address current issues in farming. There may also be other important variables, aside from demographic characteristics, that may be more useful in explaining the choices of goals of farms transfers. Such things as agricultural policy and the state of the economy may also play an important role.

The order of importance of the five goals for the observed group of respondents differed when examined using the goal ranks and the goal category scores. The goal, financial assistance to children, was the most important based on the mean values of the goal category scores while the goals financial assistance to farming children and financial assistance to nonfarming children were ordered third and fifth in the goal ranks, respectively. This result may be explained by the fact that when the respondents had to try to make a distinction between the importance of the goals they may not have considered the goals of providing assistance to their children to be as important in the light of the other goals.

With respect to the scores of the questions that pertained to a particular goal, each issue or each question may be important in principle, and when examined in isolation from the issues of the other goals. The goals good family relationships and financial security in retirement were ordered first and second by the goal ranks and second and third by the means of the goal scores. Continuation of the family farm was ranked fourth by both methods. Management control was ranked fifth in the goal scores; however, there were only two questions assigned to this category. The goals financial assistance to nonfarming children and financial assistance to farming children were combined to form one single goal, financial assistance to children. In addition, the goal of management control was not included in the goal ranking exercise. Further development of the questionnaire should include a goals ranking exercise that uses the list of goals that resulted from the factor analysis.

An examination of the order of importance of the five goals that resulted from the goal ranks and the goal category scores suggests that, overall, the goal of continuation of the family farm was not as important to the group of respondents as

were other farm transfer goals. Further, this finding itself suggests that the idea of carrying on the traditions of a family farm business may not be as important to farm families today as it was in the past. It would be important to try to determine the reasons for the decline in the importance placed on continuation, and their relationship to the current economic conditions in farming. Residents of rural communities, consumers, and policy-makers would all be affected by changes in the ownership structure of family farms if there was not the willingness on the part of farm managers to ensure continuity.

Support was given for hypothesis 3 which addressed the differences between husbands and wives and financial security in retirement; however, no support was found for hypothesis 2 which addressed husband and wife differences for financial assistance to children. With respect to the goal financial assistance to children, the present economic situation in farming may be causing both parents to reexamine the goals they have for their children; whereas a few years ago, fathers may have been more likely to encourage their children to choose farming as a career. Husbands, as a group, had higher scores on continuation of the family farm; however, for the group of respondents this goal was not as important as the other goals.

Support was given for hypothesis 5 which addressed the relationship between continuation and financial assistance to farming children. The high degree of correlation between these two goals seems to run contrary to some of the ideas in the human capital theory. According to the theory, parents may decide to transfer farm assets to children if they feel that their investment in the children's abilities to maintain and strengthen an existing farming operation will improve the family's

economic utility overall. Investment decisions are assumed to be rational and thus are made irrespective of personal emotions. In other words, the decision to strive to continue an existing farm business should be based on the financial viability of the business and on the children's own desires to become farm operators. In theory, continuation by and of itself should not underlie the decisions regarding investments in children. It is interesting to note here that some of the respondents commented that they would assist their children to become established in farming only if that was something that the children really wanted because it is very difficult to achieve success in farming today.

The results of this study helped to fulfill the objective of developing a questionnaire for use by farm families. In addition, some evidence was given to suggest a pattern among the variables which may lead to the development of a model to explain intergenerational farm property transfers. Insight into economic theory which has been used to explain intergenerational transfers was also provided. Finally, the results suggested that the farm transfer goal, continuation of the family farm, may not be as important to farm families as other farm transfer goals.

Summary

Participants from the Farm Challenges '89 Home Study Course comprised the sample for this study. The major objectives of the study included the development of a farm transfer goals questionnaire, the examination of the nature of the relationships between values and various demographic variables and the selection of particular farm transfer goals. Attention was also given to the role of economic theory in explaining farm transfer decisions.

The questionnaire used in this study included a section for determining values of importance, a section for rating a series of 34 questions which pertained to the issues of the farm transfer goals defined for the study. A section for ranking the goals was also given. A total of 225 questionnaires were returned, 144 of which were returned from 72 couples.

Analysis of variance and factor analysis were the two main statistical tools used. Analysis of variance was used to address the question of the existence of relationships between the five farm transfer goals and the values and demographic data. Factor analysis was used to identify clusters or groupings of questions that would each represent one of the five farm transfer goals. The results of the data analysis provided support for four of the six proposed hypotheses (hypotheses 3, 4, 5, and 6). Hypotheses 1 and 2 were not supported. The results of the factor analysis, in particular, suggested groupings of questions that were similar to those originally proposed, and identified a goal category, management control, that had not been considered earlier.

The two variables continuation of the family farm and financial assistance to farming children were highly intercorrelated. This result supported hypothesis 5,

but was contrary to the ideas in Becker's (1976) human capital theory which postulates that parents invest in the human capital of their children as a means of increasing benefits to the children and to themselves.

Most importantly, the results of this study gave support for the objective of developing a questionnaire that is planned to be used by agricultural representatives and home economists in the field. Weak questions were identified and questions whose meanings seemed unclear as evidenced by the statistical results and by comments given by some of the respondents were also identified.

The limitations of this study include the small sample size and the limited information with respect to the nature of the respondents' farm businesses. The survey questionnaire was mailed in June which is a busy month for farm families. In addition, concerns regarding the personal nature of questions that pertained to the farm business may have caused some of the demographic variables to be too limited in their usefulness.

Suggestions for further research in the area of intergenerational transfers of farm property include examination of the relationship between the roles that husbands and wives may play in the farming operation and the effect that these roles may have on their choices of farm transfer goals; and an examination of value choices in different agricultural regions of Canada using a values test that pertains to a farming lifestyle. Further research into the development of the questionnaire and its usefulness as a tool in estate planning workshops, is also important. It would also be of interest to collect similar data over time, and to compare these results with the results of the present study. It would be important to determine if there were any changes in the values and goals that were used by farm families in the farm

transfer process. Further research into the issues of continuation of family farms would also be valuable.

The development of a tool to assist farm families with estate planning and farm transfer decisions is important especially in the light of current economic conditions and changes to farm policies. The decisions made by farm managers, with respect to the transfer of farming assets, are important to all of us as consumers, policy makers and resource persons. The ease with which new farmers are able to maintain an existing operation or begin a new business with some capital assistance, will greatly determine the viability of family farming as a means of providing economic security for rural families and communities. Discussions regarding the issues of farm estate planning and, in particular, of farm transfers, should begin at an early stage in the life cycle of the farm business. Tools that can assist with the recognition of issues and concerns, so that appropriate plans can be developed to address them, are of importance at present and for the future.

References

Agriculture Canada. (1987). Family farm forum report: A dialogue with John Wise, Minister of Agriculture. Agriculture Canada.

Alberta Agriculture. (1988). Retirement and estate planning. Alberta Agriculture.

Allen, W. P. (1985). Estate planning handbook. Toronto: Carswell.

Becker, G. S. (1976). The economic approach to human behaviour. Chicago: University of Chicago Press.

Becker, G. S. (1981). A treatise on the family. Cambridge, Mass.: Harvard University Press.

Blau, P. M. (1967). Exchange and power in social life. New York: John Wiley & Sons.

Carroll, E. V., & Salamon, S. (1988). Share and share alike: Inheritance patterns in two Illinois farm communities. Journal of Family History, 13(2), 219-232.

Cheal, D. J. (1988). Theories of serial flow in intergenerational transfers. International Journal of Aging and Human Development, 26(4), 261-273.

Clarke, K. (1988). Farm business arrangements. Manitoba Agriculture.

Collea, B. A., & Amato, D. A. (1986). A simulation of land tenure systems using three inheritance patterns and three initial land distributions. Human Organization, 45(1), 74-80.

Dillman, D. A. (1978). Mail and telephone surveys: The total design method. New York: Wiley.

Goody, J. (1976). Introduction. In J. Goody, J. Thirsk, & E. P. Thompson (eds.), Family and inheritance: Rural society in Western Europe, 1200 - 1800 (pp. 1-36). Cambridge: Cambridge University Press.

Greenwood, W. T. (1969). Decision theory and information systems: An introduction to management decision making. Cincinnati: South-Western Publishing Company.

Hammond, P. (1975). Charity: Altruism or cooperative egoism? In E. S. Phelps (ed.), Altruism, morality, and economic theory (pp. 115-131). New York: Russell Sage Foundation.

Hastings, D. (1990). Estate planning. Manitoba Agriculture.

Hirshleifer, J. (1984). Price theory and applications (3rd ed.). Englewood Cliffs, N. J.: Prentice-Hall, Inc.

Homer, P. M., & Kahle, L. R. (1988). A structural equation test of the value-attitude-behavior hierarchy. Journal of Personality and Social Psychology, 54(4), 638-646.

Holman, R. H. (1984). A values and lifestyles perspective on human behaviour. In R. E. Pitts & A. G. Woodside (eds.), Personal values and consumer psychology. Lexington, Mass.: Lexington Books.

Huffman, W. E. (1988). Human capital for agriculture. In R. J. Hildieth, K. L. Lipton, K. C. Clayton, & C. C. O'Connor (eds.), Agriculture and rural areas approaching the twenty-first century (pp. 499-517).

Kahle, L. (1986). The nine nations of North America and the value basis of geographic segmentation. Journal of Marketing, 50, 37-47.

Kahle, L. R., Beatty, S. E., & Homer, P. (1986). Alternative measurement approaches to consumer values: The List of Values (LOV) and Values and Life Style (VALS). Journal of Consumer Research, 13, 405-409.

Keating, N. C., & Munro, B. (1989). Transferring the family farm: Process and implications. Family Relations, 38, 215-218.

Laband, D. N., & Lentz, B. F. (1983). Occupational inheritance in agriculture. American Journal of Agricultural Economics, 65, 311-314.

Lynn, R. J. (1983). Introduction to estate planning in a nutshell. St. Paul, Minn.: West Publishing.

Manitoba Agriculture. (1989). Farm Planning '89. Lesson 7. Farm transfers. Manitoba Agriculture.

Manitoba Agriculture. (1991). Manitoba Agricultural Review. Manitoba Agriculture.

Pitts, R. E. Jr., & Woodside, A. G. (1984). Personal values and consumer psychology. Lexington, Mass.: Lexington Books.

Porter, E. (1987). Conceptual frameworks for studying families. In K. L. Anderson, H. Armstrong, P. Armstrong, J. Drakich, M. Eichler, C. Guberman, A. Hayford, M. Luxton, J. F. Peters, E. Porter, C. J. Richardson, & G. Tesson, Family matters: Sociology and contemporary Canadian families (pp. 41-61). Toronto: Methuen.

Ravlin, E. C., & Meglino, B. M. (1987). Effect of values on perception and decision making: A study of alternative work values measures. Journal of Applied Psychology, 72(4), 666-673.

Rescher, N. (1969). Introduction to value theory. Englewood Cliffs, N. J.: Prentice Hall.

Reynolds, T. J., & Jolly, J. P. (1980). Measuring personal values: An evaluation of alternative methods. Journal of Marketing Research, 17, 531-536.

Rosenblatt, P. C., de Mik, L., Anderson, R. A., & Johnson, P. A. (1985). The family in business. San Francisco: Jossey - Bass Publishers.

Rosenthal, C. J. (1987). Aging and intergenerational relations in Canada. In V. Marshall (ed.), Aging in Canada: Social perspectives, 2nd ed. (pp. 311-342). Fitzhenry & Whiteside.

Russell, C. S., Griffin, C. L., Scott Flinchbaugh, C., Martin, M. J., & Atilano, R. B. (1985). Coping strategies associated with intergenerational transfer of the family farm. Rural Sociology, 50(3), 361-376.

Salamon, S., Gengenbacher, K. M., & Penas, D. J. (1986). Family factors affecting the intergenerational succession to farming. Human Organization, 45(1), 24-33.

Salamon, S., & Lockhart, V. (1980). Land ownership and the position of elderly in farm families. Human Organization, 39(4), 324-331.

Smith, M. M., & Olson, P. N. (1984). Interfamily transfers in beginning and elderly families. Home Economics Research Journal, 13(2), 184-191.

Statistics Canada. (1987a). Census of agriculture Canada 1986: A profile of Canadian agriculture. Ottawa: Minister of Supply and Services.

Statistics Canada. (1987b). Census of agriculture Manitoba 1986. Ottawa: Minister of Supply and Services.

Titus, S. L., Rosenblatt, P. C., & Anderson, R. M. (1979). Family conflict over inheritance. Family Coordinator, 28(3), 337-346.

Wilkening, E. A. (1955). Techniques of assessing farm family values. Rural Sociology, 39-49.

Appendix A

Part 1.

Values are concepts that can be important in decision making. Several values may be important to an individual. While it is sometimes difficult to isolate a few important ones, this is what we would like you to try and do in this first part of the questionnaire.

From the list of eight values given below, please select the three values that are most important to you.

1) Self respect
2) Warm relationships with others
3) Being well respected
4) Fun and enjoyment in life/excitement
5) Security
6) Personal Satisfaction
7) Sense of belonging
8) Feeling of accomplishment

Enter your selections here: ____ ____ ____

Now, examine the three values that you have selected. From those three values, select the value that is most important to you. Please write the number that corresponds to this value in the space provided.

Enter your selection here: ____

Part 2.

The questions in this part of the questionnaire are based on some of the issues that may arise in retirement and estate planning. Please answer the questions in this part either as they might pertain to you and your immediate family in the future or, if your family is involved with these issues, as they pertain to you now. In the questions the word children may refer to one child or more than one child, depending on your own situation.

Place a circle around the number that is most appropriate. For all of the questions in this part the number 1 means that something is not important to you and the number 5 means that something is very important to you. The following two questions are examples:

?. How important is it to you that the Winnipeg Blue Bombers make the CFL playoffs?

1	2	3	4	5
Not				Very

?. How important is it to you that the city of Vancouver has an above average rainfall in the month of December 1991?

1	2	3	4	5
Not				Very

Now please answer the remaining questions.

1. How important is it to you that the farm remain in your family's possession?

1	2	3	4	5
Not				Very

2. How important is it to you that your farm continue to be farmed after you have retired?

1	2	3	4	5
Not				Very

3. How important is it to you to keep physically involved in farming after you retire?

1	2	3	4	5
Not				Very

4. How important is it to you that your children play a part in the continuation of the family farm?

1	2	3	4	5
Not				Very

5. How important is it to you that a division of farm property among the children is equal in dollar value?

1	2	3	4	5
Not				Very

6. How important is it to you that you and your spouse agree on the plans for the transfer of the farm?

1	2	3	4	5
Not				Very

7. How important is it to you that you and your spouse have enough money for your retirement?

1	2	3	4	5
Not				Very

8. How important is it to you that a division of farm property among the children is fair?

1	2	3	4	5
Not				Very

9. How important is it to you to be able to help your children establish themselves in careers outside of farming?

1	2	3	4	5
Not				Very

10. How important is it to you to be able to do new or different things in your retirement?

1	2	3	4	5
Not				Very

11. How important is it to you that your children agree with what you want to do with the farm?

1	2	3	4	5
Not				Very

12. How important is it to you to be able to give financial assistance to children who choose a career other than farming?

1	2	3	4	5
Not				Very

13. How important is it to you that your children are involved in the farm's daily operation?

1	2	3	4	5
Not				Very

14. How important is it to you to maintain some financial control over the farm throughout your life?

1	2	3	4	5
Not				Very

15. How important is it to you that your children play a part in the decision making for the farm's future?

1	2	3	4	5
Not				Very

16. How important is it to you to be able to give financial assistance to children who choose farming as a career?

1	2	3	4	5
Not				Very

17. How important is it to you that your children assist in the plans for your own retirement?

1	2	3	4	5
Not				Very

18. How important is it to you that you and your children agree on the plans for the farm's future?

1	2	3	4	5
Not				Very

19. How important is it to you to be involved in the decision making for the farm throughout your life?

1	2	3	4	5
Not				Very

20. How important is it to you to receive what your farm is worth when it is transferred?

1	2	3	4	5
Not				Very

21. How important is it to you that your children take over the management of the farm?

1	2	3	4	5
Not				Very

22. How important is it to you that your children have the opportunity to choose a career other than farming?

1	2	3	4	5
Not				Very

23. How important is it to you to be able to do something other than farming in your later years?

1	2	3	4	5
Not				Very

24. How important is it to you that everyone in the family is satisfied with the way the farm/estate is/will be handled?

1	2	3	4	5
Not				Very

25. How important is it to you to help your children establish themselves in farming?

1	2	3	4	5
Not				Very

26. How important is it to you to have the financial resources to do new things after farming?

1	2	3	4	5
Not				Very

27. How important is it to you to be able to help nonfarming children carry out their career goals?

1	2	3	4	5
Not				Very

28. How important is it to you that your children choose farming as a career?

1	2	3	4	5
Not				Very

29. How important is it to you that your children accept your decisions regarding how the farm will be transferred?

1	2	3	4	5
Not				Very

30. How important is it to you that your children's requests (regarding the farm transfer) be honoured?

1	2	3	4	5
Not				Very

31. How important is it to you to provide financial assistance to help nonfarming children become established off the farm?

1	2	3	4	5
Not				Very

32. How important is it to you that your children have the opportunity to become farm operators?

1	2	3	4	5
Not				Very

33. How important is it to you that your children have the opportunity to continue the operation of the family farm?

1	2	3	4	5
Not				Very

34. How important is it to you that your farm continue to be farmed after you have died?

1	2	3	4	5
Not				Very

Part 3.

The following is a list of estate planning goals that some people find important. Please rank the list of estate planning goals in order of their importance to you, using the numbers 1 (most important) to 5 (least important). While all of the goals may be important to you, please use each number only once.

Financial security in retirement ☐

Continuation of the family farm ☐

Good family relationships ☐

Financial assistance to nonfarming children ☐

Financial assistance to farming children ☐

Are there any other estate planning goals that are important to you? If so, please specify.

_____

_____

Part 4. Demographic Information

The questions in this next part of the questionnaire are related to farm and family characteristics. The answers to these questions will give us a better understanding of how different groups of people view the issues presented in the earlier parts of the questionnaire.

1) How many family members, including yourself, live on your farm? ☐

2) How many of these family members are:

Under 10 years	☐	31-40 years	☐
10-17 years	☐	41-50 years	☐
18-30 years	☐	51-60 years	☐
		60+ years	☐

3) How many households live on your farm? ☐

4) Are you male? ○ Female? ○

5) In which category is your current age?

Under 20 years	☐	41-50 years	☐
21-30 years	☐	51-60 years	☐
31-40 years	☐	61-70 years	☐
		70+ years	☐

6) Do you identify with an ethnic group?
O yes O no

If yes, which one? _____

7) Please describe the size of the farm (in acres of land and/or numbers of livestock). Please include the number of acres that others rent from you and/or that you rent from others.

☐ acres ☐ number of livestock (include the total number of all animals)

8) How would you describe the ownership of the farm?

sole ownership O
husband/wife partnership O
parent/child arrangement O
corporation O
co-operative O
other partnership O

9) Who is/are the operator(s) of the farm? (Please indicate all that apply):

myself O
spouse O
other family member(s) O
nonfamily member(s) O

10) Do you classify your farm as a "family farm"?
O yes O no

11) Do you view farming as:
a business? O a way of life? O

12) How long has the farm been in operation? ☐ years.

13) Were you registered in the 1989 Home Study Course?
O yes O no

14) If no, was the person who registered a family member?
O yes O no

Please add any comments that you may have relating to farm transfers, retirement, or estate planning.

_____

_____

_____

_____

_____

_____

_____

Thank-you very much for your time in completing this questionnaire.

Appendix B

Your name was identified to us through the list of participants in the 1989 Manitoba Agriculture Home Study Course entitled Farm Planning. We are carrying out a study to find out how people like you feel about the issues of estate planning for farm families. Your participation in this study is voluntary. We do believe, however, that your participation will make an important contribution to the area of farm family estate planning. We would appreciate it very much if you would share your thoughts and opinions on this important topic by taking a few moments to fill out the enclosed Farm Transfer Values and Goals questionnaire.

The information you provide on the questionnaire will be completely confidential. The questionnaire has an identification number for mailing purposes only. This will help us to limit the number of reminders that we mail. We do not want to match your names to the returned questionnaires, therefore, please do not write your name on the enclosed return envelope.

We have enclosed two copies of the questionnaire. We would appreciate it if you would use one questionnaire for yourself. If possible, please pass the second one to a spouse and mail both questionnaires back in the enclosed return envelope. If you are neither married nor living with someone as a spouse, please disregard the second questionnaire and mail only yours back.

A summary of the results of this study will be made available at your district Manitoba Agriculture office in September. If you have any questions regarding the study, please do not hesitate to contact either of us at the numbers below.

If you do not feel that the issues presented in the questionnaire are of relevance to you at this time, please return this letter in the enclosed return envelope and we will take your name off the mailing list.

We realize that we have not chosen the best time to send this questionnaire. We hope that the next time you have a spare half hour, or on the next rainy day, that you will be able to take a few moments to complete the questionnaire. The information you provide will make an important contribution to this research.

Thank you for your assistance.

Jacqueline D. Wasney
M.Sc. Candidate & Principal Investigator
474-8344 or 775-4339

Ruth E. Berry, Ph.D.
Thesis Advisor &
Dean of Human Ecology
474-9704

Your names were identified to us through the list of participants in the 1989 Manitoba Agriculture Home Study Course entitled Farm Planning. We are carrying out a study to find out how people like you feel about the issues of estate planning for farm families. Your participation in this study is voluntary. We do believe, however, that your participation will make an important contribution to the area of farm family estate planning. We would appreciate it very much if you would share your thoughts and opinions on this important topic by taking a few moments to fill out the enclosed Farm Transfer Values and Goals questionnaires.

The information you provide on the questionnaires will be completely confidential. The questionnaires have identification numbers for mailing purposes only. This will help us to limit the number of reminders that we mail. We do not want to match your names to the returned questionnaires, therefore, please do not write your names on the enclosed return envelope.

A summary of the results of this study will be made available at your district Manitoba Agriculture office in September. If you have any questions regarding the study, please do not hesitate to contact either of us at the numbers below.

If you do not feel that the issues presented in the questionnaire are of relevance to you at this time, please return this letter in the enclosed return envelope and we will take your names off the mailing list.

We realize that we have not chosen the best time to send this questionnaire. We hope that the next time you have a spare half hour, or on the next rainy day, that you will be able to take a few moments to complete the questionnaires. The information you provide will make an important contribution to this research.

Thank you for your assistance.

Jacqueline D. Wasney
M.Sc. Candidate & Principal Investigator
474-8344 or 775-4339

Ruth E. Berry, Ph.D.
Thesis Advisor &
Dean of Human Ecology
474-9704

Appendix C

APPENDIX C

Figure C.1

Distribution of Financial Security in Retirement Scores

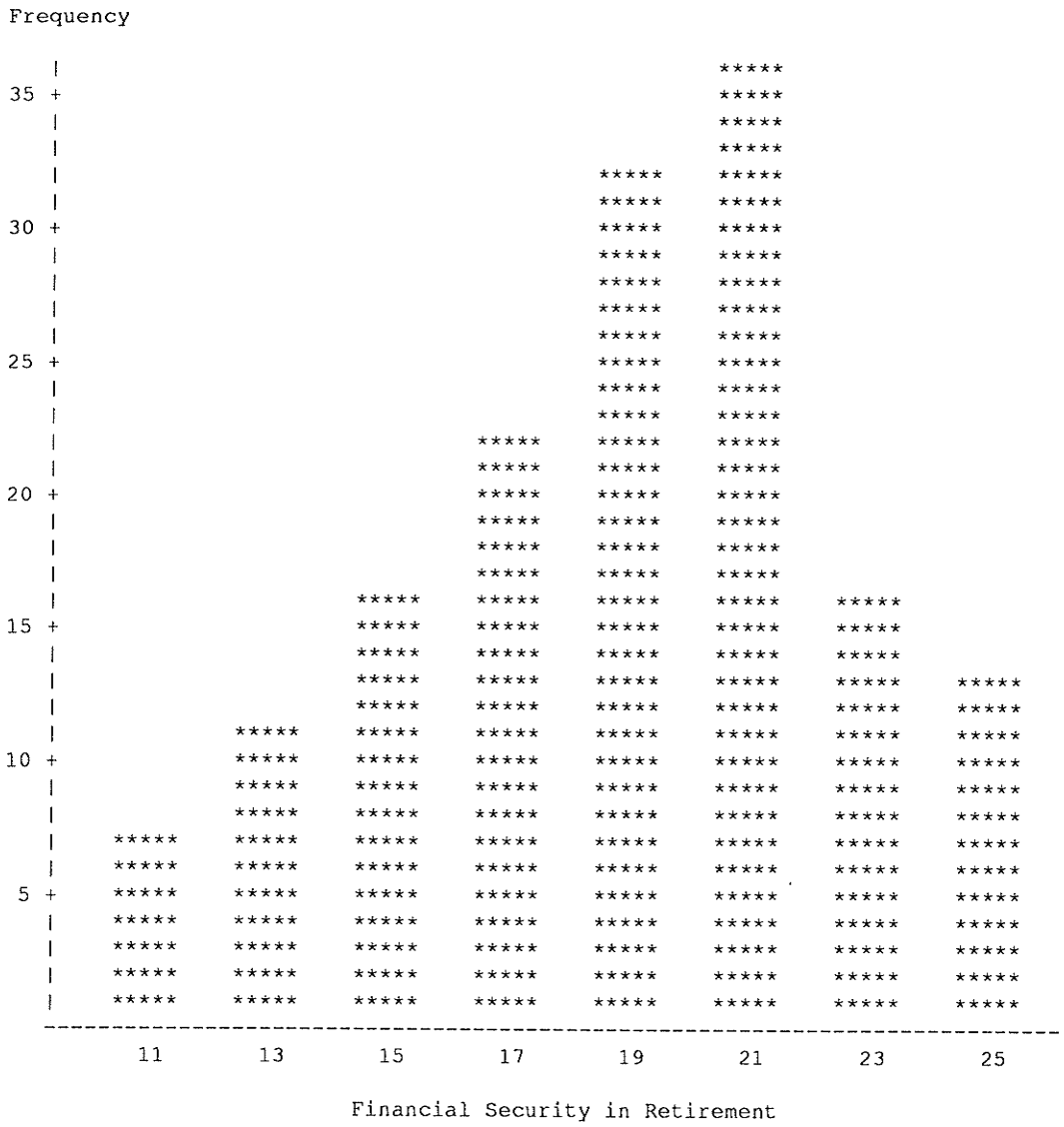


Figure C.2

Distribution of Continuation of the Family Farm Scores

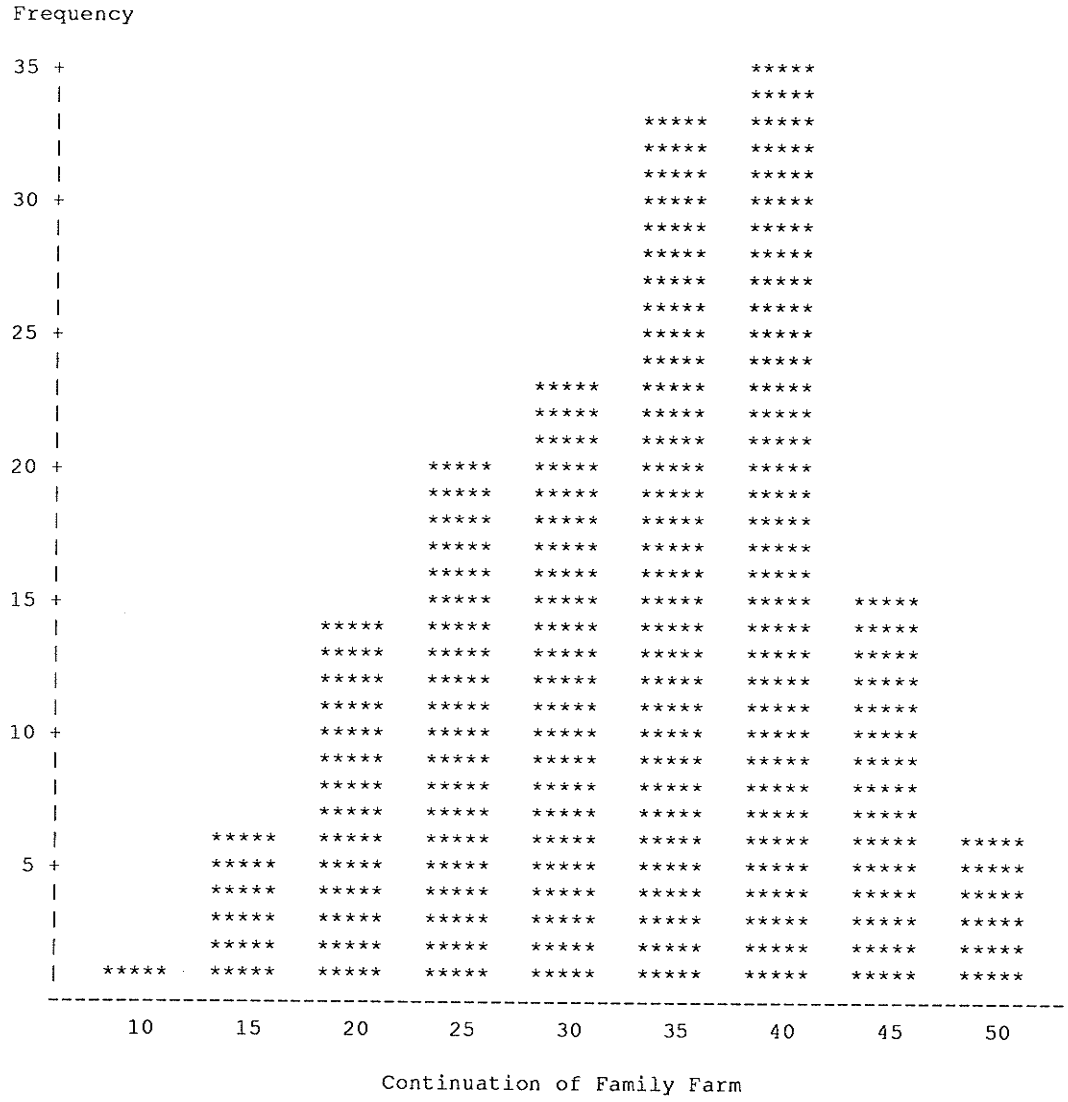


Figure C.3

Distribution of Good Family Relationships Scores

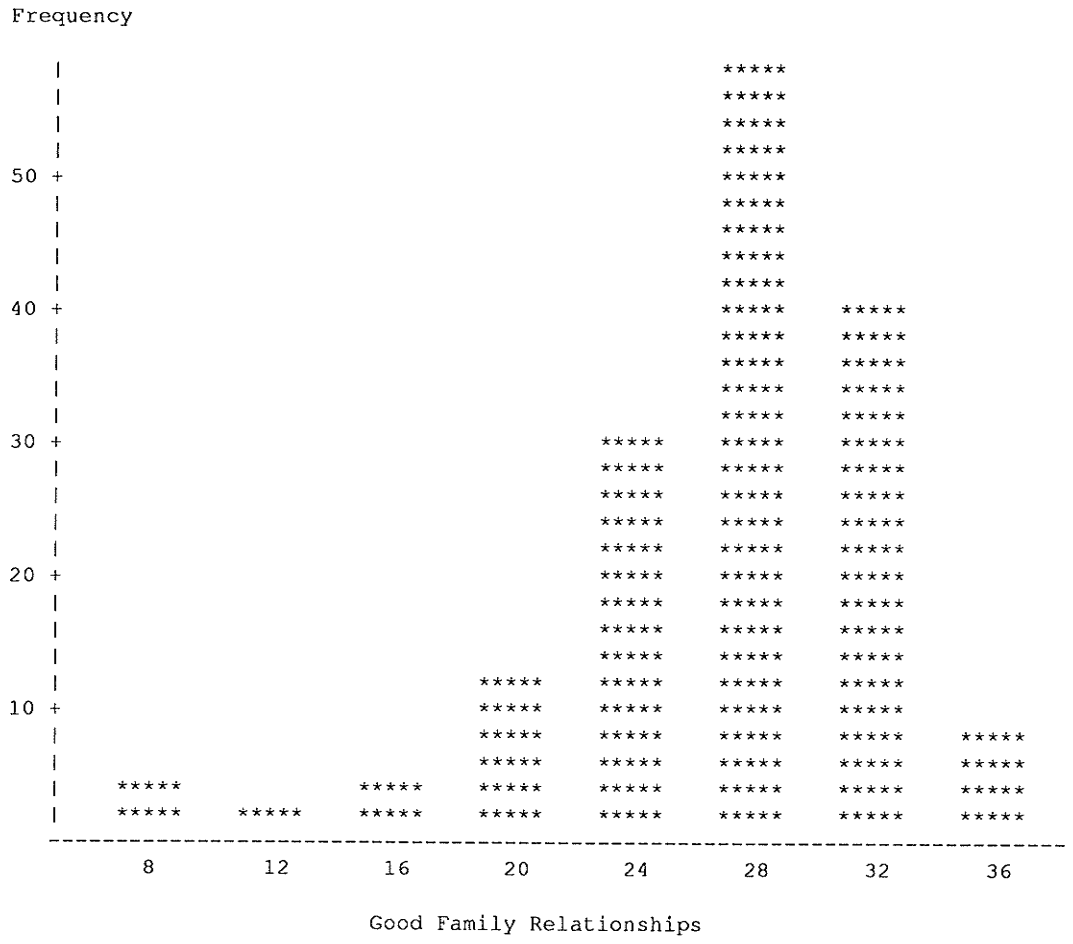


Figure C.4

Distribution of Financial Assistance to Children Scores

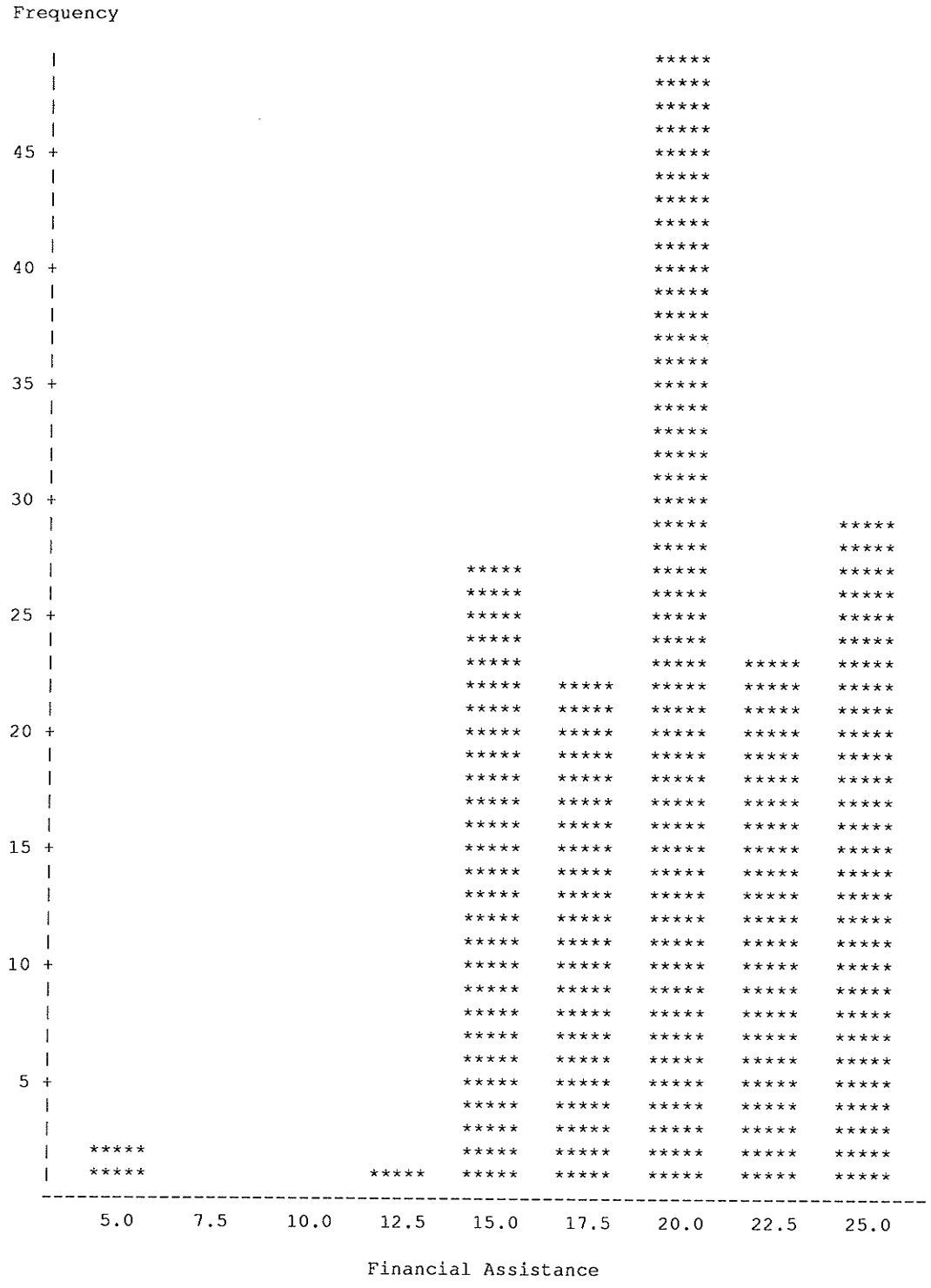


Figure C.5

Distribution of Management Control Scores