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Competencies in Farm Credit Needed/Possessed by Members of the Nebraska Young Farmers/Ranchers Educational Association

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COMPETENCIES IN FARM CREDIT NEEDED/POSSESSED BY MEMBERS OF THE NEBRASKA YOUNG FARMERS/RANCHERS EDUCATIONAL ASSOCIATION

by

Daniel H. Post

A THESIS
Presented to the Faculty of
The Graduate College in the University of Nebraska
In Partial Fulfillment of Requirements
For the Degree of Master of Science

Major: Agricultural Education

Under the Supervision of Professor Allen G. Blezek

Lincoln, Nebraska

May, 1985
ABSTRACT

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Purpose. The purposes of this study were: (1) to determine the competencies related to farm credit needed by farmers and the degree of each competency needed for successful use of farm credit; (2) to determine the degree to which young farmers/ranchers possess the competencies related to farm credit; (3) to determine sources of training for these competencies; and (4) to provide information needed to plan an educational program that will enable farmers to use farm credit efficiently.

Method. The Nebraska Young Farmers/Ranchers Educational Association members were surveyed directly through the use of a questionnaire, giving the members the opportunity to express the degree they needed or possessed the competencies in farm credit which were utilized for this study. The questionnaire was designed as a mail-survey type of instrument. After the instrument was reviewed by staff members of the Agricultural Education Department and appropriate revisions were built into the final instrument, data were collected from a 22 percent random sample of the NYFREA members in the state of Nebraska. The data were then transferred to magnetic tape and processed by the electronic computer services (CMS) at the University of Nebraska-Lincoln to determine the frequency of responses, percentage of responses, means and standard deviations, and F-values and t-values for the sample.

Findings. Based on the level of competencies possessed in farm credit by Nebraska Young Farmers/Ranchers members, the researcher concluded:

1. Differences did exist with regard to the level of competence needed and possessed by the different age groups of the Nebraska Young Farmers/Ranchers members.

2. Differences did exist with regard to the level of competence needed and possessed by the Nebraska Young Farmers/Ranchers members with differing years of experience.

3. Differences did exist with regard to the level of competence needed and possessed by the Nebraska Young Farmers/Ranchers members with different sizes (acres) of operation.

4. Of the 43 competencies, 39 competencies were significantly different, indicating a great need for competence in farm credit.
DEDICATION

--To my father, Harold, who is gone now but who will always be cherished in my heart and everyday thoughts.

Daniel
ACKNOWLEDGMENTS

The author would like to take this opportunity to show his gratitude to those who have given him their assistance, patience, and guidance in completing this study.

Special appreciation is extended to my advisor, Dr. Allen G. Blezek, for his encouragement, guidance, and patience during my course of study.

I also express my appreciation to Dr. Richard M. Foster and Dr. Roy D. Dillon for their guidance, for their review of this thesis, and for serving on my graduate committee.

I owe special thanks to my wife, Cas, for her love and understanding.

D.H.P.
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CHAPTER I

INTRODUCTION

Farming and agriculture have changed a great deal in recent history, particularly the last five years. Lower prices for commodities and higher production costs, including higher interest, have made it necessary for farmers to become better financial managers.

In order for farmers to become better financial managers, it has become necessary to establish programs that give young farmers hands-on experience in working on their basic cash flow and balance sheets. Aaron G. Nelson (9) stated that credit is a tool. Properly used, it can contribute to a larger family income and more rapid capital accumulation. However, if it is used unwisely, it becomes a burden and a threat to the financial future of the user.

Farm credit is a resource which farmers may use to make a purchase at one time and pay for it with future income. Successful use of farm credit may allow farmers to make better use of other resources such as time, labor, land, and management abilities.

Counselors and administrators of agricultural education programs throughout the nation are concerned with developing educational programs that will better meet the increased need for training in the use of farm credit.
Statement of the Problem

What competencies do members of the Nebraska Young Farmers/Ranchers Educational Association need in farm credit areas and to what degree do they possess these competences?

Purpose of Study

The purposes of this study were: (1) to determine the competencies related to farm credit needed by farmers and the degree of each competency needed for successful use of farm credit; (2) to determine the degree to which young farmers/ranchers possess the competencies related to farm credit; (3) to determine sources of training for these competencies; and (4) to provide information needed to plan an educational program that will enable farmers to use farm credit efficiently.

Specific Objectives

The specific objectives of the study were:

1. To determine the relationship between level of competencies possessed in farm credit and age of Nebraska Young Farmers/Ranchers members.

2. To determine the relationship between level of competencies needed in farm credit and age of Nebraska Young Farmers/Ranchers members.
3. To determine the relationship between level of competencies possessed in farm credit and years of experience of Nebraska Young Farmers/Ranchers members.

4. To determine the relationship between level of competencies needed in farm credit and years of experience of Nebraska Young Farmers/Ranchers members.

5. To determine the relationship between level of competencies possessed in farm credit and size of operation for Nebraska Young Farmers/Ranchers members.

6. To determine the relationship between level of competencies needed in farm credit and size of operation for Nebraska Young Farmers/Ranchers members.

7. To determine differences between mean level of competencies possessed and mean level of competencies needed in farm credit for Nebraska Young Farmers/Ranchers members.

Significance of the Problem

This problem is very significant to young farmers and ranchers in Nebraska and ultimately to the entire state. With higher interest rates and lower commodity prices, more emphasis must be placed on the farmer's/rancher's management ability. Most agricultural lending
institutions are demanding that farmers/ranchers have the necessary competencies to fill out and understand balance sheets and cash flows for their operations. With today's economic conditions, farmers/ranchers have little room for trial and error.

Limitations

1. The study was limited to the Nebraska Young Farmers/Ranchers Educational Association membership of 1984.

2. The survey data gathered were limited to those persons returning the questionnaire.

3. No attempt was made to generalize the findings and conclusions beyond the population of the study.

Definition of Terms

**Assets.** Those items which have a marketable value. They are broken into categories: current assets, intermediate assets, and fixed costs.

**Balance sheet.** A financial statement summarizing the assets, liabilities, and net worth of an individual or a business at a given date. It is called a balance sheet because the sum of the assets equals the total of the liabilities plus the net worth.

**Cash flow.** A projection of cost or production versus projection of income, i.e., fertilizer \( 0.12/\text{lb} \times 200 \text{ lbs/acre} = $24.00/\text{acre} \) for anhydrous ammonia.
**Competency.** Behavioral characteristics of knowledge, skills, attitudes, and judgment generally required for the successful performance of a task(s) or the sum total of attitudes, knowledge, and skills which enable a person to perform efficiently and effectively a given function.

**Farm credit.** The ability to borrow monies for the operating year.

**Liabilities.** All debt obligations. Three groupings—current, intermediate, and long-term—are used to summarize liabilities. Such a division permits a realistic assessment of repayment needs.

**Net worth.** Net worth is found by subtracting total liabilities from total assets. This reflects the owner's equity in the business and in other personal property. Should the business be sold or liquidated, net worth indicates the amount of money an individual retains (before taxes).

**Assumptions**

1. It was assumed that retention of information increases when a young farmer/rancher practices or has a "hands-on experience." With this experience a young farmer/rancher does a better job of management.

2. It was assumed that members of the local Nebraska Young Farmers/Ranchers Educational Association programs need and possess competencies in farm credit.
Organization of the Remainder of the Study

Chapter I was designed to present the reader with the direction and importance of the study. A review of the related literature that was available to the investigator is presented in Chapter II. A description of the procedures utilized in the design and completion of the study is included in Chapter III. The findings of the study are reported and discussed in Chapter IV and a summary of the study is provided in Chapter V.
CHAPTER II

REVIEW OF LITERATURE

The investigator found few studies that researched the competencies needed to succeed in any specific farm enterprise or area of farm management. In addition, the review of literature revealed few studies that dealt with the competencies required for the successful use of farm credit. This lack of prior research, in combination with the current farm credit crisis, magnifies the need for a study in this area. The present study is patterned after a master's degree study conducted by Ober Jay Anderson (1) of Iowa State University in Ames.

A study was conducted by Lockwood (7) to determine the competencies needed by males engaged in dairy farming. Lockwood used a panel of 16 men to assist him in identifying a list of needed understandings and abilities for success in dairying. The panel was composed of two men on the dairy science and dairy extension staffs at Iowa State University; two men outside of Iowa State University who were not actual dairymen but who were close to the dairy industry; and 12 outstanding representative dairy farmers.

The panel compiled a list of 46 competencies which were included in a mailed questionnaire. The questionnaire was sent to a random sample of dairymen who were members of the Iowa Dairy Herd Improvement Association and the Iowa owner-sampler program in 1964. The sample included 130 members of the DHIA and 130 members of the owner-sampler program.
Using a five-point Likert-type scale (0 = no competence possessed or needed; 1 = little competence possessed or needed; 2 = competence possessed or needed; 3 = much competence possessed or needed; and 4 = very much competence possessed or needed), Lockwood found that of the 11 understandings needed, seven were scored 3.0 or higher (much competency needed) by both DHIA and owner-sampler dairymen. Of the 35 abilities needed, both DHIA and owner-sampler dairymen scored 25 competencies 3.0 or higher (much competency needed). The lowest score given for any ability needed by either group was 2.4 (between some and much competency needed).

In listing mean scores of competencies needed and possessed according to several variables, Lockwood found that both competencies needed and possessed in dairying tended to increase with age. Lockwood believed this was due to increased experience and more opportunity to take training of some type in dairying as the dairymen became older.

In regard to type and amount of education, Lockwood found that years of vocational agriculture training had little or no effect on competencies needed or possessed. Men who had college credits in dairying felt more competence was required and that they possessed more competence than those who did not have college credits. Participants of young and adult farmer evening classes tended to rank the competencies possessed by the dairymen higher than did non-participants.

In his discussion, Lockwood (7) stated:

These 46 competencies should have a place in training programs for present and prospective dairymen. They should be taught in (1) vocational agricultural programs
for high school boys, young farmer, and adult farmer classes, (2) cooperative agricultural extension service programs, (3) area vocational schools, and (4) in resident instructional programs in the College of Agriculture. They should be stressed in providing in-service training for present dairymen as well as training future replacements in dairying. The in-service training should be provided by vocational agriculture departments, the cooperative agricultural extension service program and by area vocational technical schools. (p. 82)

Lockwood (7) also stated:

It would appear that skill in management as well as use of approved practices is very important to success in any enterprise. (p. 4)

Love and Heady (8) (quoted in Lockwood) stated:

The study also indicated that over some range of combinations, the level of management is more important in lifting incomes to a considerably higher level than are specific enterprises included in the farm plan. (p. 834)

The research by Lockwood indicates there are basic economic competencies that are required for success in any agricultural enterprise. Farm management and successful use of farm credit are important to all enterprises.

Another competency study was conducted by Hoyt (6) to determine competencies in livestock marketing needed by farmers. He sent a list of 74 competencies necessary for beef, swine, and sheep marketing to 300 selected Iowa producers of beef, swine, and sheep. These outstanding producers were named by the field secretaries of the state beef, sheep, and swine associations. Hoyt (6) stated:

The difference found between overall mean scores for abilities needed and possessed for beef producers was .3, for sheep producers 1.1, and .1 for the swine
producers. The difference between overall mean scores for understandings for the three livestock groups was .0 for the beef, 1.6 for the sheep and .8 for the swine producers. The farmers in this study were among the outstanding livestock producers in Iowa. The differences between the scores for understandings and abilities indicate the inadequacy these men felt and certainly indicate a need for further training. (p. 97)

Hoyt also found that swine producers tended to need and possess less competence with age. He concluded that the adult farmer, young farmer, and veteran's training programs appear to follow the needs of swine producers more closely than those of beef and sheep producers. Hoyt stated that since his sample was a select group and their responses indicated a definite need for increased competence in the areas of livestock marketing, it might be expected that the average or below-average producer would, if sampled, show an even greater need for improved competence in this area.

A study of the agriculture competencies needed by males employed in retail fertilizer distribution was conducted by Van Loh (13). He found that an understanding of farm credit procedures was one of the four most highly possessed competencies among managers, whereas sales and service employees rated this competency somewhat lower. This would indicate that the employees were not as confident in their understanding of farm credit procedures as were the managers.

An appraisal of the farm and home development program in Delaware County, Iowa was made by Fife (4). He interviewed two groups of farm couples according to the time they had participated in the program. One group, the older group, had participated from two to four years, while the other group, the newer group, had enrolled within the
past two years. Twenty-three couples in the older group and 22 couples
in the newer group were included in the study.

When asked to indicate, by subject matter area, the methods
of teaching they had found most valuable, both men and women indicated
they had received more value from the group meetings than from in-
dividual conferences. However, in the farm management area, there
was a higher proportion of men who indicated they received more value
from individual conferences or a combination of individual conferences
and group meetings. This may be explained by the somewhat confidential
information dealt with in farm management and farm credit.

In his recommendations, Fife suggested that the amount of
emphasis placed on farm budgeting and farm management should be con-
tinued and the time spent on farm and home recordkeeping and analysis
in group meeting and individual conferences should be increased.

Several studies have been conducted to evaluate the veteran's
on-farm training program. This program was more intensive than the
farm and home development program and dealt mainly with farm manage-
ment and farming practices. A series of seven studies was made as a
part of a regional study sponsored by the Central Regional Research
Conference in Agricultural Education. The overall purpose was to
discover procedures and techniques employed in the veteran's on-farm
training program that could be used in the future training of young
and adult farmers. The data were based on a random sample of 300
questionnaires received from each of the 11 states that cooperated
in the study.
The studies from the 11 cooperating states gathered data in the areas of administration, course content, methods of instruction, needs, methods of improving instruction, and audiovisual materials and methods.

Although time limitations for the veteran's on-farm program have recently expired, a great deal can be gained by studying extensive reports which have implications for future programs in agricultural education. For example, Rhodes (11), in his study of needs, indicated that although all age groups could benefit from further instruction, farmers 25 years of age and younger would benefit most, followed in order by those 26 to 35 and 36 years or older. Rhodes also indicated there was a need for farming instruction for farm women, since more than 69 percent of the veterans from each state indicated women would also benefit from such instruction. The data also revealed that the longer the period of time the veterans had been in training, the more they realized the need for further training of farmers who had previous training in agriculture. This may be one of the reasons why farmers who participate in agricultural education programs tend to participate in several different programs while others participate in few or none.

In 1962, Repp (10) conducted a study on the role of credit in capital accumulation of beginning farmers. This study was a continuation of one begun in 1953. The 83 southern Iowa farm operators included in the study were a part of 113 farmers who began farming in 1953. Period A of the study was conducted from 1953 through 1955 and Period B was carried out from 1956 through 1959. Repp (10) stated:
The pattern of credit used changed considerably as the farmers gained experience. The most noticeable difference was the increased total amounts of credit which the operators used. The farmers used an average of about twice as much non-real estate credit in 1959 ($4,165) as they used in Period A ($1,914). The uses and sources of credit also changed. The portion of non-real estate credit used for livestock purchased and farm operating increased 12 percent from Period B. The portion used for machinery purchases decreased from Period A, but the amount increased $593 because of the increased total amount in 1959. (p. 58)

Repp found that the sources of credit changed from Study A to Study B. The operator's family and the Farmers Home Administration (FHA) became less important sources for non-real estate credit. These decreases were compensated for by large increases shown in the loans from commercial banks and the Production Credit Associations (PCA). Farmers who used real estate credit were characterized by high gains in net worth and low net farm incomes. Also, many of the low net farm incomes were increased by high non-farm incomes. This would indicate that many farmers held some part-time employment to increase their income.

A significant result occurred when the size of net worth on January 1, 1956, was compared with the change in net worth in Study B. The chi-square test was utilized to determine whether or not the two factors were associated with each other. The test revealed a relationship between net worth in Study A and Study B at the one percent level. It appeared that a large net worth provided for a large gain in net worth.

Bivens, Ball, and Liston (2) conducted a study in the use of
credit by farm families in southern Iowa and northern Missouri. The purpose of the study was to provide information about the extent to which production, consumption, and real estate credit was used, the purpose for which used, the source of credit, and differences in the uses of these types of credit when families were classified by selected family and economic factors.

Bivens et al. found that the average debt was $5,072 for the 70 percent of the families using some type of credit. Production credit was used by more families than any other type of credit. Approximately 52 percent of the families used production credit, whereas 37 percent had outstanding real-estate debts. Only 27 percent of the families were using consumer credit.

Factors analyzed in relation to the use of farm credit were: willingness to assume debt, farm size, total assets, years farming experience, net worth, equity, tenure, stage in family life cycle, level of education of operator, knowledge of sources of credit, and socioeconomic status of the family.

In summarizing their study, Bivens et al. (2) found there was a positive association, significant at the five percent level, between:

1. the stage of family life cycle and whether production and real estate credit were used;

2. the formal education of (a) the farm operator and the amount of production credit and (b) whether production credit was used;

3. knowledge of credit sources and (a) the amount of consumer credit used and (b) whether production credit was used;

4. renting and whether production credit was used;
5. total assets and amounts of production credit used;
6. net worth and the amount of real estate credit used;
7. number of years farmed with (a) amount of production credit used and (b) whether real estate credit was used;
8. farm acreage and the use of real estate credit. (p. 4)

In some previous studies it was found that quite often capital limits are self-imposed by the farmer, which is known as internal rationing. Some farmers willingly limit themselves to less credit than would be profitable for their farm and less credit than they could obtain.

Brake and Wirth (3) contemplated on research needs in farm capital and credit. They stated:

Moreover, there are farmers who view the use of credit as morally wrong. They evidently feel that since one can get into difficulty by failure to repay, credit in general should not be used any more than absolutely necessary. They fail to see that credit need be no more nor less than another tool of production.--Research is needed on the theory of attitude-value formation so that we can better understand how farmers form their value systems, how their attitudes stem from these, and how attitudes are changed. Finally, we need to give increased consideration to non-monetary goals that affect farmers' decisions. (p. 58)

Attitudes toward indebtedness were also brought out in a study of interdependence between the farm business and the farm household with implications on economic efficiency conducted by Heady, Back, and Peterson (5). They studied 144 farm operators in the north central Iowa cash grain area. The farm operators were selected at random on the basis of an equal number of operators in the following five age
categories: (1) 30 years and under, (2) 31-40 years, (3) 41-50 years, (4) 51-60 years, and (5) over 60 years. For purposes of comparison, the age groups were reclassified as Group I, under 30 years; Group II, 30 to 44 years; Group III, 45 to 59 years; and Group IV, 60 years and older.

Heady et al. found that, in general, farmers in the sample thought it less desirable to be in debt after operator age 35. As a further check, the farmers were asked whether they thought it undesirable to be in debt. The affirmative answers to this question were as follows: Group I, 56.4 percent; Group II, 53.8 percent; Group III, 51.5 percent; and Group IV, 75.9 percent.

The percentage of farmers with some indebtedness included: Group I, 78.9 percent; Group II, 58.9 percent; Group III, 46.9 percent; and Group IV, 33.3 percent. These data correspond closely to the expressed opinions about indebtedness. Slower rates of expansion can be expected for farmers with stronger preferences against indebtedness.

Another study on the use of production credit by farm families was conducted in southern Iowa and northern Missouri by Eduardo Venezian (14). The sample consisted of 89 clusters of five households each, drawn at random from the total number of clusters. A total of 203 completed and acceptable questionnaires were obtained.

Venezian found that merchants were second to bankers as the most common source of production credit. He believed this was due to the ease with which credit could be obtained, although it was the most expensive type of credit in use. He felt other reasons may have been
that due to a lack of planning or emergencies, farmers sometimes face sudden shortages of operating capital. In these cases, farmers may find it easier to borrow from merchants (buy the needed items and pay later) than to resort to banks and other credit agencies.

While Venezian's study was not intended to go into detail on the importance of goals of a family with respect to the use of credit, he did find that the most common end to which every family strives is security and stability within the political and social environment in which it lives. In this study, it was found that of the goals of the family, 55.7 percent of the families placed a priority on production goals, 32.0 percent on consumption goals, and 12.3 percent were indifferent between the two types of goals.

Venezian found there was a tendency for families with a low willingness to assume debt to use credit less frequently and in smaller amounts than families with a higher willingness to assume debt. The chi-square test of independence was significant at the five percent level.

Venezian (14) stated:

The level of formal education of the operator was found to affect the use of production credit. Farmers with completed high school education or some years of college education used credit in larger amounts and more frequently than farmers with less than a high school education. The test of independence was significant at the 1 percent level. This finding is especially important for educators and extension workers since their contacts could be highly effective for improving the financial situation of rural families. (p. 85)

Among his recommendations, Venezian suggested that the attitudes of families toward indebtedness should be changed in order to increase
their willingness to assume debt. This should be done, he said, mainly through educational or extension programs directed at improving the knowledge of rural families concerning the uses, benefits, risks, sources, and costs of credit resources which are available.

There was a limited amount of literature which directly applied to the current study. No studies were found by the investigator that were directly related to farm credit competencies needed by farmers. Several investigations were similar in design in that they dealt with competencies involved in specific agricultural enterprises and agriculture-related occupations. The conclusions of the studies which have been reviewed would seem to include the following points:

1. There are basic competencies which are required for successful use of farm credit.

2. These competencies may be effectively taught in vocational agriculture classes, extension service programs, and agriculture colleges.

3. The more training a farmer receives, the more need the farmer sees for further training.

4. The amount of credit used is increasing more rapidly than are other required resources, which places further emphasis on the need for successful use of farm credit.

5. Further studies are needed in the area of goals, values, and attitudes of families in relationship to the use of farm credit.
CHAPTER III

DESIGN OF THE STUDY

The principal objective of the study was to determine the competencies in farm credit needed by farmers/ranchers and the degree each competency is needed for the successful use of farm credit. The list of farm credit competencies may be utilized in many ways. It will be useful in program planning in Vocational Agriculture, Cooperative Extension Service, resident instruction in the College of Agriculture, and in proposed programs of area vocational schools.

Secondary objectives were to determine (1) the degree to which each competency was possessed by farmers/ranchers, (2) the factors which had a relationship to the competencies needed and possessed, (3) the sources of training for these competencies, and (4) implications concerning future educational programs needed in teaching the necessary competencies.

The overall purpose of this study was to provide information which will be of assistance to counselors and administrators of agriculture education in planning programs to better meet the needs of a rapidly changing society. If the competencies needed for the successful use of farm credit were known and possessed by farmers/ranchers, they could make better use of this valuable resource. This knowledge would eliminate some of the uncertainty associated with credit use and might ultimately provide a larger income and increased net worth.
Hypotheses

There are several factors that may have determined farmer/rancher understandings and abilities related to farm credit competencies.

Null Hypothesis 1. There is no significant difference between the level of competencies possessed in farm credit by age of Nebraska Young Farmers/Ranchers Educational Association members.

Null Hypothesis 2. There is no significant difference between the level of competencies needed in farm credit by age of Nebraska Young Farmers/Ranchers Educational Association members.

Null Hypothesis 3. There is no significant difference between the level of competencies possessed in farm credit by years of experience of Nebraska Young Farmers/Ranchers Educational Association members.

Null Hypothesis 4. There is no significant difference between the level of competencies needed in farm credit by years of experience of Nebraska Young Farmers/Ranchers Educational Association members.

Null Hypothesis 5. There is no significant difference between the level of competencies possessed in farm credit by size of operation for Nebraska Young Farmers/Ranchers Educational Association members.
Null Hypothesis 6. There is no significant difference between the level of competencies needed in farm credit by size of operation for Nebraska Young Farmers/Ranchers Educational Association members.

Null Hypothesis 7. There is no significant difference between the mean level of competencies possessed and the mean level of competencies needed in farm credit for Nebraska Young Farmers/Ranchers Educational Association members.

Population

The population of the study consisted of the entire membership of the Nebraska Young Farmers/Ranchers Educational Association taken from the 1984 membership directory. A total of 687 members were included in the study. The membership directory was obtained from Mr. Gary Bergman, Executive Secretary of the Nebraska Young Farmers/Ranchers Educational Association.

Selection of the Sample

A 22 percent random sample was taken from the population. Names and addresses of selected individuals were obtained from the 1984 membership directory of the Nebraska Young Farmers/Ranchers Educational Association. In drawing the random sample, the author consulted Mr. Randy Alliger, a statistician at the NEAR Center, University of Nebraska-Lincoln, for his counsel.

A questionnaire was adapted for use by the 150 sample members of the Nebraska Young Farmers/ Ranchers Educational Association included in the study.
The questionnaire was designed to determine the relationship between the level of competencies needed and possessed in farm credit. Out of the list of 43 competencies provided, the selected members of the Young Farmer/Rancher Educational Association, respondents were asked to respond according to various demographic categories.

**Competency Evaluations**

The following five-point, Likert-type scale was used in evaluating the degree to which competencies were needed and possessed:

<table>
<thead>
<tr>
<th>Degree Competency Needed</th>
<th>Degree Competency Possessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 = None</td>
<td>1 = None</td>
</tr>
<tr>
<td>2 = Little</td>
<td>2 = Little</td>
</tr>
<tr>
<td>3 = Some</td>
<td>3 = Some</td>
</tr>
<tr>
<td>4 = Much</td>
<td>4 = Much</td>
</tr>
<tr>
<td>5 = Very much</td>
<td>5 = Very much</td>
</tr>
</tbody>
</table>

**Preparation of the Instrument**

The questionnaire used in the present study was a modified version of an instrument originally used by O. J. Anderson in Iowa. Documentation of the questionnaire was made by a panel of 16 farm credit specialists who used it to determine the competencies referred to in the study. Members of the panel included representative progressive farmers, farm economists, and several professional farm credit employers. Farm credit sources represented were: Federal Land Banks, Farmers' Home Administration, insurance companies, Production Credit Associations, and local banks, in addition to farm
business record association fieldmen.

Initially, a form was sent to each panel member asking for a list of the competencies needed by farmers in farm credit. The competencies were divided into the two groups of understandings and abilities.

When all of the suggested competencies had been received, a sub-committee of the panel, composed of a banker and a farm economist, met and combined the individual lists into a composite list of competencies. The composite list was then sent to all panel members for their final recommendations. They were asked to make any further additions, corrections, or deletions to the list.

Following the return of the composite list of competencies from the panel, a sub-committee again met to prepare the final list of competencies to be included in the questionnaire. The final list of 43 competencies, 17 abilities and 26 understandings, was then sent to the panel for their information and interest.

Collection of the Data

The following procedure was implemented to collect the data for the study:

1. Mr. Gary C. Bergman, Executive Secretary of the Nebraska Young Farmer/Rancher Educational Association, was contacted for a current list of the Nebraska Young Farmer/Rancher Educational Association members.

2. A letter of explanation for the purpose of this survey,
along with the questionnaire and a self-addressed, postage-paid envelope, was sent to each of the randomly selected members of the Nebraska Young Farmers/Ranchers Educational Association members.

3. After 17 days, a follow-up letter was sent to the members who had not returned their questionnaire.

4. Ten days after the follow-up letter was mailed, a telephone call was placed to a 20 percent random sample of the 55 participating members who had not returned their questionnaire.

A questionnaire survey was mailed to 150 randomly selected NYFREA members. At the end of the date designated as the cut-off date, 95 respondents had submitted completed surveys (63 percent). A telephone call was placed to a 20 percent sample of non-respondents. Eight additional surveys were collected. Statistician Randy Alliger and the researcher determined through empirical judgment that there were no differences identified between the initial respondents and those respondents followed-up by telephone. All responses were usable (69 percent return rate).

Analysis of Data

The data were obtained from the survey instrument mailed to members of the Nebraska Young Farmers/Ranchers Educational Association. The information was transferred to magnetic tape and was processed by electronic computer services at the University of Nebraska-Lincoln.

Frequency of responses, means, and standard deviations were obtained from the sample.
The \( t \) test and a one-way analysis of variance were used to determine if differences in group means existed. A Tukey-HSK post-hoc test was used to determine which respondent groups differed significantly (.05 and .01).
CHAPTER IV

FINDINGS

The study was primarily concerned with identifying competencies the members of the Nebraska Young Farmers/Ranchers Educational Association needed and possessed in farm credit by age, years of experience, and size of operation. This information was collected from the 22 percent randomly selected sample of the 1984 NYFREA membership.

General Information

To further study the NYFREA members as to the competencies they needed and possessed in farm credit, certain demographic information was obtained regarding their age, years of experience, size of operation, and where they received farm credit or management training. This information was obtained by asking each of the respondents to identify the source of farm credit management training, specifically, college credit courses, college non-credit courses, G.I. veterans' training, extension service short courses, vocational agriculture adult farmer classes and vocational agriculture young farmer classes. The respondents were asked to check yes or no if they had received any training in farm credit or management. The findings are included in Table 1.

Data Analysis Procedures

The analysis of data involved cross-tabulating each respondent's response to perceived needed and possessed competencies in farm credit
by age, years of experience and size of operation. A one-way analysis of variance was also used where more than two groups were compared. The Tukey-HSD procedure was used to determine whether the subgroup means differed significantly from one another. Results found significant at the .05 and .01 levels are described in the following section.

Table 1. Respondents' sources of farm credit management training.

<table>
<thead>
<tr>
<th>Source</th>
<th>No</th>
<th>%</th>
<th>Yes</th>
<th>%</th>
<th>Missing</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>College credit courses</td>
<td>49</td>
<td>48.5</td>
<td>51</td>
<td>50.5</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>College non-credit courses</td>
<td>63</td>
<td>62.4</td>
<td>22</td>
<td>21.8</td>
<td>16</td>
<td>15.8</td>
</tr>
<tr>
<td>G.I. veterans' training</td>
<td>78</td>
<td>77.2</td>
<td>3</td>
<td>3.0</td>
<td>20</td>
<td>19.8</td>
</tr>
<tr>
<td>Extension service short courses</td>
<td>57</td>
<td>56.4</td>
<td>30</td>
<td>29.7</td>
<td>14</td>
<td>13.9</td>
</tr>
<tr>
<td>Vocational agriculture adult farmer classes</td>
<td>58</td>
<td>57.4</td>
<td>26</td>
<td>25.7</td>
<td>17</td>
<td>16.8</td>
</tr>
<tr>
<td>Vocational agriculture young farmer classes</td>
<td>27</td>
<td>26.7</td>
<td>68</td>
<td>67.3</td>
<td>6</td>
<td>5.9</td>
</tr>
</tbody>
</table>

Findings for Null Hypotheses

Since the null hypothesis was used as a statistical form of reference in this study, the results will consist of interpretations in terms of the null hypothesis.

Null Hypothesis 1

There is no significant difference between level of competencies possessed in farm credit by age of Nebraska Young Farmers/Ranchers
Educational Association members.

The findings presented in Table 2 show the competencies possessed in farm credit by age of the respondents. It was observed that the five highest rated competencies, according to group means, in which respondents were most knowledgeable were: "The importance of a good credit rating" (4.25); "Your own attitude toward 'being in debt'" (4.03); "Keep complete and accurate farm records" (3.86); "Net farm income" (3.85); and "Differentiate between short, intermediate, and long-term debt" (3.85).

It was further observed that the five lowest rated competencies possessed, according to group means, in farm credit by age of the respondents were: "Availability of government emergency loans" (2.73); "Compute true interest rate" (2.91); "Relationship between farm and home (consumer) credit" (3.13); "Credit life insurance" (3.17); and "Need for consolidation of all loans" (3.22).

It was also observed that six of the 43 competencies were significantly different at the .05 level and one was significantly different at the .01 level.

A difference in competencies possessed was observed in the farm credit area "Availability of government emergency loans" between respondents 31-35 years of age (2.09) and 36-40 years of age (3.01); 31-35 years of age (2.09) and 26-30 years of age (3.32); and 25 years of age or less (2.22) and 26-30 years of age (3.32).

A difference in competencies possessed was observed in the farm credit area "Credit life insurance" between the age group of
Table 2. Group means, standard deviations, and F-values for competencies possessed in farm credit by age of respondent.

<table>
<thead>
<tr>
<th>Competency</th>
<th>25 or Less</th>
<th>26 to 30</th>
<th>31 to 35</th>
<th>36 to 40</th>
<th>Total</th>
<th>F-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding of:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and its relationship to other farming resources</td>
<td>M 3.30</td>
<td>3.29</td>
<td>3.23</td>
<td>3.32</td>
<td>3.29</td>
<td>.05</td>
</tr>
<tr>
<td></td>
<td>SD .82</td>
<td>.91</td>
<td>.92</td>
<td>.65</td>
<td>.83</td>
<td></td>
</tr>
<tr>
<td>Relationship between farm and home (consumer) credit</td>
<td>M 3.13</td>
<td>3.09</td>
<td>2.82</td>
<td>3.50</td>
<td>3.13</td>
<td>1.83</td>
</tr>
<tr>
<td></td>
<td>SD .97</td>
<td>1.22</td>
<td>.66</td>
<td>.80</td>
<td>.99</td>
<td></td>
</tr>
<tr>
<td>Family living expenses</td>
<td>M 3.48</td>
<td>3.91</td>
<td>3.64</td>
<td>3.68</td>
<td>3.70</td>
<td>1.27</td>
</tr>
<tr>
<td></td>
<td>SD .90</td>
<td>.90</td>
<td>.90</td>
<td>.65</td>
<td>.85</td>
<td></td>
</tr>
<tr>
<td>Your own attitude toward &quot;being in debt&quot;</td>
<td>M 3.96</td>
<td>3.86</td>
<td>4.50</td>
<td>3.91</td>
<td>4.03</td>
<td>3.28*</td>
</tr>
<tr>
<td></td>
<td>SD .82</td>
<td>.93</td>
<td>.51</td>
<td>.81</td>
<td>.83</td>
<td></td>
</tr>
<tr>
<td>The importance of a good credit rating</td>
<td>M 4.43</td>
<td>4.24</td>
<td>4.14</td>
<td>4.18</td>
<td>4.25</td>
<td>.77</td>
</tr>
<tr>
<td></td>
<td>SD .73</td>
<td>.82</td>
<td>.64</td>
<td>.59</td>
<td>.71</td>
<td></td>
</tr>
<tr>
<td>Risk and uncertainty of using credit</td>
<td>M 3.58</td>
<td>3.53</td>
<td>3.74</td>
<td>3.82</td>
<td>3.65</td>
<td>.55</td>
</tr>
<tr>
<td></td>
<td>SD .88</td>
<td>.99</td>
<td>.92</td>
<td>.85</td>
<td>.92</td>
<td></td>
</tr>
<tr>
<td>Procedure used in obtaining farm loans</td>
<td>M 3.39</td>
<td>3.53</td>
<td>3.68</td>
<td>4.01</td>
<td>3.64</td>
<td>2.11</td>
</tr>
<tr>
<td></td>
<td>SD .84</td>
<td>.96</td>
<td>.99</td>
<td>.66</td>
<td>.90</td>
<td></td>
</tr>
<tr>
<td>Need for consolidation of all loans</td>
<td>M 2.84</td>
<td>3.32</td>
<td>3.18</td>
<td>3.50</td>
<td>3.22</td>
<td>1.74</td>
</tr>
<tr>
<td></td>
<td>SD 1.12</td>
<td>1.15</td>
<td>.96</td>
<td>.67</td>
<td>1.03</td>
<td></td>
</tr>
<tr>
<td>Methods of charging interest</td>
<td>M 3.28</td>
<td>3.26</td>
<td>3.64</td>
<td>3.45</td>
<td>3.39</td>
<td>.62</td>
</tr>
<tr>
<td></td>
<td>SD .86</td>
<td>1.26</td>
<td>1.22</td>
<td>.91</td>
<td>1.09</td>
<td></td>
</tr>
<tr>
<td>Loan security requirements</td>
<td>M 3.33</td>
<td>3.56</td>
<td>3.73</td>
<td>3.55</td>
<td>3.54</td>
<td>.66</td>
</tr>
<tr>
<td></td>
<td>SD .82</td>
<td>1.11</td>
<td>.88</td>
<td>.86</td>
<td>.94</td>
<td></td>
</tr>
<tr>
<td>Legal terms concerning notes, mortgages</td>
<td>M 3.26</td>
<td>3.38</td>
<td>3.14</td>
<td>3.55</td>
<td>3.37</td>
<td>.72</td>
</tr>
<tr>
<td></td>
<td>SD .92</td>
<td>1.16</td>
<td>.94</td>
<td>.74</td>
<td>.97</td>
<td></td>
</tr>
<tr>
<td>Repayment terms and options</td>
<td>M 3.65</td>
<td>3.68</td>
<td>3.36</td>
<td>3.82</td>
<td>3.63</td>
<td>.99</td>
</tr>
<tr>
<td></td>
<td>SD .93</td>
<td>.84</td>
<td>1.09</td>
<td>.73</td>
<td>.90</td>
<td></td>
</tr>
<tr>
<td>Credit life insurance</td>
<td>M 2.61</td>
<td>3.47</td>
<td>3.09</td>
<td>3.37</td>
<td>3.17</td>
<td>2.65*</td>
</tr>
<tr>
<td></td>
<td>SD 1.03</td>
<td>1.31</td>
<td>1.07</td>
<td>1.29</td>
<td>1.23</td>
<td></td>
</tr>
</tbody>
</table>
### Table 2. (continued)

<table>
<thead>
<tr>
<th>Competency</th>
<th>25 or Less</th>
<th>26 to 30</th>
<th>31 to 35</th>
<th>36 to 40</th>
<th>Total</th>
<th>F-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Availabililty of government emergency loans</strong></td>
<td>M 2.22</td>
<td>3.32</td>
<td>2.09</td>
<td>3.01</td>
<td>2.73</td>
<td>7.83**</td>
</tr>
<tr>
<td>SD .109</td>
<td>1.25</td>
<td>.81</td>
<td>1.14</td>
<td>1.21</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Crop insurance as a means of reducing risk</strong></td>
<td>M 3.00</td>
<td>3.65</td>
<td>3.41</td>
<td>3.73</td>
<td>3.47</td>
<td>1.86</td>
</tr>
<tr>
<td>SD .90</td>
<td>1.15</td>
<td>1.37</td>
<td>1.24</td>
<td>1.19</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Purchase contracts for land, implements, etc.</strong></td>
<td>M 2.91</td>
<td>2.24</td>
<td>3.41</td>
<td>3.73</td>
<td>3.31</td>
<td>2.60*</td>
</tr>
<tr>
<td>SD 1.04</td>
<td>1.02</td>
<td>1.05</td>
<td>.88</td>
<td>1.03</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sales contracts for soybeans, beefs, etc.</strong></td>
<td>M 3.00</td>
<td>3.21</td>
<td>3.14</td>
<td>3.68</td>
<td>3.25</td>
<td>1.45</td>
</tr>
<tr>
<td>SD .85</td>
<td>1.34</td>
<td>1.17</td>
<td>1.13</td>
<td>1.17</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rental and leasing arrangements</strong></td>
<td>M 3.43</td>
<td>3.32</td>
<td>3.09</td>
<td>3.56</td>
<td>3.35</td>
<td>1.13</td>
</tr>
<tr>
<td>SD .79</td>
<td>.98</td>
<td>.97</td>
<td>.73</td>
<td>.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net farm income</strong></td>
<td>M 3.91</td>
<td>4.06</td>
<td>3.68</td>
<td>3.63</td>
<td>3.85</td>
<td>1.32</td>
</tr>
<tr>
<td>SD .95</td>
<td>.74</td>
<td>1.09</td>
<td>.90</td>
<td>.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Your repayment capacity</strong></td>
<td>M 4.00</td>
<td>3.86</td>
<td>3.68</td>
<td>3.68</td>
<td>3.81</td>
<td>.55</td>
</tr>
<tr>
<td>SD .74</td>
<td>.99</td>
<td>1.39</td>
<td>.72</td>
<td>.99</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Importance of adequate operating reserves</strong></td>
<td>M 3.43</td>
<td>3.32</td>
<td>3.64</td>
<td>3.55</td>
<td>3.47</td>
<td>.53</td>
</tr>
<tr>
<td>SD .95</td>
<td>.94</td>
<td>1.09</td>
<td>.91</td>
<td>.97</td>
<td></td>
<td></td>
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<tr>
<td><strong>Priority of claims on income</strong></td>
<td>M 3.82</td>
<td>3.13</td>
<td>3.09</td>
<td>3.50</td>
<td>3.36</td>
<td>2.50</td>
</tr>
<tr>
<td>SD 1.06</td>
<td>1.06</td>
<td>1.31</td>
<td>.86</td>
<td>1.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ratio of assets to liabilities</strong></td>
<td>M 4.00</td>
<td>3.44</td>
<td>3.27</td>
<td>3.68</td>
<td>3.58</td>
<td>1.93</td>
</tr>
<tr>
<td>SD 1.00</td>
<td>1.24</td>
<td>1.12</td>
<td>.95</td>
<td>1.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ratio of gross income to liabilities</strong></td>
<td>M 3.83</td>
<td>3.21</td>
<td>3.45</td>
<td>3.68</td>
<td>3.51</td>
<td>1.79</td>
</tr>
<tr>
<td>SD .98</td>
<td>1.18</td>
<td>1.10</td>
<td>.95</td>
<td>1.08</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Relation of cash income to liabilities</strong></td>
<td>M 3.78</td>
<td>3.15</td>
<td>3.68</td>
<td>3.68</td>
<td>3.52</td>
<td>2.28</td>
</tr>
<tr>
<td>SD 1.00</td>
<td>1.13</td>
<td>1.04</td>
<td>.95</td>
<td>1.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A cash flow statement</strong></td>
<td>M 3.61</td>
<td>3.74</td>
<td>4.18</td>
<td>3.77</td>
<td>3.81</td>
<td>1.10</td>
</tr>
<tr>
<td>SD 1.23</td>
<td>1.31</td>
<td>.96</td>
<td>.81</td>
<td>1.13</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Ability to:**

<p>| Differentiate between short, intermediate, and long-term credit | M 3.74 | 4.03 | 3.77 | 3.77 | 3.85 | .75 |
| SD .62                                                      | .83   | 1.07 | .87  | .85  |       |</p>
<table>
<thead>
<tr>
<th>Competency</th>
<th>Age 25 or Less</th>
<th>26 to 30</th>
<th>31 to 35</th>
<th>36 to 40</th>
<th>Total</th>
<th>F-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine own credit strengths and weaknesses</td>
<td>M 3.35</td>
<td>3.65</td>
<td>3.73</td>
<td>3.27</td>
<td>3.51</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SD  .78</td>
<td>1.01</td>
<td>1.12</td>
<td>.77</td>
<td>.94</td>
<td>1.33</td>
</tr>
<tr>
<td>Compute true interest rate</td>
<td>M 2.91</td>
<td>2.88</td>
<td>3.18</td>
<td>2.68</td>
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*Significant at the .05 level  
**Significant at the .01 level  

\((3.33)\) \((3.45)\) \((3.51)\) \((3.56)\)
25 years or less (2.61) and 26-30 years of age (3.47).

A difference in competencies possessed in the farm credit area of "Your own attitude toward 'being in debt'" was observed between the age group of 26-30 years of age (3.86) and 31-35 years of age (4.50).

A difference in competencies possessed in the farm credit area of "Purchase contracts for land, implements, etc." was observed between the age group of 25 years or less (2.91) and 36-40 years of age (3.73).

Finally, a difference in the competencies possessed in the farm credit area of "Plan credit needs on an annual basis" was observed between the age group of 25 years or less (3.04) and 26-30 years of age (3.97).

Therefore, the null hypothesis for the level of competencies possessed in farm credit by age was rejected. Findings indicate that a difference did exist in level of competency possessed by the different age groups of respondents.

Null Hypothesis 2

There is no significant difference between level of competencies needed in farm credit by age of Nebraska Young Farmers/Ranchers Educational Association members.

The findings presented in Table 3 for this null hypothesis show the competencies needed in farm credit by age of respondents. It was observed that the eight highest rated competencies, according to group means, in which respondents indicated the greatest need were:
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<td>Effectively communicate with credit representatives</td>
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<td>Determine total &quot;least cost&quot; credit sources for financing your farm business</td>
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*Significant at the .05 level
**Significant at the .01 level

(3.81) (4.23) (4.03) (4.20)
"The ability to keep complete and accurate farm records" (4.56); "Your repayment capacity" (4.54); "A cash flow statement" (4.50); "Analyze and interpret farm records and results" (4.43); "The importance of a good credit rating" (4.42); "Risk and uncertainty of using credit" (4.38); "Gain confidence of lenders" (4.38); and "Repayment terms and options" (4.29).

It was further observed that the five lowest rated or least needed competencies, according to group means, in farm credit by age of respondents were: "Relationship between farm and home (consumer) credit" (3.44); "Need for consolidation of all loans" (3.47); "Credit life insurance" (3.55); "Family living expenses" (3.58); and "Crop insurance as a means of reducing risk" (3.66).

It was also observed that of the 43 competencies, seven were significantly different at the .05 level and ten competencies were significantly different at the .01 level.

Differences in group means on competencies needed in the farm credit area "Relationship between farm and home (consumer) credit" were observed between the groups of 26-30 years of age (3.50) and 31-35 years of age (2.68); 36-40 years of age (3.64) and 31-35 years of age (2.68); and 25 years of age or less (3.87) and 31-35 years of age (2.68).

A difference in competencies needed in the farm credit area "To determine total 'least cost' credit sources for financing your farm business" was observed between the age groups of 26-30 years of age (4.71) and 25 years or less (3.57); and between 26-30 years of age (4.71) and 31-35 years of age (3.91).
A difference in competencies needed in the farm credit area "Availability of government emergency loans" was observed between the age groups 26-30 years of age (4.18) and 25 years or less (3.22); and between 26-30 years of age (4.18) and 31-35 years of age (3.27).

A difference in competencies needed in the farm credit area of "Prepare an income (profit and loss) statement from current years operations" was observed between the age groups 26-30 years of age (4.56) and 25 years or less (3.61).

A difference in competencies needed in the farm credit area "Plan credit needs on an annual basis" was observed between the age groups of 36-40 years of age (4.32) and 25 years or less (3.52); and between the age groups 26-30 years or age (4.41) and 25 years or less (3.52).

Therefore, the null hypothesis for the level of competencies needed in farm credit by age was rejected. The findings indicate that a significant difference did exist in the level of competency needed by the different age groups of respondents.

**Null Hypothesis 3**

There is no significant difference between the level of competencies possessed in farm credit by years of experience of Nebraska Young Farmers/Ranchers Educational Association members.

The findings presented in Table 4 for this null hypothesis show the competencies possessed in farm credit by years of farming experience of the respondents. It was observed that the five highest rated competencies, according to group means, in which respondents were most
Table 4. Group means, standard deviations and F-values for competencies possessed in farm credit by experience of respondents.

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F-Values:

- \( * \) indicates significance at \( p < .05 \)
- \( ** \) indicates significance at \( p < .01 \)
Table 4. (continued)

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<td>Evaluate available credit sources</td>
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<td>Effectively communicate with credit representatives</td>
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*Significant at the .05 level
**Significant at the .01 level

(3.34) (3.58) (3.47) (3.46)
knowledgeable were: "The importance of a good credit rating" (4.21); "Your own attitude toward 'being in debt'" (4.04); "Differentiate between short, intermediate and long-term credit" (3.84); "Net farm income" (3.81); and "Keep complete and accurate farm records" (3.80).

It was further observed that the five lowest rated competencies possessed, according to group means, in farm credit compared with years of experience of the respondents were: "Availability of government emergency loans" (2.70); "Compute true interest rate" (2.82); "Relationship between farm and home (consumer) credit" (3.08); "Credit life insurance" (3.15); and "Compute management returns" (3.15).

Of the 43 competencies, five competencies were significantly different at the .05 level and one was significantly different at the .01 level.

Difference in group means on competencies possessed in the farm credit area "Need for consolidation of all loans" was observed between the groups of 11-14 years of experience (3.48) and six years of experience or less (2.66).

A difference in group means on competencies possessed in the farm credit area "Credit life insurance" was observed between the groups of 7-10 years of experience (3.55) and six years of experience or less (2.50).

A difference in group means on competencies possessed in the farm credit area "A cash flow statement" was observed between the groups of 11-14 years of experience (4.17) and six years of experience or less (3.14).
A difference in groups means on competencies possessed in the farm credit area "Analyze and interpret farm records and results" was observed between the groups of 7-10 years of experience (3.76) and six years of experience or less (3.09).

A difference in group means on competencies possessed in the farm credit area "Budget anticipated costs and returns" was observed between the groups of 7-10 years of experience (3.83) and 11-14 years of experience (3.00); and between the groups of 7-10 years of experience (3.83) and six years of experience or less (3.05).

The final observation made in differences in group means on competencies possessed in the farm credit area "Plan credit needs on an annual basis" was between the groups 7-10 years of experience (3.83) and six years of experience or less (2.95).

Therefore, the null hypothesis for the level of competencies possessed in farm credit by years of experience was rejected. The findings indicate that a difference did exist in the level of competency possessed by the respondents in the various years of experience groups.

**Hypothesis 4**

There is no significant difference between the level of competencies needed in farm credit by years of experience of Nebraska Young Farmers/Ranchers Educational Association members.

The findings presented in Table 5 for this null hypothesis show the competencies needed in farm credit by years of experience of the respondents. It was observed that the five highest rated competencies,
Table 5. Group means, standard deviations and F-values for competencies needed in farm credit by experience of respondents.

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<td>Relate present credit plans to long-term</td>
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<td>3.77</td>
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Table 5.  (continued)

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<th>Competency</th>
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<th></th>
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<th>F-Value</th>
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<td>Evaluate available credit sources</td>
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<td>Determine total &quot;least cost&quot;</td>
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<td>.79</td>
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*Significant at the .05 level
**Significant at the .01 level

(3.95)  (4.45)  (3.88)  (3.94)
according to group means, in which respondents indicated the greatest need were: "Keep complete and accurate farm records" (4.58); "Your repayment capacity" (4.48); "A cash flow statement" (4.45); "Analyze and interpret a net worth statement" (4.42); and "Gain confidence of lender" (4.37).

It was further observed that the five lowest rated or least needed competencies, according to group means, in farm credit when compared by the years of experience of the respondents were: "Relationship between farm and home (consumer) credit" (3.38); "Need for consolidation of all loans" (3.50); "Credit life insurance" (3.53); "Family living expenses" (3.58); and "Availability of government emergency loans" (3.66).

Of the 43 competencies, 12 of the competencies were significantly different at the .05 level and eight were significantly different at the .01 level.

Differences in group means on competencies needed in the farm credit area "Legal terms concerning notes, mortgages" were observed between the groups with six years of experience or less (4.45) and 11-14 years of experience (3.57); and between the groups of 7-10 years of experience (4.59) and 11-14 years of experience (3.57).

A difference in group means on competencies needed in the farm credit area "Availability of government emergency loans" was observed between the groups with 7-10 years of experience (4.28) and 15-22 years of experience (3.17); and between the groups with 7-10 years of experience (4.28) and 11-14 years of experience (3.22).
A difference in group means on competencies needed in the farm credit area "Prepare and interpret a net worth statement" was observed between the groups with 7-10 years of experience (4.55) and 15-22 years of experience (3.58).

A difference in group means on competencies needed in the farm credit area "Gain confidence of lenders" was observed between the groups with six years of experience or less (4.41) and 15-22 years of experience (3.67); and between the groups with 7-10 years of experience (4.66) and 15-22 years of experience (3.67).

Differences between group means on competencies needed in the farm credit area "Distinguish between actual needs and mere desires" were observed between groups with 7-10 years of experience (4.31) and six years of experience or less (3.45); and between groups with 11-14 years of experience (4.43) and six years of experience or less (3.45).

Therefore, the null hypothesis for the level of competencies needed in farm credit by years of experience was rejected. The findings indicate that a difference did exist in the level of competency needed by the respondents grouped by years of experience.

**Hypothesis 5**

There is no significant difference between the level of competencies possessed in farm credit by the size of operation for Nebraska Young Farmers/Ranchers Educational Association members.

The findings presented in Table 6 for this null hypothesis show the competencies possessed in farm credit when compared by the size of operation in acres of the respondents.
Table 6.  Group means, standard deviations and F-values for competencies possessed in farm credit by size of farming operation.

<table>
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<tr>
<th>Competency</th>
<th>200 or Less</th>
<th>400 to 600</th>
<th>801 or More</th>
<th>Total</th>
<th>F-Value</th>
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<td>.93</td>
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<td>SD: 1.08</td>
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<td>Family living expenses</td>
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<td>SD: .84</td>
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<td>.70</td>
<td>1.00</td>
<td>.84</td>
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<td>Your own attitude toward &quot;being in debt&quot;</td>
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<td>3.50</td>
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<td>SD: .74</td>
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<td>.82</td>
<td>.70</td>
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<td>.73</td>
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<td>1.08</td>
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Table 6. (continued)

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<th>601 to 800</th>
<th>801 and Over</th>
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<td>1.18</td>
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<td>.78</td>
<td>1.09</td>
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<td>3.56</td>
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### Table 6. (continued)

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<td>SD</td>
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<tr>
<td>Determine own credit strengths and weaknesses</td>
<td>M</td>
</tr>
<tr>
<td></td>
<td>SD</td>
</tr>
<tr>
<td>Compute true interest rate</td>
<td>M</td>
</tr>
<tr>
<td></td>
<td>SD</td>
</tr>
<tr>
<td>Keep complete and accurate farm records</td>
<td>M</td>
</tr>
<tr>
<td></td>
<td>SD</td>
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<tr>
<td>Analyze and interpret farm records and results</td>
<td>M</td>
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<tr>
<td>Compute management returns</td>
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<td>SD</td>
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<tr>
<td>Budget anticipated costs and returns</td>
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</tr>
<tr>
<td></td>
<td>SD</td>
</tr>
<tr>
<td>Prepare and interpret a net worth statement</td>
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<td>Prepare an income (profit and loss) statement from current years operations</td>
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<td>Plan credit needs on an annual basis</td>
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<td></td>
<td>SD</td>
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<tr>
<td>Plan repayment schedules to fit expected income</td>
<td>M</td>
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<tr>
<td></td>
<td>SD</td>
</tr>
<tr>
<td>Relate present credit plans to long-term plans</td>
<td>M</td>
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<td>SD</td>
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<tr>
<td>Evaluate available credit sources</td>
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Table 6. (continued)

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<tr>
<th>Competency</th>
<th>Size of Operation in Acres</th>
<th>200 or Less</th>
<th>401 to 600</th>
<th>801 to 800</th>
<th>Over 800</th>
<th>Total</th>
<th>F-Value</th>
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<tr>
<td>Effectively communicate with credit representatives</td>
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<td>3.96</td>
<td>3.19</td>
<td>4.17</td>
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<td>SD</td>
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<td>.77</td>
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<td>1.08</td>
<td>.70</td>
<td>.94</td>
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<tr>
<td>Gain confidence of lenders</td>
<td>M</td>
<td>3.80</td>
<td>3.67</td>
<td>3.76</td>
<td>3.31</td>
<td>4.30</td>
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<td>.70</td>
<td>.94</td>
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<td>Determine total &quot;least cost&quot; credit sources for financing your farm business</td>
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<td>3.70</td>
<td>3.17</td>
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<td>1.29</td>
<td>1.30</td>
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<tr>
<td>Distinguish between actual needs and mere desires</td>
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<td>3.61</td>
<td>4.12</td>
<td>3.50</td>
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<td>.85</td>
<td>.97</td>
<td>1.41</td>
<td>1.11</td>
<td>1.07</td>
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</tbody>
</table>

*Significant at the .05 level

**Significant at the .01 level

(3.57) (3.19) (3.60) (3.34) (3.82)
It was observed that the eight highest rated competencies, according to group means, in which respondents were most knowledgeable were: "The importance of a good credit rating" (4.25); "Your own attitude toward 'being in debt'" (4.03); "Keep complete and accurate records and results" (3.84); "Net farm income" (3.82), "Your repayment capacity" (3.82); "Differentiate between short, intermediate and long-term credit" (3.82); "Gain confidence of lenders" (3.80); and "Distinguish between actual needs and mere desires" (3.80).

The five lowest competencies possessed, according to group means in farm credit compared by the size of the operation in acres were: "Availability of government emergency loans" (2.72); "Compute true interest rate" (2.85); "Relationship between farm and home (consumer) credit" (3.14); "Credit life insurance" (3.17); and "Compute management returns" (3.17).

Of the 43 competencies, 12 of the competencies were significantly different at the .05 level and 14 were significantly different at the .01 level.

Differences in group means on competencies possessed in the farm credit area "Procedure used in obtaining farm loans" were observed between the groups of 801 acres and over (4.22) and 200 or less acres (3.30); 801 acres and over (4.22) and 601-800 acres (3.31); 801 acres and over (4.22) and 201-400 acres (3.33); and 801 acres and over (4.22) and 401-600 acres (3.53).

Differences in group means on competencies possessed in the farm credit area "Ratio of gross income to liabilities" were observed
between the groups of 801 acres and over (4.09) and 601-800 acres (2.81); 200 or less acres (4.30) and 601-800 acres (2.81); 801 acres and over (4.09) and 201-400 acres (3.00); 200 or less acres (4.30) and 201-400 acres (3.00); 801 acres and over (4.09) and 401-600 acres (3.20); and 201 acres and less (4.30) and 401-600 acres (3.20).

Differences in group means on competencies possessed in the farm credit area "Relationship of net cash income to liabilities" were observed between the groups of 801 acres and over (4.09) and 601-800 acres (3.06); 801 acres and over (4.09) and 201-400 acres (3.11); and 801 acres and over (4.09) and 401-600 acres (3.20).

Differences in group means on competencies possessed in the farm credit area "Compute true interest rate" were observed between the groups of 401-600 acres (2.84) and 201-400 acres (1.89); 801 acres and over (3.56) and 601-800 acres (2.44); 200 acres or less (3.60) and 201-400 acres (1.89); and 201 acres or less (3.60) and 601-800 acres (2.44).

Differences in group means on competencies possessed in the farm credit area "Keep complete and accurate farm records" were observed between the groups of 801 acres and over (4.61) and 200 acres or less (3.20); 801 acres and over (4.61) and 601-800 acres (3.38); and 801 acres and over (4.61) and 201-400 acres (3.56).

Differences in group means on competencies possessed in the farm credit area "Budget anticipated costs and returns" were observed between the groups of 801 acres and over (4.17) and 201-400 acres (2.72); 801 acres and over (4.17) and 601-800 acres (3.00); and 801
acres and over (4.17) and 401-600 acres (3.40).

A final observation in group means on competencies possessed in the farm credit area "Prepare an income (profit and loss) statement from current years operations" revealed differences between the groups of 601-800 acres (3.38) and 201-400 acres (2.44); 401-600 acres (3.68) and 201-400 acres (2.44); 801 acres and over (4.30) and 201-400 acres (2.44); and 801 acres and over (4.30) and 601-800 acres (3.38).

Therefore, the null hypothesis for the level of competencies possessed in farm credit by the size of operation was rejected. The findings indicate that a difference did exist in the level of competencies possessed by the respondents of different size operations.

Null Hypothesis 6

There is no significant difference between the level of competencies needed in farm credit by the size of operation for Nebraska Young Farmers/Ranchers Educational Association members.

The findings in Table 7 for the null hypothesis show the competencies needed in farm credit compared by the size of operation in acres of the respondents.

It was observed that the six highest competencies, according to group means, in which respondents indicated the greatest need were: "Your repayment capacity" (4.59); "Keep complete and accurate farm records" (4.59); "A cash flow statement" (4.53); "Analyze and interpret farm records and results" (4.46); "The importance of a good credit rating" (4.45); and "Risk and uncertainty of using credit" (4.42).
Table 7. Group means, standard deviations and F-values for competencies needed in farm credit by size of farming operation.

<table>
<thead>
<tr>
<th>Competency</th>
<th>Size of Operation in Acres</th>
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<th>400</th>
<th>600</th>
<th>800 and Over</th>
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<td>3.44</td>
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<td>401 to 800</td>
<td>601 and Over</td>
<td>Total</td>
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<td>.73</td>
<td>.78</td>
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Table 7. (continued)

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<td>Compute true interest rate</td>
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<td>Analyze and interpret farm records and results</td>
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<td>Compute management returns</td>
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<td>Budget anticipated costs and returns</td>
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<td>Prepare an income (profit and loss) statement from current years operations</td>
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<td>Plan credit needs on an annual basis</td>
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<td>Plan repayment schedules to fit expected income</td>
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<td>Relate present credit plans to long-term plans</td>
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### Table 7. (continued)

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<tr>
<td>Evaluate available credit sources</td>
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<td>SD .67 SD .64 SD .96 SD 1.09 SD .85</td>
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<td>Effectively communicate with credit representatives</td>
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<td>Gain confidence of lenders</td>
<td>M 4.40 M 4.28 M 4.48 M 4.13 M 4.57</td>
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<td>SD .84 SD .46 SD .65 SD 1.15 SD .66</td>
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<tr>
<td>Determine total &quot;least cost&quot; credit sources for financing your farm business</td>
<td>M 3.70 M 3.89 M 4.56 M 3.94 M 4.35</td>
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<td>SD .95 SD .58 SD .71 SD 1.18 SD .78</td>
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<td>Distinguish between actual needs and mere desires</td>
<td>M 3.50 M 4.22 M 4.20 M 4.50 M 4.00</td>
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<td>SD 1.35 SD .81 SD .91 SD .89 SD .85</td>
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*Significant at the .05 level

**Significant at the .01 level

\( (3.96) (3.92) (4.25) (4.08) (4.28) \)
It was further observed that the six lowest rated or least needed competencies, according to group means, in farm credit compared by the size of the operation of respondents were: "Relationship between farm and home (consumer) credit" (3.41); "Need for consolidation of all loans" (3.51); "Family living expenses" (3.58); "Credit life insurance" (3.64); "Crop insurance as a means of reducing risk" (3.66); and "Availability of government emergency loans" (3.67).

Of the 43 competencies, ten of the competencies were significantly different at the .05 level and seven were significantly different at the .01 level.

Differences in group means on competencies needed in the farm credit area "Relationship between farm and home (consumer) credit" were observed between the respondent groups of 401-600 acres (3.72) and 801 acres and over (2.87); 200 or less acres (3.80) and 801 acres and over (2.87)

Differences in group means on competencies needed in the farm credit area "The importance of a good credit rating" were observed between the respondent groups of 401-600 acres (4.68) and 201-400 acres (3.83); and 801 acres and over (4.74) and 201-400 acres (3.83).

Differences in group means on competencies needed in the farm credit area "Credit life insurance" were observed between the respondent groups of 801 acres and over (4.17) and 201-400 acres (3.17); 801 acres and over (4.17) and 200 or less acres (3.20); and 801 acres and over (4.17) and 601-800 acres (3.44).
Differences in group means on competencies needed in the farm credit area "A cash flow statement" were observed between the respondent groups of 801 acres and over (5.00) and 200 or less acres (4.00); and 801 acres and over (5.00) and 401-600 acres (4.24).

Differences in group means on competencies needed in the farm credit area "Keep complete and accurate farm records" were observed between the respondent groups of 801 acres and over (4.74) and 200 or less acres (4.00); 801 acres and over (4.74) and 201-400 acres (4.17); 601-800 acres (4.81) and 200 or less acres (4.00); 601-800 acres (4.81) and 201-400 acres (4.17); 401-600 acres (4.84) and 200 or less acres (4.00); and 401-600 acres (4.84) and 201-400 acres (4.17).

Therefore, the null hypothesis for the level of competencies needed in farm credit by size of operation was rejected. The findings indicate that a difference did exist in the level of competency needed by the different sizes of operation of the respondents.

**Null Hypothesis 7**

There is no significant difference between the mean level of competencies possessed and the mean level of competencies needed in farm credit by Nebraska Young Farmers/Ranchers Educational Association members.

The findings presented in Table 8 for this null hypothesis show the mean scores and t-values for competencies needed and competencies possessed by the Nebraska Young Farmers/Ranchers Educational Association members. It was observed that, of the 43 competencies, two were
Table 8. Mean scores and t-values for competencies needed and competencies possessed by Nebraska Young Farmer/Rancher Educational Association members.

<table>
<thead>
<tr>
<th>Competency</th>
<th>Mean Score Needed</th>
<th>Mean Score Possessed</th>
<th>t-Value</th>
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<td>3.29</td>
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<td>M 3.44</td>
<td>3.13</td>
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<td>Family living expenses</td>
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<td>M 4.23</td>
<td>4.03</td>
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<td>SD .84</td>
<td>.71</td>
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<td>Risk and uncertainty of using credit</td>
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<td>3.65</td>
<td>6.71**</td>
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<td></td>
<td>SD .67</td>
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<td>3.64</td>
<td>4.04**</td>
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<td></td>
<td>SD .92</td>
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<td>Need for consolidation of all loans</td>
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<td>3.39</td>
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<td>3.35</td>
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Table 8. (continued)

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<td>SD .76</td>
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<td>Compute management returns</td>
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<td>Plan credit needs on an annual basis</td>
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<td></td>
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<tr>
<td>Gain confidence of lenders</td>
<td>4.22</td>
<td>3.73</td>
<td>5.48**</td>
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<tr>
<td>SD</td>
<td>.88</td>
<td>1.01</td>
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<tr>
<td>SD</td>
<td>.76</td>
<td>.92</td>
<td></td>
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</tr>
<tr>
<td>Determine total &quot;least cost&quot; credit sources for financing your farm business</td>
<td>4.15</td>
<td>3.25</td>
<td>8.84**</td>
<td></td>
</tr>
<tr>
<td>SD</td>
<td>.96</td>
<td>1.09</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distinguish between actual needs and mere desires</td>
<td>4.16</td>
<td>3.81</td>
<td>2.87**</td>
<td></td>
</tr>
<tr>
<td>SD</td>
<td>.95</td>
<td>1.05</td>
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</tr>
</tbody>
</table>

*Significant at the .05 level

**Significant at the .01 level
significantly different at the .05 level and 37 were significantly different at the .01 level. It is evident that members of the Nebraska Young Farmers/Ranchers Educational Association had much greater need for 39 of the 43 competencies than they possessed.

Therefore, the null hypothesis for the mean level of competencies possessed and the mean level of the competencies needed in farm credit for NYFREA members was rejected.
Summary, Conclusions, and Recommendations

Summary

Statement of the Problem

The problem that was addressed by this study was to identify what competencies in farm credit were needed by Nebraska Young Farmers/Ranchers Educational Association members and to what degree they possessed the competencies.

Procedure

The author believed the best way to answer the objectives of the study was to survey the NYFREA members directly through the use of a questionnaire, giving the members the opportunity to express the degree they needed or possessed the competencies in farm credit which were utilized for this study. The survey instrument was reviewed by staff members of the Agricultural Education Department and appropriate revisions were built into the final instrument.

The data were collected from a 22 percent random sample of the NYFREA members in the state of Nebraska.

The questionnaire was designed as a mail-survey type of instrument. The information was printed on two 8½" x 11" sheets of paper (see Appendix B). A letter of explanation and instructions accompanied the questionnaire (see Appendix A) along with a stamped, self-addressed envelope. One reminder was sent to those members who did not respond.
(see Appendix C). A telephone call was then placed to a 20 percent random sample of those who had not yet responded and they were asked if they would respond via telephone.

The data were then transferred to magnetic tape and processed by the electronic computer services (CMS) at the University of Nebraska-Lincoln to determine the frequency of responses, percentage of responses, means and standard deviations, and F-values and t-values for the sample.

Conclusions

1. Based on the level of competencies possessed in farm credit and the age of Nebraska Young Farmers/Ranchers members as identified in Null Hypothesis 1, the researcher concluded that a difference did exist with regard to the level of competence possessed by different age groups of the Nebraska Young Farmers/Ranchers members. Overall, as the age group increased in years, the overall mean level of competency possessed also increased.

2. Based on the level of competencies needed in farm credit and the age of Nebraska Young Farmers/Ranchers members as identified in Null Hypothesis 2, the researcher concluded that a difference did exist with regard to the level of competence needed by the different age groups of the Nebraska Young Farmers/Ranchers members. Overall, the age group of 25 years or less showed the least need, with all other age groups having a greater need with each group having a grand mean over 4.00.
3. Based on the level of competencies possessed in farm credit and years of experience of the Nebraska Young Farmers/Ranchers members as identified in Null Hypothesis 3, the researcher concluded that a difference did exist with regard to the level of competence possessed by Nebraska Young Farmers/Ranchers with differing years of experience. Overall, the group having six years or less experience showed the least possessed need for the competencies identified, while all other groups showed more need. However, the overall group mean rating of possessed need for competencies, with the exception of the six years or less group, declined as the years of experience increased.

4. Based on the level of competencies needed in farm credit and years of experience of the Nebraska Young Farmers/Ranchers members as identified in Null Hypothesis 4, the researcher concluded that a difference did exist with regard to the level of competence needed by respondent groups with differing years of experience. Overall, the groups having the least years of experience (less than six years of experience and 7-11 years of experience) showed more need for competence than did the two groups (11-14 years of experience and 15-22 years of experience) having the most experience.

5. Based on the level of competencies possessed in farm credit and size of operation for Nebraska Young Farmers/Ranchers members as identified in Null Hypothesis 5, the researcher concluded that a difference did exist with regard to the level of competence possessed by respondent groups with differing sizes of operation. However,
no trend regarding the level of competence possessed was in evidence as the size of operation increased or decreased by respondent groups.

6. Based on the level of competencies needed in farm credit and size of operation for Nebraska Young Farmers/Ranchers members as identified in Null Hypothesis 6, the researcher concluded that a difference did exist with regard to the level of competence needed by respondent groups with differing sizes of operation. The respondent groups who had more than 400 acres indicated a stronger need for the competencies identified than did the respondent groups who had less than 400 acres. Therefore, overall, as size of operation increased, there tended to be a stronger need for the farm credit competencies.

7. Based on the responses of the mean level of competencies possessed and the mean level of competencies needed in farm credit for Nebraska Young Farmers/Ranchers members as identified in Null Hypothesis 7, the researcher concluded that it was overwhelming to find that of the 43 competencies, 39 competencies were significantly different, indicating a great need for competence in farm credit.

Recommendations

Based on the findings of this research and the judgment of the author, the following recommendations are offered with reference to Nebraska Young Farmers/Ranchers members.

1. A summary of this study should be made available to Mr. Gary C. Bergman, Executive Secretary of the Nebraska Young Farmers/Ranchers Educational Association.
2. A summary of this study should be made available to all Nebraska vocational agriculture teachers, county extension agents, and to others in Nebraska who are concerned with NYFREA member competency needs in farm credit.

3. An inservice workshop should be made available to teachers of vocational agriculture with respect to the need for farm credit competencies.

4. The Young Adult Farmer Educational Program should provide instruction to help meet the need for competencies in farm credit of Nebraska Young Farmers/Ranchers members.

5. A follow-up of this study, with a similar research effort, should be conducted in two to three years to determine possible changes in competencies in farm credit.
LITERATURE CITED


APPENDIX A

Cover Letter
12/21/84

Dear Sir:

Allow me to introduce myself. I am Dan Post, currently serving as a graduate research assistant in the Department of Agricultural Education at the University of Nebraska-Lincoln. As part of my personal experience as a Agricultural Loan Officer for four years, I've seen a great need for farmers/ranchers to have a better understanding and ability in farm credit. The topic I have chosen for my research is "Competencies in Farm Credit Needed by Farmers/Ranchers."

Because of your experience in this area, and possibly a need to have a better understanding and ability in farm credit, would you take time and fill out the attached questionnaire? By completing the questionnaire, I will be able to determine relative strengths and weaknesses that farmers/ranchers have in the farm credit area. Hopefully this information will help address some of the problems we are facing in agriculture in Nebraska.

A random sample of all of the members of the Nebraska Young Farmer/Rancher Educational Association is being used in this research project. My goal for you is to be able to find as a group where your strengths and weaknesses. Be assured that you individual response will be used only to report group data.

Enclosed please find an enclosed postage-paid envelope for your use. I would greatly appreciate it if you could return this questionnaire by January 7, 1985.

Thank you for your prompt attention and consideration to this research project.

Sincerely,

Dan Post

Dan Post, Graduate Research Assistant
Agricultural Education

DHP:wk
Enclosure
APPENDIX B

Survey Instrument
DIRECTIONS FOR COMPLETING QUESTIONNAIRE

In column A please evaluate the degree of competence needed for successful use of farm credit for each of the items listed. In Column B evaluate the degree of competence which you possess. Competence means skill, ability or understanding. Use the following scale when making your evaluation.

<table>
<thead>
<tr>
<th>Degree of Competence Needed (Col A)</th>
<th>Degree of Competence Possessed (Col B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - No competence needed</td>
<td>1 - No competence possessed</td>
</tr>
<tr>
<td>2 - Little competence needed</td>
<td>2 - Little competence possessed</td>
</tr>
<tr>
<td>3 - Some competence needed</td>
<td>3 - Some competence possessed</td>
</tr>
<tr>
<td>4 - Much competence needed</td>
<td>4 - Much competence possessed</td>
</tr>
<tr>
<td>5 - Very much competence needed</td>
<td>5 - Very much competence possessed</td>
</tr>
</tbody>
</table>

Place an "X" in the box which most accurately expresses your feelings.

Note: 1 is the lowest rating and 5 is the highest rating for the degree of competence columns.

**COMPETENCIES IN FARM CREDIT NEEDED BY FARMERS**

<table>
<thead>
<tr>
<th>Understanding of:</th>
<th>Column A Needed</th>
<th>Column B Possessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Example)</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>1. Capital and its relationship to other farming resources</td>
<td></td>
<td></td>
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<tr>
<td>2. Relationship between farm and home (consumer) credit</td>
<td></td>
<td></td>
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<tr>
<td>3. Family living expenses</td>
<td></td>
<td></td>
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<tr>
<td>4. Your own attitude towards &quot;being in debt&quot;</td>
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<td></td>
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<tr>
<td>5. The importance of a good credit rating</td>
<td></td>
<td></td>
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<tr>
<td>6. Risk and uncertainty of using credit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Procedure used in obtaining farm loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Need for consolidation of all loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Methods of charging interest</td>
<td></td>
<td></td>
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<tr>
<td>10. Loan security requirements</td>
<td></td>
<td></td>
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<tr>
<td>11. Legal terms concerning notes, mortgages</td>
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<tr>
<td>12. Renovation terms and options</td>
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<tr>
<td>13. Credit life insurance</td>
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<td>14. Availability of government emergency loans</td>
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<tr>
<td>15. Crop insurance as a means of reducing risk</td>
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<td></td>
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<tr>
<td>16. Purchase contracts for land, implements, etc.</td>
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<tr>
<td>17. Sales contracts for soybeans, beefs, etc.</td>
<td></td>
<td></td>
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<tr>
<td>18. Rental and leasing arrangements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Net farm income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Your repayment capacity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Importance of adequate operating reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Priority of claims on income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Ratio of assets to liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Ratio of gross income to liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25. Relation of net cash income to liabilities</td>
<td></td>
<td></td>
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<tr>
<td>26. A cash flow statement</td>
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</tbody>
</table>
### ABILITY TO:

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<tbody>
<tr>
<td>27.</td>
<td>Differentiate between short, intermediate, and long term credit</td>
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<td>28.</td>
<td>Determine own credit strengths and weaknesses</td>
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<td>29.</td>
<td>Computer true interest rate</td>
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<tr>
<td>30.</td>
<td>Keep complete and accurate farm records</td>
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<td>31.</td>
<td>Analyze and interpret farm records and results</td>
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<td>32.</td>
<td>Compute management returns</td>
<td></td>
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<tr>
<td>33.</td>
<td>Budget anticipated costs and returns</td>
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<tr>
<td>34.</td>
<td>Prepare and interpret a net worth statement</td>
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<tr>
<td>35.</td>
<td>Prepare an income (profit and loss) statement from current years operations</td>
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<td>36.</td>
<td>Plan credit needs on an annual basis</td>
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<td>37.</td>
<td>Plan repayment schedules to fit expected income</td>
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<td>38.</td>
<td>Relate present credit plans to long term plans</td>
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<td>39.</td>
<td>Evaluate available credit sources</td>
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<td>40.</td>
<td>Effectively communicate with credit representatives</td>
<td></td>
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<td>41.</td>
<td>Gain confidence of lenders</td>
<td></td>
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<tr>
<td>42.</td>
<td>Determine total &quot;least cost&quot; credit sources for financing your farm business</td>
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<td>43.</td>
<td>Distinguish between actual needs and mere desires</td>
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</tbody>
</table>

### GENERAL INFORMATION QUESTIONS

1. What is your present age? __________ 2. Years of Farming experience __________

3. Total acres operated? __________

4. Have you received farm credit or farm management training through any of the following:  

   - Yes  
   - No  

   - College credit courses  
   - Non-college credit course  
   - G.I Veterans on-Farm Training  
   - Extension Service Short Courses  
   - Voc Ag Adult Farmer Classes  
   - Voc Ag Young Farmer Classes  

Thank you. Please return in the postage paid envelope to:

Agricultural Education  
302 Ag Hall, University of Nebraska-Lincoln  
Lincoln, NE 68583-0709
APPENDIX C

Reminder Letter
January 10, 1985

Dear Nebraska Young Farmer/Rancher Members:

I truly hope that all of you had a very merry Christmas and a happy New Year. While this is a busy time of the year, would you please take the time to answer the questionnaire sent to you on the 21st of December.

There are a good number of the questionnaires returned at this time, but your input is still very important to make this study as accurate as possible.

You are important because of your experience in this area, and because you possibly have a need for better understanding and abilities in farm credit. Please take 10 minutes of your time to fill out the questionnaire that was sent to you.

YOUR INPUT IS VITAL TO THE SUCCESS OF THIS STUDY.

Hopefully this information will help address some of the problems we are facing in Agriculture today. Please return the questionnaire by January 24 in the postage-paid envelope sent to you in the first letter.

Thank you ever so much.

Sincerely,

Dan Post
Agrudate Research Assistant
Agricultural Education

DP:wk