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COMPETENCIES NEEDED BY FARM CREDIT AGENCY EMPLOYEES

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This is an abstract of a thesis submitted in October of 1965 to Iowa State University of Science and Technology by Keith Ransom Carlson in partial fulfillment of the requirements for the degree of Master of Science.

The study is one of a series conducted by the Department of Education of Iowa State University of Science and Technology with assistance of graduate students in agricultural education in cooperation with the Iowa Agriculture and Home Economics Experiment Station and the Vocational Agriculture Section, Division of Vocational Education, State Department of Public Instruction, Des Moines, Iowa.

This abstract was prepared by Keith Ransom Carlson with the assistance of John B. McClelland of the Department of Education under the direction of Professor C. E. Bundy.

COMPETENCIES NEEDED BY FARM

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by

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Purpose of the Study

The purposes of the study were: (1) to determine the competencies needed by men engaged by farm credit agencies, (2) to determine the relation of salary, experience, number of clients, years of vocational agriculture, age, farm background, type of agency, college attendance and miles traveled to the evaluation of the degree of competence needed and possessed by farm credit employees in Iowa, and (3) to plan for educational needs of future replacement farm credit employees.

Method of Procedure

For this study the major sources of non-governmental credit were used. The basic competencies used were suggested by nine selected men employed by production credit associations, federal land bank associations and outside farm representatives of Iowa banks. The list of competencies was incorporated into questionnaires and mailed to all banks that employed outside farm representatives, all production credit association managers, and managers of the federal land bank associations in Iowa. These men were asked to determine the degree they felt the competencies were needed and to indicate the degree they possessed these competencies.

Findings

Of the 33 competencies used 13 were of a definite agricultural origin, while the remaining 20 were of a general credit nature. The farm credit agency employees evaluated the degree needed higher than the degree possessed for 31 of the 33 competencies used. The two competencies that had a higher degree possessed than degree needed rating were the understanding of different varieties of crops and the ability to figure depreciation.

The largest differences in mean needed and possessed scores were between: understanding of basic credit guidelines used for loan analysis, mean needed score 8.06 and mean possessed score 6.92; ability to use credit for maximum returns, mean needed score 7.39 and mean possessed score 6.30; ability to determine cash flow and credit needs, mean needed score 7.50 and mean possessed score 6.43; understanding of types of payments and forbearance plans mean needed score 7.53 and mean possessed score 6.46; and understanding of business law, mean needed score 5.93 and mean possessed score or 4.83.

Table 1. (Continued)

Competency	Mean needed score ^a	Rank	Mean possessed score ^b	Rank	Mean score difference
Advise farmers how to use credit	7.88	10	7.11	10	.77
Figure net worth	7.84	11	7.59	2	.25
Judge a farmer's drive and character	7.78	12	6.95	11	.83
Draw effective loan documents	7.63	13	6.79	15	.84
Type of payments and forbearance plans	7.53	14	6.46	19	1.07
Determine cash flow and credit needs	7.50	15	6.43	20-21	1.07
Use credit for maximum returns	7.39	16	6.30	22	1.09
Analyze a farmer's ability to select and handle farm enterprises	7.34	17	6.43	20-21	.91
Figure livestock income and expenses	7.29	18	6.82	13	.47
Compute net income	7.12	19	6.81	14	.31
Budget expected income and expenses	7.10	20	6.70	16	.40
Figure livestock income over feed costs	7.01	21	6.68	17	.33
Reasonable production costs for crops	6.92	22	6.52	18	.40

The 10 competencies that ranked the highest in need were: (1) recognize poor and good financial management, (2) converse easily with farmers, (3) determine repayment ability and desire, (4) recognize ability to handle credit, (5) set up loans so that they fit the individual farm, (6) set basic credit guidelines used for loan analysis, (7) evaluate character, (8-9) work basic arithmetic, (8-9) understand loan security (chattel and real estate) and (10) advise farmers how to use credit.

The 10 competencies that had the highest ranking mean possessed scores were: (1) converse easily with farmers, (2) figure net worth, (3) work basic arithmetic, (4) recognize poor and good financial management, (5) set up loans so they fit the individual farm, (6) determine repayment ability and desire, (7) recognize ability to handle credit, (8-9) understand loan security (chattel and real estate), (8-9) evaluate character, and (10) advise farmers how to use credit.

The farm credit employees indicated the lowest need for the following competencies: compute management returns, assess health and family factors, family living expenses, economic principles, bookkeeping principles, short range outlook, reasonable machinery investment per rotated acre, figure depreciation, business law, proper use of fertilizer and insecticides, and different varieties of crops.

The competencies with the lowest mean possessed scores were: figure depreciation, family living expenses, compute management returns, reasonably machinery investment/rotated acre, short range outlook, assess health and family factors, proper use of fertilizer and insecticides, bookkeeping principles, economic principles, different varieties of crops, and business law.

Men with a farm background possessed a higher degree of competence for agricultural competencies than those men without a farm background. Men not raised on a farm, did, however, possess more competence in non-agricultural competencies. Men who attended an agricultural school possessed a higher degree of competence in both categories when compared with men who did not attend an agricultural school.

The difference between needed and possessed means was the largest for non-agricultural competencies. The smallest difference between needed and possessed means was for non-agricultural competencies by men who were not raised on a farm or by those who attended an agricultural college.

The salary varied widely for the 100 men employed by credit agencies. Five men earned less than \$6000 while two men were earning in excess of \$15,000 per year. One-half of the men earned between \$7001 and \$9000 per year. The years of experience had an effect on the salaries received by the men. The modal salary for the men who had worked from 6-10 years was \$7001-\$8000. Men with 11-15 years of experience had modal salaries of \$9001-\$10,000. After 15 years of experience it became less obvious that the years of experience affected the salary received.

Vocational agriculture in high school appeared to have had an influence on salaries. The modal range of the group which did not take vocational agriculture in high school was \$7001-\$8000. The modal range for those with either three or four years of vocational agriculture was \$9001-\$10,000.

The outside farm representatives had the most variation in salary from a low of \$5000 to over \$15,000. Production credit association manager's salaries ranged from \$7001-\$10,000, while the managers of federal land bank associations earned \$6001-\$10,000 per year.

Salaries were higher for those who were raised on a farm than those who were not raised on a farm. The modal group for those raised on a farm was \$9001-\$10,000, while the modal group for those not raised on a farm had salaries between \$7001-\$8000 per year.

There was a high correlation between salary and age. The modal salaries for the respective ages were as follows: 26-30 years of age, \$6000-\$7000; 31-35 years of age, \$7001-\$8000; and 36-45 years of age, \$8001-\$9000. After 45 years of age the age appeared to have less influence on salary, however, the two men with salaries over \$15,000 were in the 46-51 years of age group.

There were several differences between the men hired for particular agencies. Most of production credit association managers and outside farm representatives were raised on a farm, 91 and 89 percent respectively. Seventy-five percent of the federal land bank association managers were raised on farms.

None of the production credit association managers traveled over 13,000 miles each year. Considering all types of credit agencies, twenty-one percent of the men traveled over 12,000 miles per year. The federal land bank association managers, however, did the most traveling each year.

Seventy-five percent of the production credit association managers had not taken vocational agriculture in high school. This compared with 56 and 55 percent for the federal land bank associations and outside farm representatives respectively.

Outside farm representatives and federal land bank association managers were closely related as to age with men from 26 to over 66 years of age. The production credit association managers ranged from 31 to 60.

Eighty-five percent of the credit employees attended college as part of their preparation for their jobs. The production credit agency men had the lowest percent attending college, as only 67 percent attended.

Of the 58 men with no high school vocational agriculture, 84 percent had attended college. Of the men with three or four years of vocational agriculture, however, 96 percent had attended college. This indicated that vocational agriculture did not interfere with college preparation and probably encouraged attendance.

Implications

The need and opportunities in the farm credit field should be shown to the high school students. The value of a farm background and training in vocational agriculture should be stressed. The encouragement to attend college and the higher salaries for those students who enrolled in vocational agriculture should not be overlooked during guidance activities of the vocational agriculture instructor. Training in the 33 competencies should begin in the high school with as much practical experience as possible. Additional training by the agricultural colleges or the banks themselves would also appear in order for the farm credit employees.

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