



Out-of-state, out of mind? Non-operating farmland owners and conservation decision making



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ABSTRACT

Although non-operating landowners control a growing percentage of farmland in the U.S., not enough is known about them. Modern agricultural practices have increased the global food supply, yet they have also contributed to environmental degradation, meaning more information about all stakeholders involved in farmland decision making is necessary. Using data from a 2014 survey in Indiana, this paper provides needed information about the characteristics of out-of-state non-operating farmland owners (e.g., absentee), their views toward conservation practices on their land, and their relationships with their tenants. We find that support for conservation practices is generally high, but varies by the type of practice. Landowners are more comfortable with informally encouraging their tenants to use specific practices than including conservation provisions in their leases. Major barriers in encouraging their tenants to use conservation practices include the need for more information and the potential costs for themselves and their tenants. Landowners' relationships with their tenants generally play no role in whether or not they encourage conservation practices, however, more frequent land visitation, more emphasis on the environmental views of their tenant, and positive views toward government programs are significant predictors of encouragement. These findings can be used to more effectively design targeted outreach campaigns that encourage absentee landowners to work with their tenants to voluntarily implement conservation practices on their land.

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1. Introduction

Although modern agricultural practices have led to a significantly increased global food supply (Tilman et al., 2002), they have also contributed to detrimental impacts on the natural environment, including hypoxic areas (e.g., “dead zones”) in coastal regions (Carpenter et al., 1998; Diaz, 2001; Rabalais et al., 2002) and poor water quality in the Great Lakes (Great Lakes Commission, n.d.) as a result of nonpoint source pollution. The application of nutrients or fertilizers, pesticides, and herbicides have all played a role in helping farmers improve the productivity of their land, yet they can also reduce the ability of ecosystems to provide goods and services by degrading soil and water quality and decreasing fishery and recreational values (Tilman et al., 2002). Knowing additional information about what prevents more farmland owners and operators

from voluntarily adopting conservation-minded farming practices is a key step in addressing these problems.

Non-operating landowners (NOLs) are those who own land, but do not farm it themselves. Residential NOLs live on or near the land they rent or lease to others, while a subset of the NOLs are considered *absentee* NOLs who do not live where their land is located (e.g., out-of-county, out-of-state, or out-of-country). Surveys have shown that 46% of cropland in the U.S. is now owned by NOLs (TOTAL, 2014; USDA NASS, 2012), meaning this is a key segment of farmland owners to understand. In comparison to owner-operators and tenants of agricultural land, little attention has been given to NOLs' views and usage of conservation practices, absentee NOLs in particular (Petrzelka et al., 2013). Because absentee NOLs' land is out of sight, is it out of mind? In other words, does living away from the land they own (e.g., absenteeism) affect how they take care of their land or expect others to manage their land?

We use data from a survey of owners of farmland in Indiana to gain needed information about and compare in-state and out-

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of-state NOLs.¹ By 2014, 51% of cropland in Indiana was owned by NOLS (TOTAL, 2014; USDA NASS, 2012). While unknown in Indiana, in other Midwestern states such as Iowa, a large percentage of NOLS reside out-of-state (Duffy, 2014). This study provides needed information primarily about absentee (rather than residential) NOLS including their characteristics, views toward their land and relevant conservation practices on it, and how their relationships with their tenants influence conservation practice adoption. Better information about NOLS in a region with high commodity crop production can be used to help conservation practitioners design more effective outreach campaigns aimed at encouraging these landowners to work with their tenants to implement more conservation practices.

2. Literature review

2.1. Characteristics of NOLS

NOLS include those who reside locally or on the land that they rent to others (residential), and absentees who do not live in the same area where their land is located (absentee). Most research has delineated absentee ownership by residence outside of a county where land is owned (e.g., Constance et al., 1996; Dillman and Carlson, 1982; Petrzalka, 2012; Petrzalka and Armstrong, 2015; Petrzalka et al., 2009). We review literature that focuses both on NOLS more broadly and absentee NOLS specifically. In addition, most existing studies have not focused explicitly on working farmland in the Midwest. For instance, Petrzalka (2012) draws comparisons between absentee owners who rent out their land for crop production and those who use their land for recreational or other purposes (e.g., hunting and fishing) in the Great Lakes Basin. While relevant, this study is set apart by its focus on cropland and comparisons between in-state NOLS and out-of-state NOLS.

Ownership of land by non-operators is growing worldwide (Petrzalka, 2012). NOLS own around 38% of the total land used for agriculture (including pasture and cropland) in the U.S. and 46% of cropland (TOTAL, 2014; USDA NASS, 2012). In general, the most commercially important agricultural areas of the U.S. (e.g., the Midwestern Corn Belt) have the highest percentage of leased land (Nickerson et al., 2012). It is unknown, however, what proportion of this land is rented from absentee NOLS versus resident NOLS. In a longitudinal study of land ownership and tenancy of farmland in Iowa, Duffy (2014) finds that over the past 30 years there has been an increasing percentage of out-of-state NOLS.

Some studies have focused on the characteristics of NOLS in general as well as the smaller absentee subset of this population. Not all absentee research focuses explicitly on agricultural landowners, but also private forests or recreational land. Most notably, NOLS of farmland tend to be older than the average farmer and are more likely to be female (National Agricultural Statistics Service, 2014). Absentee landowners tend to be retired farmers who now lease their land to others, inheritors of family-owned land, or purchasers of land for investment or recreation purposes (Petrzalka et al., 2012). Absentee NOLS are much less likely than residential NOLS to be from farming backgrounds, have knowledge about the land they own, or be financially dependent on the land (Petrzalka et al., 2012; Salmon et al., 2006).

2.2. NOLS and conservation

Not enough is known about how different types of rural landowners make land management decisions (Perry-Hill and

Prokopy, 2014), including decisions surrounding the encouragement or adoption of various conservation practices on their land. This is particularly true of NOLS of farmland. While there is a substantial body of research on the conservation practices of tenants and owner-operators, NOLS, including absentees, have been noticeably missing from many studies (see, for example, Lambert et al., 2007). In a review of the literature on issues related to private farmland conservation and management, Petrzalka et al. (2013) find that only four out of the existing 43 peer-reviewed articles published since 1995 address absentee ownership. Much of the research on the attitudes and behaviors of absentee owners toward land management has focused on non-industrial private forest landowners (Petrzalka and Armstrong, 2015; Petrzalka et al., 2013). This related, but distinct, body of research has consistently found that absentee owners of forestland are less apt to adopt conservation practices and actively manage their land than resident owners (e.g., Finley and Kittredge, 2006; Kendra and Hull, 2005; Rickenbach and Kittredge, 2009).

Previous studies have examined the extent to which socioeconomic or demographic characteristics of individuals influence conservation practice adoption (e.g., Burton, 2014; Constance et al., 1996; Cook and Ma, 2014a; Daloglu et al., 2014; Lambert et al., 2007; Ma et al., 2012; Petrzalka et al., 2012; Prokopy et al., 2008). The earliest study focused specifically on absentee landowners of farmland and conservation practices conducted by Constance et al. (1996) concludes that while absentee (defined as out-of-county) owners are demographically different than resident owners of farmland, their attitudes toward conservation practices are quite similar. Both largely leave decision making up to their tenants, and do not base involvement in decision making on their concerns for environmental risk. In a study on the factors associated with absentee landowners' decision to adopt conservation compatible practices, Petrzalka et al. (2012) find that owners of relatively more land and with higher education levels are more likely to participate in USDA set-aside or cost share programs. Petrzalka et al. (2009) find that while there is high interest among absentee owners of farmland in conservation, few actually enroll their land in government conservation programs. They find that only 31% had ever enrolled their land. They conclude this is not because of financial constraints, but a lack of communication between natural resource agencies and absentee landowners.

Do tenants or landowners generally make the decisions about practices used on rented out land? Most research suggests that tenants make the majority of the land management decisions on the farmland they rent (AELOS, 1999; Arbuckle, 2010; Constance et al., 1996; Gilbert and Beckley, 1993; Petrzalka et al., 2009; Soule et al., 2000). There is variation in involvement, however, based upon some characteristics of landowners. As one might expect, absentee owners who support adoption of conservation practices are more involved in land management decisions with their tenants than non-supporters (Petrzalka and Marquart-Pyatt, 2011). Additionally, landowners with previous farming experience are more likely to be involved in land management decision making than those without farming backgrounds (Rogers and Vandeman, 1993). Although focused only on investors, Nassauer et al. (2011) find that slightly more than half make daily decisions regarding farm operations on the land they lease out. Many investors live on or near the farmland they have invested in and they are more likely than those with farming experience to have certain practices aimed at improving soil and water quality implemented on their land. Women are a growing segment of NOLS (Duffy and Smith, 2008), yet our knowledge about them and their conservation behaviors and attitudes is dated and limited (Petrzalka and Sorensen, 2014). Some observations about women NOLS working with their tenants on conservation include: lower levels of involvement than males in decision making processes (Petrzalka and Marquart-Pyatt,

¹ Our data does not allow us to determine how far NOLS live from the land they rent to others and thus whether they are absentee or residential NOLS.

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