

Agritourism: Motivations behind Farm/Ranch Business Diversification

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Increasing financial strains on family farms/ranches have put pressure on these businesses to look outside agriculture as a means to sustain the operation. One option has been to offer farm/ranch recreation to visitors (i.e., agritourism). Eleven reasons for diversifying were tested while controlling for various demographic variables. Principal components analysis resulted in three factors: social reasons, economic reasons, and external influences. A cluster analysis identified 61% of the respondents who diversified for economic reasons, 23% who diversified due to reasons external to the operation, and 16% who diversified for social, economic, and external reasons.

Arguably the “most American” of all small businesses is the family farm. Aronoff and Ward (1995) stated that during preindustrial America, “social and economic activities were more thoroughly integrated. . . . All or most of the family was likely to be engaged in the family enterprise. The majority of families followed agricultural pursuits—what is known as the *family farm*” (p. 123). Historically, farming has been an activity with which many Americans identify, regardless of whether one has ever lived on a farm.

However, a decline in farm profits and in real farm incomes in the 1980s put pressure on farmers to cut costs and enhance income. Income enhancement generally was accomplished by (1) working off the farm or (2) diversification. Diversification was a popular option, stated Evans and Ilbery (1989): “In order to maintain a viable operation, many farmers are under increasing pressure to restructure their businesses. A popular option has been to diversify the farming system through the adoption of ‘alternative enterprises’ on the holding” (p. 257). As a result, many farmers and ranchers have turned to tourism based on their operation as a means of diversification.

Often termed *country hospitality* or *agritourism*, Putzel (1984) believes this type of experience is becoming an important component in today’s leisure society. In fact, more urban dwellers are looking to the farm/ranch vacations as an escape. It provides them with a different experience from their everyday life and one that is very “American.” But what about the farmer and rancher who provide this tourism experience? What characteristics are associated with farmers’/ranchers’ decisions to diversify into tourism?

SMALL BUSINESS DIVERSIFICATION

Much of the business diversification literature has focused on large, corporate diversification strategies, often overlooking small business diversification (Reinsch and Lynn 1990). Some authors question the validity of extending research findings from large corporations to small businesses due to the many differences between the two types of entities. Jahera, Lloyd, and Page (1987) found that the relationship between internal diversification and financial performance for small firms is not the same as for large firms.

d’Amboise and Muldowney (1988) stated, “All areas of small business management require more research” (p. 236), particularly in the area of theory development. Reinsch and Lynn (1990) issued a call for research to investigate several aspects of small business diversification. The authors stated that at least four areas warrant inquiry: (1) reason for diversifying, (2) mode of entry into new businesses, (3) relatedness of businesses, and (4) the financial, organizational, and strategic effects of diversifying.

Although often categorized as a diversification strategy, agritourism can be considered a form of entrepreneurship. Naffziger, Hornsby, and Kuratko (1994) stated, “Entrepreneurship can take place in the context of an existing organization as well as when an individual launches a firm” (p. 43). These authors continued to say that the entrepreneurship literature has focused on three areas: (1) the motivating factors to start a new business, (2) the impact of environmental conditions that influence entrepreneurship, and (3) the process people take in establishing a new business.

In following the leads of Reinsch and Lynn (1990) and Naffziger, Hornsby, and Kuratko (1994), one research question is addressed in this article—namely, why farmers/

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ranchers have turned to (or plan to turn to) agritourism as a means of diversification/entrepreneurship.

AGRICULTURE DIVERSIFICATION

There is a dearth of research concerning farm/ranch diversification, especially with respect to farm/ranch tourism. What studies do exist are outdated, and most were conducted in Europe or Canada.

No clear definition has evolved. According to Murphy (1985), farm tourism refers to working farms complementing primary agricultural functions with some form of tourism business. Evans and Ilbery (1989) stated that farm-based tourism is the process of attracting people to the farm. Those authors further defined farm-based tourism as a broad term encompassing farm accommodation (i.e., where visitors stay or reside) and farm-based recreation (i.e., what visitors do during their farm stay).

Evans and Ilbery (1989) presented a conceptual framework to investigate farm-based accommodation businesses. The thesis adopted a political economic perspective allowing "a conceptualisation of the behaviour of individuals as constrained by the political economy in which such action operates" (pp. 257-58). The framework calls for "examining the interaction between those external and internal farm environments associated with farm-based accommodation" (p. 258). The authors define the external environment as the various institutions and organizations that exert influence on farms. The definition of the internal environment is the structure of individual farm businesses with respect to capital, land, and labor relations within farm holdings. The authors continue in making two points: (1) how the farm/ranch reacts with its external environment will influence the farm/ranch and the extent of the recreation business, and (2) the internal environment is specific to particular farms and independent of the external environment. The authors identified two categories of reasons for diversification: survival through diversification (i.e., the strategy to remain on the land and generate family income) and accumulation/merging of capital (i.e., developing farm/ranch recreation to increase returns on surplus capital from agriculture or from businesses outside agriculture).

Kuratko, Hornsby, and Naffziger (1997) investigated motivational factors of entrepreneurs to determine if entrepreneurs possess distinct underlying goals they wish to accomplish through business ownership. The results suggested that entrepreneurs have personally relevant goals in four areas: extrinsic rewards, intrinsic rewards, independence/autonomy, and family security.

Reasons for Diversifying

Farm/ranch business motivations for diversification can be categorized into several classes based on the literature. Eleven motivations are outlined below.

Fluctuations in agriculture income. One consideration is the incessant fluctuations of agriculture markets. Diversification strategies help level income flow by reducing market fluctuations. Seasonal fluctuations can be somewhat allevi-

ated by combining businesses and activities that generate revenue at different times of the year (Valdivia, Dunn, and Jette 1996).

Employment for family members. Evans and Ilbery (1989) presented the idea that farm/ranch recreation may help farm families pass the farm on to heirs. The authors also discussed the advantages of family labor: inexpensive, loyal, and committed. Brown (1997) contended that many farming families are seeking ways for younger family members to stay on the farm and that one strategy is to look at urban tourists as a revenue source.

Additional income. Many farmers need to supplement family incomes, and farm tourism "represents a symbiotic relationship between agriculture and tourism, for in marginal farming areas neither are economically viable in and of themselves, but together they can produce a profitable combination" (Murphy 1985, p. 109).

In light of depressed ag markets, farmers/ranchers are often faced with two options: alter the existing farm/ranch to accommodate more production or seek alternative sources of income (Ilbery 1988, as cited in Evans and Ilbery 1989). Alternative, supplemental sources often mean off-farm/ranch employment. But recreation is filling that void for many operators. "Farm families are under increasing pressure as the income threshold required for a viable business continues to rise. Farm-based tourism is typically viewed as one way of boosting family incomes" (Evans and Ilbery 1989, p. 23).

Income from recreation is usually supplemental. For example, in Ontario, 75% of farms/ranches with recreation rely primarily on agricultural production for income (Putzel 1984).

Loss of government agriculture programs. The most visible external environment influencing farm/ranch finances in the United States is the federal government. Many government agriculture programs are being reduced or phased out (Stevens 1994). Most agriculture programs are crop oriented; thus, it would be expected that farmers (versus ranchers) would be more concerned about the loss of government agriculture programs.

Meeting a need in the recreation/vacation market. Farm/ranch recreation opportunities are becoming an important component in today's leisure society (Putzel 1984). Farmers/ranchers may be trying to capitalize on the demand for such vacation and leisure experiences.

Tax incentives. Again, the federal government's actions affect the operation of all businesses, including farms and ranches. Stevens (1994) stated that there may be tax incentives for farmers and ranchers to operate additional businesses.

Companionship with guests/users. In some instances, the social benefits of meeting a variety of people often outweigh the economic benefits, especially for farmwives (Frater 1983, as cited in Murphy 1985). With the division of labor on farms and ranches, farmwives often are responsible for attending to the needs of guests. DART (1974, as cited in Evans and Ilbery 1989) also found social reasons important motives for establishing farm accommodations businesses.

Interest/hobby. Young and Welsch (1993) found that one motivation of Mexican entrepreneurs was a hobby that grew into a business. DART (1974, as cited in Evans and Ilbery 1989) also found this as a motive for establishing farm accommodations businesses.

Better use of farm/ranch resources. Most farm-tourism operations are small scale and generally use surplus capacity and labor (Murphy 1985). In other words, farmers/ranchers already have the land and the operations that attract people; therefore, it seems reasonable to fully use what they have.

Successes of other farm/ranch recreation businesses. One motivation of Mexican entrepreneurs was that friends established successful businesses (Young and Welsch 1993). If farm and ranch recreation/vacation opportunities are an important component of leisure services (as hypothesized by Putzel 1984), the successes of other farmers and ranchers could be a driving motivational force.

Education of the consumer. Putzel (1984) identified commitment to educating the consumer as a reason to diversify into farm/ranch tourism. If visitors to a farm/ranch understand the farm life better, then support for agricultural operations may be easier to generate when it is needed.

The 11 motivations discussed above were used as the basis of this study to further understand farm/ranch diversification into agritourism. The purpose of this study, therefore, was twofold. The first purpose was to compare ratings of levels of importance for reasons to diversify into farm/ranch recreation. Specific research questions investigated whether there were significant differences based on type of agricultural operation, current operators versus potential operators, size of operation, years in agriculture, years in recreation, and geographic location within the state of Montana. The second purpose was to determine whether there was a simpler underlying structure describing motivations.

METHOD

The study was conducted in Montana, a state of approximately 22,000 farms and ranches. Montana, the fourth largest state in the United States, is a land of infinite variety. The eastern half of the state consists of vast plains. Agriculture is the leading industry in that portion of the state, followed by oil refining. The western half of Montana is mountainous and forested. Although agriculture is a relatively strong industry in western Montana, timber and tourism account for a large portion of its economic base. A 1996 survey of farmers and ranchers in Montana indicated that 5% of them were currently operating a form of recreation business, and an additional 7% anticipated adding some form of recreation business by the year 2001 (Black and Nickerson 1997). Therefore, Montana was a good test site for agritourism.

The population for this study was compiled from three sources. Participant rosters from farm/ranch recreation business workshops conducted by Travel Montana (the state's tourism promotion entity) and Montana State University Extension were one source. A second source was farmers/ranchers listed in the 1996-1997 edition of the annual *Montana Travel Planner* who had not attended the work-

shops. The third source included members of the Montana Ranch Vacation Association. A total of 707 study participants were identified.

A questionnaire was developed to identify motivations for diversification, and the instrument was pilot tested with university and industry personnel. Appropriate changes were made to the instrument. A mail-back survey was then conducted following Dillman's (1978) protocol. First-round surveys were mailed, a reminder postcard was mailed to every respondent 1 week later, and a second round of surveys was mailed to nonrespondents 2 weeks after the mailing of the postcard. Surveys were mailed during the spring to ensure that most respondents would be at home. However, because spring is a very busy time for farmers/ranchers, a nonresponse bias check was not conducted. Of the useable surveys, 292 were returned from the 707 mailed for a 41% response rate.

Respondents were asked why they operate (or plan to operate) a recreation business. Eleven reasons were listed: fluctuations in ag income, employment for family members, additional income, losing government ag programs, to meet a need in the recreation/vacation market, tax incentives, companionship with guests/users, an interest/hobby, to fully use resources, other farm/ranch recreation business successes, and to educate the consumer. Respondents rated each reason on a Likert-type scale of level of importance from *not at all important* (1) to *most important* (5).

Data Analysis

Data analysis was conducted in three phases. The first phase involved description of demographic information. The second and third phases tested for differences among and underlying reasons within reasons for diversifying. The second phase consisted of conducting ANOVAs on the mean scores for each reason while controlling for several variables, following up with Tukey-B post hoc tests. In replicating Kuratko, Hornsby, and Naffziger's (1997) analysis, the third phase involved a principal components factor analysis to determine if there was a simpler underlying structure describing motivations. The resulting factors were then used to produce clusters of respondents. Chi-square tests of independence were performed on the clusters of respondents while controlling for several variables.

RESULTS

Demographic Analysis

Most respondents (51%) described their operations as ranches. Thirty-six percent of respondents owned more than 3,000 acres. While 33% of respondents leased no land, 26% leased in excess of 3,000 acres. Therefore, respondents, in general, had large agriculture operations. The highest percentage of respondents (43%) was in the agriculture business more than 30 years. Because of this tenure, it is hypothesized that many of these operations were family farms/ranches (see Table 1).

Most respondents (63%) operated a recreation business at the time of the study, while nearly 18% planned to operate one in the next 5 years. Approximately 19% of the respondents decided not to pursue this type of business after

TABLE 1
RESPONDENT
DEMOGRAPHIC CHARACTERISTICS

Variable	Number	%
Best description of operation		
Farm	17	6
Ranch	142	51
Both	85	31
Neither	34	12
Acres owned and operated		
None	11	4
Under 100 acres	39	14
101 to 500 acres	44	16
501 to 1,000 acres	20	7
1,001 to 3,000 acres	61	22
3,001+ acres	99	36
Acres leased		
None	89	33
Under 100 acres	22	8
101 to 500 acres	25	9
501 to 1,000 acres	27	10
1,001 to 3,000 acres	36	13
3,001+ acres	71	26
Years in agriculture		
0-10 years	34	15
11-20 years	44	20
21-30 years	49	22
30+ years	94	43
Operate a recreation business?		
Currently operate	185	63
Do not operate but plan to	52	18
Do not operate and do not plan to	55	19
Years in recreation		
0-10 years	93	62
11-20 years	19	13
21-30 years	20	13
30+ years	18	12
Location		
Western Montana	164	58
Eastern Montana	120	42

attending a farm/ranch recreation business workshop. Of the respondents who did operate a recreation business, most (62%) had been in the business less than 10 years (see Table 1).

For one analysis, the state was divided into eastern and western locations (based on county). With the different landscapes and economic dependence on agriculture, dividing the state by east/west was deemed important in this study. Fifty-eight percent of the respondents were in the western half of the state, and 42% were located in eastern Montana (see Table 1).

Respondents were asked what types of recreation businesses they operated or planned to operate in the next 5 years. Respondents selected all types of business operated and then selected the recreation business considered the primary recreation business. The highest percent of respondents (37%) indicated no current or desired type of recreation business, closely followed by a working ranch/farm (34%). However, when asked their primary recreation business, guiding/outfitting came out on top as the recreation business most likely to be offered (see Table 2).

Comparisons of Mean Scores

Table 3 displays the mean scores for the importance ratings of the diversification reasons. Additional income had the highest mean score and lowest standard deviation, indicating a fairly universal agreement on income as a motivation. This was followed by fully using resources and fluctuations in agriculture income as important motivations.

Each of the 11 reasons was tested separately using one-way ANOVA against seven control variables. These variables were type of operation, east/west location, acres owned, acres leased, whether or not currently operating a business, number of years in agriculture, and number of years in recreation business. Three variables showed no significant differences in reasons for diversifying. These variables—whether or not they currently operated a business, number of years in agriculture, and number of years in recreation—had no effect on the importance ratings. Four variables did show a difference in some of the reasons and are outlined in Tables 4 and 5. Tukey-B post hoc procedures were used on any ANOVA with a significant *F*-value.

Table 4 shows test results for type of operation (farm, ranch, both farm and ranch, neither farm nor ranch) and location (eastern or western Montana). Looking at the type of operation, generally speaking, ranchers' opinions were different from those of other operators if there were differences found. Respondents who classified themselves as "neither" were true dude ranches whose primary purpose was as a vacation destination—not an agricultural production operation (explaining their difference of opinion for fluctuations in ag income). With respect to losing government ag programs, farmers are the beneficiaries of most government ag programs, not ranchers. This explains why farmers and both (i.e., people who classified themselves as both farmers and ranchers) were more concerned about the potential loss of ag programs. The "neither" category's significantly higher rating of "to meet a need in the recreation/vacation market" is explained by their vacation destination orientation.

Table 4 also compares responses by location of respondent (eastern and western Montana). Respondent location was significant in analyzing some reasons. Since eastern Montana is an agriculturally based economy, it is reasonable that those respondents were more concerned about fluctuations in ag income and losing government ag programs. With tourism having a stronger economic base in western Montana, it is also reasonable that those operators would be more concerned about meeting a need in the recreation/vacation market.

Table 5 indicates results for acres owned and operated (none, under 100, 101 to 500, 501 to 1,000, 1,001 to 3,000, 3,001+) and acres leased from public/private entities (same categories as above). (These acreage categories were selected because most agricultural research in Montana uses those increments.) Mean ratings for operations that owned and operated under 100 acres and for operations that leased under 1,000 acres were significantly lower than other groups' mean ratings on fluctuations in ag income. Large operations (owning and operating in excess of 3,000 acres) were less concerned about meeting a need in the recreation/vacation market and about tax incentives (see Table 5). While three reasons came out significantly different by size of acres leased, there was no common thread tying

TABLE 2
TYPES OF RECREATION BUSINESSES OPERATED BY RESPONDENTS

Type of Recreation Business ^a	Number	%	Primary Recreation Business ^b	Number	%
Working ranch/farm	99	34	Working ranch/farm	16	10
Fee hunting/fishing	65	23	Fee hunting/fishing	22	14
FWP ^c block management	28	10	FWP block management	9	6
Dude/guest ranch	59	21	Dude/guest ranch	28	18
Guiding/outfitting	71	25	Guiding/outfitting	35	22
Bed & breakfast	30	10	Bed & breakfast	9	6
Cattle/wagon drives	21	7	Cattle/wagon drives	3	2
Rodeo	4	1	Rodeo	0	0
Other equine activities	36	13	Other equine activities	6	4
Guest house/cabin rental	54	19	Guest house/cabin rental	14	9
Campground	12	4	Campground	1	0
Other	25	9	Other	9	6
None	105	37	Multiple responses	5	3

- a. Respondents could select more than one recreation business.
- b. Of those respondents who currently operate a recreation business.
- c. This is a Department of Fish, Wildlife, and Parks program offering dollar incentives for farmers/ranchers to allow hunting and access on their lands.

TABLE 3
MOTIVATIONS FOR DIVERSIFYING THE OPERATION

Reason	Mean	Standard Deviation
Additional income	4.41	.93
To fully use our resources	3.87	1.13
Fluctuations in ag income	3.65	1.45
Employment for family members	3.00	1.48
It's an interest/hobby of ours	2.97	1.30
Companionship with guests/users	2.95	1.24
To educate the consumer	2.90	1.39
To meet a need in the recreation/vacation market	2.78	1.35
Other farm/ranch recreation business successes	2.45	1.38
Tax incentives	1.82	1.14
Losing government ag programs	1.68	1.15

Note: 1 = *not at all important* to 5 = *most important*.

motivations and leasing together, suggesting that acres leased is not a good indicator of motivations.

Analysis of Motivations

Two principal components factor analyses were conducted. First, the raw data were used. Second, each missing value was replaced by the mean for that variable. In comparing the factor matrices for the two principal components analyses, the same factors resulted. There were negligible differences in factor loadings. The following results are from the data set with the replaced missing values.

The principal components analysis resulted in three factors. These factors were interpreted as social reasons (three items), economic reasons (four items), and external influences (four items). The resulting factor solution accounted for 50% of the variance (see Table 6).

Cluster analysis and chi-square tests of independence were further conducted on the three factors to classify

respondents into clusters. Three clusters seemed to best describe the data (see Table 7).

The first cluster was labeled “multidimensional” as the cluster centers were positive for all three reasons. This cluster was particularly high on social reasons. The second cluster was labeled “economists,” who were most concerned about economic reasons. The third cluster was labeled “influentials,” as these respondents were most concerned about forces external to their operations and could be influenced by the outside.

Chi-square tests of independence were conducted with the cluster variables and the seven demographic variables (see Table 1). Only two significant differences were found. Respondents who do not operate a recreation business but plan to were different from respondents who currently operate a recreation business ($\chi^2 = 37.3, p = .00$). Of those who do not operate but plan to, there were proportionately more multidimensionals and influentials and proportionately fewer economists as compared with those who currently operate a recreation business. The respondents who plan to operate a recreation business may not be economically “pushed” into diversification. In terms of acres owned and operated, there was a significant difference ($\chi^2 = 19.9, p = .03$). It appeared that respondents owning no land were proportionately higher influentials. Those owning the three largest tracts of land (501 to 1,000 acres, 1,001 to 3,000 acres, and 3,001+ acres) were proportionately higher economists. These respondents possibly felt the economic pinch due to large acreages (and large property taxes). The two extremes (owning zero acres and owning 3,001+ acres) were proportionately lower multidimensionals.

DISCUSSION AND CONCLUSIONS

In conclusion, most farmers/ranchers in Montana are diversifying into recreation primarily due to the economics of farming/ranching, consistent with prior research. Most of those currently in the business claim outfitting/guiding as their primary recreation. This type of agritourism appears to

TABLE 4
SIGNIFICANT DIFFERENCES IN MOTIVATIONS FOR
DIVERSIFYING BASED ON TYPE OF OPERATION AND LOCATION

Reason	Type of Operation (farm, ranch, or both)		Location (eastern or western Montana)	
	F-Ratio	F-Ratio	F-Probability	F-Probability
Fluctuations in ag income	19.25	.00 ^a	10.19	.00 ^b
Losing government ag programs	7.98	.00 ^c	13.11	.00 ^b
To meet a need in the recreation/vacation market	4.34	.01 ^d	8.55	.00 ^e
Tax incentives			11.66	.00 ^e
Other farm/ranch recreation business successes	2.72	.05 ^f		

Note: Tukey-B post hoc test results with .05 significance level.

- a. Mean ratings from farmers, ranchers, and both were significantly higher than mean ratings from neither.
b. Eastern Montana respondents ranked this significantly higher than western Montana respondents.
c. Mean ratings from ranchers and neither were significantly lower than mean ratings from farmers and both.
d. Ranchers' and both mean ratings were significantly lower than ratings from neither.
e. Western Montana respondents ranked this significantly higher than eastern Montana respondents.
f. No two groups were significantly different at the .05 level.

TABLE 5
SIGNIFICANT DIFFERENCES IN MOTIVATIONS FOR DIVERSIFYING
BASED ON ACRES OWNED AND OPERATED AND ACRES LEASED

Reason	Acres Owned and Operated		Acres Leased	
	F-Ratio	F-Probability	F-Ratio	F-Probability
Fluctuations in ag income	6.96	.00 ^a	3.38	.01 ^b
To meet a need in the recreation/vacation market	3.53	.00 ^c	1.58	.17
Tax incentives	3.41	.01 ^d	4.90	.00 ^e
It's an interest/hobby of ours	1.53	.18	2.37	.04 ^f
To educate the consumer	3.00	.01 ^g	1.52	.18

Note: Tukey-B post hoc test results with .05 significance level.

- a. Mean ratings from respondents owning and operating under 100 acres were significantly lower than all groups with more acreage.
b. Mean ratings from respondents leasing no acres were significantly lower than mean ratings from respondents leasing 501 to 1,000 acres and those leasing 3,001+ acres.
c. Mean ratings from respondents owning and operating 3,001+ acres were significantly lower than respondents owning and operating under 100 acres and those owning and operating 101 to 500 acres.
d. Mean ratings from respondents owning and operating 3,001+ acres were significantly lower than respondents owning and operating under 100 acres and those owning and operating 101 to 500 acres.
e. Mean ratings from respondents leasing 101 to 500 acres and from respondents leasing 3,001+ acres were significantly lower than those leasing no land.
f. Mean ratings of respondents leasing 101 to 500 acres were significantly lower than mean ratings from respondents leasing 1,001 to 3,000 acres.
g. No two groups were significantly different at the .05 level.

be a good income generator and relatively easy to do since the land is already available for their use. Those in the farm business, which are mostly in the eastern part of the state, are more concerned with agricultural income fluctuations and loss of government support, while western Montana farmers/ranchers are motivated more by meeting a need in the market as well as tax incentives. In general, three sets of reasons were found for farmers/ranchers to be in agritourism: social, economic, and externally influenced reasons. Based on those three types of reasons, there are three types of farm/ranch entrepreneurs: (1) the multidimensionals, who have a variety of reasons for diversifying; (2) the economists, who are influenced by finances; and (3) the influentials, who are mostly influenced by the outsider forces.

Much of the published research about farm-based tourism has focused on European or Canadian agriculture (Evans and Ilbery 1989; Oppermann 1995; Benjamin 1994; Putzel 1984). The existing research stated that operators were primarily involved with recreation as a supplemental farm income. Social reasons, though important, were secondary to economic reasons.

The results of this investigation supported that thesis. Clearly, Montana farmers and ranchers were undertaking recreation businesses for economic reasons (i.e., 61% of respondents fell within the economists cluster). There could be several reasons for this. Evans and Ilbery (1989) discussed that "agricultural overproduction has become a major contemporary issue" (p. 257). If true, this is probably one of the

TABLE 6
MOTIVATIONS FOR DIVERSIFYING THE OPERATION: ROTATED FACTOR MATRIX

Reason	Social Reasons	Economic Reasons	External Influences
To meet a need in the recreation/vacation market	.73860		
Companionship with guests/users	.73644		
It's an interest/hobby of ours	.70765		
Additional income		.75630	
Fluctuations in ag income		.66632	
To fully use our resources		.52493	
Employment for family members		.42562	
Losing government ag programs			.69647
To educate the consumer	.41805		.54733
Other farm/ranch recreation business successes			.52367
Tax incentives			.48879
Eigenvalue	2.65	1.72	1.17
Percentage of variance explained	24.1	15.6	10.7

TABLE 7
CLUSTER CENTERS OF MOTIVATIONS FOR DIVERSIFYING THE OPERATION

Cluster	Cluster Name	Social Reasons	Economic Reasons	External Influences	Unweighted Cases
1	Multidimensional	1.4047	.1767	.5548	48 (16%)
2	Economists	-.1444	.3517	-.3565	178 (61%)
3	Influentials	-.6321	-1.0770	.5579	66 (23%)

main reasons that prices for agricultural commodities have been stagnant for several years.

However, Montana farmers and ranchers also face another threat to their existence: rising property taxes. Black and Nickerson (1997) found that there is a perception among people of one Montana community that newcomers are moving to Montana and buying land, often times paying exorbitant amounts of money for the property. This, in turn, causes property taxes to rise for neighboring landowners due to increased land values. Many farmers/ranchers are not able to absorb such tax increases, forcing the farmer/rancher to choose one of two options: raise additional revenues or sell part of the land. Since often times these operations have been in existence through generations of families, the former option becomes the only way to hold on to the Montana lifestyle.

Kuratko, Hornsby, and Naffziger (1997) suggested that research should focus on why entrepreneurs *sustain* their entrepreneurial ventures despite "sacrifices, stresses, and demands it entails" (p. 29). This closely parallels Bird's (1989) idea of entrepreneurship as a lifestyle. Farming and ranching is a good example of this. Farmers and ranchers are self-employed small business owners. However, most farmers and ranchers view agriculture as a way of life—not as a "job" or a "career." The desire to keep the family farm operating through diversification is an indication of attempting to sustain entrepreneurship, but is it still a "way of life"?

Many entrepreneurs are forced into entrepreneurship due to corporate downsizing, and these people seek the security of business ownership (Aronoff and Ward 1995). If diversifying and entrepreneurship are synonymous in this case (as we suggest) and if diversification is a means of sustaining security for farming and ranching families (especially in economic terms), then farm/ranch families are also, in effect,

pushed into entrepreneurship via recreation. The findings of this study supported that idea since economic reasons seemed to dominate the results.

Many respondents commented that they simply integrate their guests into their farm/ranch operations, thus making tourism a part of life on the farm/ranch. However, resources must still be devoted to the venture, regardless of how "easy" it appears. Evans and Ilbery (1989) stated that farm-based accommodation has attracted much attention because "it is a well-established alternative, typically requiring a high level of capital investment and advice, and has the potential to generate a considerable business turnover" (p. 261). Yet the authors continued that this strategy is not a get-rich-quick scheme. Decisions must be economically viable. Farm/ranch recreation provides a means for external money to enter agriculture, but the independence of individual farm businesses is reduced. In other words, recreation income does not necessarily reduce dependence on external capital.

"Diversification is not for everybody and, rather than start something new, many farmers are better advised to stick to what they know best and try to manage their farms better" (Stevens 1994, p. 52). Farmers/ranchers should do some soul-searching before deciding to diversify: is there genuine interest for the new venture? How will the loss of privacy affect the operation and the family? Is there demand? What planning needs to be done? Where will the finances come from?

Recreation and tourism are social businesses. Farm/ranch recreation providers must have an understanding of why people recreate, particularly if they want to stay in business in such a specialized market. Providers must also have good interpersonal skills to make agritourism businesses successful. We predict that farmers/ranchers who fall into the multidimensional cluster (i.e., they are highest on social reasons

for diversification) will be most successful in recreation. Further research in this area is needed.

In conclusion, this study focused on farms and ranches in Montana. However, most published farm/ranch research for this study was taken from European and Canadian studies, indicating that not only Montana, but also the United States, lacks research in this. One only has to search the World Wide Web to understand the significance of this study beyond Montana. Farmers and ranchers worldwide are adding their names to the vacation list. It is a tourism phenomenon here to stay. Continued research on both sides (supply and demand) of farm/ranch vacations is needed to assist in this developing tourism arena.

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