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budgeting in a local church

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Pass the plate around again: a study of budgeting in a local church

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by
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Abstract:

How does a religious organization, with a spiritual agenda, reconcile the inevitable tension between its spiritual aims and the necessity of providing funds in order to fulfill those aims? What part does accounting play in the working out of this tension? Are there implications, because of spiritual considerations, for the acceptance of accounting as a legitimate management tool? How does a religious organization protect its belief system from the potential corruption accounting might bring?

These are all issues that have been raised in the study of churches and other religious organizations from the point of view of a sacred/ secular tension. This potential tension forms the backdrop for this study of a local church's budgeting system. Reliance is placed on a "skeletal" model of organizations and change, and strategies are identified whereby the church members "sanctify" the process of accounting. By controlling the setting of the agenda, limiting the use of accounting and who performs accounting tasks, and "sacredizing" the purpose and use of money, the central belief structure is preserved.

Acknowledgments:

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(This is a paper under construction. Please do not quote without the permission of the author)

Introduction.

Because accounting uses numbers extensively, it is often believed to be an objective system. And yet it cannot be completely objective, because it operates within peopled organizations, where relationships, personalities, organizational structures and culture, financial pressures, business agendas, goals, information systems, belief systems, and external economic forces all affect it and are in turn affected by it. . In a religious organization particularly, with a strong "sacred" central belief system, accounting could therefore be seen as a visible demonstration of the power of money, and a recognized tool of business, potentially in conflict with that belief system. It has also been proposed that accounting can play a political role, influencing profoundly the way "external and internal constituents think about and act concerning the organization" [Covaleski et al 1993 67]. If this notion is accepted, it could be argued that accounting could influence the formation of agendas, decision making and subsequent action in organizations. From the point of view of a religious organization, therefore, resistance to accounting could arise from the idea that accounting is inherently secular, and also from the idea that accounting has potential to corrupt the sacred agenda of the organization. The issue this paper considers is how one local church attempts to use accounting, and yet protect its central belief system from any potential "corruption" accounting might bring.

In addressing this issue in the context of the church's budgeting system, an attempt has been made to uncover some of the techniques, opinions, and dynamics involved in the use of accounting, and in doing that, to provide:

- a response to Booth's call for more research into "how accounting functions in churches" [Booth 1993, 60];
- a focus on a local church, which has entirely different dynamics from top denominational levels of administration; and
- an example of the application of the notion of the sacred/secular divide [Booth 1993; Laughlin 1988, 1990] and Laughlin's "skeletal" model of organizations and change [Laughlin 1991], showing how the central belief system is protected from absorbing secular influences.

The paper begins with a description of the methodology employed, and follows with an introduction to the church being studied. Then, based on Laughlin's "skeletal" theory, three suggestions are considered in the light of three categories identified by Booth [1993]:

1. The promotion of the church's mission is seen as an outworking of its central belief system, with a consequent resistance to the notion that accounting might intrude into that central belief system (religious belief system).
2. Accounting is used to further the mission of the church, with special groups of people, apart from the clergy, performing accounting functions (members and occupational groups).
3. Money and other organizational resources are shown to be necessary to the furtherance of the church's mission, and therefore "sacred" if used for these purposes (organizational resources).

Methodology.

Fieldwork spans a wide range of philosophical bases - in some form or another, most 'groups' of accounting researchers make use of them. The very nature of the considerations already raised indicates clearly that this study is concerned not with accounting numbers and procedures for their own sake, but with the way people use and interpret these numbers, and the meanings they assign to them [Chua 1986, 617]. In other words, accounting practices "are not some technical, context-free phenomenon" [Laughlin 1995, 82]. This does not mean that accounting numbers are not important, but simply that they assume varying degrees of importance in different situations [Dent 1991, 707]. Particularly in a religious organization, there is the possibility that they will have a specific interpretation, and face potential resistance.

I have been involved with this church for a period of ten years as a congregational member. Financial reports have been collected, congregational meetings have been attended, the minutes of management meetings have been

studied, and interviews have been conducted. Interviews are a particularly rich resource in a study like this:

It is one thing to find information in written sources, another to hear directly from the individuals about significant occurrences in the development of accounting practice [Collins and Bloom 1991, 30].

The existence of pre-conceived ideas, or existing worldviews, must be acknowledged in such a study:

In the broadest sense, as researchers we carry our own values and worldviews, to a greater or lesser extent, into our research... we ignore such subjective (often unconscious) influences at our peril. [Smith et al 1988, 99].

Further, the interpretation of this case has been informed with reference to the work of both Booth [1993] and Laughlin [1995]. Laughlin's "middle-range" thinking, which directly and openly acknowledges the partiality of all empirical research [Laughlin 1995, 65], takes a middle view on the aspects of theory, methodology and change, with a "skeletal" theory adopted. This theory is chosen as an explanation of the empirics, which then both explain and are explained by that theory, as "flesh", "sinews" and "psychological make-up" are added to the skeleton [Laughlin 1995, 81].

Introducing the Organization.

Setting the Scene.

The church which is the subject of this study is a local church within the Anglican diocese of Sydney. This diocese comprises five regions, and within those regions, a total of 270 "parishes" or areas, with defined geographical boundaries. Situated in a suburb of a large city, outside the Sydney area, this church is large by Anglican standards, being the 9th largest in the diocese in terms of gross receipts in 1994. [Year Book of the Diocese of Sydney, 1996, 570]

There are two churches in the parish, one a multi-purpose complex, with a weekly attendance at church services of approximately 650, and the other a

small historic “branch” church. It is now 15 years since the multipurpose complex was opened, a project which was undertaken in order to centralize resources (both property and staff) and maximize effectiveness. A multi-staffed church, it is situated in middle-class suburbia, in an area where there is considerable growth of new dwellings. It operates within a culture which perceives growth, some aspects of which could be measured in numerical terms, to be desirable.

Diocesan Structures.

Being part of a diocese, any local church is, in one sense, at the bottom of the organizational hierarchy, as shown in *Figure 1* below.

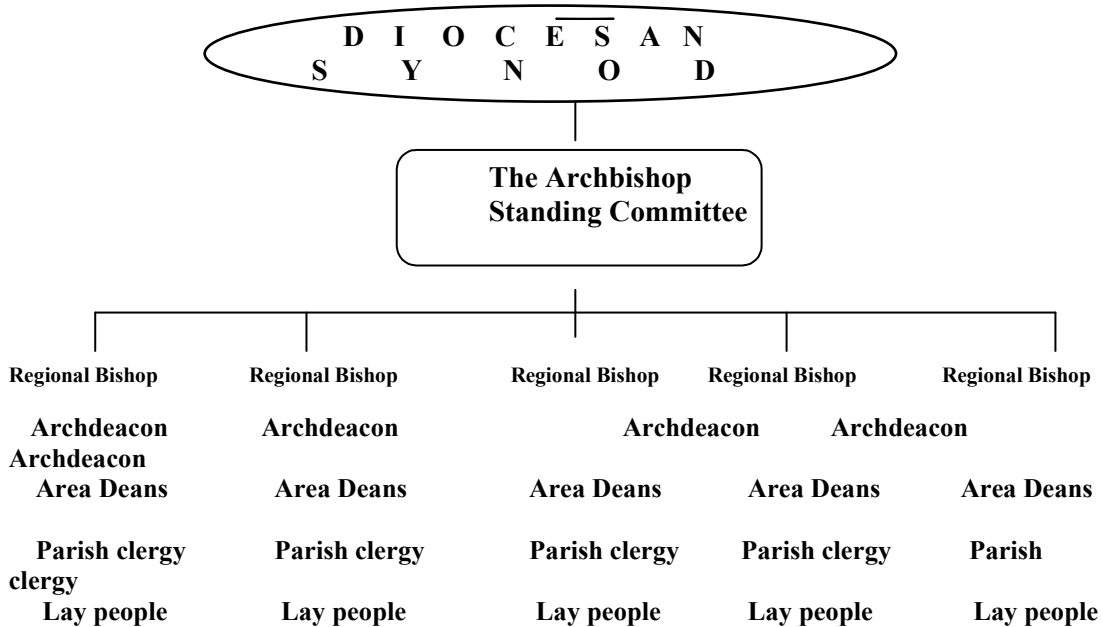


Figure 1. Organizational hierarchy within the Anglican diocese of Sydney.

The Diocesan synod could be described as the parliament of the diocese, with the Archbishop, bishops, rectors of parishes, and parish synod’s representatives (two lay people per parish) eligible to vote. The Standing Committee, as the executive of the synod, advises the Archbishop on organizational matters. Bishops and Archdeacons have administrative and pastoral responsibilities in each region.

While this structure, in organizational terms, could be described as hierarchical, in practice each parish has a great deal of autonomy to operate within its

geographical boundaries. Provided it is not inconsistent with Anglican law and practice, it is free to develop its own culture, as a reflection of its geographical location, demographic factors, socio-economic status, the leadership style of its minister, and the particular talents of its members.

Financial Reporting.

The “manual” of the diocese, the Seventh handbook [1994] sets out the responsibilities and requirements of various office-bearers within the diocese, both at a diocesan and a parish level. Designed principally as a reference manual for the ordering of church administration, it sets out the ‘official’ lines of responsibility, especially for finances, within parishes, also stating what the diocese requires with regard to the keeping of accounts. Annual accounts in the format the diocese requires must be made available to congregational members. The fact that they are audited is an important consideration, which underlines the need for accountability. *Figure 2* illustrates the flow of financial information, whose purpose, apart from accountability, is to make an assessment on the local church.

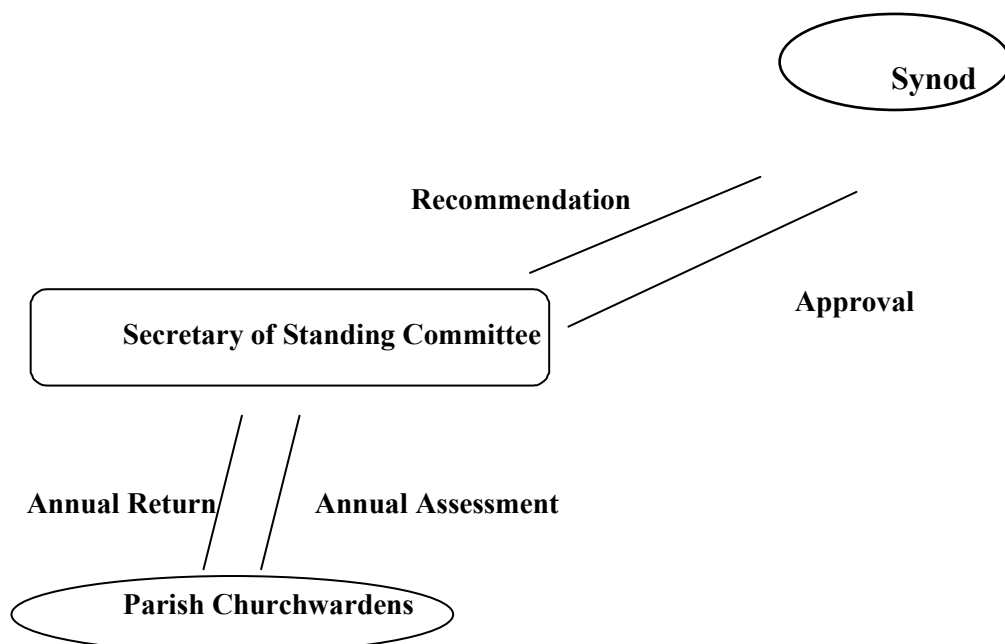


Figure 2. Financial Information Flows within the Sydney Anglican Diocese.

Each parish in the diocese is responsible for raising its own finance. In fact, it is the ability to be able to provide the funds necessary to afford to employ a minister which gave it the status of a “parish” with the legal right to choose its

own minister. The assessment made on the basis of the annual financial returns submitted by all parishes in the diocese, has, in the past, been a form of “tax”, used to fund various diocesan positions. With the exception of grants for needy parishes, or special initiatives, there is no direct flow of funds from the diocese to individual parishes. This is the case with this church. It is responsible entirely for meeting its own expenses, including clergy salaries, buildings, and so on, and consequently for its own fund-raising.

The local level.

In a sense, therefore, while it is at the bottom of the organizational hierarchy, the church has a great deal of autonomy in terms of developing its own goals, employing staff, funding, and developing its own accounting system. Provided the diocesan requirements regarding financial accountability are met, the church is free to make use of accounting techniques, including budgets and internal control procedures, according to its own desires and requirements. This, of course, would be a reflection of the unique culture of the church, including the leadership style of the minister, the perception of the role accounting had to play, and the talents of the lay people involved in the running of the church.

Currently, the church operates on a combination of full-time and part-time paid staff, with a large number of voluntary, unpaid congregational members who perform various functions (*Figure 3*):

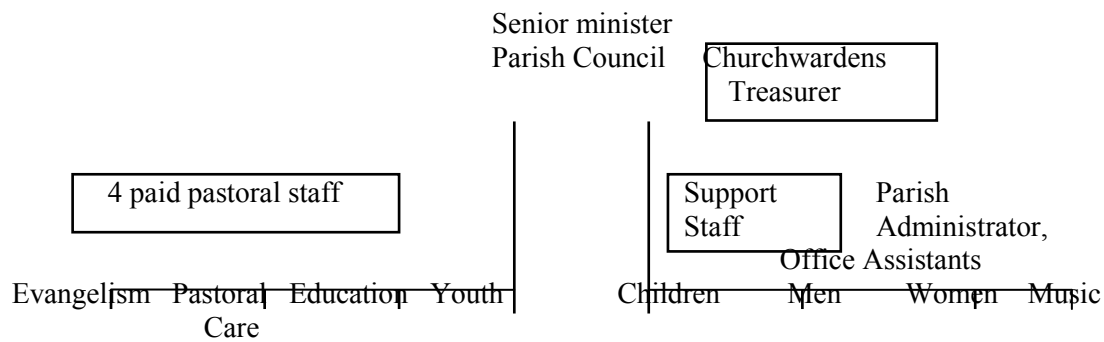


Figure 3. Staffing Overview of the local church.

Once a year, congregational members meet for a report on all aspects of the parish, including the finances, and to elect a parish council, and churchwardens. Decisions about the running of the church are made by the parish council (the church management board) with the senior minister. The parish council is comprised of elected church members, including churchwardens (two of whom are elected by the congregation, and one nominated by the senior minister), and the senior minister, who is therefore the only staff member entitled to vote on matters relating to the parish. The role of the parish council, officially, is to “confer”, “consult” and “make recommendations” to the minister in relation to the work of the church [Seventh Handbook, 1994, 238]. How this operates in practice depends on the personalities of the various people involved. When asked, the minister wasn’t exactly sure whether their role was merely advisory or not, as in practice, the parish council voted on various matters brought to their attention. These meetings are held once every two months, with a number of sub-groups (e.g. finance, stewardship, property) meeting more often. Parish council meetings always include a financial report from the treasurer, with special emphasis on budgeted and actual income, as well as cash flows, and usually some discussion, however limited, on that report.

Responsibility for the finances of the church is out of the hands of the minister. It is the responsibility of the elected churchwardens [Seventh Handbook, 1994, 37], who usually delegate the accounting side of that responsibility to a treasurer. However it is the churchwardens who are legally responsible for the payment of the minister and staff of the church, and for the lodgment of annual audited financial returns, to both the annual meeting, and to the diocese.

Staff meetings, in contrast, are held once a week, and are usually confined to a discussion of ministry activities, including pastoral care, and the planning of church services, although occasionally the issue of how various ministries are to be funded is discussed. Staff, with the exception of the senior minister, have little formal input into the financial running of the church. A recent development, which has come out of staff meetings, has been the preparation of a Statement of Purpose, which has outlined 10 “core values” or “distinctives” about the church. Alongside these 10 core values, the practical outworking of each of these values has been presented, which is an articulation of what it means to belong to the church. This document has been presented before the entire congregation, with feedback invited: “We would like these values as much as possible to reflect the collective feeling of the parish. We may have omitted some areas of importance”.

Strategies for maintaining the sacred mission of the church.

Various strategies have been developed for the furtherance of the church's mission, and accounting has been allocated a definite and specific role in this mission. Basic to the church's belief system is the practice of keeping accounting in a service role, with the conscious aim of preventing its intrusion into the "sacred" core.

1. The Religious Belief System - directing the mission.

Laughlin's starting point in considering accounting systems in the Church of England was to give some insight into the underlying nature, or “central dynamic” of religious organizations [Laughlin 1988]. Beginning with Durkheim's division of all things into the “profane” and “sacred” [Laughlin 1988, 24], he went on to develop this notion further, and agreed with Eliade's notion of a “central sacred sanctuary” [Laughlin 1988, 23]. Irrespective of the god worshipped, he claimed that this centre, obvious in any religious organization, performed two functions:

... firstly, as a point around which a new sacred world with defined boundaries can be founded and as a place where devotees can learn from the gods “appropriate” behaviour [Laughlin 1988, 25]

This division, Laughlin further claimed, had implications for accounting, since it led to a resourcing problem. How was the central sacred sanctuary to be funded without reliance on the secular world? The solution to this problem, he maintained, had to be achieved “without intruding into the important spiritual work of the centre”, and therefore became a constant tension within any religious organization [Laughlin 1988, 26].

Laughlin’s later work [1991] on organizations, as being made up of “interpretive schemes”, “design archetypes” and “sub systems”, fits this sacred/secular division in the following way, as illustrated by *Figure 4*.

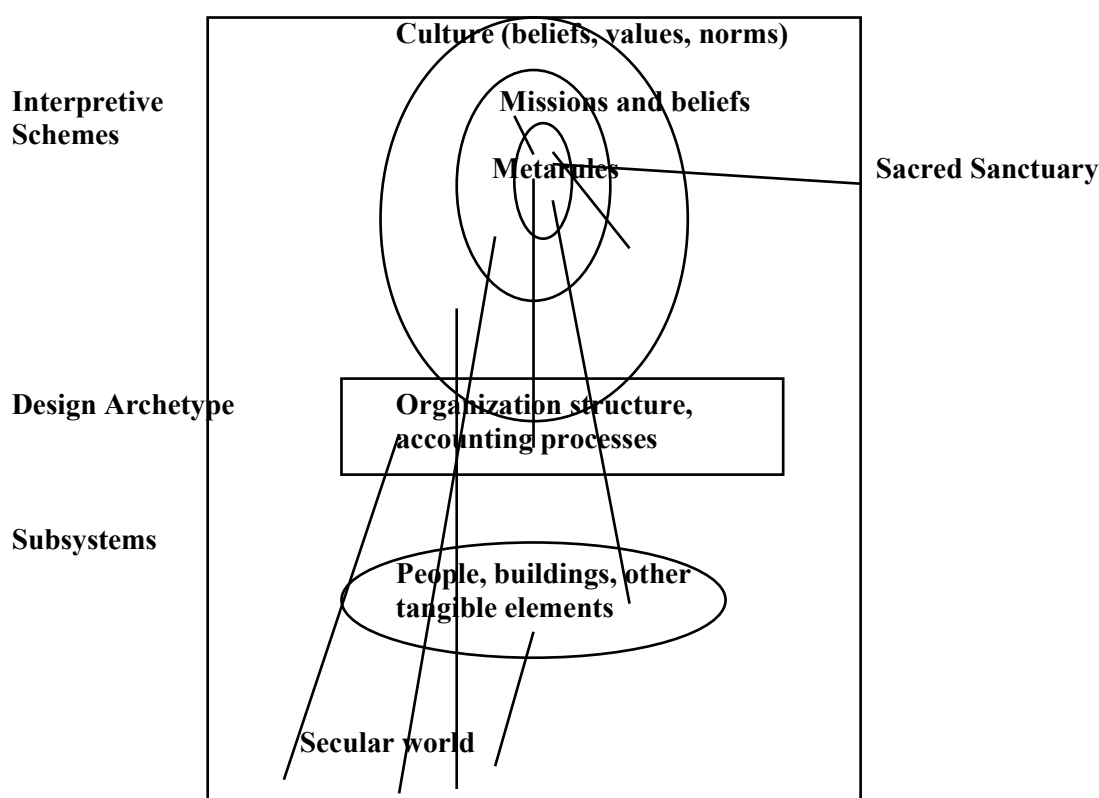


Figure 4. Laughlin’s Organizational Model and Sacred and Secular Influences.

The “central sacred sanctuary” would be represented by the metarules, the least visible of all the elements in any organization. It is these which form the organizational paradigm [Broadbent 1992, 345], the essential ingredient of the religious organization, which is not to be touched by secular influences, but is to remain intact. Other aspects, such as the interpretation of the mission, or the culture of the organization, as well as the design archetype (the accounting system being a part of this), and the subsystems, the most visible of all the

elements, are likely to be invaded by secular influences. But to some extent the influence could work out from this central sanctuary as well, since the core beliefs held here, depending on their interpretation, could influence the perception of mission and purpose, and therefore the culture of the organization which is developed, even extending to the degree to which accounting is accepted (or rejected) as a valid or useful tool in preserving the inner core of beliefs, and eventually to having an effect on the members and other tangible aspects of the organization.

This is unlikely to happen unless the various parts of the organization are made visible, at least to some extent. An outcome of this issue of visibility of these various organizational aspects, ranging from the highly visible subsystems to the often invisible metarules, is the difficulty of measuring the success of any religious organization in achieving its mission. It could be argued that if the mission is not stated overtly and is not highly visible, there is little chance that it is more than a vague desire to preserve the important inner sanctuary of religious beliefs, and there will be little point of contact between this inner sanctuary and the funding necessary to preserve it. The concern, in such a scenario, would be the preservation of the system of beliefs from outside influences. The preparation of the “Statement of Purpose” is an attempt to articulate those beliefs, and what they mean in practice.

Booth suggested that “the dominant ends in (religious) organizations are transcendental, which makes any empirical assessment of their achievement impossible” [Booth 1993, 50]. Such analysis, he maintained, would mean that “a temporal, empirical intermediate end” must be substituted for a transcendental one [Booth 1993, 50] and therefore it could be argued that “secular” accounting or management practices were either inappropriate measures of spiritual success, or even that the notion of applying any such measures is theologically inappropriate, i.e. inconsistent with the metarules.

Broadbent seemed to imply that the influence can extend out from the metarules, permeating the interpretive scheme, and reaching to both the design archetype and the subsystems. As the metarules are made visible, accounting, as part of the design archetype,

... can also be argued to give visibilities to the less tangible elements of the interpretive schemes. The design archetype is a tangible manifestation of the values of the interpretive schemes, there to guide the sub-systems in a way commensurate with those values [Broadbent 1992, 347]

Which opinion is accepted, whether the influence from outside (secular) is to be kept away from the internal belief system (sacred beliefs), or whether the internal belief system can work its way out through the organization, and become both visible and measurable, will depend on the individual organization and the way its beliefs are interpreted. Both opinions could be held together, with the meta-rules being interpreted in a pro-active rather than a purely defensive manner. It represents an amplification of the sacred/secular division, with the added notion that accounting can actually assist in the promotion of the mission, as based on the system of beliefs at the core of the interpretive schemes.

This church's stated slogan of "Grow in God" [Story of Figtree 1991, 10], was defined in terms of numerical (easy to measure) and spiritual (harder to measure) growth. Being an Anglican church gave no real indication of its theological or cultural position, since "reformed episcopacy with a prayer book liturgy" was not necessarily the case in modern practice, according to the senior minister. He came to the parish in late 1987, and in 1989 stated:

The public face (of Anglicanism) in terms of traditional liturgical practices is hopelessly irrelevant to modern men and women. There is a theological backbone. It is contained in the (Thirty Nine) articles and runs as a strong thread through the liturgy. This backbone, to the extent that it is based on scripture, is eternally relevant. Thus Anglicanism must be defined by the theological backbone and must make every attempt to present that theology with a contemporary face.

A "sacred" core of belief was thus identified. To tamper with this would be perceived to be wrong. Instead, leaving it intact, what must be done is to present it in a way that is relevant. The way this "contemporary face" was presented took a number of forms, including exaltation (worship), evangelism, edification and service (pastoral care and community ministries) [Story of Figtree 1991, 10-11]. The "statement of purpose" represents an attempt to refine this. Significantly, no direct statement was made publicly about how this contemporary face was translated into the accounting system, however the

desire to change worship practice and publicly to promote numerical growth (even seeing it as a measurable and desirable thing to do) indicated a willingness to accommodate modern management ideas. The public presentation of the annual budget gave prominence to financial goals, linking them with the development of the mission of the church. The senior minister displayed no difficulty in applying a numerical “surrogate” (to use Booth’s terminology) in setting the agenda for the growth of the church:

I think budgeting’s crucial, because I believe in church growth by budgeting. Each year the church needs to add a significant ministry that will win more people to the church. That ministry then needs to be funded, so you fund it by putting it in the budget... so you are always increasing the budget by more than the CPI (*Consumer Price Index*) from the year before, and if you then achieve that, then the church has grown proportionally, because the budget’s done its place. So you’re always adding in some more stuff to make it grow.

Figure 5 below displays this process in diagrammatic form, building on the basic layout of *Figure 4*.

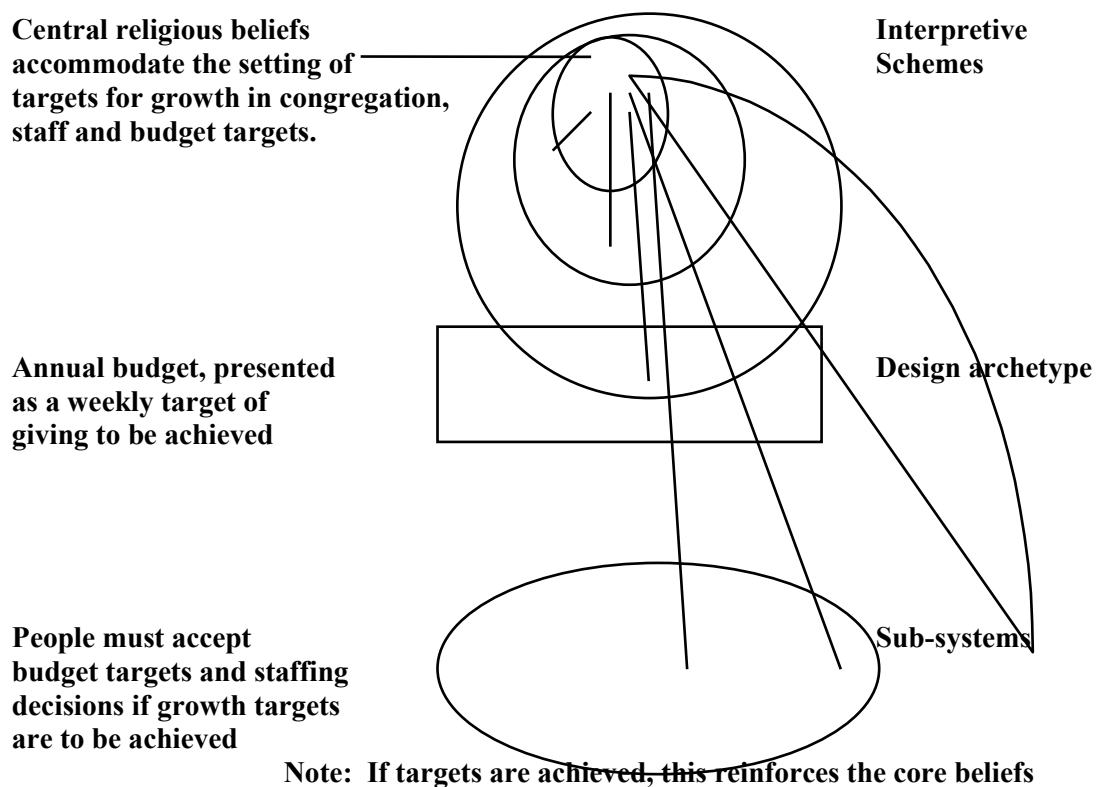


Figure 5. The budgeting process in relation to the Organizational Framework.

The relationship between the mission and the budget was very clear to a parish councillor, who described the importance of the budget setting process:

... because budget issues are involved in ministry issues, so we're actually deciding more on what new ministries to have rather than on what money we need.

While this philosophy of budgeting was accepted by the parish council, there appeared to be a perception that, while necessary, accounting information ought to be kept in the "correct" perspective, and not take up valuable time in meetings:

... I think as far as the church is concerned, from the aspect of stewardship if nothing else, we need to have some sort of a budget to be responsible for what we do with the funds that we, you know, for the offertories and tithes that we get in. In a business the dollar is the thing that drives it, that drives the business. In the church it shouldn't be. And so we just need to be careful we don't spend an hour and a half at the parish council talking about money [Church treasurer].

The treasurer commented, in a very negative way, on another church he had been involved with, where money became "the dominant thing". That resulted, in his opinion, in the ministry's going into a downward spiral. Accounting then, according to him, was a necessary tool, but should not set the agenda. There was resistance, on his part, not to the notion of accounting, but to the notion of accounting dominating the running of the church. Setting a weekly budget target of offertories to be reached did not appear to broach these guidelines, as the budget was a manifestation of the central belief system and its interpretation through mission and culture.

A former churchwarden, speaking of a time in the past, saw a distinct gap between the spiritual and the financial:

I was far more interested in the spiritual side of everything than I was in the monetary side. I only saw monetary things as having spiritual implications on that one occasion. It became part of the vision. And when it became part of the vision it then became exciting, and when it wasn't part of the vision it was just ... the lubrication of maintenance, the maintenance of ministry, and I didn't concern myself with that.

The notion that accounting had the potential to have a spiritual dimension, or at least to represent the outworking of the mission of the church, seemed to

underlie this opinion. Alongside this went the concern that accounting should not dominate the church, i.e. that it should not set the agenda. The agenda must be the outworking of the central system of beliefs, which was to remain intact.

Perhaps churches have been used, over a longer period of time, to coming to terms with this concept, rather than schools which have newly been given the responsibility for their own financial management. Both organizations have a central core of belief: for churches it is religious belief, and for schools it is the ideal of education in its highest form. For both, there is a strong desire not to allow money to infiltrate those central cores of belief. The desire would be to manage it in a way which ensured that the sacred work was able to continue. Laughlin et al [1994, 65] used Bion's [1968] model of group and organizational behaviour to highlight three anxieties which need to be kept under control, so that the essential belief system and the key work is not interfered with. These were

... the need to be protected from unwanted intrusions ... the need for leadership ... and a need for continuity through ensuring "reproduction" of central values and concerns ... Bion's model suggests that these anxieties need to be "managed" in such a way that they do not impinge on the "real work" either by dominating the agenda of concerns or being allowed to become *the* agenda of the organization or group [Laughlin et al, 1994, 65].

2. Members and occupational groups - servicing the mission.

Laughlin [1991] in his development of a "skeletal" model of organizational change, proposed four models, which he divided into first and second order changes, depending on whether they affected the design archetype alone, or went deeper to the heart of the interpretive schemes [Laughlin 1991; Broadbent 1992, 347; Richardson et al 1996, 12]. (See *Figures 4, 5* above). It is maintained that the changes in this church have been evolutionary. The process has been gradual, and reliance has been placed, over a period of time, on the budget, as a means of expressing the mission goals of the church. This has come about as a result of a re-orientation, or reinforcement, in the interpretation of the mission and purpose of the church, and the cultural system in which it operates, both part of the interpretive schemes. The desire, however, as discussed above, was

that the metarules be left intact, as the central sacred domain or belief system, out of which all other aspects have then flowed.

Many organizations can record a definite time period in which change was imposed [Broadbent 1992; Richardson et al 1996], either as a result of external or internal factors. In this case, there has been no single event of this kind. The change was, in one sense, self-imposed, and a response both to the external environment, in an age where church-going was seen as less popular, and to a particular interpretation of mission which resulted in an outward-looking focus rather than a maintenance mode of operations. All churches would not interpret their core beliefs, even if they were the same, in the same way. The change, therefore, was both externally and internally stimulated, and was seen as an opportunity, rather than a restriction.

Booth [1993, 43] urged a consideration of the role of the clergy and other occupational groups within churches “in the promotion of and resistance to secular management practices and accounting”. He based this on suggestions by Laughlin [1988] and Thompson [1975] that there was a division between clergy and other occupational groups. If the clergy are mainly concerned with the promotion of the spiritual aims of the church, he maintained, then there could be a devaluation, in their eyes, of management practices in general, and accounting in particular. With the minister’s duties listed as spiritual, and the responsibility for church finances vested in the churchwardens, the official Anglican diocesan structure and law would appear to leave this open as a possibility, but it was not obvious in this case.

The budgeting system which has been developed within this church, and which, incidentally, bears little or no relationship to the official financial requirements of the diocese, provides a good example of the way groups have been formed to “buffer” the sacred work of the church from secular intrusions, to provide leadership, and to ensure the maintenance of the system of core beliefs [Broadbent, 1994, 65].

The staffing structure of the church has already been outlined. The senior minister is the only staff member who takes an active role in the financial aspects of the running of the church, although all are concerned and interested.

In most cases, their paid employment depends on the ability of the church to finance its budget. None of the other staff members have a chance to vote on financial matters or to influence financial policy, except in an informal manner. The parish council discusses financial matters, and the churchwardens are officially responsible for the finances of the church.

Far from being perceived as a secular intrusion into the sacred business of the church, the budget was treated as a very important document, and a great deal of time was devoted to considering submissions and preparing it, and then the following year comparing budgeted income and expenditure with budgeted amounts, and taking action to address any variances between the two. The minister's opinion that he believed in "church growth by budgeting" was reflected in the setting of a budget which attempted to incorporate the goals and vision of the church. Hopwood identified various roles of accounting within an organization, one being that of objectifying phenomena [Hopwood 1990, 9]. The budget is an instance of that.

Three stages can be identified in the budget process, all of which are interdependent and cyclical (See *Figure 6*). The setting of the budget, for example, was based on considerations of both the mission and how it could be resourced, while its implementation highlighted resourcing needs, which in turn, provided fresh input into the setting of the next budget. Two sub-groups are involved in this process.

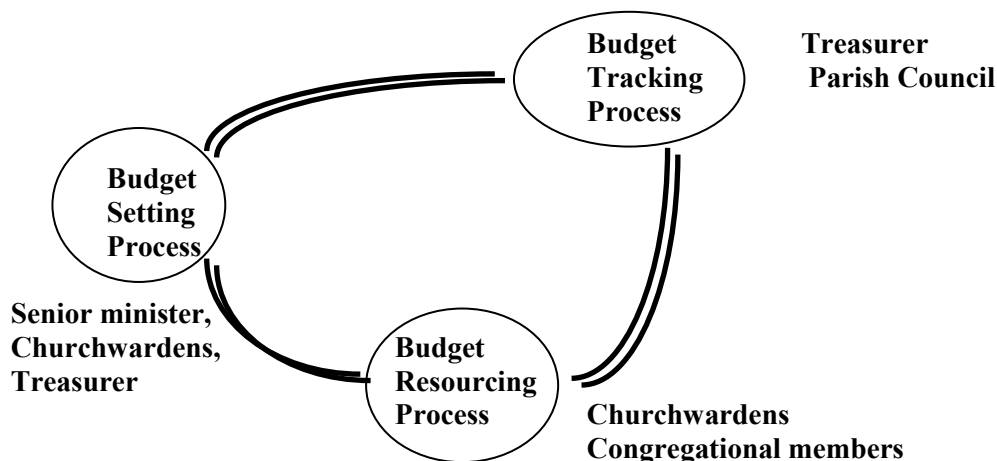


Figure 6. The budget cycle.

Just as the role of the headteacher in the study conducted by Laughlin et al [1994] was crucial in the development of small groups to administer the financial

aspects of local management of schools, the leadership style of the senior minister is seen as crucial to the whole accounting and budgeting process, and to the formation of small workgroups, offshoots of the parish council. That study categorized leaders by two classifications, the involvement with the financial administration, and the orientation towards tasks or people [Laughlin et al 1994]. The minister in this case was very involved in the budgeting process, active in the setting up of small workgroups, and quite heavily task-oriented. At the same time, however, he expressed an interest in making sure people's needs were met.

The budget setting process begins with a meeting of five people, the treasurer, the three churchwardens, and the senior minister. Staffing needs usually made up the major part of the annual budget, and there were perceptions of whether this needed to be increased in order to fill areas of ministry not currently being performed. This was seen as a major visionary decision, an outworking of the belief system of the church, with significant financial implications.

This initial discussion did not happen in a vacuum. Prior to this, the senior minister and wardens would normally discuss, with staff members, and group leaders, what the needs of the church were, in terms of staffing, capital items, and maintenance. Budget submissions were invited from group leaders, and although there hadn't been a good response, according to the treasurer, the submissions made were evaluated and built into the budget as considered appropriate by the working group and later, the parish council. Once the initial discussion had occurred, the treasurer "fleshed out" the figures, and presented a proposed budget to the parish council. This process is described in *Figure 7*:

Church Groups

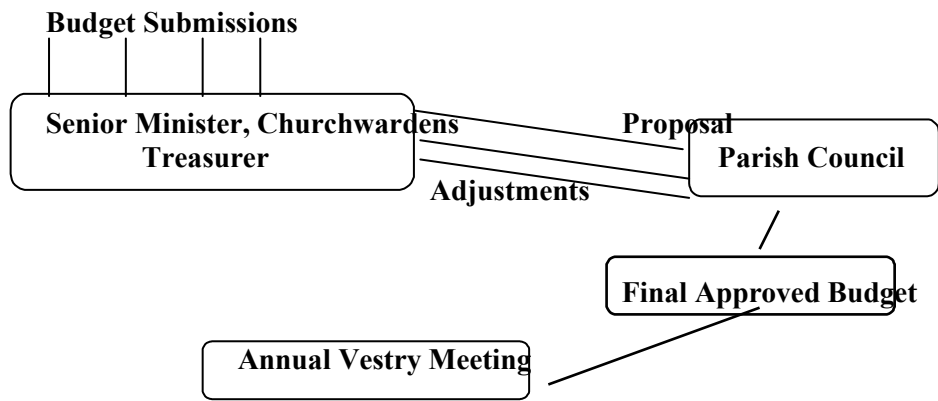
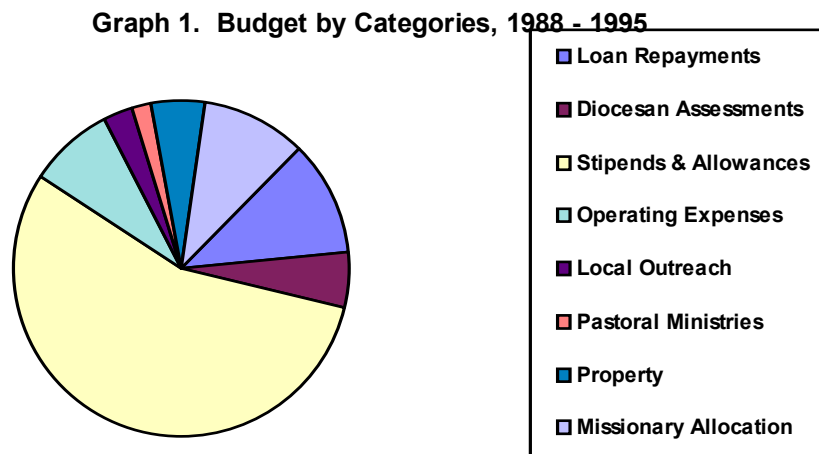


Figure 7. The setting of the budget.

Religious beliefs played a large part in setting the budget. In the opinion of one parish councillor:

I prefer there to be a bit of discomfort as we look at finances ... than to be very comfortable so that we don't ... we're not very visionary ... because if we're always limited by our finances, the amount we've got in our pocket to spend, then we'll never be looking for increased ministry and things that might just push us to stretch our financial reserves a bit more ... to get more money and to pray harder for what we ... for what we need.

Graph 1 below illustrates the breakdown of the 1995 budget. It is not difficult, since a large proportion of the annual budget is allocated towards staff stipends, to make a link between the budget and the ministry of the church.



A former treasurer advocated a combination of vision and attention to financial realities. There had to be some point of contact, in his opinion, between the original vision and the ability to resource it given the congregational base:

But I think you have to go for what you believe God wants you to provide, and then ... follow from there. I don't think you can compromise on that up front, because if you do you'll never see your vision come true. So I think money does play a part. I think you've got to be realistic within certain limits.

This faith/resourcing dilemma in the budget setting stage seemed to balance on a very fine edge. There was the desire not to limit the vision (the sacred work) at a local church level, while at the same time a concern to be sensible, responsible and realistic about the ability of the church to fund the vision. A churchwarden felt the tension between these two aspects:

I like to see that it's achievable. I don't think we should start building the house unless we know we're going to finish it, literally ... but that, I suppose, is tempered with a little bit of faith as it was with ... with the last appointment we made. But it does, it weighs, it weighs on me.

Because of the poor response from group leaders in submitting budget requests, and therefore not having a voice in the budget-setting process, the setting of the budget, while it occupied a great deal of time in parish council meetings towards the end of each calendar year, involved only a very small number of the members of the congregation. For most of the other members, then, it was an imposed budget, presented for the first time, in its completed form, at the annual vestry meeting, the annual general meeting of all church members. There was the opportunity at this time for discussion to take place on the budget for the year, but the acceptance of the budget was the responsibility of the parish council.

At these annual meetings, an ongoing debate, in which accounting played a significant role, was the issue of the church's missionary budget. Historically 10% of offertories were given to missionary organizations, but some argued that this ought to be 12%, and portrayed it as being a directly spiritual issue. Those who wanted to maintain giving at 10% maintained just as strenuously that their position was not a sign of spiritual failure. A parish councillor recollected that financial data was presented, showing that the church actually gave 13% or more to missions if other collections for various aid agencies were taken into account. The annual vestry meeting voted to recommend to the parish council that missionary giving be set at 12%, but their power was only to recommend,

not to enforce. The treasurer presented figures to the parish council showing the impact of giving various percentages to missions, and “what it did to the numbers”. The parish council finally voted to maintain giving at 10%, although the treasurer did acknowledge that there were “other agendas” apart from the figures themselves. Expression was given to the view that this was a “rich” church, and should be giving more money away. The argument from the opposite side was that more money would be given away if the rate were fixed at 10%, given an increasing budget each year, and further, that if the percentage were increased over 10%, a strain would be placed on the church’s ability to resource the mission at a local level.

While it may seem on the surface a trivial issue, it exposed a great deal about the way accounting was actually used in the decision making process. Hopwood identified various roles of accounting within an organization, one being that of objectifying phenomena [Hopwood 1990, 9]. Accounting was used in this instance to justify a practical position, and also, on the other side of the case, to promote what was defined as a theological stance. The breaking down of the debate to a 10% versus 12% argument isolated the two cases and put them into opposition with each other. Accounting numbers, believed to represent a cogent argument, were used as justification for both cases. Ultimately, the annual vestry meeting had the power only to recommend, not to make policy. The parish council, as the elected representatives of the congregation, would receive any such recommendations and make a decision for themselves.

The tracking of the budget, as illustrated in *Figure 8*, had implications for resourcing, in that variances between budgeted and actual receipts and expenditure were reported.

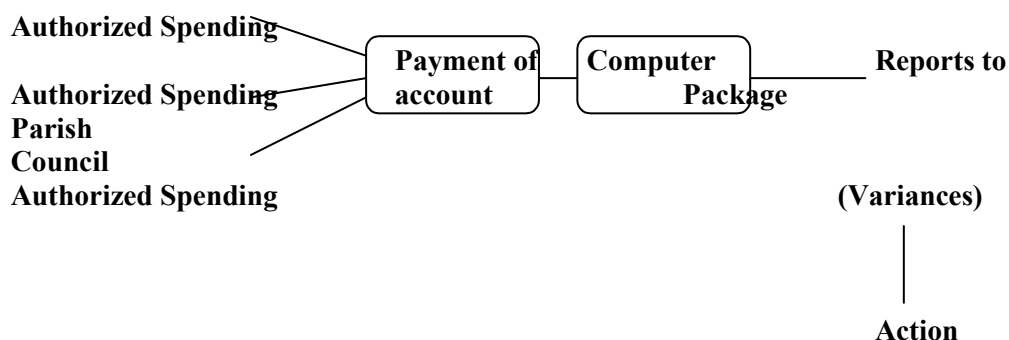


Figure 8. Implementation of the budget.

While these reports are seen to be important, the sacred agenda was to be paramount, and accounting was there to serve that. Monthly reports by the treasurer to the parish council were therefore brief and to the point:

... I think I'm better to report on the variances rather than to ask questions because I think that ... I think you lose control of what you're on about then. That's how I see that. I think it just takes up time of the parish council. I don't believe it's necessarily the role of the parish council to spend half an hour at each meeting worrying about the finances. I think there are more important issues we should be worrying about at parish council, to be quite honest. So I try to ... I try to keep the running of it, the control of the report.

While there was a concern to contain costs, it was recognized that sometimes these inevitably went above budget. The major interest displayed in the monthly accounting reports was any deficiency in the budgeted income. Members were responsible for the provision of resources to meet that budget every week, therefore, once the budget was set, the resourcing aspects of the budget, and any deficiencies in that resourcing, were of great importance. In this it was difficult to distinguish between membership and financial resources [Booth 1993, 57], since the two were inevitably linked.

3. Organizational resources - funding the mission.

Given that accounting is instrumental in translating the core belief system into identifiable and measurable financial targets, this raises interesting questions about the possibility that money can actually be brought back into the "sacred" system of the church without corrupting it. How does this occur? Is money a purely secular force, which the church must reluctantly use in order to survive? Linked, as these monetary targets are, to the achievement of the mission of the church, money is given a different character. It is "earmarked" for sacred purposes, or "sacredized".

Zelizer [1994, 1] maintained that money is not the "single, interchangeable, absolutely impersonal instrument which our society claims it is. Money is not, according to her, completely value-free and objective, but does take on complex social meanings in different contexts. Her model rejected the common perceptions of money, and focussed instead on the "social differentiation" of

money. *Table 1* below summarizes her interpretation of existing views of money, and her own beliefs about its significance. [Zelizer, 1994, 11-12, 18-19, paraphrased].

<i>Assumptions underlying the absolute model of market money (traditional)</i>	<i>Alternative model of money</i>
1. Money is a strictly economic phenomenon. It is homogeneous, infinitely divisible, liquid, structures quality-free.	Money is a key rational tool but also exists outside the sphere of the market. Cultural and social influence it profoundly.
2. In modern society, all monies are multiple the same. Only differences in quantity are possible.	There is no single money, but monies. Currencies are “earmarked” for different social interactions.
3. There is a profound distinction between money and non-money values. Money is profane; sacred values are qualitatively distinct, unexchangeable and indivisible.	Economic definitions of money’s functions are limited. Money is a social medium, and is qualitatively heterogeneous.
4. Money corrupts all areas of life. It will lead to the inevitable commodification of society.	There is a false dichotomy between money and non-pecuniary values. Money can be singular and unexchangeable.
5. Money transforms nonpecuniary values. Any reciprocal transformation is ignored.	Money does not have unchecked power and freedom. Limits are set by cultural and social structures through controls and restrictions.

Table 1. Zelizer’s traditional and alternative money models

According to this model, while money is physically indistinguishable, in a variety of social interactions, it takes on many different forms, from welfare payments (which establish or maintain inequality) to the payment of bribes (which are attempts to control others), fees, gifts or wedding presents (which mark rites of passage) [Zelizer, 1994, 26]. Gifts to a church therefore perform a useful social function, not only for the church itself, but for those who make the gifts, in linking them to the mission and focus of the church, and as an antidote to the popular perception that money, and its attendant consumerism, can be overcome, and that it is possible to “aspire to something higher than satisfactions achieved through a materialistic way of life” [Horowitz 1985, xxxi].

There was a recognition that the vision, or outworking, of the central belief system, had to be funded, and in this reliance was place on congregational members. Accounting had a vital role to play in firstly setting this financial target, and secondly, in monitoring the extent to which it was being met. The senior minister put it bluntly:

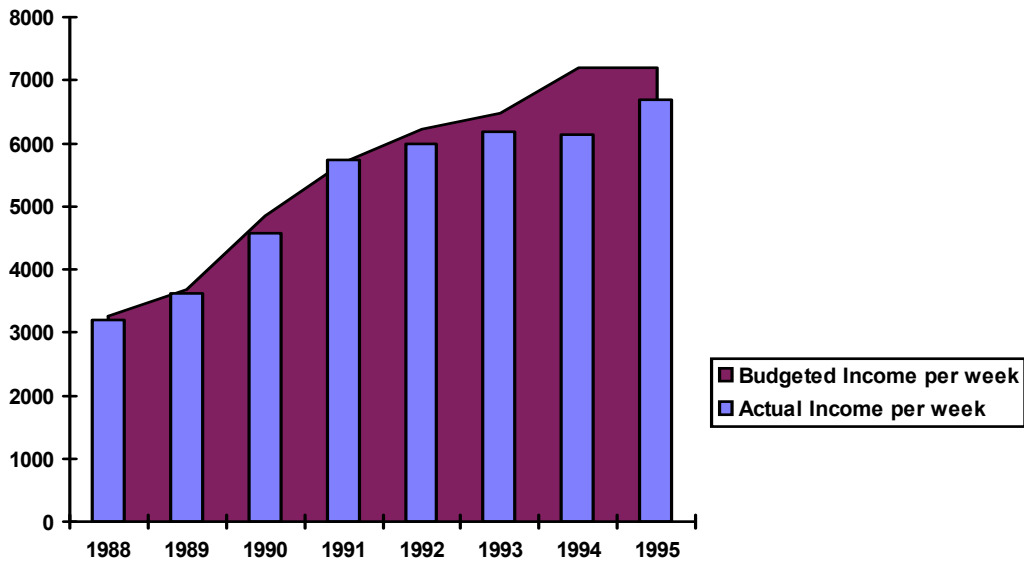
To me, I've got to run the church. I can't run it without money. If the money goes down, the church goes down.

The promotion of “tithing” (the giving of one tenth of a person’s income) to the church, explicates a system of “earmarking” for religious purposes. Financial giving to the church was therefore linked strongly and totally with the promotion of the mission, which itself was the outworking of the core belief system. Money was therefore “earmarked” for spiritual purposes, and the achievement of the financial targets, or the ability, at least, to stay afloat financially, was seen as a reinforcement of this belief system. This “sacredizing” of money was therefore the completion of the cycle. Resistance to the concept that giving to the church was “sacred” has been minimal, but resistance to the manner of the setting of the budget income targets has been a little more noticeable. Perhaps the fear is that money, if not carefully controlled, will corrupt, as was revealed in a study of Local Management of Schools in England:

... the latent fear of the power of money to undermine and redefine authentic work is very real indeed in the caring professions ... The latent fear of alienation and secularization of authentic work, and the power of money to achieve this, is very real indeed [Laughlin et al, 1994, 64].

Although large and growing in terms of membership size, the church was not wealthy by denominational standards. In contrast with some other churches in the denomination which received substantial income from property investments, its receipts were almost entirely offertories from members of the congregation (98.7% in 1993). The budget was set as a target to be achieved, a means of objectifying the sacred vision of the church, but it was rarely met. (See *Graph 2 below*).

Graph 2. Budgeted and Actual Weekly Income 1988 - 1995



There were times when there was a major resource crisis. Weekly information has been given to church members at various times over the last nine years, comparing giving with budgeted income, and providing a figure for offertories received in the previous month, as compared with the budget. Once the desired amount of weekly budgeted offertory was decided upon, this remained fixed for the year, and was promoted as a level of giving to be achieved in order for the ministry of the church (the sacred work) to continue. When receipts fell dangerously behind budget, the congregation was urged to reconsider their offertories. On two occasions within a period of five years, the churchwardens spoke directly to the congregation, informing them of the seriousness of the church's financial position and the need for a dramatic inflow of funds. *Figure 9* illustrates this process.

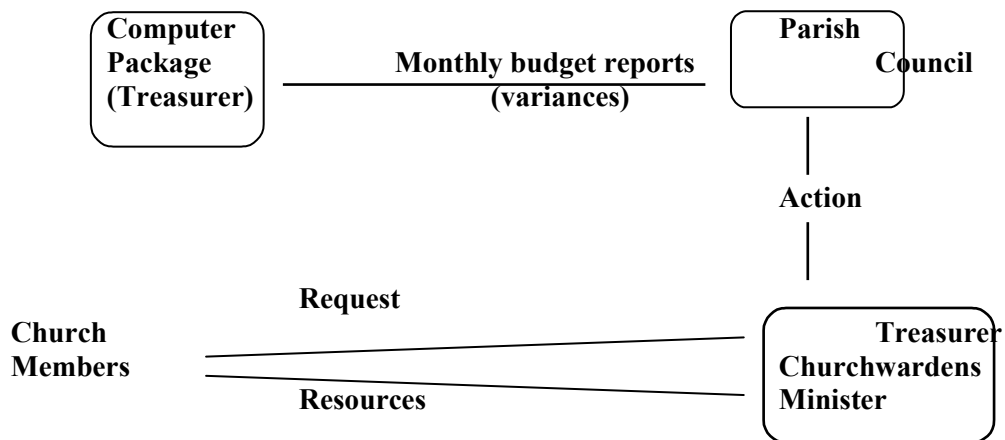


Figure 9. The resourcing of the budget.

While it was recognized that there had to be a sense of realism about financial affairs, there was also a belief that the resourcing of the parish was essentially a spiritual activity, not a commercial one. A former churchwarden expressed it this way:

I think that the resources, the financial resources, which the church has before it embarks on any venture, must be sufficiently low for there to be a requirement of faith and sacrifice on the part of the congregation if that is to do anything spiritually for the congregation ... if you are going to receive spiritual blessing from the financial side of parish life, then I think before you go into any venture the money's got to be sufficiently low. But I think it's got to be also high enough to be within the ... bounds of reason.

This attitude inevitably affected the way people perceived accounting as it assisted in the resourcing role within the church. In most organizations accounting numbers are one of many agendas which determine the financial decisions people make, but the other agendas are often hidden or obscured. In this situation, there was another openly acknowledged agenda, which therefore would have the potential of conflicting with accounting information. Given the significance of religious beliefs, there could be situations where decisions would be made which challenged, or even defied, good accounting or management principles.

One example of this was in the building of the present church complex, thirteen years ago. From a denominational point of view, it seemed to be viewed as an extravagant and ill-informed plan, according to a former churchwarden:

There was just so much opposition to it ... to the move from people in authority, from the ... from the Financial Priorities Committee of the Standing Committee (*the Executive of the diocese*) ... And so to actually believe that it was financially possible, and to be convinced it was, was ... was quite something when so many significant people in the diocese who knew a lot more about finances than I did had very strongly come to the conclusion that it wasn't possible.

These obstacles had to be overcome, and the doing of that was perceived to be very significant in the spiritual history of the church:

... it was a strangely uneconomic way of approaching the whole thing, because the whole thing was a faith venture. It was all ... all about discovering what you believed God wanted you to do, and then having become convinced that that's what God wanted you to do, then being easily convinced that the resources would come. Maybe that's why I was able to be convinced by (*the treasurer*) , because I wanted to be convinced. But for some reason or other I remember going over the sum several times and coming to negative conclusions, and feeling quite full of despair about it, and then suddenly one day when (*the treasurer*) came and sat by me and worked over it again over many long hours, that it became clear it was possible, I remember the great excitement I felt.

While it was a faith venture in many ways, the accounting had to be right, in order to “sell” or justify the project to the diocese. It was pointed out by a former churchwarden, who now serves on the diocesan Standing Committee, that at this level, resourcing was viewed very differently from the way it was viewed in a local parish church:

And I think now that I'm on Standing Committee, that what you see ... what you see all the time there ... is very careful calculations, based on ... ah ... based on the economy and the market and so on. There's not much room there for faith and sacrifice. That's ... that's the sort of calculation which you yourself make in your own family when you decide whether or not you're going to build a house or not. That's what Standing Committee is like. But church is different. Church requires relationships between people, and faith in God and things like that. Standing Committee doesn't require that.

The close relationship between the church and the source of its resources (members) is not felt at a denominational level, where funds are received from local church assessments (taxes levied by the diocese on local churches) and from investment income. This distance can reduce the perception of reliance on a particular group of people for resources, and consequently increase the reliance on accounting numbers in order to plan ahead financially. Clergy at a diocesan level are therefore not as accountable, in the financial sense, to a congregation, as are clergy at a local church level. The acceptance of a budget, and the willingness to provide resources in response to that budget, are an indication of the support for spiritual work of the local church. At a local level, the relationship between the sacred belief system and the budget is more visible than at a diocesan level.

The minister of the church admitted he took “a fair bit of responsibility” for the church finances, and a churchwarden, commenting on that responsibility, said:

... (*the minister*) would have ... a greater ... or takes a greater responsibility than I do. Which is probably not good. It’s not good for the church and it’s not good for (*the minister*).

The reason it was felt that it was not good for the minister to be overly concerned with the church finances was because he *shouldn’t* have to be concerned. It was seen as something that others should take care of, in order to free him for the “theological” work of the parish, although it was acknowledged that the minister became involved:

... because it’s the nature of the beast, and maybe because I, or (*a fellow churchwarden*) are not as involved as we ought to be.

This sentiment led to action within the parish, in the establishment of a task force, an offshoot of the parish council, to deal with finances, to be chaired by the treasurer. The reason for its existence was acknowledged by the minister:

... as a little aside here, part of the reasons for these task forces were that the leadership of the church at that stage, the wardens, felt that my major training and task, and I agree with them, was in theology, and basically I was trying to run as a business man, and they wanted to release me to get back to the things that I was trained to do.

The minister himself set up a “stewardship” committee several years ago, whose purpose was to resource the budget, or dream up exciting ways of raising money. He expressed frustration that they didn’t achieve this task, but instead focussed simply on ways of saving money. Where he wanted them to be entrepreneurial and generate resources, they were being careful with resources, so he stepped in and re-organized the group, appointing people onto it who would dream up new ways of fund raising, so he wouldn’t have to be concerned with it. He still feels the need to take an active role in supervising the operations of that group.

Conclusion.

This has been the story of a church's budgeting system, informed and directed by means of Laughlin's change model, and told against a backdrop of the notion of a sacred/secular tension between religious beliefs and the notion or practice of accounting. The budgeting system is seen as a means by which the vision (the sacred work of the church) is objectified or made concrete. Recognition is given to the reality that in order to achieve the sacred work, attention needs to be paid to finances.

While this reliance on money and accounting is not seen as an unwelcome secular intrusion into the spiritual work of the church, safeguards have been developed to ensure that this continues. The aim is to preserve the central sacred core of beliefs, while allowing for modern interpretations of mission and culture. Hence the accounting system must be driven by that mission rather than the reverse being the case. This acceptance has led to a willingness to employ accounting as a useful tool in facilitating the outworking of the church's vision. Specialized finance groups work towards shielding the minister and staff from unwanted secular intrusions into the performance of their spiritual responsibilities. Giving to the church is promoted as the outworking of a sacred vision, and money and accounting are therefore made sacred as long as they are perceived to be in a service role.

This study is interesting because it looks in detail at an individual church, providing empirics that “flesh out” the skeletal theory employed. Further studies in the area of churches, or other idealistic types of organizations, will also shed fresh light on the ways accounting is used, but not allowed to create the agenda in organizations with a distinctive central core of belief.

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