THE SACRED AND THE SECULAR: THE VARIABLE SIGNIFICANCE OF ACCOUNTING IN A RELIGIOUS ORGANIZATION

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Introduction

There is a growing body of accounting literature that argues for the need to understand accounting as embedded in the social contexts within which it was developed and is used (for example, Berry et al, 1985; Burchell et al, 1980; Chua, 1988; Hopwood, 1978, 1983; Nahapiet, 1988; Preston, 1986). Instead of seeing accounting practices as functionally or dysfunctionally fitted to the organization, this literature tends to view them as reflexive constructions of the everyday activities of the members within their organizational and social context; as the result of specific organizational and social historical patterns. This focus replaces a concern with how accounting practices can be made to function more efficiently and effectively, which has been the dominant focus of accounting research, with a concern to explain why and how accounting is used in organizations. In other words, accounting is not assumed to have any inherent usefulness (Burchell et al, 1980), instead its prominence in modern organizational affairs becomes the problematic of study (Hopwood, 1978, 1983). How did accounting come to be what it is? How has 'what it is' changed? How do new uses emerge? In essence, the question - "..how.. does accounting achieve and maintain a position of organizational significance?" (Hopwood, 1983, p.291) - needs to be answered.

One approach to furthering the understanding of the social construction of the significance of accounting is to explore its use in settings where accounting's claimed usefulness is most open to question, that is, an extreme case approach can be used (Glaser and Strauss, 1967; Laughlin, 1990b; Mitchell, 1983; Scapens, 1990; Yin 1989). Under such a setting, the social processes which construct any significance for accounting, and the sources of resistance to its use, should be more visible. Morgan (1990) argues that, in general terms, the significance of accounting in modern Western capitalist societies is related to its ability to be used as a rational, calculable, economic basis for the legitimation of actions in organizations1. One setting where such a basis of legitimation is very open to question is a church. The dominant basis of the legitimation of actions in churches is fundamentally transcendental through appeals to the "..essential element of

1 It is not possible to spell out in detail here the form of an argument for the 'boundary conditions' of the potential significance of accounting in modern capitalist firms. See Booth and Littler (1992) for such an approach.
religiosity, i.e. God, eternity, etc. ..[which].. defies rational proof and calculation" (Morgan, 1990, p.152). As Thompson argued:

"..perhaps more than most organizations, religious bodies have a strong ideological commitment and concern that extends to the point where even the rationality, according to which they evaluate their organization, may stress criteria of symbolic-appropriateness rather than of calculable efficiency" (1975, p.2).

Churches, therefore, may be fruitful sites for furthering our understanding of why and how accounting becomes significant in organizations.

In this vein, Laughlin (1984, 1988) has argued that the variable significance of accounting within various organizational units of the Church of England was related to the dynamic relationship between the sacred, those aspects of the church associated with its religious ends, and the profane, those secular administrative functions such as accounting which supported the sacred and could not be allowed to compete with it. This paper develops these arguments through a case study of the uses of accounting in the Queensland Synod of the Uniting Church in Australia. It is argued that the relation of a sacred and secular divide to the variable significance of accounting within a church needs to consider the importance of specific organizational control problems faced by a church at any point in time, the activities of occupational groups, particularly the clergy and accountants, and the specific social conditions that may facilitate variable uses of accounting. The aim of this analysis is to examine the level(s) of significance of accounting within the Queensland Synod, and to present explanations for the ways in which it is used.

The paper is organized into three main sections. The first section develops a general framework for understanding the use of accounting within a religious organization setting. The second section details the research site and methods. The third section then illustrates the operation of the sacred and secular divide through an explanation of the variable significance of accounting within the Queensland Synod of the Uniting Church in Australia. The paper concludes with a consideration of the limitations of the case study and the broader implications of the arguments for an understanding of the significance of accounting in organizations.
The Sacred and the Secular

There is very little accounting research on accounting in churches and other religious organizations (see also Booth, 1992). Some surveys (Rowe and Giroux, 1986; Zietlow, 1989) of accounting practices in churches have given a limited insight into the penetration of accounting practices in the sense that they report the categories of practices used. However, they provide no information on the details of the practices used, how, when and for what activities they are used, and the existence of any resistance to their use. In other words, insight is provided only on the existence or nonexistence of accounting practices, not their impacts. Relatively more histories of early uses of accounting in churches (Faircloth, 1988; Flesher and Flesher, 1979; Kreiser and Dare, 1986; Swanson and Gardner, 1986, 1988) exist that attempt to provide some insight into how accounting is used in such settings. The picture that such histories provide is one of the evolution of an increasing use of accounting to meet the needs of the organization. However, this evolutionary form of argument tends to only explicate 'what happened' to accounting and how these developments were, in some way, inevitably linked to the functional solution of a changing environment and internal organizational needs (Miller and O'Leary, 1987). There is no indication that this was other than a smooth development process to satisfy the rational needs of a church. The possibility of resistance to the use of accounting and that the reasons for its use may be other than those officially espoused is ignored. In sum, such histories tell us little about how accounting was actually used, about what actions it informed or did not inform, and who used it and who did not. They tell us little about accounting as a situated practice.

These shortcomings are avoided in Laughlin's detailed case study of accounting systems in the Church of England (Laughlin, 1984, 1988), which provides an explanation of the development and use of accounting practices at the Parish, Diocese and Central levels of the Church and pays specific attention to the issue of historical context and the unique features of the organization. In terms of context, the major points identified from a review of the history of the church were the importance of i) the increasing financial stress on major units of the Church through greater dependence on the giving of members, ii) that this stress was not uniform across units, and iii) that this was related to the increased role and demands for funds of Central Bodies in the Church. These
major aspects of context were seen as describing some major conditions of possibility for the development and use of accounting practices, but not necessarily an explanation for such practices.

The major types and attributes of the accounting systems identified by Laughlin at the three levels of the church are summarized in Table 1. Several distinct types of budget preparation and control, financial reporting and other accounting systems, were found to exist at each level. Laughlin concluded that it appeared as if accounting systems were a 'partial irrelevancy' to the ongoing life of the Parishes as none of the systems had much impact on actions. In the Dioceses, the systems were more sophisticated, but were still insignificant in ordering and developing their activities. For the Central Board of Finance, accounting systems were more important to on-going activities as they were used in income generation and the containment of programmes, but did not appear to have any significant directional impact on activities.

Table 1

<table>
<thead>
<tr>
<th>Unit</th>
<th>Systems and their Attributes</th>
</tr>
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<tbody>
<tr>
<td>Parishes</td>
<td>Budgets are produced but not for all Parishes. They are expenditure orientated with mainly a functional focus. They are not used regularly for control but more as a sporadic information service. Annual accounts are produced, usually on a cash basis, but do not seem to be used to evaluate the past. Special reports and analyses are sometimes prepared, but seem to be partially ignored in decision-making.</td>
</tr>
<tr>
<td>Dioceses</td>
<td>Budgets are produced for most major funds, again with an expenditure orientation. They have a predominantly functional focus, but some use of responsibility centres. Control is fairly informal as the vast majority of expenditure is committed. The main aim appears to be ensure that sufficient income is raised, not to order or evaluate priorities. The budget process is aimed at 'selling' the budget to Parishes, and is associated with a complex accounting mechanism aimed at allocating shares of the income target. Annual reporting exists for major funds, but again they seem to have little relevance to most activities.</td>
</tr>
<tr>
<td>Central Board of Finance</td>
<td>The budget is mainly expenditure orientated with a focus on income generation. Functional categories are used, but with a clear responsibility framework. Review of the budget for control purposes is again fairly informal. However, while the budget is not used to evaluate priorities, there is control over responsibility centres staying within approved expenditure 'votes' by a process of approval of disbursements. Annual reports are prepared for major funds, but are not used as a vital source of information.</td>
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Laughlin argued that an understanding of this variety in the accounting systems of the Church of England could be related to several major general influences\(^2\). The main social dynamic at work was the sacred and secular divide, which is expressed as a fundamental separation in the Church between dominant spiritual issues, the sacred, and the secondary systems used to support them, the

\(^2\) Many specific local factors and the influences of significant actors were also proposed. These organization specific explanations are not considered here.
secular. Accounting is part of the secular, and its treatment as irrelevant and secondary is argued to be the general tendency within a church setting. This social dynamic emphasizes the role of the beliefs systems of churches in explaining the use of accounting. The sacred emphasizes the transcendental nature of church ends while the secular emphasizes the secondary position of the more temporal, empirical surrogate means sometimes used to achieve these ends.

Laughlin (1988), based on the work of Durkheim (1976) and Eliade (1959), argued that this was an underlying dynamic of all religious organizations as:

"The central feature in all religion is, as Durkheim suggested, to do with the distinction between the sacred and the profane. In terms of the organizational aspects of this dynamic, there is an initial need to create an institutional centre where further sacred manifestations become possible, within a defined 'territory' or 'world' which the centre is intended to permeate and sanctify. This centre is invariably tangible (as a temple or church), where communication with the gods can be undertaken. This communication in the form of 'festivals' for those initiated into the faith generates what Eliade calls 'myths' to determine 'appropriate' behaviour, one of which is related to the tangible support of the centre to allow the sacred work to continue. From these 'myths', the surrounding profane area is generally sanctified, as behavioural norms become declared during 'festivals' and are widely practised in the sacred territory" (Laughlin, 1988, p.26).

The main concern of all religious organizations, therefore, is with the production and protection of its sacred domain, in both a spiritual and physical sense. All other activities are subservient to this end as they are profane.

The sacred and the secular divide separates the 'legitimate' part of a church from profane support activities. Accounting is seen as part of these support activities, and is thus profane and regarded as an irrelevancy to the life of the church. It is only tolerated to the extent that it supports the sacred, but can never been seen as impinging on the sacred\(^3\). For example, the dominance of the sacred is expressed through the use of 'spiritual control systems' instead of secular ones. Giving is related to the spiritual awareness of the members, not required expenditure, making budgeting practices less relevant as planning devices. Also, decisions are based essentially on their 'rightness', not their financial implications as these 'secondary' matters will work themselves out. These, and others, practices act as a range of self-reinforcing patterns which reproduce the dominance of the sacred.

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3 The same argument applies to all commercial and managerial techniques, as Laughlin (1984, 1988) acknowledges. These practices come from 'outside the church', and are thus part of the secular and profane.
The sacred and secular divide, therefore, provides a major source of resistance in churches to the use of accounting.

This divide also explains why units of the Dioceses and the Central Board of Finance have more developed accounting systems. These units are cast in secular support roles, principally involving the raising of funds to support the sacred activities of the church. Some form of accounting system was argued to be needed to facilitate this role. This organizational structuring enables these units to make greater use of accounting practices, but they are separated from the sacred activities of these levels so that such profane practices do not impinge on the sacred. Also, the context factors of declining sources of income and greater demands for funds by central units increased financial stress, and accounting systems were used as a way of responding to this stress and attempting to buffer the sacred from such concerns. The structural role within the organization and its financial context, therefore, were also important in explaining the use of accounting.

Finally, the clergy, particularly at Parish level, played a role in promoting the irrelevance of accounting within the Church as they were the prime supporters of the sacred and secular divide. Their training reinforces this divide and they are structurally cast in a role where their raison d'être is the protection of the sacred. The latter also placed them in a position of power to perpetuate the sacred and secular divide. The clergy, therefore, as the dominant occupational group in the Church, were active in reinforcing the irrelevancy of accounting to the life of the Church.

Laughlin's analysis (1984, 1988), therefore, provides a framework for explaining the variety in both the form and significance of accounting systems within a church. Three main explanatory factors were identified. First, the marginalization of accounting was related to the sacred and secular divide created by the nature of religious organization belief systems, which acted as a strong source of resistance to secular systems such as accounting. Such an argument is consistent with a wide range of organizational literature on religious organizations (Bartunek, 1984; Goldner, 1979; Harris, 1969; Hinings, 1979; Hinings and Bryman, 1974; Hinings and Foster, 1973; Rudge, 1968; Thomspson, 1970, 1975). A central theme of this literature is that the legitimacy of practices based on ideas of bureaucracy and decision-making via means-ends rationalities are always open to question as they require the substitution of empirical ends for the dominant transcendental ends of
churches. Second, the clergy, as the dominant occupational group in churches, were identified as playing a significant role in the promotion of the sacred and secular divide, and its use to maintain the secondary position of accounting. Again, this argument is consistent with the organizational literature on religious organizations (Ashbrook, 1967; Harris, 1969; Hinings and Foster, 1973; Thompson, 1975). However, Harris (1969) has argued that the clergy should not always be interpreted as offering resistance to practices such as accounting. They may be placed in different roles, such as central administration, where they may become more predisposed towards the use of rational management techniques. Third, organizational factors, such as the need to structurally allow for secular support systems and the level of financial stress, were seen as potential mediating factors on the intrusion of accounting into the life of a church. Bartunek (1984), Harris (1969), Hinings and Bryman (1974), Hinings and Foster (1973) and Thompson (1970) have all developed similar arguments about the organizational structuring of religious organizations and the use of rational management techniques. In particular, the relative scarcity of human and financial resources have been linked to variations in the concern with efficiency and the promotion of rational management solutions to such scarcity. These three interrelated levels of explanation, therefore, appear to offer a potentially useful framework for understanding the how, who, when and why of accounting practices in religious organizations.

The three dimensions of Laughlin's (1984, 1988) argument have some parallels with work from industrial sociology and organization theory that deals with the growth in the size and complexity of modern organizations and their control strategies. Within a control processes view of these issues, the contribution of Peter Armstrong to the labour process debate and the understanding of the development of accounting practices in business enterprises (Armstrong, 1984, 1985, 1986, 1987a, 1989a) provides a basis for broadening the analysis of the use of accounting in

4 For an extended discussion of such a research framework for accounting in religious organizations see Booth, 1992.

5 Clegg (1990) argued that there are two major approaches to addressing these issues; efficiency arguments, either in terms of market failures (for example, Chandler, 1962, 1977; Williamson, 1975, 1983) or responses to strategic contingencies (for example, Donaldson, 1985, 1987), or a more labour process orientated approach concentrating on control processes (for example, Littler and Salaman, 1982; Morgan, 1990; Thompson, 1989). The problems with the arguments of the former that the range of management control strategies found, at least in the longer term, exist because they are the most efficient ones for solving the uncertainties faced by modern organizations in particular periods are well documented (see, Bray and Littler, 1988; Clegg, 1990; Clegg and Dunkerley, 1980; Hinings et al, 1988; Perrow, 1986; Robins, 1987). One way of avoiding these problems is to adopt a perspective where control processes in organizations, at least in part, are the focus for explaining the historical development of their structures.
religious organizations. In doing so, it should be stressed that only those general arguments dealing with the analysis of variety in managerial strategies and control are drawn upon here. The labour process per se is not of interest, or directly relevant, to the discussion.

Armstrong’s work (1984, 1985, 1986, 1987a, 1989a) raises three major analytic themes which are relevant. First, the variety in management control strategies are understood in relation to the search for and deployment of solutions to reduce the uncertainties arising from the control problems of business organizations. Three key general areas of uncertainty for such organizations are the extraction, realization and allocation of surplus value (Armstrong, 1987a). Second, economic or other crises of various forms may provide extra impetus for seeking solutions to particular control problems at specific points in time. That is, crises may prioritize a control problem and even construct its understanding in a particular way. However, what strategies are actually used is still left open, they are not determined by the nature of crises. Third, the types of solutions deployed are related to the actions of occupational groups competing for the key positions of command in the management of organizations, in inter-organizational relations and also in the relations between organizations and the state. To further these interests, occupational groups construct solutions to problems faced by organizations based on their extant knowledge base and specialist techniques. In addition, the relevance and nature of crises may be ideologically emphasized by competing occupational groups to promote their own interests. Thus, the potential may be created for particular types of solutions to appear more relevant. Finally, for dominance to be achieved and maintained the solutions developed must also be sufficiently indeterminate and surrounded by an occupational group mystique so that they can retain a monopoly over their deployment. Therefore, as Armstrong (1987a) has argued, accounting may become significant in organizations because it offers solutions to continuing control problems. It may be particularly powerful in this regard because it potentially offers a common view across problems by focusing on, or at least creating the impression of their having, a core monetary dimension. These solutions have been promoted by the accounting profession to increase its prominence within organizations and society. The rise of accounting and financial controls and the rise of the accounting profession

6 Note that it is not necessary that these solutions be totally effective for the specialism to acquire dominance. The contradictions within capitalism and the complexity of economic and organizational relations means that effectiveness usually will be ambiguous.
thus need to be seen in the overall context of the emergence and development of management control.

Applying these analytic themes to the ideas developed by Laughlin (1984, 1988) the following general framework for the analysis of the use of accounting in religious organizations is proposed.

Religious organizations are strong sites of the concept of membership based on community and democracy values. This raises control uncertainties in the maintenance of the values of free association, co-operation, consensus and trust (Handy, 1988; Morgan, 1990; Rothschild-Whitt, 1979). In addition, the specific goals of religious organizations are extreme types of the qualitative, non-monetary form (Morgan, 1990; Thompson, 1975). The solving of these two interrelated elements of the dominant control problems of religious organizations via rational calculation and means-ends analysis is difficult as the ends, particularly the transcendental basis of the dominant religious focus, defy calculation and rational proof. The particular nature of the dominant control problems in religious organizations, therefore, should act as sources of resistance to the use of accounting.

However, religious organizations have a set of secondary control problems. The sacred and secular divide indicates that the organizing of secular support activities is still part of the management issues in religious organizations. This may in part reflect the need of such organizations to determine ways of co-ordinating and structuring their various tasks. It also probably reflects the process of cultural rationalization and institutionalized ideas about appropriate organizational structures (DiMaggio and Powell, 1983; Meyer, 1986; Meyer and Rowan, 1977; Zucker, 1983, 1987). In this vein, Thompson (1970) argued that periods of restructuring within the Church of England were influenced by the organizational ideas prevalent in society at the same time. In addition, religious organizations, as part of increasingly rationalized Western societies, find that many of their relations with society are monetarized (Meyer, 1986). The management of these money-based relations still has to addressed, and rational calculative based means-ends forms of analysis are the dominant legitimate solutions to such organizing problems (Berger and Luckman, 1966). In other words, the secular represents the intrusion of accounting and other rational
management techniques into religious organizations through control problems similar to, but not as specific, as those in business organizations. These secondary control problems are perceived to conflict with the dominant sacred, non-calculable control problems, such as the maintenance of membership support and the achievement of spiritual and evangelical goals.

An analysis of the use of accounting in religious organizations, therefore, should consider two general types of control problems to which management must find solutions; dominant concerns with the maintenance of the sacred ends and membership, and secondary concerns with secular administrative and financial support activities.

The timing of an impetus for solutions to both sets of problems may be related to crises⁷ that prioritize one or the other. First, crises relating to membership or the foundations of the beliefs of a religious organization may be expected to prioritize the sacred set of control problems. For example, Bartunek (1984) discussed how a crisis involving declining membership within a religious order was one of the factors behind the perception of a need for change in its organizational structure. This type of 'sacred crisis' would be expected to strengthen the sacred and secular divide, thus favouring solutions based on sacred concerns and increasing resistance to the use of accounting. Second, crises of a more economic nature, such as a declining income base or spiralling costs, may prioritize secular control problems. This may weaken the sacred and secular divide by the construction of these problems as issues that must be addressed even at the expense of the sacred, at least in the short term. When problems are constructed in such ways, the sacred may not appear to provide viable solutions, especially against the backdrop of ideas flowing from cultural rationalization. This type of crisis would increase the potential for the intrusion of accounting into a religious organization. Finally, financial and membership crises may be related in practice. Harris (1969) identified financial shortages flowing from declining Parish membership as one of the conditions that prompted the search for new organizational structures. This interrelation of sacred and secular crises prioritizes both sets of control problems (see also Berger, 1963) and may blur the distinctions between them. Also, it may bring sacred and secular solutions into direct competition.

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⁷ Defining a 'crisis' is a difficult task. For the purposes of this discussion a crisis may be thought of as a set of conditions for action (for example, available resources, level of competition) that 'threaten' the ability of an organization to achieve some ends. Following Armstrong, this threat may be real, in the sense that the conditions actually do place limits on action, or perceived, in the sense that limits on action are seen by organizational members to be related some set of conditions.
While the sacred and secular divide would still be expected to operate under such conditions, the actual outcomes are potentially much more indeterminate. This is consistent with Harris' (1969) findings, where more rational management techniques were both supported and resisted by different groups in the church because they were argued to be both consistent and inconsistent with sacred beliefs. Various sacred and secular crises, therefore, may be expected to effect the need for solutions to sacred and secular control problems in religious organizations.

Finally, the types of solutions deployed in response to such problems will be those promoted by various competing occupational groups. As argued above, the clergy are the major occupational group engaged in the management of religious organizations (see also Wilson, 1969, particularly Chapter 5). Also, other occupations, such as social workers and religious educationalists, who may be expected to be involved in the running of religious organization activities should be included as supporters of sacred control problems. These occupational groups may be expected to offer sacred solutions to sacred control problems, although such solutions themselves may be in competition due to differing occupational views. Also, they may promote some form of 'sacredized' secular solutions to secular control problems in attempts to maintain the sacred and secular divide. For these reasons, the clergy and other sacred occupational groups would be expected to resist the solutions of occupational groups associated with secular support functions to both secular and, particularly, sacred control problems. As suggested above, such direct competition is most likely in times of crises that mix sacred and secular problems.

Accountants fit within the secular support functions set of occupational groups. Accountants can be argued to have a strongly developed occupational territory flowing from their position within modern industrial societies. They go through a long educational programme that is heavily concentrated on specialist accounting techniques and problem foci. Their whole occupational ideology is orientated to an accounting biased financial view of management and solutions to its problems (Booth and Cocks, 1990; Hastings and Hinings, 1970). Accountants would therefore be expected to focus on the financial dimensions of secular control problems and promote accounting solutions to them. Laughlin (1984, 1988) was relatively silent on the role of accountants in the Church of England. Those responsible for Diocese accounting systems were identified as having professional backgrounds with a training in accounting and it could be assumed that the staff at the
Central Board of Finance had similar backgrounds. Parts of his analysis implied that these 'accountants' acted to support the sacred and secular divide. However, they appeared to do this in a way that reflected their own occupational interpretation of appropriate actions, but with a recognition of their subservient position to the sacred. For example, Laughlin argued that the Central Board of Finance exercised fairly strict financial control in the sense that new endeavours were made to fit within budgetary limits and budget votes were tightly enforced, but no attempt was made to use accounting to prioritize sacred activities within the overall budget limits. Therefore, the actions of accountants in promoting the use of accounting and/or supporting the sacred and secular divide within religious organizations should be considered.

In summary, an analysis of the use of accounting in religious organizations should consider the interrelated effects of the different control problems faced by such organizations, the prioritization effects of various crises, and the actions of competing occupational groups. Religious organizations face two fundamental types of control problems to which management solutions have to be found, which can be conceptualized in terms of the sacred and secular divide. The dominant control problems are those concerned with the maintenance of organization's sacred dimensions, which act as a significant source of resistance to the significance of accounting in such organizations. Such types of solutions are restricted to the realm of the secondary secular control problems associated with support activities for the sacred. The need, perceived or otherwise, for solutions to each type of control problem can be enhanced by the existence of crises either in membership or other sacred issues, or in terms of secular support functions. Sacred crises will usually increase the resistance to the use of accounting solutions. Secular crises, particularly if they have a financial dimension, may increase the use of accounting practices. The potential outcomes may be more indeterminate when sacred and secular crises and control problems become intertwined. The effects of each type of crisis may also be ideologically emphasised by competing occupational groups within the management of churches promoting their own occupational solutions to such control problems. The two main occupational groups of interest are the clergy and

8 This interpretation of Laughlin's results is based on a personal conversation with Richard Laughlin about the issue of occupational groups in his study.

9 However, it should also be noted that accounting has been institutionalized as part of cultural rationalization in Western societies and therefore, at least in part, its significance in any organization may become disembodied from the direct actions of accountants.
accountants. Accountants would be expected to promote the use of accounting solutions to secular control problems. The clergy would be expected to resist the use of accounting as it is not part of the sacred, which it is their structurally cast role to protect. In addition, there may be other occupational groups which offer competing solutions to sacred and secular control problems.

**Research Site and Methods**

The study of the uses of accounting within a religious organization and the potential relevance of the issues developed in the previous section required a longitudinal case study (Birnberg et al, 1990; Covaleski and Dirsmith, 1990; Scapens, 1990; Yin, 1989). The case study reported in this paper involved a study of the uses of accounting within the head office operations of the Queensland Synod of the Uniting Church in Australia over the period May 1986 to July 1988. Multiple qualitative and quantitative data collection methods were used; including direct observation, interviews, organizational documents (such as meeting agendas and minutes, budget documents, and financial reports and accounts), and published histories and analyses of the Uniting Church. Such multiple sources allowed the capture of a wide variety of factors and their linkage to patterns of organizational structure, decision-making and control (Covaleski and Dirsmith, 1990; Mitchell, 1983; Scapens, 1990; Yin, 1989).

This paper focuses on the uses of accounting within major strategic and operational committees within the head office structure (see below) during the 1987 calendar year. The analysis is based on three types of data. First, process measures of the level and types of uses of accounting within committees are employed to provide quantitative evidence on the extent to which accounting is used. As such measures have limitations, the judgement on significance also relies upon a qualitative assessment of the extent and ways that accounting was used, based on detailed non-participant observation in a range of settings. Also, key issue cases are analysed to support and amplify the qualitative judgements from the observation data. Together, these three analyses provide a strong basis on which to gauge the levels of significance of accounting within the Synod, and the reasons for the levels observed.
The Organization

On 22 June, 1977 the "...merger of the whole of the Methodist Church of Australasia, about two-thirds of the Presbyterian Church of Australia and about five-sixths of the churches which belonged to the Congregational Union of Australia" (Black, 1983a, p.86) resulted in the creation of the Uniting Church in Australia. The roots of this union can be traced back to discussions and various types of co-operation between the three churches since at least the turn of the century (Black, 1983a, 1983b; Campbell, 1985; Harrison, 1986). The governance structure adopted by the new Uniting Church was fairly decentralized, resembling a federation type model of inter-related councils. The key units in this federation are the Synods, which are regional units responsible for oversight of worship, witness and management of the church. They determine all major operating policy for their regions, and are essentially independent from the national Assembly in everything except matters of theology. Synods also have the most elaborate administrative structures, with departments containing significant numbers of full-time staff established to support and promote the mission of the Church and provide related financial, property and other administrative activities. At present there are seven Synods; New South Wales, Queensland, South Australia, Tasmania, Victoria, Western Australia, and the Northern Synod (covering the Northern Territory, the Kimberley region and some of northwest South Australia) (Communication Services Unit, 1984).

The Queensland Synod, which was the subject organization for this study, is the third largest Synod in the Uniting Church behind the Victorian and New South Wales Synods, accounting for about 18% of total Uniting Church membership. In 1987, total Parish income in the Synod was around $9 million and the budget for central Synod activities was about $2 million dollars. It is responsible for the oversight of nine Presbyteries and 141 Parishes covering the state of Queensland (Queensland Synod, 1986a). The main structural levels in the Synod are the Parish and the Synod.

10 This decentralization is represented in the a decision-making approach that involves wide consultation at local (Parish and Presbyteries), regional (Synods) and national (Assembly) levels. Also, each level has overlapping general responsibilities. Finally, the membership structures of all councils emphasize the participation of a broad cross-section of church polity, with fairly equal numbers of both ordained and lay members required. However, this does not make the Church a representative democracy. The purpose of the councils "...is to seek the will of God, and give expression to the mind of Christ, which is not necessarily the same as the opinions of its membership" (Communication Services Unit, 1984, p.9). The mission of the church is thus put forward as the prime orientation principle for action.
head office. Parishes are the prime sites of the relation of the Church to its members and the pursuit of the mission of the Church. Head office is the site of the main support structures for the Parish with four major departments. The Department for Mission and Parishes Services is primarily responsible for co-ordinating and developing mission outreach in the Parishes, nationally and internationally. The Department for Education and Communication is responsible for the theological, primary and secondary education institutions within the Synod and various information units such as the Synod's monthly magazine. The Department for Community Service is responsible for the coordination of the many health and welfare agencies under the Synod's oversight. Finally, the Department for Administrative Services is responsible for providing financial, property and other administrative support activities for the other departments and the Parishes.

The Synod has several key committees which are responsible for policy development, implementation and oversight. The annual Synod-In-Session is the 'AGM' of the Synod where around 500 representatives of the Parishes and departments review past performance, vote on new policy initiatives and approve the Synod's budget. Between each Synod-In-Session its functions are taken over by the Council of Synod, which acts as the executive body. It meets quarterly and is composed of the senior Synod officers; the Moderator (head of the Synod, a part-time position), the Secretary of Synod (full-time CEO), and the four department Directors (full-time managers), and representatives of the Parishes. A more regular management integration role is played by the Secretariat, which is a fortnightly meeting of the Moderator, Secretary of Synod and the department Directors. Also, each department has a Commission which meets monthly or bimonthly to advise the department Director, develop policy and ensure Synod policy is implemented. In addition to these key committees, two of the departments also have internal committees responsible for operational management. Mission and Parish Services has a Finance and Administration Committee which meets monthly to review the department's performance and develop operational policy.

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11 Presbyteries act mainly as representative and oversight structures for a group of Parishes. During most of the period of this study their role in the Synod, and the Church as a whole, was somewhat indeterminate. In most cases there was no full-time staff associated with the running of the Presbyteries, and the minister in charge was part-time. Towards the end of the period of the study, Presbyteries were developing a pastoral role towards Parishes and full-time Presbytery Chairmen were being appointed to develop this function.
Education and Communication has a less formal fortnightly Directorate meeting to fulfil a similar function.\footnote{The Finance and Administration Committee consisted of the Director and his senior staff, the department's Honorary Treasurer and two other external advisers. The Directorate consisted of the Commission Chair and the Director and his senior staff.}

Except for the Synod-In-Session, the above committees are the focus of the analysis presented in this paper. Due to various clashes with work commitments and between committee schedules, not all could be observed for their full 1987 operating cycle. Accordingly, the analysis is limited to the meetings of the Council of Synod, the Secretariat, the Commissions of Administrative Services and Education and Communication, and the Directorate and Finance and Administration Committee for which more complete observational data was available.

The Organization's Accounting Practices

The head office of the Queensland Synod has two major accounting systems; a Management Accounting Control System (MACS) and a Budgeting System. These two accounting systems are interdependent but have sufficiently different foci and operational cycles to be analysed as separate systems. The Synod has no separate financial accounting system as there is no major external reporting function. Annual audited financial reports derived from the MACS with some additional consolidation and accrual adjustments made at year end are tabled at the annual Synod-In-Session.

The distinctive features of each accounting system are summarized in Appendices 1 and 2 in terms of nine main features; orientation, formal responsibility, quickness, detail, accuracy, consultation, availability as a data base, procedural rigidity, and technology (Amigoni, 1978; Jones, 1986). The discussion that follows concentrates on the outputs of each system and their official usage.

The MACS is a partial accrual system running on a centralized, computerised general ledger system administered by the Accounting and Office Services section of Administrative Services. The system is not fully integrated, with the highest level of consolidation being a department. The majority of transactions are on a cash basis with monthly accrual adjustments for accounts payable, accounts receivable, nominal internal interest charges and other inter-departmental service charges. Adjustments for depreciation and other accruals are only entered at year end. Two main summary
reports are generated each month; income statements and balance sheets by cost centre\(^{13}\) (approximately 150 cost centres), and the monthly 'department reports' containing an income statement summary and surplus/deficit summary for each cost centre (these are also produced as quarterly summaries). The income statements contain functional classifications of income and expenditure areas; monthly and year to date actual, budget and variance figures; and the yearly budget and a forecast column to make revisions of budget expectations during the year. As similar structure is used for the balance sheets using fairly common asset and liability classifications. The net asset figure is made up of trust accounts and accumulated funds and reserves. These features indicate that the MACS has a budgetary control focus with departments formally responsible for meeting their budgets. In addition, Administrative Services has formal financial responsibility for the Synod as a whole, which includes budgetary oversight of the other departments.

The Budgeting System covers the budget formulation process, which could be described as a fairly participatory bottom-up process. Since the formation of the Uniting Church, the primary Synod budget policy guiding this process has been a balanced budget, although this has not always been achieved (further details in next section). The budget timetable involves a January to October cycle. The key steps are: development of broad strategy issues around March; development of budget proposals by the departments and initial consideration by Administrative Services over April - July; a Council of Synod Budget Conference around July/August to finalize draft budget; and presentation of the budget to the Synod-In-Session in October. Within this cycle the departments play the most central participatory role in budget formulation, with the Budget Conference allowing Parish and Presbytery representatives to have a say on budget strategy and the programmes of the departments. However, the formal responsibility for presenting a budget to the Synod-In-Session that adheres to Synod policy guide-lines, particularly the balanced budget goal, resides with the Administrative Services Commission. If necessary, Administrative Services may take action independently of the other departments and the Budget Conference to fulfil this responsibility.

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13 The accounting system documents refer to both profit and cost centres as cost centres. Both types existed in the system but the large majority were cost centres.
In terms of expenditure, the budget covers principally the funding of the activities of the departments and the Presbyteries, both recurrent and capital, with the departments being the major funding recipients. The principal aim of the Budgeting System is to allocate the financial resources of the Synod between the departments and Presbyteries in broad terms. Only general indications are given of the income and expenditure areas for each unit, which have total virement rights over internal allocations unless a specific Synod policy directs the use of funds. However, in practice flexibility in such allocations is greatly reduced by the high percentage of fixed costs in each departments budget, particularly in staff positions and related support costs. This makes it difficult to vary programmes once they are approved as the Synod is reluctant to terminate staff after making a budget commitment. Changing the resource allocation profile, therefore, generally means changing the programme profile of the departments and Presbyteries. Also, what is critical from each department's perspective is its net total position with respect to the two main sources of budget income, department revenue and contributions from the Parishes. From this perspective, Administrative Services is a net contributor of revenues and Community Service is financially independent of the budget, relying instead on independent fund raising and government grants. The other two departments and all Presbyteries are net drawers on the budget and, therefore, the main competitors for the allocation of discretionary resources.

The accounting systems of the head office structure of the Queensland Synod, therefore, are fairly sophisticated. The MACS has a strong budgetary control and responsibility accounting system focus. The detailed cost centre structure potentially enables a standardized financial gaze into very micro levels of the departments' operations. They also potentially enable a significant level of comparison of performance and actions on a financial basis across all operational units of the Synod. The Budgeting System is also highly developed and follows a bottom-up participative process. The main function of the system is the allocation of discretionary resources between the activities of the departments and Presbyteries. In this regard, it provides a potential complimentary role to the MACS provision of a financial gaze of the Synod's activities. In particular, it provides a forum within which the financial and other implications, such as fulfilling the mission of the church, of programmes can be reviewed and debated.
Analysis

In this section the extent to which, and the ways, that accounting was actually used within key decision-making forums of the head office of the Queensland Synod during 1987 are analysed. The technical sophistication of the accounting systems of the Queensland Synod indicate the potential for a significant impact by accounting. However, it was argued previously that whether such potential is realized in practice should be related to the control problems faced by the church, the competing solutions offered by sacred occupational groups such as the clergy and by secular occupational groups such as accountants, and the prioritization of certain problems and solutions by any sacred and/or secular crisis confronting the church.

This section is organized as follows. First, the existence of a secular financial crisis within the Synod is considered. Then variation in the significance of accounting within the Synod is operationalized in two ways. First, quantitative process measures of the extent of use of accounting within key decision-making forums provide some preliminary data on the variation in the use of accounting across organizational units. Second, qualitative evidence on the impact of accounting practices on decision-making within these forums is presented. This analysis focuses upon distinctions between the uses of accounting by sacred occupational groups and by accountants to allow the impact of these two occupational groups on the significance of accounting to be assessed. Such a segmentation of the analysis is also pragmatic, as the sacred occupational groups and accountants were generally located in different organizational units, and thereby decision-making forums, of the Synod. The accountants, particularly all those with senior management responsibilities, primarily were located in Administrative Services. The clergy and other religious specialists comprising the sacred occupational groups were located in the other three sacred departments, and also dominated the Council of Synod.

Financial Crisis

The Queensland Synod has had some form of budget crisis since its formation in 1977. The budget report presented to the first Synod-In-Session stated: "We could have wished that the Uniting Church was spared the trauma of the budget crisis. The way ahead in our Church and community is not one of economic ease" (Queensland Synod, 1977, p 48). Similar concerns were
voiced for the following nine budgets. A review of the annual budget reports (Queensland Synod, 1977, 1978, 1979a, 1980a, 1981a, 1982a, 1983a, 1984a, 1985a, 1986b) reveals several distinct patterns for these budget crises. First, initial budget submissions always exceeded projected income by a sizable percentage. There seemed to be a constant feeling of making do with limited resources. Second, the common solution to excess requests was expenditure reduction, increasing income was rarely achieved to any significant extent. This did not always entail merely the reduction of 'wish lists'. Cutting or restricting existing programmes also took place, particularly in more recent years. Thus the perception of 'making do' was often linked with a perception of curtailment of programmes. Third, the pressure for reducing programmes increased significantly after 1982. Significant anticipated programme cuts were listed in the 1983 budget report (Queensland Synod, 1982a,b). After 1982, budget expenditure increased basically only in terms of inflation, with the emphasis in the budgeting process on containing expenditure within increasingly limited funding resources. A further critical point was reached in 1985, with a major deficit approved. Since that time the emphasis has been on strictly adhering to the official Synod policy of a balanced budget.

The budget formulation process, therefore, has been increasingly operating under a perception of financial crisis; of a need to fit expenditure within limited financial resources and balance the budget. In the early years this perception of 'limited resources' was mainly in terms of 'wants' exceeding 'means'. It was thus a perception of an 'inputs' crisis, but there was actually little pressure on the 'outputs' of the Synod, with programmes expanding up to about 1984. However, from this time the perception increasingly became one of an 'outputs' nature with programmes being initially reduced in extend and then terminated in the 1987 and 1988 budgets. This perception of financial crisis is summed up graphically in the introductory comments to the 1987 budget report:

"We are faced with a situation where there is no apparent end to the things we want to do. The reality however is that we have an apparent limit on the financial resources which are available to the ..[budget].. We must therefore endeavour to find ways of maximising the amount of financial resources, be innovative in devising economical and effective ways of undertaking programs and not be reluctant to curtail programs whose need is no longer as important as when the program was initiated" (Queensland Synod, 1986b, p80).

These perceptions of a change in the nature of the budget crisis can be linked to expenditure and income trends within the Synod (see Figure 1). These reveal that the main source of the
perception of first an 'inputs' crisis, then an 'outputs' crisis has been a related perception of severe constraints on available income. There have been two fairly distinct periods in the relationship between income and expenditure. Prior to 1982 both were increasing in real terms, but expenditure increasingly outstripped income after 1979. During this period, average budget deficits were 5.5% of income, which itself was increasing at about 3% per annum. The perception of financial stress during this time, therefore, appeared to arise from the expansion of costs faster than income, an 'inputs' crisis. Since 1982, except for 1984, there has been a fairly close equality of income and expenditure. However, the critical pattern here was the significant increase in income in real terms in 1983 and then the even more significant decrease in 1985. Thus, while there appears to have been some easing of the 'inputs' crisis in 1983/84, since then severe financial stress has come from a sizable decrease in income, back to almost 1979 levels in real terms.

**Figure 1**

*Total Income and Expenditure Patterns (1978-86)*

![Graph showing total income and expenditure patterns from 1978 to 1986.](image)

*Reliable figures were not available for the 6 months of 1977 or for 1987 at the time the data were collected.*

The income of the Synod primarily comes from two sources, contributions from the Parishes and from income earning Synod agencies, principally the Uniting Church Investment Service (UCIS) and the Queensland Book Depot (QBD). Over the period, these two categories have never accounted for less than 90% of total income, with Parish contributions being the dominant source.
by a ratio of 2.5 to 1 on average. During the period 1978 to 1981 Parish contributions declined slightly in real terms. The income growth experienced by the Synod in this early period came solely from significant steady growth in agency contributions. The surge in income in 1982/83 came from large increases in both Parish and agency contributions, the former being the result of a special one-off Synod-wide stewardship drive. After this contributions initially stabilized in real terms and then commenced a small steady decline after 1984. The surge in agency income came mainly from the strong performance of UCIS, which has continued to be a significant contributor to the Synod’s income. In contrast, QBD’s contribution had been declining slightly in real terms over most of the early 80s. After 1984 it entered a severe trading decline, with no contributions to the Synod from 1985 to 1987, which was the main cause of the severe and sudden income reduction in 1985. With little likelihood of QBD’s economic recovery without significant capital injections, it was sold at the end of 1987. The income restrictions of the Synod in recent years, therefore, come from a combination of two factors, a lack of growth in its major income source and a severe reduction in its secondary supplementary source since 1984.

Table 2

<table>
<thead>
<tr>
<th>Year</th>
<th>Membership</th>
<th>Population</th>
<th>Percent of Pop.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>30,498</td>
<td>2,265,935</td>
<td>1.35</td>
</tr>
<tr>
<td>1982</td>
<td>30,900</td>
<td>2,345,208</td>
<td>1.32</td>
</tr>
<tr>
<td>1983</td>
<td>30,760</td>
<td>2,419,570</td>
<td>1.27</td>
</tr>
<tr>
<td>1984</td>
<td>31,195</td>
<td>2,471,623</td>
<td>1.26</td>
</tr>
<tr>
<td>1985</td>
<td>30,681</td>
<td>2,507,049</td>
<td>1.22</td>
</tr>
<tr>
<td>1986</td>
<td>31,506</td>
<td>2,548,089</td>
<td>1.24</td>
</tr>
<tr>
<td>1987</td>
<td>31,303</td>
<td>2,587,315</td>
<td>1.21</td>
</tr>
<tr>
<td>Overall Increase</td>
<td>2.6 %</td>
<td>14.2 %</td>
<td></td>
</tr>
</tbody>
</table>

Source: Department for Administrative Services presentation to the 1987 Synod-In-Session.

The lack of growth in the major income source of the Synod, Parish contributions, is partly linked to membership trends. While there has not been a membership crisis in terms of declining adherents, numbers have not been expanding at a significant enough rate to provide a larger base of Parish income to support the expanding head office programmes. Table 2 shows that since 1981 confirmed members numbers have only experienced a small growth (2.6%) and have declined slightly as a percentage of the Queensland population. Also, the level of worship attendance for the Synod was basically static for this period. This stability in membership levels has resulted in a
similar stability in Parish contributions to the budget. Giving by members has averaged between 84% and 86% of total Parish income since the formation of the Queensland Synod, and average giving per head has evidenced a similar stability. The financial crisis, therefore, is partly related to a membership problem in that it would be eased by either increasing membership numbers and/or average giving per head.

The significant reduction of Synod income after 1985 and the perception of an inability to replace the lost income through increased Parish giving lead to the transition of the 'inputs' crisis into an 'outputs' crisis, with Synod programmes being restricted or cut due to the lower levels of available income. Part of the source, and impact, of this 'crisis' was undoubtedly the expansion of programmes, especially by the departments, as the Synod developed in its early years. Without the development of an 'infrastructure' of programmes dependent upon certain funding levels the reduction in Synod income would not have as easily been translated into a reduction in outputs. Also, this translation was exacerbated by the adoption in 1984 of the current head office structure (see previous section) which added extra administrative costs in the form of the four department Directors. After 1985, therefore, the Synod operated under a perception of an income related financial crisis which was seen as resulting in the curtailment of some of its programmes.

However, it is critical to note that this 'outputs' crisis did not impact evenly upon all organizational units. As mentioned in the previous section, Administrative Services was a net contributor to the budget and Community Service was financially independent. Mission and Parish Services and Education and Communication were the main recipients of the allocation of funds through the budget. Thus, these two departments were the main areas in which the Synod's income reduction resulted in an 'outputs' crisis. They were the focus of programme curtailment after 1985. After 1986 this situation was heightened by some resource redistributions within the budget from a growth in the role of the Presbyteries. Presbyteries had previously had a very limited part to play in the running of the Synod, with very small budgets and only part-time staff. However, several Presbyteries appointed full-time chairpersons to provide pastoral oversight of the Parishes, and more were planning to do so. The financial crisis within the Synod, therefore, increasingly resulted in pressure on the programme infrastructure of the two main sacred departments.
In summary, the Queensland Synod has experienced a fairly constant perception of budget crises and limited financial resources over the period 1977 to 1987. This perception has increased since 1985, with strong pressure on the reduction of programmes since that time. In the early years this perception seems to have been related to the failure of income growth to match the growth in expenditure, although this was briefly achieved in 1983/84. However, since then the loss of a significant income source has severely reduced the financial resources available to the Synod. Also, one potential solution to this income shortage through increasing the major source of Synod income, giving by members, has been restricted by relatively stable membership numbers and average giving per head. This perception of reduced income has led to an equally severe reduction in expenditure through the curtailment of Synod programmes, with the main force of this falling on the two main sacred departments; Mission and Parish Services and Education and Communication.

It is worth considering to what extent the perceptions of a financial crisis were constructed by the accounting practices of the Synod. It is difficult to assess this in terms of the overall general trends, but it is probable that the way income and expenditure figures were reported (and even their measurement in the first place) did influence the perception of at least the timing and severity of the crisis to some extent. More specifically, the department structure of the budget was a key means by which the 'contributors' and 'users' of funds were made visible in particular ways. This undoubtedly played a part in the differential impact of output reduction across organizational units within the Synod. Some further impacts of accounting upon the way the crisis was perceived and how accounting was used are considered in the analysis that follows.

The secular crisis represented by the financial crisis, following the arguments developed previously, would be expected to prioritize secular control problems within the Synod, particularly their financial dimensions. This may increase the relevance of accounting and the position of accountants within management. However, the linkage of the financial crisis with membership issues (numbers and level of giving) creates the potential for this secular crisis to be redefined as a sacred crisis. That is, the problem and its solution could be argued to be related to a 'lack of faith' by the Synod's membership. Therefore, the prioritization of accounting solutions by the secular financial crisis is not assured.
Variations in the Extent of Use of Accounting Across Decision-Making Forums

The relative uses of accounting were observed across meetings of the Commissions of Administrative Services and Education and Communication, the Education and Communication Directorate, the Mission and Parish Services Finance and Administration Committee, and the Council of Synod. The field notes for observed meetings were then analysed to construct simple quantitative process measures of how frequently various types of accounting practices and ideas were used during the meetings; the broad implication being the higher the level of usage, the more significant accounting was within the meetings. This approach follows Silverman's (1985a, 1985b, 1989) call to support qualitative analysis with quantitative analysis that gives "...a sense of the flavour of the data as a whole" (Silverman, 1985a, p.140).

The field notes on meetings observed were coded by 'use' and 'non-use' of accounting, the type of interaction involved, and the type of accounting practice (if an accounting interaction), except for procedural items which were excluded from the analysis (for example, confirmation of minutes and welcomes to new members). The full coding scheme used is given in Appendix 3. Once coded, two measures were calculated for each meeting observed; the frequency of occurrence and the time duration for each type of code. However, a limitation of this analysis is that no comparative data for other churches (or other organizations) to base reliable judgements about significant or insignificant levels of accounting usage upon were available. Therefore, some simple judgement rules were applied. When either measure was greater than 50% and the other was greater than 40%, usage was judged to be of high significance. If either measure was less than 30% and the other was less than 40%, then usage was judged to be of low significance. For levels between these two rules significance was regarded as indeterminate. While ad hoc, these rules provide a relative

14 All meetings of the Council of Synod were observed, all but one of the Administrative Services Commission meetings, and 50% or more of the meetings of the Education and Communication Commission and the Mission and Parish Services Finance and Administration Committee. This can be considered a semi-random selection as circumstances determined which meetings were not observed. The typicality of the Directorate meetings observed was harder to determine as it had an irregular meeting pattern. Again, those observed may be considered a semi-random selection as circumstances determined the observation pattern. It is felt that the meetings observed are indicative of the typical pattern of the extent of use of accounting within these forums during this time period.

15 The codes were treated as mutually exclusive, with interactions being broken down into sub-units based on one code category. In practice some of the coding categories may overlap, which suggests an alternative coding procedure of multiple codes for any segment of an interaction. The simpler coding procedure was felt adequate as this analysis was to be used only as a general indicator of the significance of accounting. In cases where more than one code formed part of a single timed interval, the total time was split proportionally unless the field notes indicated clearly that a non-proportional sharing was appropriate.
indication of the significance of accounting across the forums and the process measures provide a base on which future research may usefully build. The overall patterns of the frequency and time results are summarized in Table 3.

Table 3

<table>
<thead>
<tr>
<th>Measure</th>
<th>Non-Accounting Codes</th>
<th>Accounting Codes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>O</td>
<td>S</td>
<td>D</td>
</tr>
<tr>
<td>Education and Communication Commission</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Frequency</td>
<td>59.8</td>
<td>5.7</td>
<td>3.5</td>
</tr>
<tr>
<td>% of Time</td>
<td>64.3</td>
<td>3.9</td>
<td>4.2</td>
</tr>
<tr>
<td>Directorate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Frequency</td>
<td>36.5</td>
<td>5.4</td>
<td>2.7</td>
</tr>
<tr>
<td>% of Time</td>
<td>45.5</td>
<td>6.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Finance &amp; Administration Committee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Frequency</td>
<td>35.6</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>% of Time</td>
<td>33.4</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>Council of Synod</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Frequency</td>
<td>77.1</td>
<td>4.4</td>
<td></td>
</tr>
<tr>
<td>% of Time</td>
<td>88.0</td>
<td>1.3</td>
<td></td>
</tr>
<tr>
<td>Administrative Services Commission</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Frequency</td>
<td>36.6</td>
<td>9.6</td>
<td>0.7</td>
</tr>
<tr>
<td>% of Time</td>
<td>38.4</td>
<td>12.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>

See Appendix 3 for codes definitions.

The implications of the patterns, given the judgement rules, are:

i) In both the Education and Communication Commission and the Council of Synod, accounting appears to be of low significance. Such a pattern was consistent across almost all observed meetings. Also, budget related discussions comprise a large majority of accounting interactions (over 50%). Without these, accounting would be of minimal significance in these forums.

ii) Accounting appears to be of high significance in the Directorate, with the budget by far the dominant accounting practice (approximately 80%). However, this pattern was not consistent across all meetings. In two of the meetings around the time of the Budget Conference, budget discussions
dominated. The remaining meetings would satisfy the judgement rules for low significance (frequency 33% and time duration 19%). Accounting, therefore, appears to be of cyclical significance in the Directorate.

iii) The extent of use of accounting within the Finance and Administration Committee and the Administrative Services Commission satisfies the rule for high significance, and this pattern was consistent across all meetings of both forums. Also, usage was more broadly spread across a range of accounting practices in both.

iv) Overall, the accounting related interactions across all forums show a fairly consistent pattern of the relative significance of different types of accounting practices. The budget is the dominant area of usage of accounting, usually being three or more times as significant than any other accounting practice. A notable pattern is the very low levels of significance of the MACS and use of its reports, except within the Finance and Administration Committee and Administrative Services Commission.

These patterns of usage of accounting practices may reflect the occupational groups dominant in each forum. The Administrative Services Commission is dominated by accountants. All other forums are dominated by sacred occupational groups, with the Administrative Services accountants having a minority representation on the Council of Synod. Accounting, therefore, appears to be of variable significance both in terms of relative usage differences between accountants and sacred occupational groups, and among sacred occupational groups in different forums. Generally, accountants appeared to place higher significance on accounting than sacred occupational groups, except for the Finance and Administration Committee. The significance of accounting for sacred occupational groups varied from low to high across forums. In part, this appeared to be related to the use of the budget, which resulted in the high usage of accounting in some settings. The high use within the Finance and Administration Committee did not fit this pattern. Therefore, other explanations for these variations across occupational groups need to be considered. However, it should be stressed that these process measures differences indicate nothing about the relative impact of accounting on outcomes within forums. Thus, a use of accounting which appears to have little significance in terms of length of time of discussion may be much more or less significant in terms of the effects that it has on the actions of an occupational group. Therefore, evidence on the way
accounting was used by accountants and sacred occupational groups, and the reasons for such use need to be considered.

**Uses of Accounting by Sacred Occupational Groups**

This section considers the ways in which accounting was used by sacred occupational groups. In the majority of decision-making forums observed where sacred occupational groups dominated accounting was gauged above as generally being of low significance, except for occasions where the budget was been discussed. This inference was supported by the low importance given to accounting practices during interactions in such forums.

First, generally little interest was evidenced in the MACS reports presented to these forums. It was rare for any questions to be asked about the financial performance being reported upon. Also, when reports were circulated during meetings very few people were observed to actively review them. The basic trend appeared to be that there was a one-way information flow from the financial report presenter to the meetings. This lack of interest in the MACS reports by sacred occupational groups is best illustrated by their use in the Council of Synod, where it was only the Administrative Services accountants presenting the reports that made any comments. The MACS reports, therefore, were not actively used to discuss financial performance, or as inputs to other discussions.

Second, in the majority of the cases where accounting, other than the budget, was used in discussions, there was usually minimal or no supporting numbers or analysis given. The level of impact tended to be a vague, general use of accounting concepts, which were treated as secondary and tangential to the main issue being discussed. For example, when the Education and Communication Commission considered a recommendation that the fees for lay preacher education courses run by the theological college be reduced from $50 to $20, which would not cover the full cost, no details of the budgetary implications of this shortfall were given. The decision was made without opposition, or any apparent concern over the indefinite accounting implications, because of the perceived mission (sacred) needs to make lay preacher education courses more attractive. In general, accounting matters appeared to be considered as very secondary to mission priorities.
In the other instances, accounting practices did seem to be more actively used in discussions of operational type decisions (for example, buying a computerized library system, assessing the interest cost of a delayed land sale, the minute detail of the financial management of the Synod magazine). However, in such situations, accounting was seen by the sacred occupational groups as only an adjunct to much broader discussions of the issues surrounding decisions. It was not seen as a major influence on these decisions, but rather as one of a set of secondary constraints that should not determine the outcome. This more active use of accounting appeared to be because the generally operational nature of the decisions did not directly bring the sacred activities of the Synod into question. Choices were not being made about sacred ends but about the means used to attain such ends. Therefore, accounting (and the financial implications of decisions) was clearly relegated to a secular support function that did not challenge the primacy of the sacred ends of the sacred occupational groups. Whether this form of usage was because accounting did have some utility in making such decisions, or because people were drawing upon socially accepted understandings of how such decisions should be made, or both, does not matter. The primary factor that appeared to affect the extent of the use of accounting by sacred occupational groups was that it did not challenge the sacred ends of the Church.

The tendency, therefore, was for accounting to be marginalized in decision-making by sacred occupational groups. This tendency can even be seen in the most active area of the use of accounting by these groups, budget discussions. These discussions did not involve the active use of budgeting as a 'rational' financial planning device, or even as a political device (Covaleski et al, 1985). For example, in preparing its initial budget submission Education and Communication ignored an Administrative Services' budget parameter for a reduction in real terms, in stead submitting a large gambit claim. When the 'gambit budget' was challenged during a Commission meeting as a political approach, and thus a dishonest secular approach, it was pointed out that the aim was not political manoeuvring, but the expressing of the mission priorities (sacred ends) of the department. The budget was not padded, but was a signal of the development directions the department wanted to pursue. The role selected for the budget was as a promotion device for the sacred ends of the department. The financial or political 'realities' that a budget could be used to address were not seen as relevant. Such discussions indicated that the sacred occupational groups
perceived a tension to exist between the use of the budget to direct their priorities and the dominant role of sacred ends. Three key cases which follow the budget development discussions in the Education and Communication Directorate illustrate this tendency.

**Case 1: Education and Communication Directorate - 'Initial Optimism'**

The Director reported to the meeting that the budget submission reviewed at the previous Commission meeting had been submitted to Administrative Services. He stated that Administrative Services had decided not to ask departments to redo their submissions even though there was a sizable planned deficit. The Administrative Services Director was looking at ways of reducing the deficit by himself. The Director stated that he and the Mission and Parish Services Director favoured putting more pressure on the Presbyteries to increase income. He felt that there would be a positive response to such an approach. He finished by stating that he would be having a meeting with the Administrative Services Director to discuss options and that he felt there was a very positive approach to the budget process this year.

In Case 1, the initial optimism within Education and Communication to the final outcome of their gambit budget submission is expressed. Some cuts in the gambit budget were to be expected, and there was nothing to signal at this stage that their core sacred activities would be threatened. Such a position was supported by the interpretation of the 'positive approach' being taken by the accountants in Administrative Services, and the feeling that the financial crisis could be solved by increasing income from the Parishes. The budget at this point was perceived to be a fairly benign control technology with respect to the sacred activities of the department.

**Case 2: Education and Communication Directorate - 'Feeling the Pinch'**

The meeting started with the Business Manager outlining the cuts of $118,000 that had been made by Administrative Services to the department's gambit budget submission. He stated that most of these were reductions of 'desires' to 'realistic', but still felt that Education and Communication had lost more than the other departments. Now, on top of these cuts, the three cuts scenarios had to be considered. He continued by stating that the level of cuts were of such magnitude that they meant people, staff or theological students, had to be cut. He did not see any potential for big boosts in department income, so $50,000 meant two staff had to be cut.

The Head of the Theological College then asked about the cut Administrative Services had made in allowances for new students from 10 to 5. He stated that this meant the Church was accepting a de facto cut in the size of the College (The Synod had a policy authorising allowances for up to 10 new theological students per year. Allowances for 10 had always been put in the department's budget but, in the last few years, 2 or 3 students had been the normal College intake). The Director pointed out that this was probably not a problem as there were no known names of potential students at this time.

There was then extended discussion of the options for cuts and the existing financial pressure on the budget. During this the feeling was expressed that the pressure to balance the budget was leading to unrealistic figures that could not be met. The staff saw no way in which staff could be rationalized or by which ministerial education could be reorganized in the short-run. It was suggested that one option was to move financial responsibility for students back to their nominating Presbyteries. The meeting did not succeed in moving beyond the discussion of the problems with any options for cuts. None of the three requested scenarios were outlined. The discussion concluded with the decision to conduct an evaluation of ministerial education to identify long-term options.
About two months later, as described in Case 2, this attitude started to change when Administrative Services requested the preparation of cut scenarios of $50,000, $75,000 and $100,000 for discussion at the Budget Conference. The budget was now seen as impinging upon the sacred activities of the department. In particular, the potential for conflict with sacred ends is indicated in the concerns over the nominal cut in the intake of theological students, even though recent experience would indicate no real restriction was being applied (or in actuality was intended by the accountants). The tension over the use of the budget to 'rationally' consider cuts to sacred activities surfaces in the perception of a lack of ability to make any cuts and the feeling of dealing with 'unrealistic figures'. Sacred occupational groups perceived that using the budget in such a way would bring it into direct confrontation with sacred ends. Instead, discussion focused on why the budget could (should) not be used in this way. At this time, therefore, the sacred and secular divide came into play to generate resistance by the sacred occupational groups to the threat to sacred ends from the use of accounting.

Case 3: Education and Communication Directorate - 'The Cuts Bite Home'

The Budget Conference had decided on substantial cuts to both the Education and Communication and Mission and Parish Services budgets. This meeting considered how achievable their cuts were and what other options may exist for operating within the same level of Synod funding. The Director commenced by outlining the cuts. The first discussed was the further cut made to student allowances, which was perceived as a significant problem. It was suggested that a means for moving student allowances off the Synod budget should be investigated. This would keep them out of the hands of the Budget Conference. It was also suggested that other proposed changes to student training may be outside the authority of the Synod to impose on the College.

The discussion then moved to the Business Manager outlining the options he had reviewed to achieve the cuts. He felt there was some scope to increase the Hostel's income by increasing utilization during student vacations. Also, some cuts could be achieved by exercising very tight control over expenditure. Next, greater funds may be available through putting greater effort into continuing education training for ministers. This could possibly raise enough to cover the proposed $20,000 cut in the lay training budget.

These options were then discussed. The Head of the Theological College felt that prospective students already knew about allowances and may be put off by changes. The idea of moving allowances off budget, maybe through a separate capital fund, was raised again. Other options for increasing income were then discussed. The decision was then made to take the student allowances issue to the Synod-In-Session and to try to get it to change the budget. However, it was recognised that this would lead to conflict with Mission and Parish Services (It was perceived Mission and Parish Services would have to bear the additional burden if Education and Communication was successful). Prior consultation was felt necessary to avoid such conflict. Also, the need for a careful strategy of how to present the issue to the Synod-In-Session was recognised.

Next the discussion moved to the proposed $35,000 staff cut. It was felt that there was no way this could be coped with and the department may be already contractually committed for the next year. Again, the discussion moved to alternative fund raising options within the department, perhaps even more could be extracted from continuing education activities. The discussion was winding down at this point as it was felt enough details were not available to evaluate these options. It was agreed that these suggested options needed to be worked on and more detailed planning done to see how realistic they were.
The threatening nature of the budget was made even more obvious less than a month later when the Directorate had to discuss the cuts that had been requested of Education and Communication at the Budget Conference (see Case 3). The sacred occupational groups had to acknowledge that the budget may impinge on sacred activities. However, this did not mean that the logic of the budget was accepted. Again, discussion focused on ways of resisting this intrusion on sacred activities.

An interesting approach adopted in this resistance was the use of budgeting ideas to help specify the boundaries of the problem, and how it might be addressed. For example, the budget was seen as a framework that specified sets of financial relations, both with other departments and for what programmes came under the budget's discipline. Thus, the discussion could consider potential conflict areas, and strategies for moving programmes outside the budget's gaze. Also, the problem was reinterpreted as one of increasing income sources to avoid the need for the proposed cuts in sacred activities. Thus, accounting ideas were actively drawn upon as one way of resisting the conflict with the budget over sacred ends.

The general tendency, therefore, was for accounting to be treated as secondary to sacred ends by sacred occupational groups. The sacred and secular divide would appear to offer an explanation for this reaction, particularly in the tension between accounting and sacred ends during the budget process. However, when the financial crisis of the Synod led to cuts being proposed to the sacred activities through the budget process, accounting did seem to be prioritized in at least two ways. First, the budget acted as a device that constrained the pursuit of sacred ends. Second, it also led to the use of a financial rationality to generate a greater conception of the ranges of action open to sacred occupational groups in the budgeting process. This represents the intrusion of accounting into the actions of sacred occupational groups, potentially constraining their views of appropriate managerial actions (Batstone, 1979; Gowler and Legge, 1983; Hopwood, 1983; Morgan, 1990; Roberts and Scapens, 1985). However, the potential for such a rationality to also enable the construction of new avenues of resistance to the threat of the budget was also evident. Thus, while the financial crisis prioritized an accounting rationality, which seemed to weaken the dominant position of sacred ends, it also paradoxically created the potential for new forms of accounting based resistance to emerge.
However, apparently against these general tendencies the process measures discussion indicated that accounting was of high significance to the sacred occupational groups of Mission and Parish Services during discussions in the Finance and Administration Committee. On the surface this appeared to be so. During meetings of this forum accounting practices were much more actively used by sacred occupational groups. A great deal of attention was given to the MACS reports in reviewing the financial performance of the department, and questions were often raised about the costs of projects, how they could be fitted within the budget, and whether the financial performance of particular units warranted the programme or capital development being discussed. There appeared to be a strong financial control focus. This was most strongly expressed through the development and use of a 'Seven Year Plan' as the primary focus for evaluating the financial dimensions of decisions. This plan was seen by the sacred occupational groups as a means by which they could solve the financial problems of the department. The strength of this view was expressed in the Chairman of the Committee referring to it as our 'Scheme of Arrangement'. Therefore, accounting practices, particularly the Seven Year Plan, were prominent during interactions in the Finance and Administration Committee.

In part, this higher usage of accounting reflected the functional orientation of this Committee on the co-ordination of the financial management of Mission and Parish Services. The meetings were specifically organized around reviewing financial performance and controlling the financial dimension of actions in this department. This secular support role orientation was, in turn, a reflection of the high debt burden of the department, which was stated as having arisen from previous poor financial management. The sacred occupational groups perceived that this problem had to be solved by 'better financial management' and 'trading their way' out of debt, as expressed in the Seven Year Plan. Therefore, it was a department specific financial crisis, a perception that this was related to previous 'poor' financial control and had to be solved by 'better' financial control, which appeared to be associated with the high significance of accounting in this Committee.

16 The Seven Year Plan was a programme of department operational income and expenditure, and the restructuring of Youth and Conference Centres by a programme of sales and capital development, aimed at reducing the department's sizable debt over the next 7 years.

17 This was exacerbated by the more general financial crisis, as there was a perception of little likelihood of extra budget allocations to solve the debt problem.
However, this significant use of accounting did not mean that an accounting rationality dominated sacred ends in this setting. First, the majority of the decisions considered within the Finance and Administration Committee did not challenge any of the sacred ends of Mission and Parish Services. They were about implementing programmes, not deciding what should be done. Accounting was used, therefore, as in the other forums, only as an implementation constraint on how sacred ends could be fulfilled. Also, often decisions were made before the full cost or budget implications had been worked out. The critical concern was their contribution to mission goals. In these situations, therefore, accounting was secondary to sacred ends. As before, this deeper level of criteria for action was most evident when conflict arose between 'better' financial control and sacred ends. Case 4 demonstrates this in terms of a discussion of financial versus mission return on capital.

The Alexander Headlands project was recognised as pivotal for the ability of the Seven Year Plan to solve the financial problems of the department. Yet, despite the centrality of this decision to these critical financial issues, the primacy of mission over an accounting rationality was still asserted. The financial problems prioritized the need for some recognition of a minimum accounting return as one variable in the decision, but the dominant criteria was the achievement of the sacred ends of the department. The 'bottom line', therefore, was that while the sacred occupational groups in this setting did use accounting more actively, it was still treated as secondary to sacred ends as a criteria for action. Accounting was something that was used for management around the margins.

Case 4: Finance and Administration Committee - Financial versus Mission Return on Capital

A pivotal project in the Seven Year Plan was the redevelopment of the Youth and Conference Centre at Alexander Headlands. This involved the sale of some land to a shopping centre developer to raise funds to build a modern conference facility on the remaining land. This was by far the biggest single project in the Plan and the conference facility was seen as a key future income source for the department. During the March meeting the members were considering a full project budget on the proposed conference facility. The department’s accountant led the meeting through the budget. The calculations he presented included a financial return on capital invested. At this point he commented that the projected financial return was very low for the large amount of funds involved and that he did not think the investment was worthwhile. This drew immediate comment from the Director that financial return was not the only return, Youth and Conference Centres were a significant part of the mission outreach of the department. There was then several minutes discussion of the trade-off between financial and mission return. The outcome of this was that members agreed that these could appear to be in conflict but that financial return should not be considered the prime criterion. Programmes should always be assessed on their contribution to mission.

In summary, this section has argued that accounting is generally treated as secondary to the achievement of sacred ends by sacred occupational groups. This tendency can be related to the operation of the sacred and secular divide within churches and the promotion of this divide by
sacred occupational groups. This tendency is most actively evident when accounting openly conflicts with sacred ends. In such situations the sacred and secular divide acts to generate resistance to accounting. However, it has also been shown that several factors can mitigate these tendencies and lead to greater use of accounting. First, financial crises can lead to the construction of control problems in financial terms and accounting is seen as a potential solution to such control problems. Second, under such circumstances accounting systems, such as budgets, can constraint the range of actions open to sacred occupational groups to pursue sacred ends. Third, this can lead to accounting being used as a basis of resistance to such practices as it has sufficient indeterminacy to provide room for debate around alternative definitions of situations. Finally, accounting may play a part in the defining the parameters of such debates. For example, the Seven Year Plan provided a financial visibility into Mission and Parish Services' activities that was not previously available, enabling the accountants in Administrative Services to conceive of how sacred programmes may be further rationalized, and to engage the sacred occupational groups in a debate on financial versus mission return that would not have been as concrete without this detailed financial expression of the mission programmes of the department. The playing out of debate, conflict and resistance over the sacred and secular divide between different occupational groups, therefore, is related also to how accounting practices enable aspects of this relationship to be visible in the first place.

**Uses of Accounting by Accountants**

This section analyses the uses of accounting by the accountants within Administrative Services. Unlike the findings for sacred occupational groups, the ways in which accountants were observed to use accounting practices confirmed the impression of a high significance for accounting given by the process measures analysis.

First, they regularly reviewed the MACS monthly reports for Administrative Services, Education and Communication, and Mission and Parish Services, with a particular focus on deviations from budget for the two sacred departments, as these were perceived as the key areas for potential problems. Later in the budget year, such discussions were longer, with more questions or comments being made. Thus, emphasis was given to the use of the MACS reports for financial
management and control, a use that was only evident for the sacred occupational groups in the Finance and Administration Committee.

Second, like the sacred occupational groups, there were many operational decisions where only minimal concern was shown for accounting implications by the accountants, even though there were clear financial effects. However, this disregard of accounting only applied to minor decisions. In all major decisions with financial implications, active use was made of accounting during decision-making. Accounting was applied as a 'rational' decision-making aid by the accountants.

Third, there were many instances where concerns were voiced over financial control within the Synod, particularly that in the sacred departments. Both the commitment and ability of the sacred occupational groups to execute financial control was questioned. This was often the prime concern when Administrative Services had to approve aspects of the projects of sacred departments (for example Mission and Parish Services' Seven Year Plan), even more than whether the project was financially viable. The accountants viewed accounting as a relevant discipline for the operation of the Synod, and actively expressed the perception that sacred occupational groups did not share this view. This concern with financial control commitment and ability, therefore, demonstrates an importance given to accounting by accountants that was not generally evident for sacred occupational groups.

Finally, more emphasis during budget discussions was placed on the use of the budget as a 'rational' planning device for allocating the resources of the Synod and determining the programmes of the departments. A concern with 'balancing the budget', the official Synod policy, was heightened in budget discussions by the cuts in real terms resulting from the financial crisis. Also, this was exacerbated by there being a sizable deficit in the first draft of the 1988 budget as the sacred departments had ignored budget parameters. This led to claims that the sacred occupational groups had not fulfilled their departments' budget responsibilities and had failed to identify the programme cuts requested. The accountants felt that the budget should be used more pragmatically and rationally to choose between sacred mission priorities within the outlined resource limits.

The indications, therefore, were that accounting was regarded as highly significant by the accountants in Administrative Services. Accounting was frequently used, and in a manner that
suggested it was viewed as relevant to the functions of the Synod. An active interest was displayed in the MACS reports; in major decisions financial analysis was used to guide choices; there was a significant concern with financial control; and a pragmatic financial focus was applied to resolving the budget deficit. As for the Finance and Administration Committee, part of this significance may have resulted from the secular financial responsibilities of Administrative Services. However, the way in which accountants approached these responsibilities was qualitatively different than that of the sacred occupational groups in similar circumstances. They evidenced much more of a commitment and belief in the utility of a strong financial rationality for solving these secular control problems.

Case 5: Administrative Services Commission - The Sale of QBD

The Queensland Book Depot (QBD) had for many years been the main commercial operation of the Queensland Synod and a source of funds for the Synod budget, but had recently been in severe financial difficulties. QBD was also a focus for the sale of Christian literature and was still very successful at this activity. During 1987 Administrative Services evaluated the options for QBD's continued operation, eventually recommending to the Council of Synod that it be sold. A report by the Administrative Services Director on restructuring options for QBD summarized the main problem as given "...the current position of QBD and an assessment of the future prospects, it appears to be essential for the Church to consider what it expects of QBD and what action should be taken to achieve the Church's goals in the sale of Christian Literature and the provision of finance to the.." Synod budget. The rationale for the selected sale alternative was; the tough commercial environment for the medium term; QBD was mainly a commercial operation, the majority of customers were not Church members; the Church management/accountability structure inhibited commercial decision-making; the department's management energy could be better used to serve the mission of the Church; and the investment of the sale proceeds would give a more stable financial return to the Synod.

However, to view the use of accounting by accountants as simply a strong financial rationality flowing from their occupational knowledge base and ideology is not totally consistent with all the ways in which they used accounting. It was apparent that the accountants also accepted the sacred and secular divide, as Laughlin argued (1984). In Case 5, the factors considered in the sale of QBD evidence a mixture of secular and sacred concerns. Undoubtedly, the poor financial performance of QBD was a prime motivation in the issue being considered in the first place. However, of prime concern in deciding if and how to proceed with its sale were the sacred ends of the Church, particularly the conflict between a commercial operation and such ends, and the specific concerns of Christian literature sales. In an interview with the Administrative Services
Director, he strongly argued that he would have put the view of the mismatch between commercial ventures and Church goals regardless of the financial position of QBD. Such recognition of the dominance of sacred ends by the accountants was observed in all major decisions that had sacred implications for the Church. In major decisions, therefore, the primary position of sacred ends was generally accepted by accountants.

This acceptance of the dominance of sacred ends was also expressed through a view that accounting could be actively used to assist the achievement of sacred ends. A very explicit example of this was the extensive promotion of how contributions to the Synod budget supported the work of the Church. The budget was portrayed by the accountants as enabling the pursuit of a wide range of mission activities within the Synod. Such promotion creates a more significant, although still secondary, role for accounting. It is argued by accountants to be a 'tool for mission', rather than a secular technique that conflicts with sacred functions. In this sense, such views are attempts to 'sacredize' accounting and weaken its subordination under the sacred and secular divide. However, the aim was not to attain a dominant position for accounting, just to reduce resistance to its use.

However, while accountants may have seen their role as supporting the sacred and secular divide, there was still an incompatibility between their interpretation of the role of accounting and that of sacred occupational groups. This conflict was most evident through the budgeting process when programme cuts related to the financial crisis were discussed between department Directors during Secretariat meetings\(^\text{18}\). The accountants' argued that choices needed to be made between sacred ends because of the financial crisis, and that the logic of the budget could assist in making the 'rationally best' choices. Sacred occupational groups rejected the relevance of such choice processes, arguing that sacred ends should be protected, not rationally reduced. The budget could only assist them by highlighting the need for, and in assisting in the finding of, additional resources. Interactions to reduce a budget deficit, therefore, brought the different views of the occupational groups on the relevance of accounting directly into conflict.

\(^\text{18}\) Process measures show that the significance of accounting in the observed meetings of the Secretariat was low at 39.6% of frequency and 28.3% of time duration. Almost all of this usage of accounting was budget related (approximately 87%). In particular, there were two lengthy discussions aimed at balancing the budget that occurred before and after the Budget Conference.
This conflict, and incompatibility, between the differing occupational views of the relevance of accounting was strongest after the Budget Conference (see Case 6), when programme cuts had been imposed by the accountants. This can be seen in challenges to the right of the accountants to take such actions independently of the sacred occupational groups. Also, the sacred occupational groups portrayed themselves as losers and the accountants as winners. The sacred occupational groups did not accept the application of a rational budget logic, but openly resisted cuts to their sacred activities. From their perspective accountants, and accounting, had inappropriately intruded into and tried to dominate sacred functions. In contrast, the accountants' saw themselves as trying to solve the secular control problems resulting from the financial crisis by maximizing the sacred ends that could be pursued within limited resources. However, the sacred occupational groups rejected any role for accounting where it, even partly, directed sacred ends. Thus, while the accountants' interpretation of the sacred and secular divide could construct accounting as a tool for mission, the interpretation of the sacred occupational groups constructed a fundamental tension between accounting practices and sacred ends.

Case 6: Secretariat - 'Balancing the Budget'

The Budget Conference had considered programme cuts and income increasing options for the three departments. It recommended mainly income increasing options for Administrative Services and programme cuts for the two sacred departments. However, a balanced budget had not been achieved and final consideration of options had been referred to the Secretariat. Before this could occur the Administrative Services Commission met and decided on the global figures that it would use as a basis to recommend a balanced budget to the Synod-In-Session. The budget discussion here commenced with the Administrative Services Director advising the other members of his Commission's recommendations. He circulated the global income and expenditure amounts for each department and advised that it was now the departments' responsibility to specify the areas of cuts. He finished by stating that the figures were generally in line with the Budget Conference, except for an extra $60,000 cut to Mission and Parish Services.

The first question asked was why the Administrative Services Commission had acted on this matter before the meeting of the Secretariat. The Administrative Services Director responded that his Commission saw it as their responsibility to recommend the budget to the Synod-In-Session. The Mission and Parish Services Director then stated that he thought it was unfair that the whole additional balancing problem had fallen on his department and that the two sacred departments had taken the majority of cuts. The Secretary of Synod then commented that we have to take seriously that we don't have the funds and look at options.

There was then extended discussion of the role of the departments. During this discussion the Secretary of Synod stated that "we are not really talking about figures today, we are talking about the work of the kingdom". The discussion generally went over a range of issues about why departments were necessary and reasons for the lack of resources. There was general recognition that this was a very complex issue that impacted on many levels of the Synod, but no clear picture emerged of how the budget situation could be dealt with.

Finally, the Secretary of Synod asked where we were getting on the budget. The Mission and Parish Services Director responded, nowhere, the money has to go so there is no point talking about it here.
In summary, this section has analysed the way in which accounting was used by accountants. The general tendency, in contrast to that of sacred occupational groups, was for accounting to be regarded as highly significant. Very active use was made of accounting in decision-making, there was a strong concern with financial control, and a pragmatic financial rationality was applied to the budgeting process.

Three potential explanations exist for this high significance of accounting; the formal secular support role of Administrative Services, its management by accountants, and the accountants’ views of the financial crisis. The first meant that managerial action was focused on secular control problems, particularly financial management and budgeting issues. The financial rationality and means-ends analysis of accounting practices may appear highly relevant to such problems. Accountants are likely to be very active in applying such solutions, and promoting their use by others. Also, the existence of the financial crisis would have supported the accountants’ perception of the need for accounting solutions, particularly through the budgeting process. Therefore, a strong view of the high relevance of accounting permeated this department.

However, some similar effects were seen for sacred occupational groups within the Finance and Administration Committee. While the process measures of the extent of usage by accountants were lower than for the sacred occupational groups in that setting, the much stronger financial rationality evidenced in the way that accounting was used by accountants suggests that they saw it as much more significant than the sacred occupational groups. The financial rationality based on the occupational views of accountants, therefore, appeared to be the dominant source of the high significance given to accounting by accountants, with the other factors being reinforcing context.

The accountants also supported the sacred and secular divide, with the secondary position of accounting to sacred ends being accepted. However, accountants had a different interpretation of the necessary extent of the subordination of accounting, expressed through their view that accounting should be a ‘tool for mission’. This view seemed to be at its most extreme in discussions of the budget, where the use of a financial logic to help choose between sacred priorities was advocated. It is not clear in such situations whether accounting was being used as a tool for mission, or was being used to dominate it. Certainly, the analysis suggests that the sacred
occupational groups took the latter view. Also, the possible effects of the financial crisis, with the accompanying perception of an 'unavoidable' need for budget cuts, in the adoption of this extreme position by the accountants should not be ignored.

Concluding Comments

Limitations

Two major limitations of the evidence presented in this paper should be noted. First, the use of a single organization case study limits the ability to generalize from the results. It is felt that the consistency of the findings with those reported by Laughlin (1984, 1988) indicates that generalizing the findings at least to other Western Protestant churches may be valid. Still, the use of a single case study design means that such conclusions should be tentative. However, it should be emphasized that this limitation is not as severe as standard critiques of case study method purport as these are based on inappropriate premises of statistical inference (Mitchell, 1983; Scapens, 1990). The ability to generalize from case studies instead should be based on the criteria of theoretical inference. It is thus the lack of comparative testing of the theoretical limits of the findings on other cases that is the basis of the limitation of a single case design, not the lack of a large representative sample.

Second, the different findings for accountants may have been confounded by the accounting orientation of the department within which they were located. This problem was less likely for sacred occupational groups as they were observed across a range of sacred orientated functions. Still, a full comparative design would require that accountants be observed in another secular, non-accounting department. However, no such unit was available within the Synod's organizational structure. Therefore, a potential limitation of these results should be acknowledged.

Conclusions

In this paper, the level of significance of accounting within the Queensland Synod of the Uniting Church in Australia has been examined. Significance was assessed by considering the extent to which, and the ways, that accounting was used by accountants and sacred occupational
groups. Explanations for the observed significance and uses of accounting by each occupational group were proposed. The major conclusions from this analysis are summarized below.

One measure of significance presented was quantitative process measures of the extent of use of accounting by accountants and sacred occupational groups in various forums. From these measures, accounting appeared to have a variable significance within the Queensland Synod. It varied between low and high significance for sacred occupational groups and was of high significance for accountants, with the budget being the most important accounting practice for both. The pattern of a variable significance of accounting was also supported by the more detailed qualitative evidence and key issues cases presented on the use of accounting by sacred occupational groups and accountants. The general tendency was for sacred occupational groups to treat accounting as a secondary criteria in discussions and decision-making, while accountants made very active use of accounting and treated it as a major concern. While both occupational groups recognised the primary position of sacred ends, they had differing interpretations of the extent to which accounting should be regarded as secondary.

Sacred occupational groups were primarily concerned with sacred control problems. They tended to regard accounting as irrelevant to such matters, resisted its intrusion upon the pursuit of sacred ends. Even for the budget, where more significance for accounting seemed to be indicated for sacred occupational groups, the general reaction was for resistance to the financial logic of the budget. As sacred occupational groups dominated the management structures of the Synod, except for Administrative Services, accounting tended to play a limited and marginalized role in its operations.

This tendency was also evident in the Finance and Administration Committee. Even though sacred occupational groups paid more attention to accounting matters in this setting, it was not allowed to determine whether sacred ends should be pursued. Accounting was seen as only an implementation constraint, with decisions being made on the basis of their fulfilment of sacred priorities. The secondary position of accounting was related to the poor financial position of Mission and Parish Services, which had a significant debt burden. This perception of a major secular control problem, which was exacerbated by the Synod's financial crisis, appeared to be the
main reason accounting was resorted to by sacred occupational groups. However, the limitation of such use to this arena represented the partitioning of such financial concerns from the sacred activities of Mission and Parish Services by sacred occupational groups. By this partitioning, and by limiting the use of accounting to an implementation constraint, sacred occupational groups still subordinated accounting to sacred ends.

In contrast, accountants evidenced a high concern with financial control, and applied a pragmatic financial logic to control problems. They promoted the greater use of accounting as a tool to aid the pursuit of sacred ends, particularly through rational choice of sacred priorities within the budgeting process. Also, this different interpretation of the relevance of accounting to sacred ends by accountants supported the greater use of accounting controls to discipline the activities of sacred occupational groups. This created the possibility that the promotion of accounting by accountants more widely within the Synod, particularly within the budgeting process, could lead to greater intrusion on the activities of sacred occupational groups in the name of the support of sacred ends. Therefore, the actions of accountants, and conflict and debate between their views and the opposing views of sacred occupational groups, were important in understanding the higher significance given to accounting in some circumstances.

The sacred and secular divide was proposed as a major factor explaining the variable significance of accounting. The general tendency to marginalize accounting was found to be related to the dominance of sacred ends over secular concerns, such as accounting. The sacred and secular divide was stronger for the sacred occupational groups. Sacred control problems were their dominant concerns, and accounting was regarded as a profane secular intrusion into the sacred activities of their departments. The accountants were more concerned with secular control problems, particularly financial management issues. This specific secular orientation enabled greater relevance to be perceived for accounting, even though the sacred and secular divide still acted to limit the ways in which accounting was used. The sacred and secular divide, therefore, influenced the attitudes of accountants and sacred occupational groups on the significance of accounting.
The differing interpretations of the relevance of accounting held by accountants and sacred occupational groups led to conflict between these two groups when accounting challenged sacred ends. In such circumstances, accounting itself seemed to, at times, affect how this conflict took place. It acted as stocks of knowledge and moral orders within the organization that both enabled and constrained how accountants and sacred occupational groups conceived of the ranges of action, including resistance to accounting, open to them. In particular, sacred occupational groups tended to conceive of the resistance to the budget in terms of the financial rationality promoted by accountants. Also, the adoption of the Seven Year Plan by Mission and Parish Services to address its secular financial control problem, enabled a detailed financial visibility of the sacred programmes of this department that was not previously available. This allowed the accountants to more concretely challenge the financial justification of these sacred activities. The structuring of action by accounting, therefore, also affected how accounting was used.

Finally, the financial crisis of the Synod affected the perceived relevance of accounting. It prioritized secular financial control problems, and appeared to support the promotion of the greater use of accounting in the name of financial control and 'rational' decision-making by accountants, such as the pressure for programme cuts in the budget. However, the impinging of such programme cuts on the pursuit of sacred ends also meant that the financial crisis acted to increase the resistance of sacred occupational groups to such a financial logic. The financial crisis, therefore, both increased the relevance of accounting and resistance to it.
### Appendix 1

**Distinctive Features of the Management Accounting Control System**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Orientation</strong></td>
<td>Immediate past (current year) and future events. Focus on financial information for departments and cost centres within departments. Highly integrated with Synod budget system.</td>
</tr>
<tr>
<td><strong>Formal Responsibility</strong></td>
<td>High. System reports on financial performance to budget for expense and income categories by both cost centres and departments overall. Cost centre and department managers are responsible for meeting budget. Capital and cash flow implications also covered by reports by department.</td>
</tr>
<tr>
<td><strong>Quickness</strong></td>
<td>Basic reporting cycle is monthly, with reports also showing year-to-date aggregations. Quarterly reports also produced. Reports available five days after month end. Draft annual reports available one month after year end, audited three months after year end. Calendar annual financial year is used.</td>
</tr>
<tr>
<td><strong>Detail</strong></td>
<td>High for monthly transaction reports which detail all transactions by cost centre. Moderate for monthly cost centre and department reports which summarize transactions by expense and income categories. Highly summarized for annual reports.</td>
</tr>
<tr>
<td><strong>Accuracy</strong></td>
<td>High in terms of being based on monthly transaction data only. Estimate based accruals mainly only entered at year end. Comparison to budget sometimes difficult as ‘actual’ entries do not always follow same timing assumptions as budget, e.g. yearly grant received in advance shown in one month when budget spreads it over twelve.</td>
</tr>
<tr>
<td><strong>Consultation</strong></td>
<td>Moderate to High. Departments are responsible for preparing most inputs for processing by Accounting and Office Services (AOS). Administrative Services retains control over inter-departmental charges for funds usage and several other areas. Draft annual report checked by departments for accuracy.</td>
</tr>
<tr>
<td><strong>Availability as a Database</strong></td>
<td>Restricted access. Only AOS can operate system to generate special reports, but facility is available for departments on request. Transaction report provides basis for access to disaggregated information but in manual only mode.</td>
</tr>
<tr>
<td><strong>Procedural Rigidity</strong></td>
<td>High. Basic reporting system standardized across departments and cost centres. No variation during period of study.</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>Computerised general ledger system run by AOS. No online access for other departments.</td>
</tr>
</tbody>
</table>

### Appendix 2

**Distinctive Features of the Budgeting System**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Orientation</strong></td>
<td>Forward for twelve month period, split into monthly forecasts. Focus on department and overall resource contributions and allocations. Detail on cost centre planning dealt with within departments. Balanced budget is sought. Highly integrated with Synod MACS.</td>
</tr>
<tr>
<td><strong>Formal Responsibility</strong></td>
<td>Synod-In-Session has ultimate responsibility for approval, but overall preparation is the operational responsibility of the Director of Administrative Services. Other department Directors and Assistant Director - Finance for Administrative Services responsible for preparing department submissions. Council of Synod also involved during formulation process.</td>
</tr>
<tr>
<td><strong>Quickness</strong></td>
<td>Formulation process quite lengthy, taking approximately nine months with fairly intensive effort for half of these. Budget normally approved two months before becomes operational.</td>
</tr>
<tr>
<td><strong>Detail</strong></td>
<td>Moderate. Total income and expenditure for cost centres or major operating areas within departments. Some sections shown only as net surplus/deficit effect. Detailed department budgets based on disaggregations of approved total budget.</td>
</tr>
<tr>
<td><strong>Accuracy</strong></td>
<td>Moderate. Aim is to provide a realistic estimate of all income and expenditure, but existence of unavoidable errors and department optimism recognised.</td>
</tr>
<tr>
<td><strong>Consultation</strong></td>
<td>High. Bottom-up development process with high levels of involvement by departments and moderate by Presbytery and other elected representatives of membership. Initial key parameters (e.g. income growth) developed by Administrative Services. The Administrative Services Director and Commission may arbitrate on changes to achieve balanced budget.</td>
</tr>
<tr>
<td><strong>Availability as a Database</strong></td>
<td>Moderate. Approved budget and department disaggregations entered into MACS.</td>
</tr>
<tr>
<td><strong>Procedural Rigidity</strong></td>
<td>Moderate. Fairly standardized format modelled on management structure and development procedure used. Some variations in both did occur during period of study. Departments have total virement over allocations between cost centres unless specific Synod-In-Session direction given for particular programmes. Virement between departments not possible after budget approved.</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>Manual and computerised. Preparation at department level depends on their resources. Some use spreadsheet models. Final integration on simple spreadsheet model.</td>
</tr>
</tbody>
</table>
Appendix 3

Coding System Used to Classify Interactions During Meetings

<table>
<thead>
<tr>
<th>USE OF ACCOUNTING</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA</td>
<td>Non-Accounting - Interaction did not use any accounting reports, numbers or concepts.</td>
</tr>
<tr>
<td>A</td>
<td>Accounting - Interaction did use accounting reports, numbers or concepts.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CONTEXT OF USE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>O</td>
<td>Operational Decision - Interaction was discussion of decision or policy that dealt with the past, current or immediate future management of the Church or department.</td>
</tr>
<tr>
<td>S</td>
<td>Strategic Decision - Interaction was discussion of decision or policy that dealt with the future direction and aims of the Church or department.</td>
</tr>
<tr>
<td>D</td>
<td>Department Performance - Interaction dealt with a discussion of the current or past performance of the department. Performance being broadly defined as efficiency and effectiveness of its activities.</td>
</tr>
<tr>
<td>U</td>
<td>Unit Performance - Interaction dealt with a discussion of the current or past performance of the an operational unit of a department. Performance being defined as above.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TYPE OF ACCOUNTING PRACTICE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>Accounting System - Accounting usage referred to technical aspects of the operations of the MACS of the Synod, particularly impacts upon sections of the Synod.</td>
</tr>
<tr>
<td>R</td>
<td>System Reports - Accounting usage involved referring to regular reports generated by the MACS of the Synod.</td>
</tr>
<tr>
<td>N</td>
<td>Accounting Numbers - Accounting usage involved application of numbers of an accounting nature to discussion, but no direct reference to MACS reports.</td>
</tr>
<tr>
<td>B</td>
<td>Budget - Accounting usage referred to an aspect of a past, current or future budget of the Synod. This includes budget formulation issues and more general discussions of budget impacts.</td>
</tr>
<tr>
<td>C</td>
<td>Accounting Concepts - Accounting usage involved application of accounting concepts, e.g. cost, profits, to discussion but not numbers.</td>
</tr>
</tbody>
</table>
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