

MANAGEMENT OF FUNDS/FINANCE IN THE RURAL CHURCHES

A CASE STUDY: CHURCHES AROUND THE BIRIM NORTH DISTRICT

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By

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DECLARATION

I hereby declare that except for references to other people's works, which have been duly acknowledged, this dissertation submitted to the Marketing and Corporate Strategy Department Board, College of Humanities and Social Science, School of Business, Kwame Nkrumah University of Science and Technology, Kumasi, is the result of my own investigations, and has not been presented for any other degree.

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DEDICATION

I dedicate this work to my lovely wife, Mrs Bertha Owusu Ansah and daughter, Christlove Nyarko Owusu-Ansah and all family members, and friends especially my sister Evelyn and her family.

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To accomplish an academic research of this nature, many people must have contributed in one way or the other towards the success. To start with, this project would not have been made possible without the research and writings of many authors, researchers and academicians and clerics. Attempts have been made to recognize them by citing where appropriate the authors whose work have been helpful to the successful accomplishment of this project. I feel indebted.

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Finally, my thanks and supplications go to the Almighty God for His infinite mercy and kindness.

ABSTRACT

It has always been a problem when it comes to managing of funds in organisations and the worst culprit are the non- profit organisations which includes the church. Religious organisations occupy a greater importance in society today and there is the need therefore to check how funds are managed. The main aim and purpose of the church is to win souls for Christ but there is the need to be able to manage the resources such as money at their disposal. The rural churches have peculiar problems with people who manage the accounts, procedures used and supervision. The main aim of this study was to assess the management of church funds/finances in rural churches in Ghana by assessing the people who manage the funds, identify procedures for managing and controlling the funds, find out the challenges of managing finance and finally looking at the effectiveness of financial management in rural churches in Ghana. Data was collected from 16 communities from 54 churches through questionnaires and oral interview targeting the account clerks/stewards on one side and the entire church members on the other end. Data was analysed descriptively using percentages. It was revealed that many people who are in charge of the accounts section do not have knowledge in accounting or finance. The study further found that most of the tools that are used to control or manage accounts are not being followed like budgeting and auditing. Most of the churches save their money in the bank which is a very good step in finance management. There are challenges which confront the rural church and needs to be addressed. It is therefore recommended that money should still be deposited in the banks with adequate checks. Adequate sanctions (disciplinary measures) needs to be meted out to those who embezzle church funds. Refresher trainings are needed for account clerks as well as church policies needs to be made known to the entire congregants.

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CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction

This chapter contains the background of the study which examines the history, the statement of the problem also identifies the challenges been faced by the church, the purposes of the research outlines the assessment of the financial management. It again consists of the research questions, scope and the structure of the research, etc.

1.2 Background of the study

A rural community is one which is characterised by genuinely rural conditions which would include farming neighbourhoods and according to the last census, all centres of population up to 4000 inhabitants.

Religion and religious organizations occupy a greater importance in society than academic accounting research would indicate. Opportunities therefore abound for further studies of the contribution accounting makes to other religious organizations, and to non-profit organizations whose goals are not primarily wealth creation. All organizations, even those with a sacred agenda, need to confront the reality of money and accounting if they are to achieve success. If they are unable to obtain or account for the resources they need for their mission, their ability to fulfil that mission is likely to be compromised. Can accounting assist an organization to fulfil a spiritual mission, or is it so inherently secular an activity that it is doomed to a sinister existence, exerting an oppressive and divisive influence on the world? (Irvine, (2005). It is therefore imperative that the local church and the way it uses accounting,

with the view that if a religious organization can co-exist with accounting, or even more, embrace it as a valuable tool in the fulfilment of its spiritual mission, then perhaps accounting has potential of a kind not generally recognised.

Administration of church finances is a sacred trust. It is very important for the Pastor to establish a strong system of internal control because he/she has the responsibility for overall stewardship of the Church (Mason, 2009). Within any church, therefore, attitudes to stewardship and accounting will be as varied as beliefs about God, money, what constitutes the mission of the church, and how it is to be fulfilled; all have a bearing on attitudes to accounting, both in theory and practice.

Religious organisations are among the oldest human institutions which in general have a much longer life than business firms and possess an abundance of historical data. With regard to human resource, Nelson (1993) argues that churches are big business, one of the biggest, if one considers the number of employees and members of religious organisations. Booth (1995) notes that churches have large number of the population as adherents, they are channels for large sums of financial and other resources, and they provide significant proportion of health and welfare services through a wide range of affiliated agencies. It is therefore very important to look at the accounting aspect and how the funds are being managed.

The unpredictable economic climate has created budgeting challenges for many organizations, and the church is no exception. This creates the need for churches to find help figuring out the best way to manage their sometimes limited resources. Church leaders are often challenged with ensuring there is continued funding to support current programs and

fixed operational costs. This can be difficult because the financial needs of a church can be significant, and juggling limited resources can be stressful. (smartchurchmanagement.com, 2015)

Hamilton (2006) writes that churches ask individuals to serve in these trusted leadership roles because of their positions of leadership in the community and business world. However, their spiritual maturity should be considered first and foremost before asking them to help manage the church's finances. Questions should be asked about their personal devotional life and witnessing efforts. Also, a leader should be called by God to serve in these important leadership roles. The future direction of the church often falls on these individuals who manage the church's finances.

1.3 Problem Statement

Many religious organizations are now being faced with the problem of finance which includes the rural churches in the rural community. The rural settlers' educational level is not as high as those in urban cities and hence the very few educated ones who are put in charge of the church activities and finance take advantage and manipulate figures and embezzle church funds. One may be the only person who is educated and hence becomes the sole leader of the church who takes care of everything. Hamilton (2006) states that absolute power corrupts absolutely. Again, because of the remoteness of the place, they may not be supervision at all. Even those which are not remote, supervision is low. The rural church is a neglected child (Mead, 1946). This paper aims at looking specifically at how to manage church funds effectively and efficiently in the rural communities as the rural communities also contribute a lot to the economy of the nation.

1.4 Research Objectives

The aim of this study is to assess the management of church funds/finances in rural churches in Ghana. The specific objectives are as follows;

1. To know the people who manage the funds of rural churches at New Abirem Area
2. To identify procedures for managing and controlling funds in rural churches at New Abirem Area.
3. To find out the challenges of managing finance in rural churches at New Abirem Area.

1.5 Research Questions

Based on the objectives set above, this study seeks to find answers to the following research questions:

- Who are the people that manage the funds of rural churches at New Abirem Area?
- What are the procedures used for managing and controlling funds in rural churches at New Abirem Area?
- What are the challenges of managing finance in rural churches at New Abirem Area?
- How do we make financial management effective in rural churches at New Abirem Area?

1.5 Significance of Research/Justification

The state, community, individuals are major stakeholders of the church who is affected by any acts of the church. The church has a significant role to play through her spiritual and social wellbeing. The church normally builds schools, hospitals and visits orphanage homes which in effect help in building the state and the community. The church ensures that clean

up exercises are done in the various communities to promote cleanliness which is next to godliness. The church provides for the needs of the poor in the community and also provides care for orphans.

The individuals in the church also benefit from the church through employment of some of them thereby helping in the curbing of unemployment in the community. The moral lives of the individuals are shaped which is the main task of the church, to spread the gospel of Christ.

In addition, the Church runs a hand of compassion ministry whose activity is to cater for the needy people in the community, and the Outreach evangelism which aims at proselytizing the surrounding community. Moreover, the Church organises annual celebrations, seminars and conferences, women and youth ministries for information sharing (health, finances, etc.) and skill development.

1.7 Scope of Research

Any analysis of the appropriateness of financial management and control and how the funds are being administered and its adequacy to the individual churches form the basis for research work. The parameters that were used for this study were as many as 13 churches which were all within the surrounding communities of New Abirem, Birim North District in the Eastern Region of Ghana. As many as 220 questionnaires each were distributed to congregants and the financial clerks/secretaries/stewards. The research has a time frame of 2016 to 2017.

1.8 Overview of Methodology

In this study, data were obtained mainly from primary sources through questionnaires in the churches in the surrounding communities of New Abirem, Birim North District in the Eastern

Region of Ghana. Two different set of questionnaires were administered to the financial clerks and the congregants as well. The data were analysed using standard statistical and qualitative methods.

1.9 Structure of the Research

The entire study is made up of five chapters. Chapter One discusses the background of the study, problem statement, scope of research, etc. Chapter Two reviews the literature of the study to investigate the extent to which such a study has been explored with Chapter Three focusing on the methodology of the research. Chapter Four entails the findings and discussion of the data and Chapter Five talks about the summary, conclusion and recommendations of the study.

1.10 Limitations of Research

One of the limitations of this study is the transportation cost incurred in visiting the various churches as most times, the stewards or the financial administrators of the churches were met absent, therefore, the researcher has to repeat the visit so as to get the information required.

Also, much time were spent in the process of collecting the necessary data for the study as those responsible to divulge the information were so reluctant, therefore the researcher/writer waited for some information that could be gotten concerning the study. Those times spent in waiting for the collection of data would have been used by the researcher to meet up or acquire knowledge on the study in view or related study.

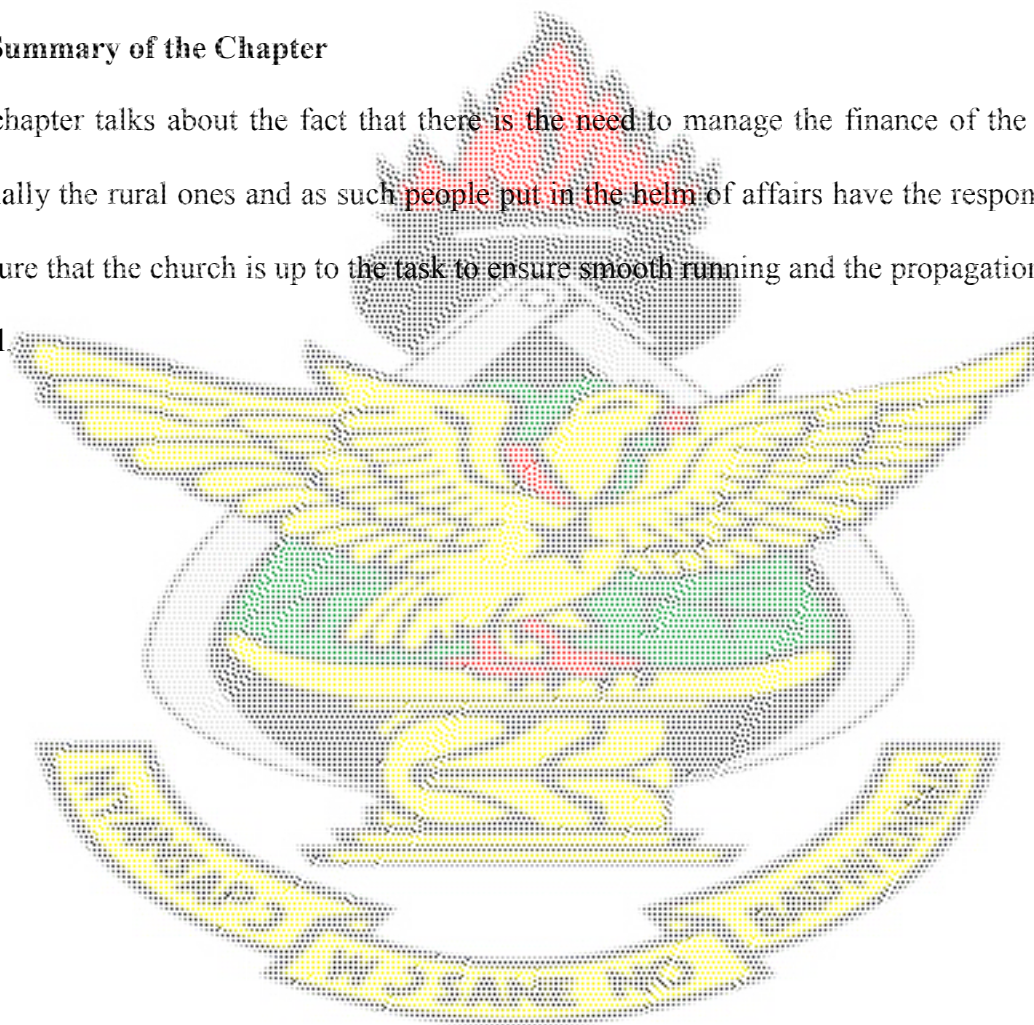
Besides, the greatest limitation to the study has been the inability to collect data for the study. Apart from having no related work done on the topic, the researcher could not easily get the information for the study because of unwillingness on the part of some members to answer

questionnaires. Though, some of the data were gotten later, the researcher did not find it easy, but managed to get data for the analysis.

Again, some of the churches needed to send the questionnaires to their head office for approval before answering them and this limited the sample size with respect to those churches. Even those who took the questionnaire did not return them.

1.11 Summary of the Chapter

This chapter talks about the fact that there is the need to manage the finance of the church especially the rural ones and as such people put in the helm of affairs have the responsibility to ensure that the church is up to the task to ensure smooth running and the propagation of the gospel.



CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter discusses the concept of the study, Financial Management Procedures, the concept of financial record keeping/evolution of record keeping, the nature and characteristics of financial system of non-profit organisations, the church accounting, Financial decision makings procedures in religious organisations, Financial Control and Challenges.

2.2. Overview of Literature

The issue of financial management in the churches has been over-looked by the stakeholders of the institutions. This is as a result of the fact that stakeholders turn to be more interested in the spiritual performance of the churches at the expense of their money which they have invested. The problems associated with financial management in the religious sector has caught the attention of government, non-government organization, donors not only in the delivery of service to people of Ghana but also develop effective directional policies that would guide the religious sector in the medium and long term.

Financial management is carried out effectively and efficiently where sound measures are put in place for facilitating cash receipts, controlling disbursement and concentrating funds. Financial management is also carried to put measures in place to prevent and detect fraud and other irregularities.

The most critical aspect of financial management is the cash flows of the business, the business cycle of the company, where cash is generated from and where it will be expended. Major sources of funds should be identified and forecasted with as much accuracy as possible. This should also take into consideration the exact timing of when the funds will be received or disbursed.

There are several principles that guide financial management practice both in the public and the private sector. For the purpose of this project, the researcher has reviewed only a handful of these principles that are beneficial to the study. Financial management brings together planning, budgeting, accounting, financial reporting, internal control including internal audit, procurement, disbursement of funds and the physical performance of the program, with the main aim of managing resources efficiently and achieving pre-determined objectives. Sound financial management is therefore a critical input for decision making and program success. Accurate and timely financial information provides a basis for better decisions about physical progress of the program, availability of funds, reducing delays and bottlenecks if noticed. The financial management system should produce timely, relevant and reliable financial information that would allow program managers and leaders to plan and implement policies, programs, as well as to monitor compliance with agreed procedures and appraise progress towards its objectives.

It can be observed that resources are essential for the delivery of quality religious lifestyle. Coleman et al. (1994) distinguishes between two main resources which are financial resources and real resources. Financial resource constitutes the money available to procure real resources, while the latter constitutes the material and human resources which are required for the delivery of efficient education to congregants. Because real resources can

only be procured with money resources, the management of finances resources in churches is of primary important in delivery of quality religious services to congregants. This presupposes that, pastors, accountants and the church have the responsibility of protecting the funds generated by the church for any purposes. This implies that pastors, stewards, church accountants and administrators must be abreast with the management of the church's funds in order to ensure that the funds are used for the intended purposes.

2.3 Definition of Financial Management

Finance consists of three interrelated areas: First, money and capital market, which deals with securities market and financial institutions; second, investment, which focuses on the decision made by both individual and institutional investors as they select securities for their investment portfolios and thirdly, financial management or business finance which involves decisions within the firm (Finance: Economics & Business Department of Berea College). Among these three, financial management is the broadest of all. Financial management is important in all types of businesses including banks, industrial and retail firms as well as government operations, from hospitals to schools to MMDAs.

Pinches (1990) defined financial management as the acquisition, management, and financing of resources for the firms by means of money with due regards for prices in external economic markets. For Pinches, resources of a firm are general such as cash, inventory, people (employees), equipment and machinery. Money for these resources is from variety of sources such as borrowings, leasing, stock issue and internal cash flow generated by the firm. The firm's goal is to provide and manage these resources as efficiently as possible to balance needs against risk and returns. To Pinches, apart from the chief finance officer, many others

within the firm are also directly involved in making and carrying out financial decisions with consequences for the future well-being of the firm.

According to Van and Wachowisz (2005), financial management is concerned with the acquisition, financing and management of assets with some overall goals in mind. Financial management is the act of identifying where to acquire long-term finance and how to manage everyday financial activities in the business environment. In simple terms, business finance is seen as the business function of planning, obtaining and managing the firm's funds to accomplish its objectives in the most effective possible way.

According to Pamela Peterson (1984) financial management is the management of cash flow of a firm to make profit for its owners. She further explains that a firm may be a business enterprise such as manufacturing company, accounting firm, credit union, an oil production firm or a charitable organization.

Brigham and Gapenski (1985) in their definition stated that financial management involves the actual management of a firm and it is necessary in all sort of organisations which includes banks and charitable organisations.

According to Bradley (2009), financial management is the area of business management, devoted to a judicious use of capital and a careful selection of sources of capital in order to enable a spending unit to move in the direction of reaching its goals. This definition points to the four essential aspects of financial management, they are; Financial management which is a distinct area of business management, Prudent or rational use of capital resources, Careful selection of the sources of capital and Goal achievement.

Manners (1988) also define financial management as the “study of acquisition of and enhancing values and wealth”. He further explained that the financial management or corporate finance deals with proper acquisition of cash and the efficient allocation of that cash within the organisation.

With respect to the above authorities, the researcher can also deduce that financial management is the management of cash and how monies allocated to various department of organisation are accounted for. This ensures that owners of the organisation get a true view of the operations and management of the business.

Though there are similarities in both manners and Pamela Peterson definition of financial management that is management and allocation of cash within the organization. The definition of Eugene Brigham and Louis Gapenski deals with management of the general operations of the organisation. The researcher intends to consider Manners definition because it talks about acquisition of cash and its efficient allocation in the organization.

2.3.1 Functions of Financial Management

The primary function of financial management is to explain how money should be received and the use of funds for its purpose. This was pointed out by Eugene F. Brigham and Louis C. Gapenski (1985). It was further explained that financial management should strategize the alternative decision of source of funds and to appropriately distribute funds to achieve the organisational goals. Some specific activities were mentioned to be fulfilled by a financial manager:

2.3.1.1 Planning and forecasting

Planning is defined as the establishment of objectives, and the formulation, evaluation and selection of the policies, strategies, tactics and action required to achieve them. Planning comprises long term/strategic planning and short term/operational planning where the latter is usually for a period of up to one year (CIMA Official Terminology, 2005). Planning is a universal management activity, inherent in every business proposition. A plan exists when an objective is framed and a sequence of events identified to reach that objective. Planning is an analytical activity, and is breaking down a goal or set of intentions into steps, formalising those steps so that they can be implemented almost automatically and articulating the anticipated consequences or results of each step (Henry Mintzberg, 1994).

A forecast is defined as a prediction of future events and their quantification for planning purposes (CIMA Official Terminology, 2005). Forecasting is an attempt to estimate the future. It is based on available past data, the extrapolation of trends and the application of judgement.

This means that setting of organizational goals for each sub-division and the establishment of policies and standard method for implementation. The financial manager must interact with executives as they come together in planning and shaping the future position of the institution or organization.

2.3.1.2 Coordinating and Control

Coordinating is strictly the supervision and directing of all affairs towards the achievement of the institutions primary objectives. That is harmonizing the activities of the various segments, units and department of the institution.

2.3.1.3 Major Investment and financial decisions

The investment decision (decision to invest in tangible or intangible assets) starts with the identification of investment opportunities, often referred to as capital investment projects. The financial manager has to help the firm identify promising projects and decide how much to invest in each project. Financial decision is the form and amount of financing of a firm's investment. The financial manager's second main responsibility is to raise the money that the firm needs for its investments and operations.

On the basis of long- term plans, the aim of the financial management is to raise the needed funds to support the growth of an organization. For every institution to grow successfully, it requires high rate of investment, buildings and other assets.

According to Block and Hirt (2008), it is the responsibility of the financial manager to allocate funds to current and fixed assets to obtain the best mix of financing alternatives, and to develop an appropriate dividend policy within the context of the firm's objectives. These functions are performed on a day-to-day basis as well as through infrequent use of the capital market to acquire new funds. The daily activities of financial manager include credit management, inventory control, and the receipt and disbursement of funds. Less routine (occasional) functions encompass the sale (issue) of stocks and bonds and the establishment of capital budgeting and dividend plans.

According to them, all these functions are carried out while balancing the profitability and risk component of the firm. The appropriate risk-return trade off must be determined to maximize the market value of the firm (maximization of the shareholders' wealth) for its shareholders. The risk-return decision will influence not only the operational side of the

business capital versus labour or product A versus product B) but also the financing mix (stock versus bond versus retained earnings).

People working in financial management makes decisions regarding which assets their firm should acquire, how those assets should be financed, and how the firm should manage its existing resources. If these responsibilities are performed optimally, this will help to maximize the value of the firm, and it will also contribute to the welfare of consumers (in this case congregants) and employees.

2.3.2 Importance of Financial Management

The lifeblood of every business organization is finance. Each business entity must keep sufficient amount of finance in order to smoothly run the business and also maintain the business carefully to achieve the goal of the business concern. The goals of the business entity can be achieved only with the help of effective management of finance.

There are several importance of financial management in the business organization. Some of the importance includes the following as outlined by Miles, Miles & Snow, 2009.

2.3.2.1 Acquisition of Funds

Financial management involves the acquisition of funds which the business concern needs for its operation. Acquisition of funds plays an integral part of the financial management which involves all possible sources of finance available to the business at minimum cost. Acquisition Finance is the use of debt, equity and hybrid financing techniques to achieve an acquisition. The focus of acquisition finance is on identifying the optimal financing solution for a company. This occurs when the cost and flexibility of the financing structure is linked to the company's cash-flow based value and growth potential. Optimal acquisition finance

structures are adapted to the client situation and may call for nonstandard corporate finance techniques and funding sources (attract capital.com).

Funds can be acquired internally or/and externally depending on the project with regard to the cost associated with that source. According to the Business Development Bank of Canada, funds can be acquired through personal investment, Love money (money loaned by spouse, parents, family or friends), Venture Capital, Angels (Generally wealthy individuals or retired company executives who invest directly in small firms owned by others), Business Indicators (accelerators) generally focus on the high-tech sector by providing support for new businesses in various stages of development), Grants and subsidies and finally Bank loans.

Financial management will be able to acquire the finance that will promote the business.

2.3.2.2 Financial Planning

Financial management helps in the identification of the financial requirement needed by the business concern and leads to the financial planning of the organisation. Financial Planning is process of framing objectives, policies, procedures, programmes and budgets regarding the financial activities of a concern. It can also be defined as the process of framing financial policies in relation to procurement, investment and administration of funds of an enterprise (management study guide). This ensures effective and adequate financial and investment policies. Financial planning is an important element of the business concern which helps in the promotion of an enterprise. Some importance of financial planning as stipulated in management study guide includes;

- i. Adequate funds have to be ensured.
- ii. Financial Planning helps in ensuring a reasonable balance between outflow and inflow of funds so that stability is maintained.

- iii. Financial Planning ensures that the suppliers of funds are easily investing in companies which exercise financial planning.
- iv. Financial Planning helps in making growth and expansion programmes which helps in long-run survival of the company.
- v. Financial Planning reduces uncertainties with regards to changing market trends which can be faced easily through enough funds.
- vi. Financial Planning helps in reducing the uncertainties which can be a hindrance to growth of the company. This helps in ensuring stability and profitability in concern.

2.3.2.3 Proper Use of Funds

Financial management is concerned with proper use of funds to improve the operational efficiency of the business entity. When the finance manager is able to manage the expenditure of the business well and put the funds into proper use, it can reduce the cost of operation which tends to increase the value of the firm. Cost drivers such as operational cost (Direct and Overheads), Capital Investment (creditors), and cost of capital (loans and equity) increases the risk of doing business which automatically reduces shareholder values and hence the funds available needs to be used properly to avoid acquisitions and total sell out (Johnson et. al, 2005).

2.3.2.4 Improve profitability

Profitability is ability of a company to use its resources to generate revenues in excess of its expenses. In other words, this is a company's capability of generating profits from its operations (accounting dictionary). There are two key aspects of profitability which are revenues and expenses. Revenues are the business income which is the amount of money earned from customers by selling products or providing services. Businesses must use their

resources in order to produce these products and provide these services. Resources, like cash, are used to pay for expenses like employee payroll, rent, utilities, and other necessities in the production process. Profitability looks at the relationship between the revenues and expenses to see how well a company is performing and the future potential growth a company might have. Profitability helps organization to continue to stay in business. The effectiveness and proper utilization of funds by the business concern will determine the extent at which it will make profit. The profitability position of the concern can be improved with the help of strong financial control devices such as budgetary control, strict auditing policy, ratio analysis and cost volume profit analysis, etc.

2.3.2.5 Increase the Value of the Firm

Financial management is very important in the field of increasing the wealth of the business concern. The ultimate aim of any business concern is to achieve the maximum profit and higher profitability which leads to the maximization of the wealth of the shareholders and the nation. It is widely accepted that shareholder wealth maximization enhances corporate decision-making and can be understood as a proxy for social welfare maximization. Corporate decision making is more efficient and effective when management has a single, clearly-defined objective, and shareholder wealth maximization provides not only a workable decision guide but one that, if pursued, increases the total wealth creation of the firm (Boatright, 2006).

Value drivers such as revenue (sales volume and prices) and disposal of fixed assets as well as reduction in current assets (stock, debtors) increase the shareholder values. A business enterprise that manages its resources including competence and capabilities has a strong competitive advantage over other companies which in effect will increase the wealth of

shareholders. It is therefore prudent that the finance manager in managing for value should be able to adopt a strategy that includes funding strategies and financial expectations (Johnson et. al, 2005).

2.3.2.6 Financial decision

In an organization, there is a direct relationship that exists among the various departments such as production, marketing and personnel. Due to this relationship, financial decision affects the entire business operation of the concern positively or negatively.

The Business jargons.com states that financial decision is concerned with the borrowing and allocation of funds required for the investment decisions. The financing decision involves two sources from where the funds can be raised: using a company's own money, such as share capital, retained earnings or borrowing funds from the outside in the form debenture, loan, bond, etc. The objective of financial decision is to maintain an optimum capital structure, i.e. a proper mix of debt and equity, to ensure the trade-off between the risk and return to the shareholders.

The Debt-Equity Ratio helps in determining the effectiveness of the financing decision made by the company. While taking the financial decisions, the finance manager has to take the following points into consideration:

- The Risk involved in raising the funds. The risk is higher in the case of debt as compared to the equity.
- The Cost involved in raising the funds. The manager chose the source with minimum cost.

- The **Level of Control**, the shareholders, want in the organization also determines the composition of capital structure. They usually prefer the borrowed funds since it does not dilute the ownership.
- The **Cash Flow** from the operations of the business also determines the source from where the funds shall be raised. High cash flow enables to borrow debt as interest can be easily paid.
- The **Floatation Cost** such as broker's commission, underwriters fee, involved in raising the securities also determines the source of fund. Thus, securities with minimum cost must be chosen.

A company should make a judicious decision regarding from where, when, how the funds shall be raised, since, more use of equity will result in the dilution of ownership and whereas, higher debt results in higher risk, as fixed cost in the form of interest is to be paid on the borrowed funds. Financial management therefore helps the entity to take sound financial decision in the business concern to have a positive impact.

2.4 Financial Management Procedures

Management is the process of converting information into action (Olademeji, 1985). Effective internal control should be part of the management function for an organization to be run as effective as and efficient at the same time. The responsibilities of the finance personnel fall into three broad areas, provision, allocation and control of financial resources to enable the organization to achieve its objectives. Having secured the necessary financial resources whether raised from internally generated sources or from external sources, the financial manager or personnel needs to ensure that the fund are allocated to their most efficient and productive uses.

To ensure a proper and correct administration of funds, there should be established, financial committee or council. This committee is to fulfil the task with the greatest possible transparency and responsibility and that detailed and precise report, concerning the subsidies received from agencies of organizations and the manner they are to be utilized.

Churches depend on the offerings they collect for their survival, for the activities and operations of churches go with the demand for money. In order to execute these responsibilities there is the need to manage the monies prudently. Money is one of the basic components for the survival of any institution in the world, including the Church. Therefore, if Church monies are not properly managed it often creates problems like mismanagement of offerings, embezzlement, conflicts, and the possible collapse of the Church (Idialu, 2005). In order to help minimize this embezzlement, the national headquarters of various churches have placed some routine procedures to address this issue. These procedures are provision of office(s) for their staff, the formation of project/estate committees and the employment of qualified financial experts: account clerks and auditors, both internal and external (Larbi, 2001). These procedures are to aid in the smooth financial administration of these churches.

The administrators of the church are to render financial account annually or as time may be stipulated to the faithful (congregants) of the use that has been made of the goods which they have offered to the church in accordance with the norms. More so, the committee or the person in charge is responsible for the financial management of the church. Some of the duties of the committee or person in charge are as follows; Prepares budgets of anticipated income and expenditure for the forthcoming financial year. A budget system is planning for the future taking into consideration the outlines and directives, Prepares the annual financial

report which shall be submitted to the superior office and read to members as well. The annual financial reports consist of (a) income and expenditure account (b) receipts and payment account (c) balance sheet of the church and all projects, Maintains proper books of accounts of all receipts and payment, assets and liabilities of the church and all the projects, Advises an appropriate investment of some money not immediately needed avoiding recklessness in such investment, Helps the church to observe the social doctrines of the church regarding labour relations and social security of personnel employed in the church (like the minister, catechist, the watchman, etc.). Reconciles church bank accounts quarterly and assist the minister in the maintenance of accounts, cash and bank books, preparation of payment voucher or petty cash, Monitors the budget and reviews its performance and takes immediate remedial actions to forestall any unfavourable deviation from approved budget plan.

2.5 The nature and characteristics of financial system of non-profit organisations

The non-profit making organizations are established mainly to render services and not to make profits (Freeman, 1988). The objectives of most non-profit organizations are to provide as many goods or as much service each year as their financial and other resources permit. They typically operate on a year-to-year basis, raising as much financial resources as possible and expending them in serving their constituency. The non-profit organizations include a wide variety of organizations in the present social and economic environment. They include government units – Federal, State and other educational institutions, hospitals and health care organizations, voluntary association, research organizations, foundation and other social and cultural organizations.

According to Freeman (1988), he observed that financial management of a non-profit organization typically focuses on acquiring and using financial resources upon sources and uses of working capital, budget status and cash flow rather than on net income or earning per share. There is no profit motive and there are no individual shareholders to whom dividends are paid.

In essence, businesses are organized for profit, the church for Christian services. Again businesses may be re-organized, sold or liquidated, churches are difficult to re-organize or liquidate and their properties are rarely considered as cash assets. The use of funds is restricted when given by donor for specific purpose. In other words, some assets are restricted for a particular purpose like in a club, the members may be assessed for certain capital improvements such as the construction of a swimming pool, the proceeds from the assessment will be set in a restricted fund to be used only for that particular purpose.

In view of James et al (1976) in their handbook titled "The Modern Accountant Handbook" the measurement of the benefits resulting from sacrifices of the non-profit organizations are much more difficult since the attainment of goals can be measured only in term of performance to compare to that of commercial enterprises which can be measured as net income. The commercial organizations do have the responsibilities to report on the stewardship of their resources, the emphasis of their accountability is on the utilization of the resources to earn a profit. But in non-profit organization, the emphasis is placed on accountability and stewardship.

It is important to understand that the standard of reporting for non-profit organizations have developed differently from commercial accounting standards because there is a difference in emphasis in the objectives for recording the date and because of legally binding restrictions in

non-profit organizations which have no real counterpart in business enterprises. One of the characteristics of non-profit organization is that those contributing financial resources to the organization do not necessary receive or proportionate share of its goods or services (Freeman, 1988).

The non-profit organizational financial reporting should provide the economic resources, obligations and net resources of an organization and the effects of transactions, events and circumstances that change resources and interests in those resources (Harry, 1993). How an organization obtains and other factors that may affect an organization's liquidity should include an explanations and interpretation to help users understand financial information provided.

In relation to James et al (1976), the objective of record keeping and the presentation of data are to make available meaningful financial information. This requires appropriate and adequate disclosure of the information required by the users of financial data. The purpose of preparing and presenting such data are comparable to the purposes of presenting financial statements for commercial profit seeking corporations.

The emphasis in a non – profit organization accounting is on stewardship rather than on matching cost with revenues. This emphasis arises from the fact that non-profit organizations receive funds for which they must maintain accountability. The non-profit organization (school or colleges, church, hospital, community funds etc.) are established to carry out special functions and to meet the designed objectives of the organizations. The organizations have the general accountability to use the funds and resources it receives for the established

objectives. In some cases, funds are contributed for use in a specific accountability to be certain that the specific requirements on the donor are carried out.

The general characteristics of recording and reporting data for the various types of non-profit organizations are similar; the historical development of accounting principles and procedures has resulted in a variety of record-keeping procedures and forms of presentation of the financial data.

2.5.1 The church accounting

In the opinion of Harry (1993), the general accounting manuals include a general description of the overall accounting system, the charts of accounts, numbering scheme, account description and if desired the general accounting principles and policies being followed. Parts of the general accounting manual are usually included in the user manual to provide account coding information to outside department such as purchasing, receiving and others to code transaction documents or otherwise providing accounting information a more complete manual containing a section of accounting principles and general procedures.

The accounting manual may contain copies of reports, and accounting statement produced by the system. The user manual is most useful in interpreting where non accountants initiate or prepare original accounting forms or documents that provide accounting information to the general accounting operations. The users' manual has a listing of income and expense account numbers and codes and descriptions and use of accounting forms. It can be used as a training tool for non-accounting supervisors, secretaries and others who are involved in adding or checking data on accounting input documents.

2.5.2 Financial decision makings procedures in religious organisations

The financial decision making in religious organizations like Christian religions is being taken by the church officials in charge of finance with the overall conclusion by the pastor or priest for the particular church. Before any expenses or project is to be executed, the priest in conjunction with finance council will deliberate on it and decide the amounts that are to be expended. This forms a basis for controlling excessive spending and relating actual income to its expenditure. Most of the churches operate a bank account of which the priest or the pastor forms the signatory to the account along with the person that handles the cash. Thus financial decision making in religious organizations involves taking risks.

According to Anyafo (1997) in his book "God's People Finance", decision making is not an easy task, it is even more difficult when it has to do with money. Financial decision making is made most of the time under conditions of uncertainty. Because of uncertainty of outcome, there is risk. A systematic approach to solving decision problems under conditions of uncertainty is referred to as decision analysis (Anyafo, 2001). It seeks to prescribe a decision for the individual that is consistent with his or her preferences and attitude towards risks.

However, the financial decision making in most of the urban Church is being taken by the Finance Councils of the church with the pastor/priest as the chairman. The leaders' meeting approves and authorizes treasurer and pastor/priest to pay on completions of the project. The finance council discusses relevant issues concerning the church with the priest and decides how the matter will be solved financially. In effect, the priest does not have sole authority to the church's funds but takes directives or works along with the council on issues concerning finance. This is less seen in the rural church as the priest and the stewards normally takes decisions for the church especially in terms of finance. Because of the vital importance of the

financial decisions to the church, it is essential to set up a sound and effective organization for the finance functions. The ultimate responsibility of carrying out the financial functions lies with the Pastor.

2.5.3 Financial Control: Internal and External

The establishment of church is mainly channelled towards bringing souls to God and not for profit making (Olademej, 1985). Though the fund for managing its affairs has to be controlled, there is the necessity for an effective approach to the exercise of appropriate and effective controls over the finance of the church. Control is a management activity of comparing actual output or performance with pre-determined or planned situation and analyzing any differences for purpose of managerial corrective actions and co-ordination. Such controls are of two types: internal controls and external controls.

Internal control must be such that it will establish the credibility and project the image of the church as semi-autonomous organization, able to plan their financial programmes and collect and disburse their monies in a controlled and systematic manner designed to achieve their objectives without waste or loss and at a minimum cost. Millichamp (1986), internal control system is defined as the whole system of controls, financial and otherwise established by the management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the record. The individual components of an internal control system are known as control.

A good system of supervision and control over church fund is necessary in order to be able to prevent fraud and detect errors as soon as possible. There is the need for the appointment of church auditors both internal and external. The duties of the accountants will not stop with

the preparation and submission of income and expenditure accounts but also must find the best way to present and communicate to members the financial statement of the church at various levels of expenditures and to the appropriate bodies.

The existence or effective internal and external control of this nature should be of considerable importance to the progressive development of sound financial management. The most important to the internal financial control fund in churches are the preparation of annual and supplementary estimate of income and expenditure and the operation of a system designed to ensure that actual expenditure does not exceed the approved estimates. Also, that of revenue reaching the budgeting figures so that the finance of the church will be well managed.

In the some of the church, there is internal control where the financial secretary collects, records and deposits money into the bank account of the church. The priest and treasurer or one other person is the authorized signatories to the account. Also another form of internal control is the appointment of financial committee who have special responsibilities for the maintenance of effective system of financial control.

In terms of external control, the head office controls over the finances of the locals. Each pastor/priest is expected to present an annual budget of his church to the head office, and also expected to render an annual or semi-annual account of all income and expenditures of the church. The local churches should be encouraged to stand on their own feet and prove that they have demonstrated a sound understanding of their financial responsibilities and of public accountability.

2.6. Challenges

There are various challenges facing the rural church in her finances which includes lack of qualified account clerks, poor remuneration of accounts clerks, lack of trustworthy ushers and accounts clerks, loose supervision on the part of the leadership, loose internal auditing and connivance among accounts clerks and ushers which serves as a recipe for embezzlements.

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2.6.1 Monopoly System

The system where the churches allow only one account clerk to send their offerings to the banks creates an opportunity for such people to pilfer their offerings. A typical incident occurred in the latter part of the 1990s, when the accounts clerks of two Churches could not render account of the offerings that were meant to be paid into their churches' bank accounts. While the accounts clerk of one Church never sent such monies to the bank, his counterpart in other church could not render proper accounts of his stewardship (Rev. Boafo and Pastor Kyei, The Statesman newspaper, 2011). This challenge of embezzlement of offering could be attributed to lack of or inadequate supervision on the part of the head Pastors. Since these accounts clerks did not work as full time employees of the churches, the burden laid on the head Pastors to ensure that proper supervision was put in place to forestall such occurrence. For example, the head Pastors could have demanded a proof of the payment at a later date. Obviously, nothing prevented the head Pastors from requesting for the pay-in slips from the accounts clerks. If they had done that the situation could have been prevented or its impact would have been minimal.

2.6.2 Lack of trustworthy ushers and accounts clerks

Another challenge identified is the collection of offerings by some ushers. Usually, the taking of offering is done by some of the ushers and its checking, counting and handing over to the

accounts clerks are done in most cases by either an usher or two ushers. Some of the ushers who count the offerings are not faithful in their stewardship. According to the leadership of some Churches, there are instances where some of their ushers are caught pilfering the offerings from the offertory bowl (Rev. Yiadom and Pastor Kyei, The Statesman newspaper, 2011).

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2.6.3 Lack of qualified account clerks

The church especially the rural church may not have the men to steer the affairs of the church's finance. They may be educated but may not have any accounting nor finance background which could have helped in the day to day business of the church's finance. This affects the church as whole since accounts preparation and reading becomes difficult to the clerk. This will in turn affect the preparation and reading of the accounts to the entire congregation.

2.6.4 Poor remuneration of accounts clerks

The rural church has a low financial backing due to the employment status of the congregations. Since majority of them are farmers, their resources are not strong enough as compared to the urban churches. This in effect affects the remunerations given to the workers as salaries or allowances. In view of that, some clerks who are employed as full staff of the church may be tempted to divert some of the money meant for the church project into their own accounts.

2.6.5 Loose supervision on the part of the leadership / loose internal auditing

The rural church has always been regarded as a neglected child because of its remoteness and the struggle one has to go through in order to get there. In view of that, supervision from the headquarters is not always adequate. Training and succession planning will be instituted on a regular basis when supervision is intense through which such problems would be encountered and rectified.

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2.6.6 Disciplinary measures

In critical situations where there is embezzlement in the church, actions that are taken against those who embezzled their churches' offerings is an issue. The leadership normally retrieves monies and then the culprits counselled and relieved of their positions. This can be a very good way of reforming individuals. In as much as this is being done, this is not a punitive measure that could deter others from doing same. In cases where such monies were not retrieved, the culprits were either excommunicated or handed-over to the police for prosecution. Disciplinary measures should be taken seriously since other members of the church would be watching from afar which could disintegrate the church as a whole.

2.7 Summary of the chapter

The church has a significant role to play in shaping up the lives of the people as well as the entire society. The culture of the rural area should be checked before actions are taken. Leadership is a very important aspect as far as the church especially the rural ones is concerned and hence people with good personality traits of a good leader should be searched for before appointing them.

There is the need to understand and be aware of the functions of financial management as well as the importance of engaging in such practices which add value to the business

organisation. It helps to know the resources available and how to effectively and efficiently utilize them.

The rural church administration is basically different from the urban or city ones due to a number of reasons including the number of people in the church. This then calls for a prudent financial management procedures which will help in the long run to curb some of the basic challenges confronting the church which includes monopoly system, poor remuneration, loose supervision.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out the various stages and phases that were followed in conducting this study. It involved a blueprint for the collection, measurement and analysis of data. This section comprises an overall scheme, plan or structure conceived to aid the researcher in answering the respective research questions. During this phase of the research, most decisions about how research was to be carried out, how respondents were to be approached was completed. This chapter identifies the procedures and techniques that were used in the collection, processing and analysis of the data. It describes the research design and methodology used to guide the study under the following sub-headings: the research design, target population, sample and sampling design, data collection instruments, data collection procedures and data analysis procedures.

3.2 Research Paradigms

Research methodology provides the foundation and knowledge context within which the underlying predispositions of a study are undertaken. In the social sciences, two research methodologies prevail, namely, the positivistic and phenomenological research predispositions (Cooper & Schindler, 2003).

These two main perspectives can be exercised in quantitative or qualitative terms (Cooper & Schindler, 2003). The positivistic methodological foundation is based on real facts, objectivity, neutrality, measurement and validity of results (Saunders et al., 2007). Positivism maintains that knowledge should be based on facts, not on abstractions, thus knowledge must

be predicated on observations and experiments in contrast to the phenomenological paradigm that calls for an analysis of inner meaning or the essence of things (Robinson, 2003).

The quantitative perspective derives from a positivist epistemology which holds that there is an objective reality that can be expressed numerically. The phenomenological approach, on the other hand, is perceptual as it looks at subjective qualities and phenomena. The qualitative perspective emphasizes a phenomenological view in which reality is inherent in the perception of individuals (Saunders et al., 2007).

The core of any study comprises of its design and methodology. This study is guided by a particular research design, which is a plan and structure of investment conceived to obtain answers to research questions (Cooper & Schindler, 2006). Saunders, Lewis and Adrian (2003) describe a research design as the overall plan for obtaining answers to questions being studied and for handling difficulties encountered during the research process (Polit & Beck, 2009).

A good research design clearly defines the purpose and consistency between the research questions and the proposed research method. In this study qualitative approach was used. A quantitative approach is strongly linked to deductive testing of theories through hypotheses, while a qualitative approach to research is generally concerned with inductive testing (Saunders, Lewis & Thornhill, 2007).

Given that the structure of the target population comprised a wide range of churches in New Abirem, a cross-sectional survey design was used. A survey design is used to study reasonably large populations by selecting representative samples for observation and analysis

(Cooper & Schindler 2003). In this study, a cross-sectional survey was used because of the need to collect data at one point in time, from the samples selected to represent all the churches in rural towns.

The rationale for using this design is the following: all data was collected at once for the sample; relevant data which is not available from other sources was gathered; probability sampling was used to provide unbiased representation of the target population of church membership; standardization in measurement was achieved because some information was gathered from every respondent.

3.3 Purpose of the study

Exploratory research is defined as the initial research into a hypothetical or theoretical idea. In this kind of research, a researcher has an idea or has observed something and seeks to understand more about it. An exploratory research project is an attempt to lay the groundwork that will lead to future studies or to determine if what is being observed might be explained by a currently existing theory. Most often, exploratory research lays the initial groundwork for future research. Exploratory research can come in two big forms: a new topic or a new angle. A new topic is often unexpected and startling in its findings whereas new angles can come from new ways of looking at things, either from a theoretical perspective or a new way of measuring something. Examples include Expert surveys, Pilot surveys, Case studies, and Secondary data: qualitative analysis and qualitative research

Descriptive research attempts to explore and explain while providing additional information about a topic. This is where research is trying to describe what is happening in more detail, filling in the missing parts and expanding our understanding. This is also where as much

information is collected as possible instead of making guesses or elaborate models to predict the future. Examples include Secondary data: quantitative analysis, Surveys, Panels, Observation and other data

Explanatory research is to connect ideas to understand the cause and effect and in so doing researchers trying to explain what is going on. Explanatory research looks at how things come together and react. Example include Experiments.

Figure 3.1

	Exploratory Research	Descriptive Research	Explanatory Research
Degree of Problem Definition	Key variables not defined	Key variables are defined	Key variables and key relationships are defined
Possible Situations	"Quality of service is declining and we don't know why." "Would people be interested in our new product idea?" "How important is business process re-engineering as a strategy?"	"What have been the trends in organisational downsizing over the past ten years?" "Did last year's product recall have an impact on our company's share price?" "Has the average merger rate for financial institutions increased in the past decade?"	"Which of two training programs is more effective for reducing labour turnover?" "Can I predict the value of energy stocks if I know the current dividends and growth rates of dividends?" "Do buyers prefer our product in a new package?"

Source : Zikmund (1984)

This research work looks at the management of the finances in rural churches. A case study of churches around New Abirem in the Birim North district in the Eastern region of Ghana. In this scenario, exploratory research was used.

3.4 Sampling procedures

Sampling is a process or technique of choosing a sub-group from a population to participate in the study; it is the process of selecting a number of individuals for a study in such a way that the individuals selected represent the large group from which they were selected (Ogula, 2005). This unit will discuss the following:

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3.4.1 The population and sample

Basically, Population refers to the universe of units from which the sample is to be selected (Ofori & Dampson, 2011). In statistics, the target population is the specific population about which information is desired (Ngechu, 2004). Mugenda & Mugenda (2003) explain that the target population should have some observable characteristics, from which the researcher intends to generalize findings of the study. The target population and size of this study comprised mainly of two categories which are accounts clerk/stewards and members of the churches in the selected district. The members included deacons, project committee members, organisational heads, elders, etc.

Table 3.1 Target population

Respondents	Frequency
Account clerks/Stewards	80
Members	140
Total	220

Source: Author's fieldwork 2017

The researcher distributed 140 questionnaires to members of which 106 respondents were gotten or received and 8 were returned back unattended. Additionally, 80 different set of questionnaires to account clerks of which 60 responded and 5 were returned back unattended.

Equally, oral interview which serves as a follow up to the questionnaire were asked and defined by the researcher to the appropriate respondents.

However, the total number of communities in which the questionnaires were sent was 16 with 13 different churches totaling 70 churches in all. However, not all the 13 different churches around New Abirem are in the various communities. Thus the formula for determining the sample size using Yamene's (1964) formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = sample size

N = Population size

e = proportion of sampling error put at 0.05 level of significance

1 = Constant

N = 70

e = 0.05

Note: The choice of 0.05 level of significance (i.e. 95% confidence limit) is purely an executive decision of the researcher.

Substituting the above values into the formula, we have:

$$n = 60$$

3.4.2 The sampling technique

According to Babbie (2002), a sampling frame can be defined as the list consisting of the units of the population. For the purpose of this study, a sampling frame consisting of the required number of respondents was selected in order to create a study sample. According to Oso (2009), a good sampling technique produces estimates of overall population parameters

with greater precision and ensures that a more representative sample is derived from a relatively homogeneous population. The study grouped the population into two different strata, which are: accounts clerk/stewards and members (secretaries, ushers and Church leaders). From each stratum, the study used simple sampling procedure to select 60 (n=60) respondents out of whom 54 churches responded. A convenient sampling technique was used since population of interest was not homogeneous and could be subdivided into groups or strata to obtain a representative sample. Statistically, in order for generalization to take place, a sample of at least 30 elements (respondents) must exist (Cooper and Schindler, 2000). Saunders (et al 2007) argue that if well chosen, samples of about 10% of a population can often give good reliability.

3.5 Data collection methods

Research data is data that is collected, observed, or created, for purposes of analysis to produce original research results (University of Edinburgh). Research data can also be defined as recorded factual material commonly retained by and accepted in the scientific community as necessary to validate research findings; although the majority of such data is created in digital format, all research data is included irrespective of the format in which it is created (Engineering and Physical Sciences Research Council (EPSRC)).

Data are intended to represent facts and without proper preservation of the context of collection and interpretation, may become meaningless (Boston University Libraries, n.d.a). The collection of data and its analysis assists researchers with discovering answers to their research questions and hypotheses. In some cases, it even predicts future outcomes (Office of Research Integrity, n.d.a). This is why data is an integral part of research. The results of

research and its methods are directly dependent on the collected data and its analysis. It is extremely important to maintain integrity (accuracy and completeness) while collecting data.

3.5.1 Sources of data

The researcher's main source of data for this study was based mainly on secondary and primary sources, and the use of finance and accounting textbooks and other religious textbooks. Primary data is the data collected by the investigator himself/ herself for a specific purpose and Secondary data is the data collected by someone else for some other purpose (but being utilized by the investigator for another purpose). Primary data are that first-hand information sourced purposed for the work at hand. As already stated above, primary data were sourced using the two instruments of questionnaire and oral interviews. The researcher designed a well-structured multiple choice questionnaire for the congregants and the finance officers. The questionnaires were collected later as some of the respondents could not give the information easily, they were so reluctant and skeptical to divulge the information. Some of the questionnaires were answered while some were returned. However, direct and close-ended questionnaires were asked for simple and direct responses which the respondent could not easily avoid. The oral interview served as a follow up to the questionnaire which makes the respondents to explain certain questions in detail. The researcher met the respondents face-to-face and necessary questions were asked.

3.5.2 Data Collection tools

This study made use of a number of data collection methods. These included questionnaire and structured interview methods. A questionnaire was used to collect data from the members of the church. The questionnaire was used for the following reasons: a) its potential for reaching out to a large number of respondents within a short time, b) its ability to give the

respondents adequate time to respond to the items, c) its offer of a sense of security (confidentiality) for the respondent and d) its objectivity, no bias resulting from personal interviews (Owens, 2002). The questionnaire is divided into two sections. Section A covers background information of the respondents such as sex, marital status, age, working experience, level of education. Section B of the questionnaire checks the management of the finance in the church.

Interview guides were used to collect qualitative data from the members as well. This method was used since a) it generally yields highest cooperation, b) offers high response quality and c) takes advantage of the facilitators' presence. Another advantage is that the method combines questioning, cross-examination and probing approaches (Owens, 2002). An in-depth interview with the other church members who could not read nor write but contribute their quota to the progress of the rural church was used to solicit information that was useful in establishing the management of finance.

3.6 Data Analysis

The collected data was analysed using both quantitative and qualitative data analysis methods. The quantitative method involved both descriptive and inferential analysis. Descriptive analysis such as frequencies and percentages were used to present quantitative data in the form of tables. Data from the questionnaires was coded and entered into the computer with the help of a statistical application known as the Statistical Package for Social Science (SPSS Version). Closed ended items were coded in order to run simple descriptive analyses to obtain reports on data status. Descriptive statistics involved the use of absolute and relative (percentages), frequencies, measures of central tendency and dispersion (mean and standard deviation respectively).

3.7 Quality of the research

Quality scientific research is understood as a process (checklist), comprising several steps that attempts to ensure the credibility, applicability, consistency and neutrality of the results (Mena, 2015).

In ensuring that this research is of quality, the researcher ensured that enough literature was sought to understand and deliberate on issues in terms of finance management in the rural churches and also almost all the surrounding communities were covered.

Again, about 77% of the questionnaires administered to respondents were collected so as to have a broad sample size for a good observation and proper analysis. This helped in getting a broader picture of finance management issues in the various churches and recommendations necessary for the progress of the church.

Interviews were also used to get the fair idea of what goes on in the church especially to the uneducated ones who cannot read nor write but know what goes on inside the church. Those people were happy to involve themselves in such cases as they are normally left out in such studies.

3.8 Research ethics and limitations

People's rights and privacies are never to be infringed upon and hence ethics can be thought of as the study of good conduct. This paves way of the grounds for making judgements about what is good conduct (Birch et al., 2002). Ethical Principles includes; Respect for persons, Honesty, Benevolence, Justice, Particular judgement on the basis of each case, Experience and social construction of ethical choice.

The researcher observed ethics by first of all calling the pastors and heads of the various churches. This was to explain to them that the researcher was to carry out this research and that I needed their permission and their assistance as well. The researcher informed them that they were key respondents which they agreed. The heads promised to organize meeting all the people the researcher needed to meet especially the stewards and the account clerks.

Again, another aspect of ethics that was ensured was the fact that some of the churches explained that they had to seek permission from their headquarters before they could answer the questionnaires which we all agreed.

Meeting with the other stakeholders to have a thorough interview. On the interview day, I explained to interviewees what the study was about and then sought their consent to participate. The respondents were informed that the information was for academic purpose only. The researcher guaranteed the respondents that they and their churches would remain anonymous unless there was permission to the contrary (consent). I was keen on this as it is an important requirement in research work (Bryman 2012).

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

The primary aim of this study is to assess the management of funds/finances in rural churches in Ghana. Specifically, the study sought to assess the people who manage the funds of rural churches, identify procedures for managing and controlling funds in rural churches in Ghana. Also to find out the challenges of managing finance in rural churches as well as identifying the effectiveness of financial management in rural churches in Ghana.

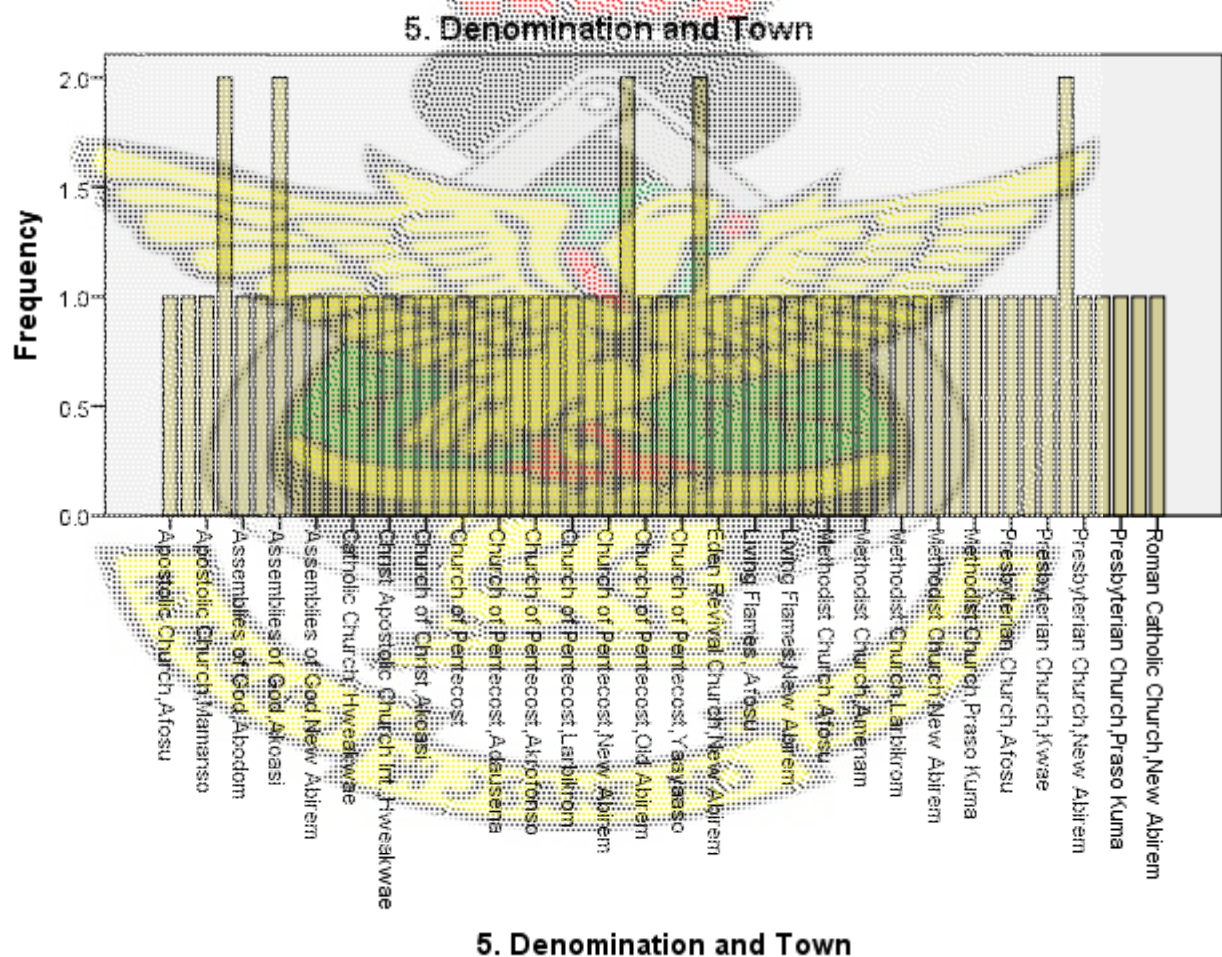
This chapter presents results and discussions on the research data collected from respondents after subjecting the data to rigorous statistical analysis. In all, 60 Account clerks/Stewards and 106 church Members from various denominations were sampled with the aid of closed structured questionnaires and interviews. The findings will be reported on a church-by-church basis using the respondents from those churches so as to know how each and every church operate in the various communities.

Results and findings in this chapter are presented chronologically as the research questions, however distribution of the sampled churches and the demographic distribution of the cases are presented first.

4.2 Distribution on sampled Churches with respect to Account clerks/Stewards

This section presents distribution on the sampled churches and respective towns in which these churches are located with respect to sampled Account clerks/Stewards. From figure 4.1 below, it was observed that Account clerks/Stewards from most of the various denomination were sampled once, however Account clerks/Stewards from Assemblies of God Akoasi, Apostolic Church, Mamanso, Church of Pentecost, New Abirem and Presbyterian Church, Kwae were sampled twice. Details on the distribution of church denomination with respect to sampled Account clerks/Stewards are presented in figure 4.1 below.

Figure 4.1: Distribution on sampled Churches with respect to Account clerks/Stewards



Source: Author's fieldwork 2017

New Abirem had four members sampled in Figure 4.2 below.

Sampled Churches with respect to church denomination and town

Denomination and Town



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4.4 Demographic distribution of respondents

This section presents the demographic characteristics of both Account clerks/Stewards and church members respectively.

4.4.1 Demographic characteristics of Account clerks/Stewards

With respect to Account clerks/Stewards, it was observed that 73.3% were male and the remaining 26.7% being female. 38.3% of the Account clerks were found to be within the age ranges of 35 – 44 years. Also 36.7% were observed to be within the age range of 24 -34 years. Majority of the Account clerks were married and few were found not married. Apart from being Account clerks, respondents held other positions in their respective churches. With respect to this, most of them were found to be Society stewards. Details on the various positions held by the Account clerks for their respective churches is presented in table 4.1 below. With respect to the Educational Background of the Account clerks, it was found that 61.7% had tertiary education with 10.0% and 28.3% having SSS/SHS and Middle School education respectively. Details on the demographic distribution on Account clerks/Stewards are presented in table 4.1 below.

Table 4.1: Demographic characteristics of Account clerks/Stewards

		Count	Column N %
2. Sex	Female	16	26.7%
	Male	44	73.3%
3. Age(years)	a. 15 - 24	1	1.7%
	b. 24 -34	22	36.7%
	c. 35- 44	23	38.3%
	d. 45 - 54	9	15.0%
	e. above 54	5	8.3%
4.Marital Status	a. Single	13	21.7%
	b. Married	46	76.7%
	d. Widowed	1	1.7%
6. Any office being held in the church?	Yes	60	100.0%
If Yes, please state the office/position	Caretaker/Steward	1	1.7%
	Chief server	1	1.7%
	Elder	3	5.0%
	Financial Secretary	16	26.7%
	Local Secretary	1	1.7%
	National Trustee	1	1.7%
	Presiding Elder	1	1.7%
	Projects Chairman	1	1.7%
	Secretary	6	10.0%
	Senior Presbyter	1	1.7%
	Society Steward	15	25.0%
	Treasurer	13	21.7%
7. Educational Background	b. Middle School (JHS/O'Level)	17	28.3%
	c. SSS/SHS	6	10.0%
	d.Tertiary	37	61.7%
8. How long have you been in the church?	c. 2 -3 years	2	3.3%
	d. 3 -5 years	3	5.0%
	e. more than 5 years	55	91.7%
9. Occupation:	Accountant	2	3.3%
	Banking	2	3.3%
	Businessman	1	1.7%
	Community development	1	1.7%
	Farmer	7	11.7%
	Geologist	1	10.0%
	Mobile banker	1	1.7%
	Public Servant	1	1.7%
	Repairer	1	1.7%
	Student	1	1.7%
	Teaching	31	51.7%
	Trader	9	15.0%
	Unemployed	2	3.3%

Source: Author's fieldwork 2017

4.4.2 Demographic characteristics of church members

Table 4.2 below shows the demographic characteristics of sampled church members. It could be seen that 71.4% were found to be males while 28.6% females. 56.2% were observed to be within the age ranges of 24-34 years, 18.1% found to be within the age range of 15 – 24 years. With respect to the educational background of sampled church members, it was found that 50.5% had tertiary education, also 67.6% had been with their respective churches (more than 5 years). Among the church members, 10.5% were observed to be Farmers, with 28.6% being teachers. Details of the demographic distribution of church members are presented in table 4.2 below.

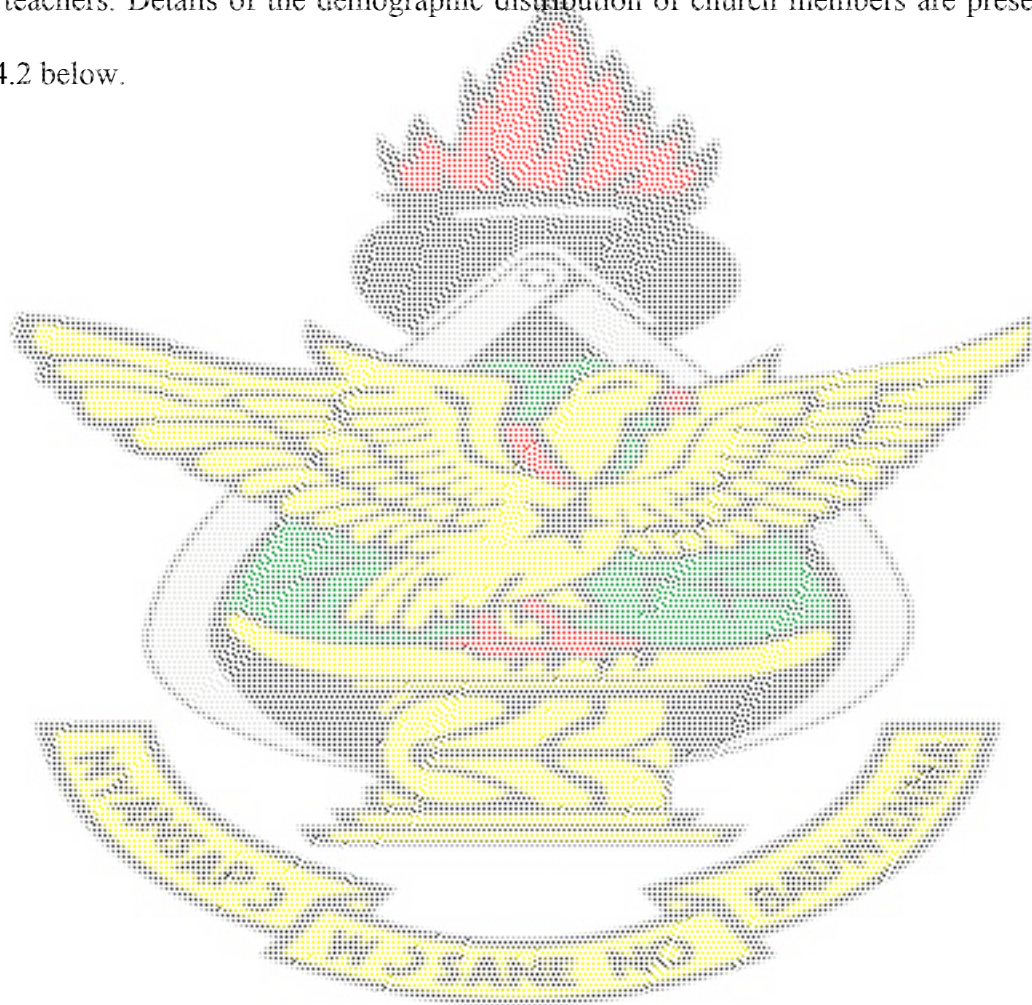


Table 4.2: Demographic characteristics of church members

		Count	Column N %
Sex	Female	30	28.6%
	Male	75	71.4%
Age	15 - 24	19	18.1%
	24- 34	59	56.2%
	35- 44	18	17.1%
	45- 54	4	3.8%
	above 54	5	4.8%
Marital Status	Married	46	43.8%
	Single	57	54.3%
	Widowed	2	1.9%
	Middle School (JHS/O'Level)	17	16.2%
	SSS/SHS	34	32.4%
	Tertiary	53	50.5%
How long have you been in the church?	1-2 years	8	7.6%
	2 -3 years	11	10.5%
	3 - 5 years	13	12.4%
	Less than 1 year	2	1.9%
	more than 5 years	71	67.6%
Occupation:	Account officer	1	1.0%
	Empty	5	4.8%
	Administrator	1	1.0%
	Agric. Officer	1	1.0%
	Agriculturalist	1	1.0%
	Banker	1	1.0%
	Business Analyst	1	1.0%
	Businessman	6	5.7%
	Designer	1	1.0%
	Dispensary Assistant	1	1.0%
	Driver	1	1.0%
	Electrical Technician	1	1.0%

Electrician	1	1.0%
Engineer	2	1.9%
Farming	11	10.5%
Geological Engineer	1	1.0%
Hair dresser	1	1.0%
Mechanic	1	1.0%
Mechanical Engineer	1	1.0%
Mining	3	2.9%
Nursing	2	1.9%
Occupational, Health and safety practitioner	1	1.0%
Operator(Newmont)	1	1.0%
Painter	1	1.0%
Pastor	1	1.0%
Process Engineer	1	1.0%
Reception	1	1.0%
Sampler(Newmont)	2	1.9%
Secretary	1	1.0%
Security(Newmont)	2	1.9%
Self employed	4	3.8%
Shoe repairer	1	1.0%
Social Development practitioner	1	1.0%
Steward(Newmont)	1	1.0%
Student	11	10.5%
Surveyor	1	1.0%
Teaching	23	21.9%
Trader	7	6.7%
Unemployed	1	1.0%

Source: Author's fieldwork 2017

4.5 Ascertaining people responsible for managing funds of rural churches

To ascertain people responsible for managing funds of the sampled rural churches, Account clerks/Stewards are those who were keeping proper books of the accounts which should always be the norm. Account clerks were also asked to indicate who authorizes the expenditure of their respective churches. With respect to this, it was observed that in most of the churches the head priest authorizes the expenditure of the church. This is in line with Hamilton (2006) assertion that absolute power corrupts absolutely and also the Statesman newspaper (2011) of some pastors using the monopoly system to pilfer money. Also it was found in some cases that, the finance committee of some of the churches authorizes expenditure. Further the Building Committee was also found to authorize expenditure in some of the churches. Almost all those interviewed in the various churches have a belief and trust in their stewards in doing a good job. Even though, some of the Account Clerks might not be expert in finance, they still trust that their job is tedious and they are sacrificing a lot for the good of the church. Details of people responsible for managing funds of the rural churches are presented in table 4.3 below.

Table 4.3: People responsible for managing funds of rural churches

		Count	Column N %
7. Who authorizes the expenditure of the church?	(b) Finance Committee	20	33.3%
	(a) Priest (Pastor)	24	40.0%
	(c) Building Committee	16	26.7%
8. Who maintains proper book of accounts of the church?	(a) Priest (Pastor)	3	5.0%
	(c) Finance Committee	7	11.7%
	(d) Financial Secretary (Steward)	49	81.7%

Source: Author's fieldwork 2017

4.6 Procedures for managing and controlling funds in rural churches in Ghana.

With respect to the procedures for managing and controlling funds in the sampled rural churches, it was found that in collecting contributions from members, church wardens, membership cards and addressed envelopes were used. This is evident from the fact that 70.0% of sampled Account clerks/Stewards emphatically indicated that all these methods were employed by their respective churches. Results from the study show that donation among the churches is mostly received through Oral Announcement. Statement of Accounts and Issuance of Receipt were other minor processes for collecting funds. This confirms Okpe's (1998) description that the principle of stewardship or accountability marks a step in the development of accounting and record-keeping and that is evident in the methods used.

Regarding how the church keeps its funds, it was found that 68.3% of the churches keep their money with banks, 28.3% were found to keep funds with head Priest (Pastor). A little over 1% was found to lend church fund to those in need. Further, 66.7% out of the 68.3% of the churches who saved their fund with the banks indicated they had more than two signatories to the church accounts. There are internal controls to check the management of resources (money) and this confirms what Mason (2009) stated that the pastor has the responsibility to establish a strong system of internal controls. Keeping money in the bank confirms what Millichamp (1986) wrote about the safeguarding of assets and securing it as far as possible. On the other hand, 33.3% indicated they had only one. This confirms what had earlier happened in two churches according to the Statesman newspaper (2011) where some pastors (acting as account clerks) never sent the churches monies to the bank.

Regarding the financial method adopted, it was evident that most of the churches use the expenditure system where it is discussed by finance committee before it is incurred. 35.0% were found to also use Priest (Pastor) incurs any cost approach. However, the accounting system used by the churches was dominantly found to be Income and expenditure account.

This also contradicts what Hamilton (2006) had earlier said with regards to only one person being in control. A body that has been set up looks in to it. Details of the Procedures for managing and controlling funds in rural churches in Ghana are presented in table 4.4 below.

Table: 4.4 Procedures for managing and controlling funds in rural churches in Ghana.

		Count	Column N %
2. What method do you use in collecting members contributions?	(a) Through church wardens	4	6.7%
	(b) Through membership cards	7	11.7%
	(c) Through addressed envelopes	7	11.7%
	(d) All of the above	42	70.0%
3. How is donation received, launching fund or special thanksgiving offering accounted for in the church?	(a) Oral Announcement	51	85.0%
	(b) Statement of Accounts	7	11.7%
	(c) Issuance of Receipt	2	3.3%
4. How does the church keep its money?	(a) With the Priest (Pastor)	17	28.3%
	(b) In the bank	41	68.3%
	(c) Through lending to those in need	1	1.7%
5. If in the bank, how many people are signatories to the church accounts?	(A) One	20	33.3%
	(c) More than two	40	66.7%
6. If in the bank, which people form the signatories to the accounts?	(a) Priest (Pastor)	20	33.3%
	(c) Priest (Pastor), treasurer (steward) and any other person authorized	40	66.7%
9. What method does your church use to adopt as its financial management?	(c) Priest (Pastor) incurs any cost	21	35.0%
	(a) Budgetary system	5	8.3%
	(b) Expenditure is discussed by finance committee before it is incurred	32	53.3%
	(c) Priest (Pastor) incurs any cost	2	3.3%
10. What type of accounting system is kept by the church?	(c) Balance Sheet	3	5.0%
	(a) Income and expenditure account	55	91.7%
	(b) Receipt and payment accounting	2	3.3%

Source: Author's fieldwork 2017

A further examination of Procedures for managing and controlling funds in the sampled rural churches, it was found that 56.7% of the churches prepare annual budgets. Out of this portion who was found to prepare annual budgets, 28.3% occasionally prepare their annual budgets; on the other hand, 5.0% do it regularly. It was also found that 41.7% of the churches who prepare budget had it initiated by the Priest (Pastor) while 41.7% had it from the Leaders Meeting and Pastor.

Further, 70.0% of the sampled churches prepare financial accounts. Also these accounts were found to be audited where the nature of the audit looks at compliance to policies, keeping of required books and other internal controls. The audit was done by elders and the priest also. Auditors come from presbytery to district office and collect all locals account books. Members of the auditing team cross check the total amount. This practice adopted by most of the churches confirms Larbi's (2001) write up on the procedures to aid in the smooth financial administration of churches which include budgeting, account preparation and reconciliation.

Table: 4.5 Procedures for managing and controlling funds in rural churches in Ghana.

		Count	Column N %
11. Does the church prepare budget?	No	26	43.3%
	Yes	31	56.7%
12. How often do you do the yearly budget?	(a) Never	22	46.7%
	(b) Occasionally	17	28.3%
	(c) Sometimes	5	9.3%
	(d) Regularly	9	15.0%

13. If yes, who makes and initials budget?	(a) Priest (Pastor)	28	46.7%
	(b) The Leaders Meeting and Pastor	25	41.7%
	(d) Finance Committee	7	11.7%
14. Do you prepare financial account?	No	18	30.0%
	Yes	42	70.0%
15. If yes, is the account audited?			
	No	18	30.0%
	Yes	26	69.3%

Source: Author's fieldwork 2017

4.7 Challenges of managing finance in rural churches in Ghana.

The study sought to ascertain challenges of managing finance in rural churches in Ghana. From the study, it was found that auditing information does not get to the local churches early enough for preparation. Unbudgeted expenses were also found to be one major challenge of financial management in the rural churches.

Further, improper book keeping was also found to be another major challenge to managing finance in rural churches. This was due to the fact that most of the locals or individual assemblies have no persons with accounting related background managing finances of the churches. This confirms Mead (1946) message of the rural church being a neglected child as supervision is very low, if not absent.

Most of the people interviewed agreed that auditing and budgeting are very essential and their churches lacked that. Also, book keeping was a major concern due to the fact that there has not been any training especially for non-accounting and finance people.

4.8 Improving the effectiveness of financial management in rural churches in Ghana

From the perspective of sampled Account clerks, it was found that the financial management in the rural churches could be improved by providing refresher courses to account clerks managing the various church accounts. Harry's (1993) opinion on the general accounting manual usage which includes a general description of the overall accounting system can be used. All books of financial records as used in managing public funds administration should equally be used in churches in addition to what is already being used as they can also be classified as public associations which in the view of James et al (1976) will be able to make meaningful financial information. E.g. Issuance of receipt, request forms, advances payment vouchers.

Also all income received during church services should be deposited in the bank. All monies should be saved in the bank to avoid lending to members and more than two people to be signatories to the account. Furthermore, the sampled account clerks suggested that Auditing of accounts and Financial report preparation should be done in order to streamline the fund management processes.

Also the Account clerks suggested that bigger locals can support smaller branches with personnel with accounting background. Bigger Locals must pay extra attention to the small locals to help them in their finances, budgeting and auditing. Further they suggested competent people need to be appointed to handle the finance office in the church. Enforce auditing and budgeting making always. This was also evident from the oral interviews that were conducted in the various churches which seems to conform to the responses from the respondents through the questionnaires.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In chapter four of this study, the data collected from the field was subjected to analyses and interpretation. This chapter provides a summary of the key findings obtained from the analysis. The chapter also examines the conclusion of the study as well as recommendations for key stakeholders with regards to management of funds/finance in the rural churches.

5.2 Summary of findings

The study examined the financial management in the rural churches in Ghana, using the surrounding towns of New Abirem, Birim North District in the Eastern Region of Ghana as case study. The study had four specific objectives. It first examined the people who manage the funds of the rural churches. The second specific objective seeks to identify procedures for managing and controlling funds in rural churches in Ghana. The third investigated the challenges of managing finance in rural churches in Ghana. Finally, the fourth objective examined the effectiveness of financial management in rural churches in Ghana.

Having analyzed the questionnaires and interview, some of the major findings on the research work are;

- Most of the churches do not prepare budgets either at the start of the year or during the course of the year. As this is a very important tool in finance management, funds can be used any how since there will not be any budget allocated. Projects can be undertaken once the board agrees even though budgetary allocations have not been made.

- Most of the congregants including the stewards and financial secretaries think it is a special call to become an account clerk in charge of funds in the church. This is a very debatable thing since one needs to be trained academically or have a technical know-how in accounting or finance in order to manage the funds of the church very well.
- Almost all the churches ensures that the funds or monies received are made public and announced to the entire congregation either through oral announcement, statement of accounts and other means of communication.
- All monies received at church are deposited in the bank with the exception of few churches that keeps the money with the leader of the church because of the non-existence of banks in the community.
- Sanctions are there for any account clerks who misappropriate and mismanage the church funds either through repayment or demotion. This in a way helps to manage and control funds as people are afraid to misappropriate it for fear of disgrace even though many of the church members are not aware of it.
- Congregants do not hear when funds are misappropriated by the account clerks. This is of great concern to them because they believe the church's money can be stolen and covered by the heads of the church without any body being aware.
- Some sees the job of an account clerk as being an extra work which demands time and that it affects other aspects of the individual life. One has to devote ample time to ensure that things are done correctly and appropriately.
- There is poor accountability in most of the churches. Accounts are not being rendered to the people who thinks they need to know what their monies are being used for and the ways and manner things are being run in the church. This is evident in the fact that most of them do not prepare financial accounts and read to the entire congregation for discussion.

- There is so much control by the pastors and heads in some of the churches who decide things on their own. This is also a great concern to the congregants since there should be a mutual dialogue before money is used and only one person should not be given the power to decide especially in terms of money.
- There is also the challenge of lack of people to manage the funds/finance of the church. This was evident in the smaller communities where people with accounting background were scarce and others.
- Auditing of financial books and accounts is a concern to most of the churches in the rural communities. This is because their account books are not audited which gives a true picture of accountability and transparency. Those audited too takes a year since they do not have internal auditors but external ones who comes around every year.

5.3 Conclusion

The study examined financial management practices of rural churches in New Abirem, Birim North District in the Eastern Region of Ghana. A convenient sampling technique was used to select the churches. Questionnaires were used to collect data for the study. Two respondents from each of the churches who deals with the funds and monies of the church and five respondents (members) from each of the churches were selected for the purposes of obtaining relevant information for the study. Descriptive statistics was used to analyze the responses obtained from the respondents.

The findings of the study revealed that people who are in charge of the accounts sections must have knowledge in accounting or finance. This will help them to work effectively and efficiently with less problems but not necessarily being “called”. Generally, the people who are in charge exhibits their competent skills and try their best to go by the rules regarding accounting. The congregants generally trust their accounts clerks (Stewards, Financial secretaries, Treasurers).

The study further found that most of the tools that are used to control or manage accounts are not being followed. Budgets which represent the main financial planning framework around which incomes and expenditures are managed are not being done. Statements of Financial Positions reports (Income and Expenditure, Receipt and Payment, Balance Sheet) are not prepared and those that are prepared are not audited nor signed to show its authenticity and reliability. Most of the churches save their money in the bank which is a very good step in finance management.

The findings however revealed the major challenges confronting the effective financial management of the churches include non-refresher training on accounts, pastors/heads having too much power with respect to funds in the church, accounts clerks who mismanage the accounts pay at their own convenient time and might not even be known, Lack of skilled people to manage the accounts of the church especially in the very small communities, people keeping the church money in their homes due to unavailability of banks and sometimes trust for the individual.

Though the study generally finds that the financial management practices of the churches are effective, a cursory look at some of them shows that a lot needs to be done to improve the financial management of churches in the rural communities in Ghana. Depositing of money in the banks and stipulating rules and regulations are to be ensured. Though respondents generally give a positive opinion about its implementation, a careful observation of the financial management of the churches shows that there are a number of loopholes that can be exploited by the financial managers of the churches. It is therefore important for the various headquarters of the churches to develop a financial management framework that will make it difficult for people to mismanage the finances.

5.4 Recommendations

Based on the objectives of the study, a number of findings were derived. In this section the researcher makes a number of recommendations based on those findings in order to achieve effective financial management.

- First, it was discovered from the analysis that most of the churches lack the people who have experience in accounting or finance to effectively execute financial management of the churches. People think it is a “call” while others think otherwise. It is therefore prudent to get a Christian who has adequate knowledge and skill to manage the accounts of the church.
- It is very necessary that church policies on finance should be clearly spelt out, published and enough teachings given on it to the members of the church. This will help all members understand the rationale behind whatever that is done in the church with regards to the finance.
- It is recommended that Budgets are made every year which will help to know how the funds are being spent and if it is done so prudently. Again, accounts need to be prepared and signed by all the required people and be read and discussed at church at least every six months (half a year). Auditing is a very important aspect in finance management and that all accounts prepared whether signed or not must go through the auditing process. This can be done internally and then an external auditing will also be good.
- The cash inflows and outflows needs to be reported as supported by all members in the church. In view of that, proper book keeping should be enforced and if possible as a way of managing the funds of the church which is an organization, financial records books as used in the management of public funds administration should equally be

used in the churches which may include issuances of receipt, request/claim forms, payment vouchers, etc.

- Refresher Training is a training programme normally a short term designed for the old or existing employees of an organization, aimed at recall and reinforcement of previously acquired knowledge and skills and also to acquaint them with the new skills, methods, and processes required to improve their performance on the jobs. This helps to boost up the self-confidence and morale of the people, increase their competency, which ultimately increases the organization's competency. In view of that, account clerks (stewards, financial secretaries, treasurers) need to undergo this training.
- The church policies on Pastors with respects to funds usage in the church needs to be reviewed so that their power can be limited to ensure enough transparency and accountability. This is because most of the pastors in the church have been given higher power in the usage of the church accounts or funds which sometimes makes it difficult for the account clerks to object to them.
- Sanction is a threatened penalty for disobeying a law or rule. The churches sanctioned all account clerks who mismanage the funds of the church through demotion from such position and paying back the money. The sanctions may not be enough and it is recommended that there should be a stipulated time of payment so that the person can feel the punishment meted out. Public announcement of such issues should be communicated to the entire congregation. Again, it is causing financial loss to the church and as such it is a theft case which is a crime in the laws of the land. In view of that, the laws of the land with regards to theft must be applied.

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APPENDICES

APPENDIX I

QUESTIONNAIRE FOR THE ACCOUNT CLERKS/STEWARDS

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF HUMANITIES AND SOCIAL SCIENCES

KNUST SCHOOL OF BUSINESS

DEPARTMENT OF MARKETING AND CORPORATE STRATEGY

QUESTIONNAIRES

This questionnaire is solely for academic purposes intended to know how finance/fund is managed in the various Christian denominations in the rural churches. Your confidentiality is strictly protected. In the event of feeling insecure in answering any of the questions, you may withdraw. Please tick appropriate boxes or provide answers in the spaces provided when necessary.

Section A: Demographic Information

1. Name (optional)
2. Sex
 - a. Male
 - b. Female
3. Age (years)
 - a. 15 – 24
 - b. 24 – 34
 - c. 35 – 44
 - d. 45 – 54
 - e. above 54
4. Marital Status
 - a. Single
 - b. Married
 - c. Divorced
 - d. Widowed
5. Denomination and Town: Please indicate

.....

6. Any office being held in the church? a. Yes b. No

If Yes, please state the office/position

If No, proceed

7. Educational Background

a. Primary b. Middle School (JHS/O'Level) c. SSS/SHS d. Tertiary e. None

8. How long have you been in the church?

a. Less than 1 year b. 1-2 years c. 2-3 years d. 3-5 years e. more than 5 years

9. Occupation:

.....



SECTION B

1. Can you tell the sources of funds for the local church?

.....

2. What method do you use in collecting members contributions?

- (a) Through church wardens
- (b) Through membership cards
- (c) Through addressed envelopes
- (d) All of the above

3. How is donation received, launching fund or special thanksgiving offering accounted for in the church?

- (a) Oral Announcement
- (b) Statement of Accounts
- (c) Issuance of Receipt
- (d) No record

4. How does the church keep its money?

- (a) With the Priest (Pastor)
- (b) In the bank
- (c) Through lending to those in need

5. If in the bank, how many people are signatories to the church accounts?

- (a) One
- (b) Two
- (c) More than two

6. If in the bank, which people form the signatories to the accounts?

- (a) Priest (Pastor)
- (b) Priest (Pastor) and his Assistant
- (c) Priest (Pastor), treasurer (steward) and any other person authorized

7. Who authorizes the expenditure of the church?

- (a) Priest (Pastor)
- (b) Finance Committee
- (c) Building Committee

(d) Steward

8. Who maintains proper book of accounts of the church?

(a) Priest (Pastor)

(b) Finance Committee

(c) Financial Secretary (Steward)

9. What method does your church use to adopt as its financial management?

(a) Budgetary system

(b) Expenditure is discussed by finance committee before it is incurred

(c) Priest (Pastor) incurs any cost

10. What type of accounting system is kept by the church?

(a) Income and expenditure account

(b) Receipt and payment accounting

(c) Balance Sheet

(d) Profit and Loss Account

11. Does the church prepare budget?

(a). Yes (b). No

12. How often do you do the yearly budget?

(a) Never (b) Occasionally (c) Sometimes (d) Regularly

13. If yes, who makes and initials budget?

(a) Priest (Pastor)

(b) The Leaders Meeting and Pastor

(c) The church building committee

(d) Finance Committee

14. Do you prepare financial account?

(a). Yes (b). No

15. If yes, is the account audited?

(a). Yes () (b). No

16. If yes, what is the nature of the audit?

Please specify

.....
.....

17. Is the financial reports of the church signed?

(a) Yes (b) No

18. If yes, which people sign(s) the reports?

(a) Auditor

(b) Member of Finance Committee

(c) Steward (Financial Secretary)

(d) Priest (Pastor)

(e) Priest (Pastor) and his assistant

19. Is it mandatory for the auditor to sign the accounts according to the church's law?

(a) Always (b) At times (c) Not at all

20. How often do auditors visit you?

(a).....Twice a year (b).....Once a year (c).....Once a quarter

21. Is the church observing any accounting manual?

(a) Yes (b) No

22. Do you think that proper financial and accounting recording of the church's expenditures and its projects ensure a good financial control or does it deter its financial capacity?

(a) Proper financial records entail good accountability of the church funds

(b) Deters financial capacity of the church

23. How often does your church have accounts reading to the entire congregation?

(a).....Twice a year (b).....Once a year (c).....Once a quarter (d)..... Not at all

24. Do you partake in the accounts reading? (a)Yes (b) No

25. How did you get to this position?

.....

26. How many organizations/group have you worked for before your current position?.....

27. Please indicate the number of years you have been in this position?

-----below 1 year

-----between 1 and 5 years

----- over 5 years

28. Do you have an accounting background? (a)Yes (b) No

29. How often do you have refresher training on church accounting?

(a).....Not at all (b).....1 or 2 times a year (c).....Every quarter

30. Do you think you (Steward) are trustworthy in terms of accounting to the church?

_____ Yes

_____ No

_____ Don't know

31. Do you think that the role of the accountant is necessary in the church? (a)Yes (b) No

Please give your reason(s) for your answer in Q.31;

.....
.....

32. Do you think all the cash inflows and outflows should be reported? (a) Yes (b) No

Please explain your answer

.....
.....

33. What is your opinion on the issue that we do not need to know or to be informed about the use of offerings and tithes?

.....
.....

34. Do you think to become an account clerk (steward) in the church, must be based on a 'call'?

(a) Yes (b) No. Please explain your answer

.....
.....

35. Are there sanctions laid down for the wrong administration of the funds?

(a) Yes (b) No

36. Can you state some of the sanctions?

.....

37. Do you think the sanctions deter others from doing same? (a) Yes (b) No

If No, why?

.....
.....

38. If your answer to Q.37 is No; Can you propose some sanctions which are necessary?

.....
.....

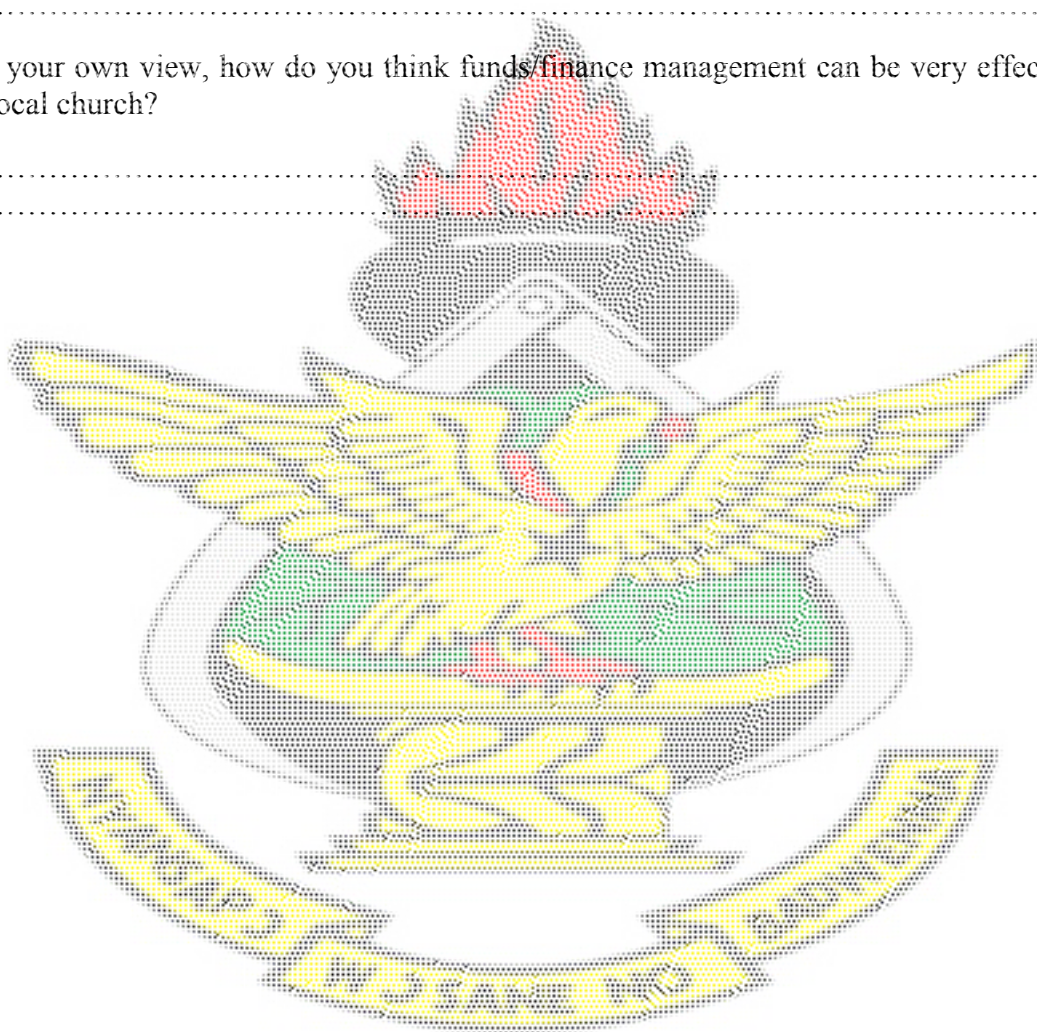
39. Do you have challenges in managing and keeping the funds of the church?

If yes, can you state them?

.....
.....

40. In your own view, how do you think funds/finance management can be very effective in your local church?

.....
.....



QUESTIONNAIRE FOR THE CHURCH MEMBERS

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF HUMANITIES AND SOCIAL SCIENCES

KNUST SCHOOL OF BUSINESS

DEPARTMENT OF MARKETING AND CORPORATE STRATEGY

QUESTIONNAIRES

This questionnaire is solely for academic purposes intended to know how finance/fund is managed in the various Christian denominations in the rural churches. Your confidentiality is strictly protected. In the event of feeling insecure in answering any of the questions, you may withdraw. Please tick appropriate boxes or provide answers in the spaces provided when necessary.

Section A: Demographic Information

1. Name (optional)

2. Sex

a. Male b. Female

3. Age (years)

a. 15 – 24 b. 24 – 34 c. 35 – 44 d. 45 – 54 e. above 54

4. Marital Status

a. Single b. Married c. Divorced d. Widowed

5. Denomination and Town: Please indicate

.....

6. Any office being held in the church? a. Yes b. No

If Yes, please state the office/position

If No, proceed

7. Educational Background

a. Primary b. Middle School (JHS/O'Level) c. SSS/SHS d. Tertiary e. None

8. How long have you been in the church?

a. Less than 1 year b. 1-2 years c. 2 -3 years d. 3 – 5 years e. more than 5 years

9. Occupation:.....

SECTION B

1. Can you tell the sources of funds for the local church?

.....

2. What method do you use in collecting members contributions?

- (a) Through church wardens
- (b) Through membership cards
- (c) Through addressed envelopes
- (d) All of the above

3. How is donation received, launching fund or special thanksgiving offering accounted for in the church?

- (a) Oral Announcement
- (b) Statement of Accounts
- (c) Issuance of Receipt
- (d) No record

4. How does the church keep its money?

- (a) With the Priest (Pastor)
- (b) In the bank
- (c) Through lending to those in need

5 Does the church prepare budget?

- (a). Yes (b). No

6. If yes, who makes and initials budget?

- (a) Priest (Pastor)
- (b) The Leaders Meeting and Pastor
- (c) The church building committee
- (d) Finance Committee

7. Does your church prepare financial account?

(a). Yes (b). No

8. If yes, is the account audited?

(a). Yes () (b). No

9. Is the financial reports of the church signed?

(a) Yes (b) No

10. If yes, which people sign(s) the reports?

(a) Auditor

(b) Member of Finance Committee

(c) Steward (Financial Secretary)

(d) Priest (Pastor)

(e) Priest (Pastor) and his assistant

11. Do you think that proper financial and accounting recording of the church's expenditures and its projects ensure a good financial control or does it deter its financial capacity?

(a) Proper financial records entail good accountability of the church funds

(b) Deters financial capacity of the church

12. How often does your church have accounts reading to the entire congregation?

- a. Twice a year
- b. Once a year
- c. Once a quarter

13. Do you partake in the accounts reading? (a)Yes (b) No

14. If No, why?

.....
.....

15. Do you think to become an account clerk (steward) in the church, must be based on a 'call'?

(a). Yes (b). No Please explain your answer

.....

16. Do you think your financial secretary (Steward) is trustworthy in terms of accounting to you?

_____ Yes _____ No _____ Don't know

17. Do you think that the role of the accountant is necessary to the church? (a) Yes (b) No

18. If your answer to 17 is No, please give your reason(s)

.....
.....

19. Do you think all the cash inflows and outflows should be reported? (a). Yes (b). No

Please explain your answer

.....
.....

20. What is your opinion on the issue that we do not need to know or to be informed about the use of the offerings and tithes?

.....
.....

21. Do you hear when funds are misappropriated in the church? (a). Yes (b). No

22. If your answer to Q.21 is Yes, through what means of communication?

(a) Formal announcement (b) Rumours (c) From individuals

23. If your answer to Q.21 is No, why and do you think it is the best practice?

.....
.....

24. Are there sanctions laid down for the wrong administration of the funds?

(a). Yes (b). No (c) Don't know

25. Can you state some of the sanctions?

.....
.....

26. Do you think the sanctions deter others from doing same? (a). Yes (b). No

27. If your answer to Q.26 is No, why?

.....
.....

28. If your answer to Q.26 is No, Can you propose some sanctions which are necessary?

.....
.....

29. Do you think there are challenges in managing and keeping the funds of the church?

(a). Yes (b). No

If yes, can you state them? If No, proceed to next question

.....
.....

In your own view, how do you think funds management can be very effective in your local church?

.....
.....

APPENDIX 2

INTERVIEW GUIDE

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF HUMANITIES AND SOCIAL SCIENCES

KNUST SCHOOL OF BUSINESS

DEPARTMENT OF MARKETING AND CORPORATE STRATEGY

INTERVIEW GUIDE

Please can you tell me your name, church and location of your church?

1. Can you tell me the sources of funds for the local church?
2. Do you have a special account that records the names of the congregation members who pay tithes as well as the amount of their tithes?
3. Are all the funds received disclosed or reported to the congregation?
4. Do you think all the cash inflows should be reported and why?
5. Where is the church's money kept and why?
6. Regarding the accountability of the funds, do you have any biblical reference for this?
7. What do you think about the practice of accounting in your local church?
8. What are probably the bases of the current practices in your church?
9. Do you think that recording and accountability of funds are important in the church?
10. Do you think that the role of the accountant is necessary in the church?
11. Do you think to become an account clerk in the church, must be based on a 'call'?
12. Is financial reporting a mandatory requirement by headquarters?
13. Is there any uniformed format of financial report prescribed by headquarters?
14. How is the quality of the financial reports?
15. Are the accounts of the church audited? Do you think, there is the need to audit all accounts and why?
16. How about the sanctions laid down for the wrong administration of the funds?
17. Are there challenges confronting the finance management in the church?
18. What modalities are being used to achieving a successful finance management?
19. Regarding the financial administration, do you think there will be a possibility of change in the future?