

Secular Tools and Sacred Goals: A Case Study of How Anglican Priests Are Embracing Management Accounting and Strategic Planning

Daphne Rixon
Saint Mary's University

Alex Faseruk
Memorial University of Newfoundland

The purpose of this paper is firstly, to explore the role of financial information in assisting churches to achieve their operational and strategic goals and secondly, to determine the degree of discord between the sacred goals of the church created by the use of accounting and other secular management practices. The research found there was no resistance or occupational bias by priests to secular accounting and management practices. Priests were highly supportive of professional accountants who provided accounting and management information since they relied on this information to assist them in their decision making and to achieve the sacred goals of the church.

INTRODUCTION

The purpose of this paper is to examine the role of management accounting and strategic planning in religious organizations. Despite the extant literature on church accounting, there is inadequate scrutiny paid to the role of management accounting information in aiding religious organizations to achieve operational and strategic goals. Indeed, it is often the financial condition of the church as revealed in the financial statements and budget reports that provide the impetus or motivation for churches to embark on a strategic planning process. According to Kaplan and Norton (2001), strategy should be linked to the budgeting process. They maintain that the budgeting process should translate the first year of a five-year plan into operational budgets for the strategic objectives (Kaplan and Norton, 1996).

Strategic planning has been increasingly used to achieve the sacred mission and related goals of religious organizations. The lack of research on strategic planning in religious organizations may be attributed to its fairly recent adoption. Previously, much of the formal planning function was achieved through incremental annual budgets. Parker's (2002) study of the Uniting Church in Australia found that budgetary planning and control processes supplant an absent strategic planning process.

In this paper, we have two main objectives: firstly, to explore the role of management accounting and strategic planning in assisting churches achieve their goals and secondly, to determine the impact or influence of religious beliefs, occupational groups and organizational resources on the acceptance of management accounting and strategic planning in religious organizations.

This paper is based on a case study of the Anglican Church of Canada (ACC). On a world-wide basis, the Anglican community is comprised of approximately 70 million members in 38 self-governing provinces representing 164 countries. The General Synod is the governing body of the Anglican Church

of Canada. There are about 680,000 active members in 1,800 parishes in Canada (Anglican Church of Canada, 2009). This study focuses on the five dioceses in Atlantic Canada (Central Newfoundland, Eastern Newfoundland, Western Newfoundland, Fredericton, Nova Scotia & Prince Edward Island and).

As many religious organizations have adopted or are in the process of adopting strategic planning, it is also timely to examine the role of this management practice in aiding religious organizations to achieve their goals. Studying the use of management accounting information and strategic planning practices by religious organizations provides a fruitful area for research given the paucity of research dedicated to these very large and yet highly diverse organizations. Much of the prior research focused on accounting and to a lesser extent on accountability. However, there is a lacuna of research on strategic planning in religious organizations. Our case study is significantly different from earlier research on accounting in religious organizations since we focus on the broader concept of strategic planning which by definition includes aspects of management accounting, but also encompasses the wider non-financial performance measures used by organizations to achieve their mission and goals.

This study adds to the literature on church accounting by extending Booth's (1993) framework to include management accounting and strategic planning. The main contribution of the paper is the examination of how religious beliefs, occupational groups and organizational resources impact the utilization of management accounting and strategic planning in religious organizations. This research shows that the more relevant issue is not whether religious organizations should utilize secular accounting and strategic planning practices; instead, the debate should be advanced to how well religious organizations are using those practices to achieve their sacred mission and goals.

LITERATURE REVIEW

The preponderance of previous research in accounting for religious organizations has focused on three main themes. First, several researchers have explored the inadequacies of accounting practices, poor internal control and lack of expertise in financial management in churches (Ellis, 1974; Keister, 1974; Leathers and Sanders, 1972; Rowe and Giroux, 1986; and Zietlow, 1989). The second major area of research has described good accounting practices in contrast to poor practices (Cunningham and Reemsnyder, 1983; Faircloth, 1988; Hardy and Ballis (2005); Harper and Harper, 1988; Jacobs (2005). The third area examined the differences between spiritual/non-spiritual and secular/non-secular as dichotomous aspects in the study of church accounting systems (Arndt and McCabe, 1986; Booth, 1993; Boyce, 1984; Irvine (2005); Laughlin, 1988 and 1990).

The first two areas of research, poor accounting practices and weak internal control, are less relevant today due to the availability of moderately priced software systems and knowledgeable church treasurers. Software systems help to facilitate the adoption and implementation of appropriate accounting practices that also enhance internal control systems. Furthermore, the increasing trend for many churches to appoint treasurers who are either professional accountants or have a strong business background helps to ensure the accounting practices and internal controls are appropriate. The combined impact of accounting software and knowledgeable treasurers have significantly reduced the need to continue to focus on comparisons of good and poor accounting practices and internal controls. Furthermore, there is already an extensive literature examining the topics of poor accounting practices and weak internal controls.

The third area is the sacred-secular tension within religious organizations and how this impacts accounting and management practices. There is considerable body of literature that focuses on accounting and the sacred-secular divide. While some scholars such as Laughlin (1988) and Booth (1993) contend that the sacred and secular are independent with no linkage, other researchers have challenged this theory. Jacobs and Walker (2004) found virtually no difference between the sacred and secular in their study of the Iona Community. In fact, they found that accounting and accountability were part of the Iona Community's Christian practice (2004, p. 378). Moreover, others have criticised the sacred-secular divide as oversimplified (Hardy and Ballis, 2005). However, lack of evidence of the sacred-secular divide goes back to the 1500's. According to Paisey and Paisey (2011), their study of financial management in the

Pre-Reformation Scottish church found there was no evidence of a sacred-secular divide in the context of accounting for assets and income.

Accounting is considered to be a secular-support activity in religious organizations (Abdul-Rahman and Goddard, 1998; Booth, 1993; Laughlin, 1988 and 1990). However, unlike Laughlin's (1988 and 1990) findings from his studies of the Church of England, Abdul-Rahman and Goddard (1998) found that the distinction between secular and non-secular activities was not as clear. Similarly, Irvine's (2005) study, which was based on Booth's (1993) framework, also found little evidence of a conflict between accounting and the sacred activities of the church. The sacred-secular debate has also been extended to ethical investing in the Methodist Church and the Church of England (Kreander, McPhail and Molyneaux, 2004). The authors contend that their findings challenge Booth's claim regarding sacred and secular divide. Kreander et al (2004) found that ethical investing programs developed by churches in their study actually brought the sacred world of the church closer to the secular world of its finance and consequently challenged the assumption of the sacred-secular divide. Espejo, Manjon and Sanchez-Matamoros (2006) study of the accountability process imposed by the Spanish Enlightenment found that rendering accounts was considered part of the sacred sphere, but that accountability was considered to be a secular tool.

We turn now to the focus of this study which concentrates on the long-term planning processes of the ACC as evidenced through strategic planning. There is evidence of religious organizations taking a long-term view, but traditionally they had not formalized their long-term planning in the form of strategic planning. In a study of Australian religious organizations Lightbody (2000) found that financial managers and non-financial managers all desired to protect the ability of the organization to finance the future mission of the church. These findings suggest that religious organizations may have implicitly taken a longer-term view of the church which is inherently a key component of strategic planning.

The seminal work of Booth (1993) provides a framework which lays the foundation for enhanced understanding of the factors that influence church accounting, but his framework has not been extended to examine other secular management practices in religious organizations. Booth's (1993) framework is based on the hypothesis that church accounting is influenced by religious beliefs, membership and occupational groups and organizational resources. Other studies (Abdul-Rahman and Goddard, 1998 and Irvine, 2005) have also examined the level of compatibility between accounting and religious beliefs. However, these studies did not explore the church's utilization of strategic planning which relies extensively on management accounting information as a major component. Furthermore, earlier studies have not examined the influence of religious beliefs, occupational groups and organizational resources on the adoption of strategic planning by religious organizations.

Religious Beliefs

Booth (1993) contends that religious beliefs are key elements in understanding accounting as a situated practice in churches. He maintains that the importance of religious beliefs has been a central theme in organizational studies literature (Bartunek, 1984; Goldner, 1979; Harris, 1969; Hinings and Foster, 1973; Hinings and Bryman, 1974; Hinings, 1979; Rudge, 1968 and Thompson, 1970 and 1975). According to Booth (1993), the arguments have stressed the general tendency for religious beliefs to result in resistance to the use of secular management practices, such as accounting in churches. While Booth argues that religious beliefs tend to lead to resistance rather than support for accounting, he also acknowledges that the relationship between sacred and secular practices are complex, dynamic and reciprocal. He concludes that resistance is not a given.

Members and Occupational Groups

To understand situated practices, it is important to consider church membership and occupational groups. Booth (1993) suggests that it is not advisable to treat members as a homogenous group since there might be differences between members' religious beliefs and accounting across different groups. Therefore, the levels of resistance to accounting may vary and certain groups of members may support the use of accounting and other secular management practices. According to Booth, attention should be paid to the occupational groups within churches. For example, clergy are focused on the achievement of the

goals of the church and may devalue the importance of other work such as accounting and management and thus view these tasks as secondary. In contrast, accountants would be expected to support the use of accounting and secular management practices. In addition, Booth notes that other occupational groups in the church, such as human resource specialists and social workers, may also play a role in shaping church priorities.

Organizational Resources

In the third main strand of his framework, Booth proposes that two types of organizational resources influence church emphasis on accounting and financial management: membership size and financial resources. He concurs with Hinings and Foster (1973) who argued size impacts how the organization is managed. Booth argues that a strong membership position and an abundance of financial resources may lead to a dominant position for religious beliefs with secular financial management playing a less important role and may result in increased resistance to secular practices by prioritizing sacred issues. In contrast, a weak membership might be viewed as putting the organization in crisis which could lead to more acceptance of accounting and other secular management practices to help resolve the crisis.

METHODOLOGY

This case study is based on the Anglican Church of Canada (ACC) in the Atlantic Provinces. The basic division in the Anglican Communion is the Diocese which is administered by a Bishop. Dioceses are divided into Parishes that are administered by Priests and may be further divided into Congregations. Often congregation and parish are terms that are used interchangeably, but a parish can consist of several congregations. Parishes usually have Parish Councils that have Wardens as their administrative officers with treasurers or accountants/bookkeepers to assist them in financial record keeping and decision-making. At the diocesan level, there are treasurers, accountants and bookkeepers to aid the bishop in decision-making using financial information. The bishop is assisted by a senior priest of the diocese who may be styled as an archdeacon or diocesan administrative officer. In this study interviews were conducted across diocesan lines with various respondents at the parish and diocesan level.

The methodology employed in the case study is comprised of a documentary review of the ACC financial statements, annual reports and strategic plans as well as in-depth interviews with eight Anglican Church of Canada priests who held positions in parishes, dioceses and a theological college. The semi-structured interviews were of 1 to 2 hours duration were held in 2010 and were conducted at the respondent's offices (except for two which were completed by telephone). The interviews were recorded, transcribed and coded using NVivo software. The responses are coded as: RP (responding priest). A stratified approach was taken to select the respondents. Firstly, respondents were selected from each of the five dioceses of Atlantic Canada which are the Dioceses of Central Newfoundland, Eastern Newfoundland, Western Newfoundland, Fredericton, and Nova Scotia & Prince Edward Island. Secondly, we selected respondents at the parish and diocesan levels in order to examine views in different units of the church. Finally, we included large and small parishes in both rural and urban settings.

In the context of this study, financial accounting information refers to audited financial statements prepared in accordance with generally accepted accounting principles (GAAP). For this study, management accounting includes primarily budgets on a one-year and multi-year basis along with key assumptions.

This study utilizes Booth's (1993) framework which is based on three main concepts: role of religious beliefs, role of member and occupational groups and importance of organizational resources. The study examines the views of priests since they are often thought to place a low value on accounting and secular management practices. By restricting the study to priests rather than the broader spectrum of treasurers and church members, we gain an in-depth understanding of the views of priests.

Case studies are a multi-faceted research strategy which typically involves an in-depth examination of one organization, situation or community and employ quantitative and qualitative data from archival material, interviews, surveys and observations (Hill, 1993; Yin, 1994). Moreover, face-to-face surveys are

useful to examine complex issues, allow for the maximum degree of probing, yield a better response rate, provide flexibility over question content and facilitate clarification of questions and terminology (Singleton and Straits, 2002). This research approach results in richer and more in-depth information than could be derived solely from a survey of a statistical sample of the population at large. Although case studies yield greater realism than quantitative methodologies, it must be recognized that they are time consuming, their findings cannot be generalized and their lack of rigorous control compromises validity (Bennett, 1991; Hill, 1993). While this case study cannot be generalized to all religious organizations since it is not based on a statistical sample, this methodology provides more in-depth and richer information than that which could be obtained from a large quantitative statistical sample.

CASE STUDY FINDINGS: DISCUSSION AND ANALYSIS

Religious Beliefs

The case study found no resistance to secular management accounting and strategic planning. Indeed, many of the responding priests relied heavily on budget information and some respondents indicated they had either introduced strategic planning or were about to embark on a strategic planning exercise. Furthermore, our findings indicate that the respondents had a significant degree of reliance on budget information for decision making purposes. In contrast, audited GAAP financial statements were not widely used and were likely provided mainly for legitimacy and accountability purposes.

The research found differing emphasis on accounting within various units of the church. All respondents developed budgets through planning processes. In the parishes, planning was simplistic and started with the prior year's budget and the year-to-date actual expenditures to develop a one-year budget. Various departments such as youth, Sunday school and women's groups were asked to submit their budget requests.

At the diocesan level, the budget process was more sophisticated than the approach taken by parishes. For example, one diocese's budget preparation and assumptions were the responsibility of the Executive Officer, a priest who had a business degree. His assumptions included such factors as the number of priests who would be moved from one parish to another as well as cost of living increases based on the average increase in the Consumer Price Index (RP2). Another respondent, a priest who is a college provost took an active role in the budget process since the college had a bookkeeper rather than an accountant. The provost prepared narrative explanations for any budget variances (RP6).

While most parishes produced one-year budgets, the dioceses tended to take a longer-term view by preparing three-year budgets. Use of long-term financial planning is not a new initiative. For example, Berry (2005) found that during the late 1990's, the central organizations and dioceses changed their focus from one-year budgets to long term financial planning. Overall, there was no evidence of tension between the use of secular management accounting and strategic planning tools and the sacred goals of the church. As illustrated through the interviews, priests at all levels of the church fully embrace managerial accounting practices by taking a very 'hands on' role in budget development and monitoring. While they did not reject audited GAAP financial statements, the respondents indicated they were not used widely in decision making, but rather were a means to demonstrate legitimacy.

Diocesan revenue is generated through levying an assessment on each of the parishes. This process adds another dimension of complexity because the diocese must balance its needs with the parishes' ability to pay thus leading to the potential for resistance and conflict. A diocesan respondent (RP3) explained that they strive to have a budget that reflects the ministry. He indicated that they try to get parish buy-in, but acknowledged there is a gap between diocesan revenue requirements and parish understanding. He noted that parishes complain about having to remit a portion of what they perceive as parish money to the diocese through assessments levied on parishes. When parishes receive a visit from the bishop, they often ask where the money is going because they would like to see all the money be dedicated toward mission work within the parish. The respondent indicated there is consultation with parishes and the diocese meets with parishes once a year to sell the budget and explain how their money

is used. Clearly, communication between dioceses and parishes concerning the budget is an area that could be improved in order to enhance mutual understanding of each other's financial situation.

In contrast to other studies that concentrated mainly on accounting issues (Booth, 1993; Irvine, 2005; Laughlin 1988 and 1990), our research found that the financial information and budget reports motivated some parishes and dioceses to engage in strategic planning. On a national level, the ACC has developed a strategic plan, but there is no provision for the plan to be cascaded down to the dioceses and parish levels. Instead, the units of the church (parishes, dioceses and national office) are proceeding with their own strategic planning initiatives which may or may not necessarily support the national vision. One respondent indicated they are embarking on strategic planning with assistance from a consultant to lead them through a visioning process (RP6). The support at the local levels for strategic planning is evident by the appointment of a stewardship officer in one diocese. This priest guides parishes through the strategic planning process. Since the role of the stewardship officer is obviously stewardship, this might influence how he guides parishes in their strategic planning. For example, it might result in strategic plans that have significant emphasis on stewardship and financial goals rather than on religious goals. As illustrated in the following comments, the strategic planning approach adopted by parishes and dioceses reflects the common business practice of engaging external experts to lead the process. However, that is where the similarity ends. As noted below, a respondent (RP1) indicated that reporting on the strategic plan has not been formalized and that goals are not measured.

A Bishop explained how his diocese conducted its strategic planning exercise:

We started the process with a facilitator and visited parishes to gather input...we consulted lay people at the parishes. Every Parish was asked to write a story about their ministry. One Deanery even produced a video. The strategic plan follow-up report is not formal...goals are not measured in a formal way. The Deans have discussions in their monthly meetings. The Diocesan Executive Officer is invited to the Deans' meetings to discuss the strategic plan. Some parishes are more involved than others in working towards the diocesan strategic plan while some parishes are also doing their own strategic plans (RP1).

In comparison, a parish priest described his parish's approach to strategic planning:

We have a three-year strategic plan for the period 2009-2011. We spoke to various groups before we started work on the plan and identified the priorities. There is a stewardship officer at the diocese who is a priest. This is a new position and the individual works with all parishes. The stewardship officer walked us through the process and was a resource in how to develop a three-year plan. We looked at the previous strategic plan to see how realistic it was. Then we took all day to identify our priorities for ministry. We identified several key areas: worship, education, outreach, and administration (better ways of administering the parish). The strategic plan development day was open to the full parish, but only about 20-30 members participated. This is a small percentage of the full parish, but all major parish leadership people attended. The strategic plan was presented at the annual general meeting and a copy was sent to every household (RP5).

Even though the priests were enthusiastic about their strategic planning initiatives, there is a risk that due to lack of measurements and regular reporting, this might not be an effective tool in aiding the church to attain its goals. In fact, some of these concerns were recognized by one respondent. In contrast to most respondents who were fully supportive of strategic planning, one priest expressed concern about lack of specific action plans and lack of data on which the plans were developed:

The problem is people come up with goals and objectives, but do not prepare detailed action plans and timelines. Many strategic plans look a getting more youth involved in the church, but we must first see if the numbers of youth are OK....maybe there isn't a problem. There has to be more work done before a viable strategic plan is produced. We need more statistical information. We plan to conduct a survey by visiting the homes of every member. We will gather demographic information as well as feedback as to how the church is currently serving their needs and what new things the church could do to serve them better. Once this survey is completed, we will have a better idea of the whole picture of the parish.... then we can do a better strategic plan (RP8).

The research found that the strategic planning efforts of the ACC were highly fragmented, showed little evidence of integration and was clearly in its infancy. To be effective, ideally all units of the ACC need to work towards plans that support a common vision rather than each parish and diocese developing their own separate plans. In addition, as pointed out by RP8, strategic plans need to be based on solid evidence. The ACC's adoption of strategic planning is further evidence of the church incorporating secular business practices to help achieve its goals. Overall, strategic planning is viewed by priests as an aid to the church's mission rather than an intrusion on its sacred activities. However, there is room for improvement in how the parishes and dioceses were using this tool by ensuring it is based on quantifiable evidence and through regular reporting on results.

Our research found that all respondents not only fully supported this secular management practice of strategic planning, but also played an active role in ensuring it was used to help the church achieve its sacred goals. It is possible that the high level of interest by priests in strategic planning can be attributed to the focus of using this tool to achieve the organization's mission. The strategic planning tool facilitates the incorporation of the church's sacred mission and this has played a role in its adoption by priests.

Members and Occupational Groups

Booth (1993) stressed the importance of examining differences in the views of accounting by various occupational groups in the church. Typically, it would be expected that priests would place more value on achieving the religious goals of the church and not accord high value to accounting and management practices. The research found that responding priests did not devalue the importance of accounting and financial reporting. Rather, they relied on it to make decisions. All respondents reported that they issued audited or reviewed¹ GAAP financial statements. However, they all commented that audited financial statements were not well understood by congregations or parishes. Respondents viewed audited financial statements as having limited value and indicated they were produced primarily for legitimacy purposes. Instead, all respondents relied on budget information. Furthermore, as illustrated in the following comments, priests not only embraced budgeting, but in some cases were actively involved in budget preparation and variance analysis. One priest was particularly involved in the review and analysis of budget reports:

I examine expenses to see if they are greater than the budget and also to see if any expenses are lower than expected and if so, I would check to see if all bills have been paid....I'm able to determine within a couple of hundred dollars what the expenses and bank account balance should be (RP7).

This same priest also indicated that he had a very experienced treasurer and an internal auditor, a chartered accountant, who reviewed the transactions every three months. This respondent (RP7) stated that he reviewed and discussed the financial results with the treasurer on a weekly basis. This priest attributed his close monitoring of the financial records to his experience in a previous parish where a treasurer made unauthorized personal expenditures.

In another parish, the priest also played a very active role in ensuring the accounting information was appropriate and useful in accountability reporting and decision making. She explained how she was trying

to improve the quality of the budget variance explanations: 'the treasurer provides a monthly report. Until recently, this report was verbal. I have been encouraging the treasurer to provide written rather than just verbal reports' (RP4).

In contrast, another priest (RP5) commented that he does not oversee the day-to-day operations because he has full confidence in the treasurer who was in a senior management position at a power utility company. However, he accepted that while he delegated accounting responsibility to the treasurer, as the Priest, he was ultimately responsible. He stated:

The Rector is ultimately accountable for the financial viability of the church and therefore it is important to find someone you trust. Even if the Rector delegates responsibilities, oversight is essential because you still have responsibilities as a Rector (RP5).

Several responding priests stressed the importance of having treasurers who have professional accounting designations or extensive business experience. One respondent commented:

The treasurer is a professional accountant....it is essential to have a treasurer who has a professional accounting designation. In addition to accounting for the ongoing operational expenses, the church has a number of bequests which require separate fund accounting. We have to ensure we are living by the terms of the bequests (RP4).

This priest (RP4) also played an active role in ensuring church members had a good understanding of the financial information. She indicated that in her previous parish, a simplified income statement was provided to the congregation quarterly in order to enable members to see the financial condition of the church on a timely basis. As a result of providing this timely information, she did not have to ask for additional money. When the congregation saw the quarterly financial statements they increased their giving. The respondent went on to explain that she is trying to make sure the church is more transparent about the financial information. She notes that historically, insufficient financial information was shared with the congregation. She believed that they have not tried hard enough to educate the congregation on the financial information since the information was closely held by the treasurer.

The preceding responses illustrate that priests' willingness to delegate responsibility for financial management was based on their confidence in the professional qualifications of treasurers. This is further evidence that there was respect by priests for the value of other occupations and contributions these professional could make to the church. That being said, as indicated by one parish priest (RP4), if they see opportunities for improvement in the reporting processes, they do not hesitate to make suggestions. This situation has the potential to create tension between professional accountants and priests as the priests take a more active role in the accounting processes and make recommendations. This might result in accountants viewing priests as overstepping their boundaries and intruding on their professional expertise.

In addition to examining the occupational role of priests on strategic planning, the research also found that other occupational groups played an important role. For example, one priests described how her parish that was engaged in long-term capital planning.

The parish has also recently completed a five-year plan for its buildings. The plan was conducted by a member of the congregation who was involved in facilities management and planning as his profession before retirement. This process allows us to be more systematic in the preparation of the budget. Previously, it involved a lot of guesswork and this is not the best way to operate. The five-year building plan enables the church to plan better and prepare more realistic five-year budgets (RP4).

The attention of this parish on a five-year building plan appears to be the result of a church member's occupational experience since he had been responsible for facilities management prior to his retirement.

Without this parishioner's expertise, the building plan might not have occurred. Nevertheless, it was viewed by the priest as a very effective budgeting and planning tool. A five-year capital plan is an example of secular management practice which is clearly supported by the priest.

The research found that priests at all levels of the ACC relied on budget reports and were increasingly introducing strategic planning. There was no evidence of clergy resistance to these secular practices since they were viewed as tools to help the church achieve its sacred mission. Furthermore, as illustrated in the interviews, some of the priests were actively involved in budget preparation and monitoring. In addition, priests placed a high value on having treasurers who were professional accountants and viewed them as a vital occupational group. In cases where budget monitoring and control had been delegated to a treasurer, the priests attributed his reliance to the treasurer's expertise and in one case introduced compensating controls such as having an internal auditor review the financial records and budget reports. Booth (1993) suggests that different occupations should not be treated as homogenous groups. However, this study found a high degree of compatibility between treasurers, most of whom were professional accountants, and priests. In fact, it could be argued that priests and treasurers are considerably more homogenous in terms of budgeting and strategic planning than one would expect.

Organizational Resources

This strand of Booth's framework is based on the premise that in an environment of strong membership and strong financial resources, it is likely that accounting may play less of an important role. Overall, the research findings support Booth's contention that in times of crisis, the secular management and accounting information are utilized to resolve these situations, but unlike Booth's study, we also found that accounting information and strategic planning were equally important in jurisdictions that were in a strong financial position. In addition, the research found that strategic planning had been adopted not only by large urban parishes, but was also introduced by small, rural parishes. This is an interesting finding since it appears to contradict the underlying assumption of Booth's framework that suggests those parishes in strong financial and membership conditions, are more likely to place emphasis on sacred rather than secular issues. In this case study, we found an equal level of support by financially strong and financially weak parishes for secular accounting and strategic planning practices.

An unexpected finding from this study relates to the impact of changing demographics. The research found that the organizational resources of the ACC are influenced by demographics which results in unique regional differences among the parishes. For example, some of the small rural Atlantic Canadian parishes are experiencing a return of retirees as they relocate from larger Canadian cities to retire in their home communities. They bring with them both financial resources and time to spend on church activities. In certain cases, retirees are bringing professional expertise to the church and are introducing various secular business practices. In this situation, the number of members remains low, but the quality of their participation is high since these retirees have time to spend on activities. While this is currently an anomaly since most jurisdictions are experiencing declining membership and declining financial resources, it could become a more widespread trend as demographic patterns change due to an increasing number of retirements. Undoubtedly, demographics will play an increasingly important role in future strategic plans.

Our research found that stewardship plays a vital role in the church's management of its financial resources. Indeed, stewardship serves as the foundation for the church's mission and consequently forms an integral part of the budgeting and planning processes. In a study conducted by the ACC in 2003, church members expressed a desire for the General Synod to play a leadership role in stewardship (Anglican Church, 2004). Further evidence of concern with financial stewardship was highlighted in a 2004 survey conducted for the ACC by Environics Research Group. This survey revealed "more than seven in ten say they are very (32%) or somewhat (42%) concerned about the financial well-being of their parish." The ACC strategic plan noted the church-initiated a process of intentional listening to the church and parishes. One of the key issues that emerged from the process was:

Stewardship and the financial viability of the church are essential for it to carry out its mission, and there was widespread desire for General Synod to address stewardship and financial concerns especially through the provision of resources for stewardship education. (Anglican Church, 2004, p. 2)

One diocesan official (RP1) stated: “We always keep before the people the importance of giving...we refer to the biblical tithe (10%)”. Several respondents emphasized stewardship and noted they incorporate it into their sermons. A parish priest described the church’s view of stewardship and the role of financial planning:

Money is about enabling the ministry, not just to meet a budget but because they (members) have been blessed and have financial resources to contribute. This is a paradigm shift...to base giving on your ability....proportional giving....% of income could be 1% for some and 10% for others. In my sermons I don’t talk a lot about money. The parish needs to do more about stewardship (RP4).

Another parish priest (RP5) also placed a high value on stewardship and credited his parish’s focus on stewardship for its strong financial position:

Our revenue has increased over the past number of years. We have regular stewardship information and stewardship sermons. This started with the previous two rectors who focused on stewardship. So we now have over 20 years of stewardship...it is viewed as a fundamental element of faith to give to the church. The money is not solely for the church...we also promote other causes such as world relief...we are one of the top donors in our area (RP5).

As noted by RP4 and RP5, money is about enabling the ministry. Clearly, the issue of stewardship is integrated into the religious belief system of the ACC and plays a key role in the developing and maintaining the organizational resources of the church. Indeed, the church’s emphasis on stewardship is critical in enabling the organization to achieve its strategic plan at all unit levels. As Booth (1993) suggests, the relationship between sacred and secular is complex, but the overriding picture from this research shows full clergy support for budgeting and strategic planning since these tools play a vital role in achieving the mission of the church. As illustrated in this study, inclusion of stewardship in budgeting and strategic planning further integrates secular tools with sacred goals.

CONCLUSIONS

This paper set out to explore the role of management accounting and strategic planning in assisting churches to achieve their mission and strategic goals. While earlier papers focused on accounting and the sacred-secular divide, our paper extends the discourse to include the previously unexplored broader secular tool of strategic planning. Strategic planning is much more wide-ranging in its focus and while it encompasses accounting, it also includes critical non-financial goals and objectives which are related to the achievement of the sacred mission of the church. This study found that strategic planning was considered by priests to be an integral part of the sacred agenda. Just as Jacobs and Walker’s (2004) study of the Iona Community challenged the assumption that accounting has no role in religious organizations, the same can be said of our findings regarding the use of strategic planning. This is significant because strategic planning extends accounting and accountability in particular to an expanded use of a popular secular tool.

This research found strong integration of budget reports into the ongoing operations of all levels of the ACC, but audited financial statements were of minimal value. Priests at all levels of the church indicated they relied on budget information rather than externally focused audited GAAP financial

statements. The research found that budget reports play a more vital role in the management and decision making activities of church officials than GAAP financial statements.

Overall, the research found no support for the contention that religious beliefs tend to result in resistance to the use of secular management practices. In fact, this research study found quite the opposite. Budget reports and the increasing use of strategic planning were viewed as tools to help churches achieve their goals. The second strand of Booth's (1993) framework relates to the impact of occupational groups. The research found that there was no occupational bias in the support of secular management accounting and strategic planning practices. Priests were highly supportive of professional accountants since they relied on management accounting information to assist them in their decision making. The third main strand of Booth's framework contends that organizational resources play a role in the use of accounting information and management practices. The research found that as the ACC faces shrinking congregations and declining financial resources, there is greater reliance on secular management solutions. However, in contrast to Booth's framework, those churches that are in a strong financial position were just as likely as those in a weak financial position, to adopt strategic planning. Consequently, this finding contradicts a basic premise of Booth's framework that financially sound churches are more likely to be concerned with sacred issues and therefore resist secular accounting practices.

The discussion has now advanced beyond whether the clergy and church members accept secular accounting and management practices to include an examination of how well they are utilizing these secular practices to achieve the goals of the church. As shown through this study, many parishes and dioceses are in the initial stages of strategic planning. In their application of the strategic planning, religious organizations should not be considered as a special type of organization. Instead, the weaknesses and challenges found in its adoption by the ACC are indicative of the experience of any other NFP or private enterprise organization. Perhaps one of the main reasons for the ACC introduction and the ready voluntary adoption of strategic planning can be attributed to its focus on the organizational mission, thereby providing a relevant link between the tool itself and the church.

The research found the ACC's use of strategic planning was fragmented since there was no formalized mechanism to ensure the national level plans are reflected in the diocesan and parish strategic plans. There seemed to be only limited coordination between parishes and the dioceses and it tended to focus solely on financial issues and did not consider whether the parishes' strategic plans were supportive of the diocesan plans. This is an area where although a secular mechanism is used, it could be strengthened to ensure the ACC is working in a cohesive manner to achieve the goals of the church at a national level. This research adds to the literature on church accounting since it extends Irvine's (2005) and Booth's (1993) research by moving beyond accounting to the examination of strategic planning. This study was informed by Booth's (1993) framework as it relates to religious beliefs, occupations and organizational resources, but rather than focus on accounting, we examined how these three strands applied to the adoption of strategic planning by the ACC. The major contribution of this research is the advancement of the discourse beyond whether accounting and other secular management practices are resisted by the church to instead focus on how well the church is utilizing these secular tools to achieve their sacred goals. The issue of a sacred-secular divide now seems to be a moot point as parishes are readily embracing secular accounting and management practices. With the increasing intrusion of managerial ideologies, it could be argued that one key aspect of Booth's framework, the sacred-secular divide, appears to have declined in relevance as a framework. However, this research found that the two remaining strands, occupations and organizational resources, are still relevant to the discourse on the application of secular management practices to religious organizations.

This study has laid the groundwork for several strands of future research. Since this study was based on the ACC in Atlantic Canada, it would be worthwhile to extend the study to the remaining Canadian jurisdictions. Another major area warranting further research is the applicability of this case study's findings to other religious organizations in Canada as well as in other countries. Finally, it would be beneficial to monitor the strategic plans of several religious organizations on a longitudinal basis to gain a

more comprehensive insight into how well these organizations are adapting the secular strategic planning tool to achieve their sacred mission and goals.

ENDNOTE

1. Reviewed financial statements are prepared in accordance with Generally Accepted Accounting Principles and the objective is to assess whether the financial statements are plausible. A review involves a limited amount of analytical work, but does not include the level of testing and external confirmation procedures associated with an audit.

REFERENCES

- Abdul-Rahman, A.R. & Goddard, A. (1998). An interpretive inquiry of accounting practices in religious organisations, *Financial Accountability & Management*, 14 (3), 183-201.
- Anglican Church of Canada (2004). Serving God's World, Strengthening the Church, A Framework for a common journey in Christ 2005-2010.
- Anglican Church of Canada (2009). How we are organized, [www.anglican.ca/resources/posters/how-we-are-organized.htm – accessed June 15, 2009].
- Arndt, T. & McCabe, J. (1986). Communicating the Financial Aspects of Church Operations, *The Ohio CPA Journal*, Spring, 25-29.
- Bartunek, J. (1984). Changing Interpretive Schemes and Organizational Structuring. The Example of a Religious Order, *Administrative Science Quarterly*, 29 (3), 355-72.
- Bennett, R. (1991). How is management research carried out? In Smith C. and Dainty, P. (Eds.) *The Management Research Handbook*. Routledge, New York, 85 – 103.
- Berry, A. (2005). Accountability and control in a cat's cradle. *Accounting, Auditing and Accountability Journal*, 19 (2), 255-297.
- Booth, P. (1993). Accounting in Churches: A Research Framework and Agenda, *Accounting, Auditing and Accountability*, 6 (4), 37-67.
- Boyce, L. (1984). Accounting for Churches, *Journal of Accountancy*, February, 96-102.
- Cunningham, G. & Reemysnder, D. (1983). Church Accounting: The Other Side of Stewardship. *Management Accounting*, 65 (1), 58-62.
- Ellis, L. (1974). Internal Control for Churches and Community Organizations, *The CPA Journal*, 44, 45-48.
- Espego, C., Manjon, J. & Sanches-Matamoros, J. (2006). Accounting at the boundaries of the sacred: the regulation of the Spanish brotherhoods in the eighteenth century, *Accounting History*, 11 (2), p. 129-150.
- Faircloth, A. (1988). The Importance of Accounting to the Shakers, *The Accounting Historians*, 15 (2), 99-129.

- Goldner, F. (1979). Internal Belief Systems and Ideologies about the Organizational Structure of Church and Industry, in Lammers, C. and Hickson, D (eds), *Organizations Alike and Unlike: International and Inter-Institutional Studies in the Sociology of Organizations*, Routledge and Kegan Paul, London, 124-36.
- Hardy, L. and Ballis, H. (2005). Does one size fit all? The sacred and secular divide revisited with insights from Niebuhr's typology of social action. *Accounting, Auditing and Accountability*, 18 (2), 238-254.
- Harper, B. and Harper, P. (1988). Religious Reporting: Is It the Gospel Truth?. *Management Accounting (US)*, 69 (8), 34-39.
- Harris, C. (1969). Reform in a Normative Organization, *Sociological Review*, 17 (2), 167-85.
- Hill, F. (1993), Research methodology and the management disciplines: The need for heterogeneity, *Irish Business and Administrative Research*, 14 (2), 46-55.
- Hinings, C. (1979). Continuities in the Study of Organizations: Churches and Local Government, in Lammers, C. and Hickson, D (eds), *Organizations Alike and Unlike: International and Inter-Institutional Studies in the Sociology of Organizations*, Routledge and Kegan Paul, London, 137-48.
- Hinings, C. & Bryman, A. (1974). Size and the Administrative Component in Churches, *Human Relations*, 27 (5), 457-75.
- Hinings, C. & Foster, B. (1973). The Organizational Structure of Churches: A Preliminary Model, *Sociology*, 7, 93-416.
- Irvine, H. (2005). Balancing money and mission in a local church budget. *Accounting, Auditing and Accountability*. 18 (2), 211-237.
- Jacobs, K. (2005). The sacred and the secular: examining the role of accounting in the religious context, *Accounting, Auditing and Accountability*, 18 (2), 189-210.
- Jacobs, K. & Walker, S. (2004). Accounting and Accountability in the Iona Community, *Accounting, Auditing and Accountability Journal*, 17 (3), 361-381.
- Kaplan, R. & Norton, D. (2001). Transforming the Balanced Scorecard from Performance Measurement to Strategic Management: Part II. *Accounting Horizons*, 15 (2), 147-160.
- Kaplan, R. & Norton, D. (1996). Knowing the score, *Financial Executive*, 12 (6), 30-33.
- Keister, O. (1974). Internal Control for Churches, *Management Accounting (US)*, 55 (7), 40-42.
- Kreander, N., McPhail, K. & Molyneaux, D. (2004). God's fund managers: A critical study of stock market investment practices of the Church of England and UK Methodists, *Accounting, Auditing and Accountability Journal*, 17 (3), 408-441.
- Laughlin, R (1988). Accounting in its Social Context: An analysis of the Accounting Systems of the Church of England, *Accounting, Auditing and Accountability*, 1 (2), 19-42.
- Laughlin, R. (1990). A Model of Financial Accountability and the Church of England, *Financial Accountability and Management*, 6 (2), 93-115.

- Leathers, P. & Sanders, H. (1972). Internal control in Churches, *The Internal Auditor*, May/June, 21-25.
- Lightbody, M. (2000). Storing and shielding: financial management behaviour in a church organization, *Accounting, Auditing and Accountability Journal*, 13 (2), 156-174.
- Paisey, C. & Paisey, N. (2011). Visibility, governance and social contest: Financial management in the Pre-Reformation Scottish Church, *Accounting, Auditing and Accountability Journal*, 24 (5), 587-621.
- Parker, L. (2002). Budgetary incrementalism in a Christian bureaucracy, *Management Accounting Research*, 13, 71-100.
- Rowe, T. & Giroux, G. (1986). Diocesan Financial Disclosure: A Quality Assessment, *Journal of Accounting and Public Policy*, 5 (1), 57-74.
- Rudge, P. (1968). *Ministry and Management*, Tavistock, London.
- Singleton, R. & Straits, B. (2002). Survey Interviewing. In: Gubrium, J. and Holstein J. (Eds) *The Handbook of Interview Research*. Sage, Thousand Oaks, 59-82.
- Thompson, K. (1970). *Bureaucracy and Church Reform*, The Clarendon Press, Oxford.
- Thompson, K. (1975). Religious Organizations in McKinlay, J. Ed), *Processing People: Cases in Organizational Behaviour*, Hold, Rinehart and Winston, London, 1-40.
- Zietlow, J. (1988). Capital and Operating Budgeting practices in Pure Nonprofit Organizations, *Financial Accountability and Management*, 5 (4), 219-32.
- Yin, R.K (1994). *Case Study Research: Design and Methods*, (2nd ed.), Applied Social Research Methods, 5, Sage, London.