FINANCIAL MANAGERS IN A CHURCH ORGANISATION: UNDERSTANDING THEIR EXPERIENCE

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by

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ABSTRACT

To date, little attention has been directed to an examination of the experiences of 'being' a financial manager in the not-for-profit sector. The non-profit literature has indicated that the primary work of such occupational groups is likely to be devalued as being in conflict with the dominant non-financial goal orientation underlying the organisational raison d'etre. This raises the central question of the thesis: *how does a financial manager act and rationalise their actions in an organisation with a strongly non-financial ideology*?

The thesis focuses on a case study of financial managers in the South Australian Synod (the state level administrative division) of the Uniting Church in Australia, a major Australian church organisation. Data was gathered from the examination of documents, observations of meetings and interviews relating to the development of the 1996 Synod budget. The analysis of the resultant data base facilitated the development of a framework of understanding of 'being' a financial manager in the SA Synod.

The findings of the thesis provide a unique emphasis on both the actions taken and underlying rationales employed by financial managers practicing their craft in a hostile environment. The primary rationale underlying the actions of the financial managers was seen to be their desire to facilitate the future 'sacred' mission of the church. In particular, the financial managers felt that their contribution to this task was to ensure that there would be sufficient long term funding available to finance such future mission. Such findings call in question the implication made in previous church studies that financial managers act from a particularly 'secular' orientation within church organisations. Second, the thesis concludes that the success of strategies adopted by the financial managers will be primarily dependent on the actions of significant individuals within the church entity, again suggesting that the previous emphasis in the church accounting literature on the significance of occupational groups may need further examination.

Declaration

This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

I give consent to this copy of my thesis, when deposited in the University Library, being available for loan and photocopying.

.... Margaret Lightbody

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CHAPTER 1 INTRODUCTION

1.1 BACKGROUND TO THE STUDY

During the last decade, there has been a growing awareness of the insights to be gained by studying accounting in the context in which it operates (see, for example, Burchell et al (1980) and Hopwood (1983, 1990)). To date, the majority of such studies have focused on organisations with a primary capitalist market agenda of wealth creation. Accounting is generally presented as playing a highly visible role in such organisations as it has been developed to form an essential link between the primary objective of for-profit entities (increased wealth) and the means utilised to achieve that goal (Morgan, 1990). To this end, the accountants (and other financial managers) in such entities have often been presented in the accounting literature as occupying a significant role within organisational decision making and control processes as they can claim the relevance of their language and technologies to the means and goals inherent within the dominant capitalist ideologies (Armstrong, 1987; Perks, 1993; Roslender, 1996)[1].

However, a significant proportion of social and economic activity within the Western world is conducted within organisations for which wealth creation is not the dominant objective. Such organisations are generally categorised as belonging to the non-profit sector. Organisations operating in the non-profit sector are primarily characterised by their socially-oriented and value-based non-financial goals, eg providing services to the disadvantaged, educating children, healing the sick, offering spiritual guidance, or constructing public infrastructure (Drucker, 1990; Gelatt, 1992; Henke, 1989; Young et al, 1993). Such goals are often unable to be defined other than in subjective ideologically driven language, thus rendering objective agreement on the nature and measurement of outcomes an impossible task. Likewise, it can also be challenging to determine the means-end relationships within such organisations. As the economic values and rationalities that are conventionally argued to underlie accounting are not dominant in such

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[1] While this perception is increasingly being questioned by interpretive and critical accounting researchers (eg Burchell et al, 1980, 1985; Hopwood, 1978, 1983; Laughlin, 1987; Roberts and Scapens, 1985), it still forms the dominant assumption underlying the majority of accounting research (Burchell et al, 1980; Laughlin, 1987; Perks, 1993).

organisations, the functioning of accounting in this sector might be expected to differ from that revealed by studies of accounting in wealth creating entities (Bird, 1981; Booth, 1993). However, the non-profit sector in general, and the private non-profit sector in particular, has attracted the attention of very few accounting researchers (Booth, 1993; Tomkins, 1981). Such studies have generally focused on components of the non-profit sector that have been required to adopt an increased emphasis on the language and techniques of accounting and financial management in response to the 'new managerialism' imposed by their public funding providers[2].

Over the last two decades, a small element of interest has been directed to church organisations (Booth, 1991, 1992, 1993, 1995; Irvine, 1996; Laughlin, 1984, 1988, 1990; Parker, 1993, 1994a). For many years, the professional accounting and church management literature has suggested that accounting and financial management may exist in a disharmonious relationship with other functional tasks within church entities. Articles addressing church management in professional journals have often stated or implied that churches tend towards 'ineffective' financial management systems and have warned readers of the difficulties of achieving 'good' financial management structures in such organisations. These suspicions of difficulties in the application of the accounting craft in church entities have also been echoed in the investigative literature (primarily comprising journalistic-type studies of churches experiencing operational difficulties), where authors have explicitly highlighted perceived 'shortcomings' in church financial management systems and criticised those who were responsible for such activities. However, as such literature has generally sought to provide an external commentary on church accounting and financial management as a system, it has given very limited insights into *why* accounting might be as it is in church organisations.

In response to this lacunae, the academic church accounting literature identified above has undertaken various investigations of the nature and use of accounting

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[2] Examples of such components of the not-for-profit sector include schools (eg Broadbent et al., 1993; Broadbent et al., 1994; Edwards et al., 1995; Laughlin et al., 1994b), universities (eg Ezzamel, 1994; Ezzamel and Bourn, 1995; Hackman, 1985), GPs offices and hospitals (eg; Covaleski and Dirsmith, 1986; Jacobs, 1998; Jones, 1999; Laughlin et al., 1994a; Llewellyn and Grant, 1996; Rayburn and Rayburn, 1991).

in church entities. Encompassed in such studies were attempts to begin to identify and formulate a 'skeletal' framework (Laughlin, 1991) of factors influencing the nature, significance and use of accounting in church entities. A fundamental conclusion of these studies was that the management structures of such organisations were dominated by the transcendental nature of the inherent organisational ideology, which was theorised to constitute an 'extreme' source of resistance to the application of the rationality underlying accounting. While the specific nature of the dominant ideology of each particular church entity was theorised to determine the degree to which 'resistance' is evidenced, such belief systems can be perceived as constituting significant 'boundaries' (Llewellyn, 1994, 1998) to the utilisation of accounting within church organisations. This 'resistance' to accounting was seen to be actively supported by the theologically-trained occupational groups (eg clergy) who dominate the management of such entities. Thus the church accounting literature indicated that accounting rationalities and technologies would be subordinated in decision making processes in church organisations, with preference given to arguments derived from 'sacred' ideologies. (Booth, 1991, 1992, 1993, 1995; Irvine, 1996; Laughlin, 1984, 1988, 1990; Parker, 1993, 1994a)

A growing body of evidence of resistance to the logic of the accounting craft has been derived from studies of non-church entities (eg Berry et al., 1985; Broadbent et al, 1993, 1994; Coombes, 1987; Ezzamel, 1994; Jones, 1999; Jones and Dewing, 1997; Laughlin et al, 1994a). Like church organisations, these entities were noted to be dominated by a strong non-financial ideology. While the authors concluded that the nature of this primary organisational rationale could be seen to impact on the nature and use of financial systems in such entities, there was little consideration given to the likely impact of such ideology on the daily work environment of those responsible for managing the accounting and financial functions within such entities.

Accounting and financial managers, as individuals and as an occupational group, are largely invisible in the financial management literature. However, where they do appear, there is a tendency to present an

> image of the accountant as a powerful organisational player, as a professional who finds challenge in the performance of his/her skills, as securely employed, generously rewarded and able to look forward with confidence to sustained career progression (Roslender, 1996).

Such a picture is becoming increasingly prevalent in both the professional and the academic literature, as the promotion of accountants and financial managers as 'value adding' business 'partners' gains momentum (eg ASCPA, 1996; Baxter and Birkett, 1998; Hopwood, 1994; IMA, 1999; Messmer, 1999). However, little is known about the application of this image at the level of the individual practising manager, as researchers have rarely attempted to problematise assumptions about the nature or extent of its existence with those whom it is assumed to affect[3]. Instead, the literature seems to assume that if financial management systems are important within an entity, the significance of those responsible for such systems will likewise rise. However, such general assumptions are underpinned by a very limited empirical understanding of how those undertaking financial management tasks experience their work environment and act within it (Boland and Pondy, 1983; Burchell et al., 1980; Hopwood, 1987; Roslender, 1996). As the actions of financial managers can be expected to be informed by their own interpretations of both their environment and their experiences within it (Llewellyn 1996), the development of a more thorough understanding of how accounting and other financial management tools are incorporated within organisation life requires us

> to focus more upon actor's own perceptions of what they are trying to do and on what archetypes they hold of the pressures upon them, the situations they are in and the responses open to them with or without modification of their archetypical systems (Tomkins, 1999, p 86).

The not-for-profit literature in general, and the church literature in particular, does not differ from the for-profit studies in this respect[4]. While there exists a small number of academic studies of the significance and use of accounting in church entities, these studies have given limited privilege to the 'voices' of those responsible for the management of the accounting and financial functions within

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[3] While a very limited body of studies do provide exceptions to this statement, they are primarily focused on accountants in public corporations and then reach conclusions that support the status quo assumptions (eg Baxter and Birkett, 1998; McKenna, 1978).

church organisations. However, while the authors tend to claim that the financial managers were or should have been content to subordinate their work and themselves within the dominant organisational ideology, the literature provided occasional glimpses of church financial managers as individuals frustrated and demoralised in their efforts to conduct their craft within their church organisations. The failure of the church financial management literature to privilege the individuals occupying church financial management roles means that few insights into the financial managers' own perceptions of their raison d'etre within a church entity are available. Neither does it facilitate an understanding of how such a rationale will in turn inform the actions undertaken (Burchell et al., 1980) and the strategies adopted by accounting and financial managers in church entities. By "fail[ing] to engage with the pre-understanding of agents" the existing knowledge regarding financial managers in church organisations reflects only observations made of the financial managers "at a distance" (Llewellyn, 1996, p 115). A micro study of accounting and financial managers 'in motion' (Hopwood, 1987) in a church organisation may thus add much to our understanding of both financial management and financial managers in church entities.

1.2 Objectives of the Study

As little is known about how financial managers act in a church entity or what rationales underlie such actions, this thesis will comprise an interpretive study of the actions and perceptions of the financial managers within a single church organisation. The findings of the study will then be integrated with the existing knowledge presented in the church accounting and financial management literature to further an understanding of what financial managers do and why they do it in an organisation with a strongly non-financial ideology. Thus the primary research question to be addressed in this thesis will be:

> *How do financial managers act and rationalise their actions in an organisation with a strongly non-financial ideology?*

In examining this primary question, the thesis will consider three research objectives, which will in turn generate three subsidiary research questions. The

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[4] A rare exception is provided by Rosenberg et al.'s (1982) study of financial managers in local government service agencies.

remainder of this section will outline these subsidiary objectives and related questions.

The first research objective of this thesis is to further examine the nature of the actions and strategies adopted by financial managers in a church entity. To date, the majority of the church financial management literature focuses on the outcomes of the use of accounting and other financial management tools or the actions of those responsible for financial management tasks (eg the nature of the accounting information being used or the nature of financial decisions made). Our knowledge of the actions of financial managers within a church entity is thus comprised of the observations made in one relatively comprehensive case study of the Queensland Synod of the Uniting Church (Booth, 1991, 1993, 1995)[5] and indirect comments made in the investigative literature (eg Lovell, 1997, Tidwell and McKee, 1993). A study of the constructed 'reality' of 'being' a financial manager in a church organisation therefore needs to commence with an examination of the actions and strategies that are undertaken or adopted by the financial managers. Thus the first subsidiary research question to be considered in this thesis asks:

> *1. What actions and/or strategies are adopted by the financial managers in a church entity?*

People do not act in a vacuum. Their behaviour is always informed by some ideology or objectives. Expanding our understanding of what it is to be a financial manager in a church entity will thus require a consideration of *why* financial managers behave as they do. (Berger and Luckman, 1966; Boland, 1979; Chua, 1986; Colville, 1981; Denzin, 1989; Llewellyn, 1996; Silverman, 1970; Tomkins and Groves, 1983)

As noted above, the existing studies of church financial management focus on the outcomes of the application of the financial crafts. Even the limited evidence pertaining to the actions of financial managers does not explicitly delve into the interpretive schemes that underlie such behaviours. The second goal of this thesis is thus to develop an understanding of the rationale(s), or interpretive scheme(s), that the financial managers are bringing to their work in a church entity. Such raison d'etre is expected to be revealed through first, an examination

[5] The nature and shortcomings of this study will be discussed in detail in Chapter Three.

of the actions and strategies exhibited by the financial managers and second, an examination of the rationalities proclaimed by the financial managers in debates, discussions and interviews.

> *2. What rationality(ies) (interpretive scheme(s), purpose(s)) underlies the actions and strategies exhibited by the financial managers?*

The ability of the financial managers to impose their interpretive scheme within the context of the broader organisational decision making will be influenced by a number of factors. The nature of the influences identified as significant may well depend on the 'theoretical lenses' adopted by the researcher. To date, the major academic studies of church financial management have adopted various critical perspectives, seeking to problematise the tendency of theorists to assume that the nature and use of financial management tools should be common across all types of organisational environments. Booth (1993) brought together a body[6] of the existing empirical and theoretical evidence from both the church accounting and the organisational literature to form a "skeletal model" of factors influencing the significance of accounting in church organisations. Such factors may also be posited to influence the ability of financial managers to achieve the desired outcomes of their actions and strategies and thus to promote their own interpretive schema in a church context. However Booth clearly acknowledges that while such a framework does "provide a base set of potentially useful concepts and their possible relationships" (Booth 1993, p 49) there is a need for a further research to

> both test the validity and utility of these concepts, and provide additional empirically-based theorisations that either refine and elaborate, or modify and/or reject, this framework (Booth, 1993, p 49).

This thesis will thus identify and examine the nature of the factors that act to intervene or influence or otherwise impact on the actions and strategies adopted by the financial managers. These findings will then be used to expand the existing tentative understandings of the factors that influence the significance of financial management and financial managers in church organisations. The third subsidiary research question to be considered in this thesis thus becomes:

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[6] It will be argued in Chapter Three that while Booth's coverage of the recent professional and academic church accounting literature was quite comprehensive, there are a number of significant omissions from his work.

3. What factors act to influence the success of the actions/strategies in achieving the purpose desired by the financial managers?

Providing evidence to answer the three subsidiary questions outlined above will enable the thesis to provide, for the first time, a direct examination of the behaviours of financial managers and the rationalities that they use to justify their work in a 'hostile' environment. It will also facilitate the expansion and/or refinement of a developing body of literature examining the factors influencing the significance of financial management and financial managers in such entities. These interrelated insights will enhance our understanding of what it is to be a financial manager 'in action'.

1.3 METHODOLOGY EMPLOYED

As little is known about 'being' a financial manager in a church organisation, this thesis will utilise a field-based case study and will collect data from personal observations, documents and interviews. The nature of the case study and the basis of data selection will be discussed in a following section. This study aims to explore a particular situation to identify relevant concepts and the relationships between them as a basis for developing an understanding of a hitherto unexplored subject (Gummesson, 1991; Scapens, 1990; Yin, 1989). For the purposes of the current research, the development of an understanding of 'what is going on' requires analysis from 'inside' the conceptual framework of those being studied to ensure adequate accounts are constructed of the varying 'realities' of the individuals, groups and cultures comprising the organisation (Guba and Lincoln, 1994; Jorgensen, 1989; Llewellyn, 1996; Yin, 1989). The focus on multiple data sources within a single case study is argued to enable the researcher to gain a greater 'depth' of data regarding the perspectives and actions of the financial managers from within their holistic organisational context. The data has been managed and analysed using Nu.Dist software.

The data analysis and subsequent theory development has been informed by the principles of grounded theory. Grounded theory is "a qualitative research method that uses a systematic set of procedures to develop and inductively derive grounded theory about a phenomenon" (Strauss and Corbin, 1990, p 24). Theoretical concepts and patterns of action and interaction among them are derived from an interpretive process of continuous interaction between data collection and data analysis. This process includes interaction between the case data and the literature, as a source of secondary data. It also incorporates an ongoing process of dialogue between the researcher and the individuals being researched to ensure the resultant understanding does in fact 'fit' the phenomenon from which it was derived. The resultant theory, or understanding, will thus be firmly 'grounded' in the data - that is, in the perspectives and actions of the financial managers in the case organisation at a particular point in time. Grounded theory is thus argued to assist in the facilitation of the effective analysis of the rich complex data to be derived from the field study and in the development of a well structured, empirically dense theory of understanding. (Parker and Roffey, 1997; Strauss, 1987; Strauss and Corbin, 1990, 1994)

Field based case studies are often criticised as having limited scope for generalisation to other settings. While many of these arguments are methodologically grounded, steps do need to be taken to ensure the findings of this study can be transferred to other appropriate contexts (Kennedy, 1979; Marshall and Rossman, 1989). As the 'degree of fittingness' (Lincoln and Guba, 1985) is dependent on the contextual similarities between the individual field studies, this study will attempt to "provide sufficient information about the context in which [the] inquiry is carried out so that anyone interested in transferability has a base of information appropriate to that judgement" (Lincoln and Guba, 1985, p 124). This information will be provided in the form of detailed descriptors of the context of the case study and the strategies and processes of inquiry adopted in the development of the resultant understanding.

1.4 CASE STUDY - UNITING CHURCH IN AUSTRALIA, SYNOD OF SOUTH AUSTRALIA

The research study will be based within the Uniting Church in Australia - Synod of South Australia (SA Synod) and will be primarily focused on the budget formulation process (at both the policy and the calculative level) for the 1996 Mission and Service Fund budget (the main operating fund of the Synod). The Uniting Church's SA Synod was selected as the focus of this study for four reasons. First, the majority of the existing church financial management literature and all of the academic church accounting studies were focused on long established Protestant churches. In particular, the major academic studies were focused on the Church of England (UK) and the Uniting Church in Australia.

These organisations have similar theological bases and ideological positioning, which in turn implies that the findings of the current study would not be expected to be substantially differentiated from existing knowledge simply due to differences in the underlying fundamental belief structures of the organisation and its participants (Booth, 1993; Hinings and Foster, 1973). Thus the focus of the current study on financial managers in the Uniting Church would increase the usefulness of the existing church financial management literature as a basis for sensitising the researcher and would enhance the ability of the findings of the thesis to be used to 'flesh out' the existing models of church financial management knowledge.

The second basis for selecting the Uniting Church as the focus of this study was its size. The Uniting Church is the third largest church denomination in Australia, with 7.5% of Australians claiming affiliation in the 1996 Commonwealth Census. In addition to providing spiritual leadership and associated activities, the Uniting Church is also the largest non-government provider of community and welfare services in Australia (Bentley and Hughes, 1996). A 1991 consolidation of the financial activities of the Uniting Church across Australia indicated that the Uniting Church constituted a significant economic entity, receiving annual income in excess of $1 billion, managing assets of over $5 billion and employing over 22,000 people. The SA Synod comprises a single element of the large and complex organisational structure of the Uniting Church[7]. At the time of this study, the SA Synod's financial managers were directly responsible for managing a central budget of over $2.5 million and had a further responsibility for the direct management or oversight of other operational funds with an annual turnover totalling $4.3 million and an asset base of $32 million. In addition they advised South Australia Presbyteries, parishes and congregations regarding the financial management of assets worth in excess of $200 million. It is thus argued that given the economic size and responsibilities of the Uniting Church's SA Synod, the financial managers would be expected, prima facie, to play a significant and visible role in both daily and strategic financial management. Thus the findings of the current study would not be expected to be influenced by the lack of a role for financial managers within the church entity.

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[7] The structure of the Uniting Church is discussed in more detail in Chapter Four.

Finally, issues of access were also a factor determining the focus of the study on the Uniting Church in Australia-SA Synod. As noted in Section 1.3, the research methodology underlying the study required a primary focus on personal observations, documents and interviews as the major components of the data base. It was thus necessary to select a church entity that was conveniently located to the researcher in order to facilitate the frequent and lengthy site visits that the study methodology entailed. The focus of the study on gaining a 'deep' understanding of the actions and belief structures of financial managers in their holistic context also require the researcher to have the permission of the managers of the church entity to access both 'public' and 'private' discussions and documents within the entity. Such access was possible within the SA Synod as the researcher had long-term and ongoing relationship with the entity[8]. Thus the selection of this case site was based also on "opportunity and convenience" (Jorgenson, 1989, p 41).

1.5 SCOPE

As noted in Section 1.4, the current study is focused on the 1996 budget formulation process of the Uniting Church-SA Synod. This process comprised both the negotiations surrounding the policies or rules that were to form the basis of the 1996 process and the negotiation of the calculative components of the budget document. The budget process became the focus of the case as the church financial management literature suggested it would be the main "mechanism" through which resistance to the use of financial management and the role of the financial managers within the Church would be played out (Booth, 1995; Laughlin, 1984; Parker, 1993).

The 1996 budget process was considered particularly worthy of study. The managers of the Synod perceived that the SA Synod had been struggling financially for a long period of time. In an attempt to somehow overcome the anticipated continual practice of annually needing to 'cut and prune' the departmental budgets, the 1996 budget process became dominated by a series of negotiations regarding the appropriate 'way forward' for the financing of the central

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[8] See further discussion in Chapter Two.

budget of the Synod. In particular, considerable attention was focused on the policies underlying the sources and calculations of the income estimates made by the financial managers for incorporation in the annual Mission and Service Budget. These debates regarding Synod budget policies therefore facilitated an unusually high degree of visibility of the financial management rationales adopted by both the financial managers and non-financial managers of the church.

The data regarding the actions and rationalities of the financial managers and the influencing factors were collected from both 'formal', or official, sources and 'private' sources. The primary sources of data were observations of the meetings and analysis of documents pertaining to the formal meetings regarding the 1996 budget in which the Synod financial managers participated during the period from the announcement of the budget preparation process for 1996 (November 1994) to the approval of the final actual 1996 results in February 1997. Data was thus collected for both meetings of just the financial managers and for joint meetings that involved both the financial managers and 'mission' managers of the church. Formal and informal interviews were used to 'fill in' knowledge gaps and/or clarify evidence collected from other sources. The data set thus incorporates five interviews and twenty-four 'conversations'. The existing literature also provided a secondary source of evidence, sensitising the researcher to concepts and categories in the data and providing a source of validation for the tentative findings.

1.6 OUTLINE OF THESIS

The presentation of the thesis comprises four main sections. First, the objectives and structure of the thesis are outlined in Chapter One. This chapter provides background to the issue addressed by the researcher and introduces the case study that forms the basis of the thesis.

The second chapter of the thesis details the theoretical and methodological underpinnings of the study. It commences with a discussion of the nature and strengths of the field-based case study as the primary research strategy underlying the study and outlines a number of features incorporated into the current study to strengthen its findings. The methodological substance of grounded theory is then outlined, providing the basis for the later data analysis and theory development. Finally the chapter gives a detailed introduction to the nature, boundaries and design of the case study undertaken.

A grounded theory study incorporates the findings of the prior literature in order to sensitise the researcher to the variables that may be of significance in the current study. To this end, Chapter Three provides an overview of the literature addressing financial managers and financial management in church organisations. As there have been no attempts to directly examine the experiences of financial managers working in church organisations, the literature review concentrates on extracting observations that may give some indications, albeit indirectly, of how financial managers might act and rationalise such actions in church entities. The review also presents the more explicit findings regarding the factors that might influence the actions and outcomes achieved by financial managers.

The next four chapters of the thesis deal with the presentation and analysis of the data pertaining to the case study of the 1996 budget processes of the Uniting Church in Australia - SA Synod. Chapter Four details the background to the case study, examining the governance and financial structures of the federal church and the SA Synod. A detailed 'picture' of the Mission and Service Fund (the fund comprising the focus of the study), in both an historical and contemporary sense, is also provided. This chapter thus provides the background to the organisational and financial environment in which the SA Synod financial managers practice their craft.

As the focus of the thesis is on an examination of financial managers 'in action', the data chapters will describe and analyse 'accounts' of the negotiation processes surrounding the determination of four significant budget parameters during the 1996 budget process. Chapter Five will discuss two policy negotiations pertaining to the nature of the budget process itself, while Chapter Six will address the negotiation of two elements of the policies relating to the budget calculations. Each section will commence with a narrative description of the events and perceptions pertaining to the negotiation of the relevant budget parameter. The narratives will be presented primarily from the perspective of the financial managers and will thus form the basis for an examination of the interpretive schemes that underlie the actions of the financial managers. Following each individual narrative, a discussion of the factors pertaining to the objectives of the study will be presented. These factors will then form the basis of the grounded theory building that will be presented in Chapter Seven. Chapter Seven will thus provide a detailed presentation and discussion of the theoretical model emerging from the literature and data examined in the study.

A reflection on the findings of the thesis against the existing understanding of being a financial manager in a church organisation will be considered in Chapter Eight. This chapter will incorporate a discussion of the implication of the findings of the study for the development of an understanding of first, the work experiences of financial managers in a fundamentally hostile environment and second, the factors influencing the uses and significance of accounting in church organisations. Finally, Chapter Nine will summarise the significant elements of the thesis, including a consideration of components of the study of financial managers and church financial management that would benefit from further examination.

CHAPTER 2 STRATEGIES OF INQUIRY AND RESEARCH METHODS

2.1 INTRODUCTION

This chapter will discuss the strategies of inquiry adopted in this study. The chapter first discusses the selected research strategy, the field-based case study. The approach utilised for analysing data and developing theory will then be presented and justified. Finally, the actual case study undertaken will be described; addressing the case study design, its boundaries and the sources of data collected within the study.

2.2 FIELD-BASED CASE STUDY

The research approach adopted in this study is that of a field-based case study utilising qualitative data from observations, documents and interviews. The terms 'field research' (or 'field study') and 'case study' have seen varied usage within the accounting literature. The eclectic usage of the terms 'field study' and 'case study' can be seen both in distinctions between the terms and in the diversity of meanings attributed to each individual term. Proposed relationships between the two terms range from interchangeable usage[9] to their separation on quite contentious grounds[10]. Within the accounting and financial management literature, the term 'field study' has generally been restricted to research based on data collected from observations and extensive interviews within an organisational setting. However, this has not always been the case (eg Collins, 1978; Dunk and Perera, 1997).

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[9] Compare, for example, Humphrey and Scapens' (1996a) 'case studies' with Parker's (1994b) 'field studies'.

[10] Spicer (1992) makes the contestable claim that field studies are merely "short descriptive visits to firms", whereas case studies are "intensive, detailed investigations requiring attention to case research design issues and the commitment of considerable time and effort" (Spicer, 1992, p 10).

2.2.1 Case studies

A case study is, prima facie, a study that focuses on a defined phenomenon called a 'case' (Hagg and Hedlund, 1979; Stake, 1994; Tesch, 1990; Yin, 1989)[11]. This phenomenon is examined within its holistic real-life context and may be defined in many different ways; for example, as an individual person, an organisational unit, an event, a program, an economy, or even a culture (Jorgensen, 1989; Yin, 1989). As a research strategy, a case study focus can be utilised within a diversity of research methodologies. As an example, Scapens (1990) discusses the use of case studies informed by neoclassical economics and by social theory. A wide range of strategies for the collection and analysis of data can also be adopted within a case study (Yin, 1981, 1989). The term 'case study' thus defines the boundaries of the data to be utilised in a research project. The nature of individual case-based studies will vary due to the differing research methodologies and research methods adopted within each study.

Case studies can be used for a number of research purposes. Conventionally, case studies have been thought to be of significant benefit in the exploratory phase of theory development, but of limited use for testing causal relationships (eg Kaplan, 1986; Kerlinger, 1986). However, during the last twenty years, the explanatory role of case studies has received widespread acceptance, particularly amongst qualitative methodologists. Case studies are now used in a multiple of ways; in describing practice, teasing out concepts and relationships, building or expanding theory, and/or testing specified hypotheses (Franklin and Osborne, 1971; Gummesson, 1991; Kerlinger, 1986; Mitchell, 1983; Scapens, 1990; Yin, 1989).

Figure 2.1 presents a general typology of case studies that has been frequently used within the literature. Alternative classification schema exist: many authors, for example, classify case studies in terms of theoretical contribution (Ferreira and Merchant, 1992; Franklin and Osborne, 1971; Keating, 1995). However, such classifications generally parallel the typology outlined in Figure 2.1.

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[11] This Chapter will focus on providing an outline of the case study method. A complete overview of the many epistomological arguments regarding the use of case studies in accounting research has been thoroughly addressed elsewhere in the social science literature (see, for example, Hagg and Hedlund, 1979; Kaplan, 1986; Llewellyn, 1992; Scapens, 1990, 1992; Smith et al., 1988; Tomkins, 1986).

Figure 2.1: Purposes of case studies

Descriptive/illustrative study Aims to provide a *description* of practice
Exploratory study Aims to explore situations to identify relevant concepts and the relationships between them as a *basis* for developing working hypotheses for further inquiry
Explanatory study Aims to develop *explanations* of causal links to build or test theory

(Gummesson, 1991; Scapens, 1990; Yin, 1989)

2.2.2 Field studies

As with case studies, reviews of published 'field research' or 'field studies' in accounting have revealed considerable diversity in the underlying research objectives, the research methods adopted, and the nature of the analysis and presentation of findings (Ferreira and Merchant, 1992; Parker, 1994b). There are, however, a number of common characteristics that differentiate field research from other research strategies. A broad set of such characteristics of field research is provided in Figure 2.2.

2.2.3 Implications of the use of a field-based case study

As already outlined in Chapter One, the purpose of this study is to investigate the experiences of 'being' a financial manager during the budget formulation process within the context of a church organisation. The research focus has thus taken the form of an explanatory case study, as it seeks to develop an empirically 'grounded' understanding ('Verstehen') of why financial managers do what they do within a specific context. The nature of the case study is described in Section 2.4.2 and Chapter Four.

The use of a field research strategy informed a number of dimensions of the current study. First, the *focus* of the study was on the actions, rationales and influencing factors as perceived by financial managers in a church organisation as specific contemporary phenomena studied within the holistic context in which they

Figure 2.2: Characteristics of field research

1. The focus is on the *observed present*, but the findings are contextualised within a social, cultural and historical framework.[a]
2. The study focuses on *real tasks or processes*, not situations artificially created by the researcher.[b] To this end, the researcher attempts to disturb the process of social life as little as possible.[a]
3. The research design is *not totally structured*. It evolves along with the field observations.[b] Thus decisions regarding the collection and analysis of data take place in the field and are products of the inquiry. [a] However, the research is often conducted within a loose theoretical framework.[a]
4. The research involves *close, detailed, intensive work*.[a] The research has direct, in-depth contact with organisational participants.[b]
5. Evidence is sourced using *multiple research methods*, including direct observation, interviews, and document analysis. [a b]
6. The presentation of data includes relatively *rich (detailed) descriptions* of contexts and practices. [b] However, these reports must disseminate the knowledge which the informants have provided without rendering harm to them. [b]

[a] Burgess (1984) p 218
[b] Ferreira and Merchant (1994) p 4

occurred. The contextual 'boundaries' of the study were specified by a detailed description of the 'case' (see section 2.4.2 and Chapter Four). Second, the *relationship between theory and data* was not formally specified prior to entering the field. Instead, theory evolved during the study as a process of continuous interplay between data collection, data analysis and prior theory (from the existing literature). This process of theorising was informed by grounded theory and is discussed in Section 2.3. In keeping with the principles of grounded theory, the study utilised *multiple research methods* and aimed to triangulate evidence from differing sources to generate empirically grounded theory. Data was primarily gathered using participant observation, interviews and document analysis. The nature of the research methods utilised is explained in Section 2.4. Finally, the presentation of the evidence collected and the resultant theory attempted to reflect the richness of events and actions as understood by the research subjects and interpreted by the researcher (Llewellyn, 1993). The presentation of evidence also incorporated steps to protect the identity of the informants. Such actions are outlined in Section 2.5.

2.2.4 Advantages of using a field-based case study

This study has utilised a field-based case study, as outlined above, to investigate financial managers' actions and rationales in the budgeting process of a selected church organisation. The use of this strategy has the primary benefit of enabling financial managers to be studied within their organisation and social context. To ensure the strength of this specific field-based case study, however, the research design needed to incorporate measures to ensure the study minimised a number of potential limitations. These potential shortcomings and the tactics adopted to minimise them will be discussed in Section 2.2.5.

The main strength of using a field-based case study is that it enables the researcher to examine financial managers from within the holistic context in which they operate. Such empirical studies of accounting and financial management 'in motion' (Hopwood, 1987) have been advocated and debated under a number of methodological descriptors, including qualitative research, field studies (Ferreira and Merchant, 1992; Kaplan, 1984; Parker, 1994b), case studies (Hagg and Hedlund, 1979; Humphrey and Scapens, 1996a, 1996b; Kaplan, 1986; Llewellyn, 1992, 1996; Otley and Berry, 1994; Scapens, 1990, 1992; Smith et al., 1989; Spicer, 1992; Tomkins, 1986; Young and Preston, 1996), ethnographies (Ahrens, 1997; Jonsson and Macintosh, 1997; Power, 1991), and naturalistic research (Goddard and Powell, 1994; Grimwood and Tomkins, 1986; Tomkins and Groves, 1983).

'Traditional' studies of accounting and financial management have tended to consider such practices in isolation from the many other components of the organisational setting. However, this thesis adopted the view that accounting and financial management are both constitutive of, as well as constituted by, the particular organisational and social context with which they interact (Burchell et al., 1980; Chua, 1986; Hopwood, 1978, 1983; Morgan and Willmott, 1993; Roberts and Scapens, 1985). From this perspective, financial management is not considered a neutral calculative practice functioning in a universal manner. Instead it is seen as subjective, and always changing; its nature at any point in time being dependent on political, social and organisational factors. An understanding of financial management thus requires an examination of financial management within its holistic context; considering the interaction of the financial management craft and the individuals, systems, cultures etc that comprise the social and organisational context in which it operates (Bruns and Kaplan, 1987; Burchell et al., 1980; Cooper et al, 1981; Gummesson, 1991; Hagg and Hedlund, 1979; Hopwood, 1978, 1983; Laughlin, 1984; Otley and Berry, 1994; Roberts and Scapens, 1985; Tomkins, 1986; Tomkins and Groves, 1983).

Studying financial managers from within the context in which they operate has had a number of *specific* benefits for this study. First, as will be discussed in Chapter 3, very little investigation had been previously undertaken in this field. There were thus *no* developed, recognised theories to guide the selection and interpretation of data. Field based case studies are widely advocated for such exploratory investigations as they provide the researcher with a 'rich' base of empirical evidence from which to inductively derive relevant concepts and constructs and thus generate working hypotheses that closely 'fit' the contextual phenomena (Ferreira and Merchant, 1992; Franklin and Osborne, 1971; Kaplan, 1986; Keating, 1995; Otley and Berry, 1994; Parker, 1994b; Scapens, 1990).

Second, the primary research question proposed in this study was focused on developing an *understanding* (verstehen), and hence an explanation, of the actions exhibited by financial managers and the rationales and other influencing factors underlying such actions. The development of an understanding of 'what was going on' required emic analysis (ie from 'inside' the conceptual framework of those studied) to ensure adequate accounts were constructed of the 'realities' of the individuals, groups and cultures comprising the organisation (Guba and Lincoln, 1994; Jorgensen, 1989; Yin, 1989). This will shortly be explained by further discussion on the participant observation approaches used in this study. Gathering 'rich' empirical observations and examining data from primary sources was necessary to avoid prematurely focusing the study. Analysis and verification required a process of dialogue and interaction between the researcher and the researched to ensure the resultant understanding did in fact 'fit' the phenomenon from which it was derived. A field-based case study facilitated such research by enabling the use of multiple sources of evidence and the conduct of interactive reflection with those researched (Hagg and Hedlund, 1979; Lincoln and Guba, 1985; Parker, 1994b; Strauss and Corbin, 1990).

In summary, the utilisation of field-based case studies to study financial managers 'within the field' enabled the researcher to obtain an 'inside' understanding of what financial managers do and why they do it in a church context. It also facilitated insights into the pressures that the financial managers perceived themselves as facing in a 'hostile' environment.

2.2.5 Strengthening the field-based case study

The literature identifies a number of potential shortcomings of using field-based case studies for accounting research. Many of the critiques posited towards field-based case studies are in fact methodologically grounded, ie they are derived by evaluating 'naturalistic' or 'qualitative' oriented research using the principles underlying a 'positivist' or 'scientific' paradigm. However, there are a number of factors that may compromise the rigour of field based case studies and steps needed to be taken to minimise such shortcomings. The actions taken to strengthen this field study will be discussed as those enhancing first, the "trustworthiness" of the data collection and analysis and second, the "usefulness" of the findings of the study[12].

Despite the increasing use of field research and case studies in the development of accounting knowledge, an assessment of the trustworthiness and usefulness of such research is often problematic. These difficulties arise for two main reasons. Firstly, the standards of evaluation for field research and case studies are not well established (Ferreira and Merchant, 1992; Hagg and Hedlund, 1979; Marshall and Rossman, 1989; Yin, 1989). In particular, many researchers question the usefulness of the conventional evaluative criteria of 'validity' and 'reliability' for qualitative research. Some researchers argue that validity and reliability are positivist constructs and do not form an appropriate basis for evaluating qualitative research (eg Lincoln and Guba, 1985; Mashall and Rossman, 1989). Instead they propose the use of alternative criteria for evaluating field research, identifying such objectives as credibility, transferability, dependability, and confirmability (Lincoln and Guba, 1985) and fit, understandability, generality and control (Glaser and

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[12] The evaluative criteria adopted in this research study will focus on the concepts of trustworthiness and usefulness (rather than the conventional concepts of validity and reliability) as such concepts are widely advocated as appropriate for use in naturalistic studies (see later discussion in this section).

Strauss, 1967; Strauss and Corbin, 1990). However, others insist on the relevance of the conventional evaluation criteria to field research, arguing that for any research to have value, it must meet appropriately applied tests of validity and reliability (eg Kirk and Miller, 1986; McKinnon, 1988; Silverman, 1993). Regardless of the sets of evaluative criteria adopted, the above commentators had identified similar sets of potential limitations that needed to be addressed in this current research. The actions taken to strengthen this field study will thus be addressed under the general evaluatative criteria of 'trustworthiness' and 'usefulness', as such descriptors cover the many sets of alternative criteria proposed in the literature. The potential limitations and the strategies adopted to mitigate much of the impact of such are discussed below.

The second factor contributing to difficulties in assessing trustworthiness and usefulness of field based case research is the failure of many field researchers to adequately describe the research methods adopted or to clearly detail the process by which data has been interpreted and conclusions drawn (Ferreira and Merchant, 1992; Marshall and Rossman, 1989; McKinnon, 1988; Yin, 1989). Thus field research is often perceived as lacking rigour, allowing so-called findings to be determined by an 'anything goes' application of research methods and an uncritical acceptance of the 'faith' of the researcher in the outcomes. To avoid such criticism of this study, the research procedures utilised in this study will be identified below and detailed in Sections 2.3 and 2.4. The presentation of the research findings will also attempt to incorporate an outline of the interpretive process, providing the reader with an image of the pathway(s) followed by the researcher in moving from the raw data to the final explanatory model.

2.2.5.1 Trustworthiness

The trustworthiness (or validity and reliability) of qualitative research can be limited by a number of factors (regardless of the evaluation criteria applied). This discussion will adopt the framework presented by McKinnon (1988), as it was directed specifically at field research in accounting[13]. McKinnon identifies four

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[13] This framework was developed within a qualitative research paradigm. It has identified similar "threats" to those noted by qualitative researchers adopting alternative sets of evaluative criteria. It was thus felt to provide a reasonably representative framework of potential limitations regarding the adequacy of field research.

main groups of "threats" to validity and reliability (or trustworthiness) in field study research. Firstly, the presence of the researcher may alter the nature of the setting to be studied ("*observer-caused effects*") (see also Adler and Adler, 1987). The researcher is thus "not observing the natural setting, but one which is disturbed by the researcher's presence" (McKinnon, 1988, p 37). Secondly, *observer bias* may impact on the collection and interpretation of data. While researcher bias needs to managed in any type of research, it is particularly problematic in field research as there is generally no established set of pre-defined measures and variables that can be adopted by the researcher as a basis for establishing 'objectivity'. The researcher thus needs to adopt procedures either to minimise or to make explicit the nature and extent of any influence or bias impacting on the nature of the data gathered and the interpretation of such evidence (Adler and Adler, 1987, 1994; Burgess, 1984; Hagg and Hedlund, 1979; Lofland, 1971; Yin, 1989).

McKinnon's third "threat" to the validity and reliability of field research was possible *data access limitations*. The evidence utilised in the research may be limited by the focus of the study (eg observation occurring over a limited time period or focusing on a limited range of activities) or by restrictions placed on data access by the research hosts. Again, the researcher needs to make attempts to maximise data access and must acknowledge limitations in the range of data collected. Finally, the *complexities of the field and the limitations of the human mind* may also impose restrictions on the trustworthiness of the research. The evidence provided in interviews may be inaccurate or misleading (Kirk and Miller, 1986). Observations may be distorted by the researcher's lack of knowledge of the organisation. The complex nature and "noise" (Kerlinger, 1986) of the field may also make it difficult for researchers to identify relevant variables and derive appropriate inferences (Booth, 1991; Lincoln and Guba, 1985; Yin, 1989). It is thus important for the researcher to adopt research methods and tactics that will maximise the trustworthiness of the data collected and the analysis performed.

A number of strategies were utilised within this study to enhance the trustworthiness of the data and analysis. Firstly, data collection utilised overt *participant observation* as a primary research strategy, with the researcher undertaking various membership roles within the organisation both before, during and after the stated period of data collection. These roles are detailed in Section 2.4.3.1. Researcher participation in the organisational setting allowed the researcher to gain "direct access to what people think, do and feel from multiple perspectives" (Jorgensen, 1989, p 56), thus increasing the trustworthiness of the research findings. For example, this strategy enabled the researcher to access a wider range of data sources than may otherwise have been the case eg access to 'closed' meetings and informal conversations as organisational participants were keen to assist the researcher (Adler and Adler, 1987; Hammersley and Atkinson, 1995; McKinnon, 1988; Yin, 1989). It also enhanced the researcher's ability to identify relevant contextual data (Jorgensen, 1989). For example, the researcher was able to assess the relevance of passing comments and obscure references during meetings as she was familiar with the background to and circumstances surrounding the otherwise possibly meaningless observation. The participative role also enabled the researcher to manipulate discussions within meetings to generate fresh data (for example, making a suggestion in a meeting for the sole purpose of observing the response) (Yin, 1989). In addition, this long term presence in the organisation was felt to have minimised observer-caused effects, as the researcher's presence in much of the organisation's activities did not differ during the period of the study (Jorgensen, 1989; McKinnon, 1988). The analysis of the data also benefited from the researcher's membership of the organisation. Again, the researcher's background knowledge assisted in developing an understanding of much of the contextual complexities surrounding the phenomena of interest. The utilisation of a participant or membership research strategy was thus felt to increase the trustworthiness of the resultant findings as it provided greater access and insight into the meanings which participants attached to the organisational activities and processes, thus reducing the potential for observer bias and human-imposed limitations (Jorgensen, 1989; Yin, 1989).

In order to enhance trustworthiness through the use of participant observation, the researcher needed to be aware of and to take steps to mitigate a number of problems sometimes associated with such a research strategy. In particular, it is often claimed that being a member of the research setting increases the potential for observer bias, as researchers are unable to sufficiently 'distance' themselves from the setting in order to identify and analyse data. Thus data collection and interpretation may simply reflect the culturally acceptable norms within the research setting (Burgess, 1984; Hammersley and Atkinson, 1995; McKinnon, 1988; Yin, 1989). The current researcher attempted to create 'analytical distance' by reducing the extent of her involvement in debates and controversies surrounding the research topic during data collection (eg by moving towards greater 'observation' and less 'participation' across the whole period of observations) and by reducing her overall involvement with the organisation during the major data interpretation and write up phases. Active use was also made of the questioning techniques promoted within grounded theory analysis and of reflective validation of interpretations with both informants and external persons (see later discussion in this section).

Some commentators also argue that the researcher's membership role within the organisation may act to restrict data access. For example, Yin (1989) notes that the researcher may be unable to effectively gather data while at the same time participating in everyday activities (eg taking notes during a meeting while also contributing to a debate). To manage this difficulty, the current researcher usually made extensive observational notes in preference to participating. While this may have created some slight changes in the behaviour of members who were aware of the researcher's note taking activities, such changes did not appear to substantially alter the content or nature of the discussions of meetings. (Adler and Adler, 1987; Jorgensen, 1989)

Other participants may also act to restrict the researcher's access to information. For example they may refuse to answer the researcher's questions when she attempted to act as a 'naive novice' in order to collect in-depth data (Adler and Adler, 1987). This potential difficulty was overcome by conducting informal discussions with key informants who were willing to provide the necessary detail to 'flesh out' the gaps in data gathered from other sources. Many authors note that prior roles held by the researcher may also create perceptions of 'alignment' with particular individuals or groups within the organisation, thus restricting the access that the researcher is able to gain to the wider organisational setting (Adler and Adler, 1987; Burgess, 1984; Hammersley and Atkinson, 1995; Jorgenson, 1989). As the current researcher had been historically aligned with the financial management function of the organisation, considerable work was undertaken to reduce this perception. This included taking on membership of multi-discipline committees, providing financial management advice to non-financial managers, and actively promoting the research as of benefit to the organisation as a whole. In summary, the strengths derived from the researcher's membership role, in terms of improved data access and increased depth of analysis, were felt to significantly exceed any potential loss of perceived independence that may have occurred as a result of this role. (Adler and Adler, 1987; Burgess, 1984; Hammersley and Atkinson, 1995; Jorgenson, 1989)

A second strategy adopted to maximise trustworthiness was the use of *multiple sources of evidence* in the research study. The use of a range of methods of data collection enabled different types of data to be incorporated into the study (eg evidence of the nature and outcomes of individual's actions from observations: evidence of the thought process underlying such actions from interviews). Data was also collected from multiple sources (eg observations of both groups developing and groups using the budget process). The use of multiple sources of evidence thus enabled the identification of "repeated instances of a phenomena" (McKinnon, 1988, p 43) within the study. Comparison (triangulation) of such data also enhanced trustworthiness of each instance of evidence through corroboration or contradiction with other evidence (Jorgensen, 1989). It also enhanced the trustworthiness of the emerging theory, as hypotheses developed from one data source (eg observations) could be tested against evidence from another source (eg documents). The triangulation of evidence from multiple sources using multiple methods thus provided access to a wider range of data than would have been gained using a single method or source. It also helped ensure that theory development was based on valid interpretation of accurate data that was not materially distorted by biases or errors introduced by either the subjects or the researcher. (McKinnon, 1988; Scapens, 1990)

The trustworthiness of the data analysis and resultant theory was further enhanced by the adoption of a *grounded theory* approach to data analysis and theory development. A more detailed outline of this methodology is provided in Section 2.3. The structured processes of comparative analysis underpinning the development of grounded theory assisted the researcher in analysing the data and drawing appropriate and well supported conclusions from the complexities of the field. Grounded theory principles of constant questioning also facilitated the identification of the impact of researcher bias, both in the collection and interpretation of the data. (Strauss and Corbin, 1990, 1994)

Trustworthiness was also enhanced by the use of the qualitative data management software, NuDist (see Section 2.3). NuDist provided the basis for the development of a "case study data base" (Yin, 1989, p 98), containing all observation notes, documents, and interview transcripts collected during the research study. The existence of a data base allowed the testing of tentative hypotheses against the original data. It also facilitated the potential for examination by another researcher to either derive or test theory. The existence of this comprehensive data base is thus argued to increase the trustworthiness of the study. NuDist also provided a clearly documented "chain of evidence" (Yin, 1989, p 102) linking all research processes from early coding through to the development of the eventual conclusions. Again, such documentation assisted in establishing the trustworthiness of the study. (Richards and Richards, 1994; Tesch, 1990; Yin, 1989)

The final major strategy adopted to improve the trustworthiness of the research was the *reflective validation of findings* by both organisational participants who played a significant role in the events examined in the study and people external to the study but with a significant understanding of financial management practices in the Uniting Church. As a final stage in the analysis of data, the draft framework of understanding was presented to the Resources for Mission Commission Executive Officers. This reflective review provided further validation of the correspondence of the findings to the underlying organisational context. Likewise, validation of findings was also sought from selected persons who, while knowledgable about the case study, were not directly involved in the day to day life of the SA Synod. Such persons comprised two senior managers employed in other Uniting Church Synods and a senior academic who had undertaken a strategic management consulting role within the SA Synod and Victorian Synods and had also undertaken accounting research within the Victorian Synod. This reflective validation enhanced the trustworthiness of the resultant theory by identifying and reducing the impact of researcher bias and by assisting in the identification of relevant variables and interrelationships. (Jorgensen, 1989; Lincoln and Guba, 1985; Marshall and Rossman, 1989; Miles and Huberman, 1994; Silverman, 1993)

In summary, the trustworthiness of this research may have been limited by observer caused effects, observer bias, data access limitations and the complexities of the field and the limitations of the human mind. In order to mitigate the potential impact of these limitations, the researcher had adopted a number of strategies. The major strategies utilised were participant observation in various membership roles, the use of multiple sources of evidence, a grounded theory methodology coupled with the use of NuDist and the reflective validation of findings by respondents and external knowledgable persons. These tactics are believed to have ensured sufficient trustworthiness of both the underlying data collection and the subsequent analysis to enable the production of 'good' theory.

2.2.5.2 Usefulness

The usefulness of field based case studies refers to the extent to which the research findings can be generalised to other settings. Case studies are often claimed to have limited usefulness (external validity) as the findings cannot be statistically generalised to some defined population (see, for example, Otley and Berry 1994). However, this view has been widely discredited by qualitative researchers, who argue (on various grounds) that case study findings can still prove useful to other researchers (Hagg and Hedlund, 1979; Lincoln and Guba, 1985, Marshall and Rossman, 1989, Silverman 1993, Yin, 1981, 1989).

Lincoln and Guba (1985) argue that the usefulness of naturalistic research (such as grounded theory) is based on the contextual similarities between individual studies. The transferability of a theory ("working hypothesis") from one context to another is thus dependent on the 'degree of fittingness'.

> Fittingness is defined as the degree of congruence between sending and receiving contexts. If Context A and Context B are "sufficiently" congruent, then working hypotheses from the sending originating context may be applicable in the receiving context. (Lincoln and Guba, 1985, p 124)

Establishing the fittingness or usefulness of findings is the responsibility of the user of the research. It is not possible for the original researcher to explicate an exact "range of generalisation" from their study, as it is a matter of judgement dependent on the individual characteristics identified within the study. This judgement regarding the usefulness of research should be made by the researchers who wish to use the original findings in future studies. However, the initial researcher has a responsibility to ensure that the concepts or theories developed are indeed representative of the phenomena they purport to reflect

(Strauss and Corbin, 1990). The researcher must also "provide sufficient information about the context in which an inquiry is carried out so that anyone interested in transferability has a base of information appropriate to the judgement" (Lincoln and Guba, 1985, p 124). (Lincoln and Guba, 1985; Kennedy, 1979; Marshall and Rossman, 1989)

Enhancing the usefulness of research findings from the current field based case study thus required that the researcher adequately linked the emerging framework of understanding with the underlying data and provided appropriate information about the contextual environment in which data was gathered and inferences were drawn. To this end, this study has detailed the nature of the organisational context in which the study was undertaken. The adoption of the research strategies outlined above have also enhanced the usefulness of the findings, as the resultant understanding of the experiences of the financial managers was grounded in the full complexity of actual processes and events occurring in the Uniting Church - SA Synod, rather than being based on a snapshot of events artificially created or extracted by the researcher (Bruns and Kaplan, 1987).

2.2.6 Summary

This section has presented the field based case study as a strategy of inquiry that comprises an intensive investigation of specified contemporary phenomena in its real world context using multiple research methods. It has been argued that the use of a field based case study in the current thesis facilitated an improved understanding of the experiences of 'being' a financial manager in a church entity gained from situating the study in the organisational and social context in which the financial management craft was practised. The inherent strengths of such a strategy have been shown to have been enhanced by the utilisation of a number of 'management' tactics to mitigate potential shortcomings such that they did not constitute sufficient reason for rejecting the use of a field based case study approach. In conclusion, the field based case study has been adopted as an appropriate research method for developing an understanding of the actions, rationales and factors influencing financial managers in a church organisation.

2.3 GROUNDED THEORY

The objective of this study was to develop an understanding (Verstehen) of the experiences of 'being' a financial manager during the budget process of a church organisation. To enable this understanding to adequately reflect the richness and complexity of 'being' a financial manager, it needed to be derived from the empirical context in which the financial managers practised their craft. To assist the achievement of this goal, this study was informed by the methods and methodology of grounded theory. This section will briefly outline the nature of the grounded theory approach utilised to develop theories of understanding within this study.

Grounded theory is a general methodology for developing theory. It was developed in the 1960s by Barney Glaser and Anselm Strauss (Glaser and Strauss, 1967). Grounded theory has since been further refined into two distinct approaches; the less structured 'emergent' methodology promoted by Glaser (1978, 1992) and the more structured 'analytical' methods developed by Strauss and Corbin (1990, 1994)[14]. This study has been informed by the approach advocated by Strauss and Corbin (1990) as it provided a useful framework for managing the analysis of the complex qualitative data derived from field research.

Strauss and Corbin (1990 p 24) define grounded theory as

> a qualitative research method that uses a systematic set of procedures to develop and inductively derive grounded theory about a phenomenon.

Theoretical concepts and patterns of action and interaction among them are thus allowed to 'emerge' from a process of continuous interaction between data collection and data analysis (Strauss and Corbin, 1994). Such conceptualisations are subjected to "[constant] comparative analysis" (Glaser and Strauss, 1967) with other data to enable the generation of an explanatory theoretical framework (Parker and Roffey, 1997).

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[14] A more detailed comparison of the two approaches to grounded theory may be found in Parker and Roffey (1997).

The development of grounded theory is primarily an interpretive process[15]. While grounded theory research utilises similar sources of data to other qualitative researchers, grounded theorists argue that particular emphasis should be placed on "the perspectives and voices of the people whom we study" (Strauss and Corbin, 1994, p 274). Actors are seen as having "perspectives on and interpretations of their own and other actor's actions" (Strauss and Corbin, 1994, p 280). Researchers are required to learn about and provide interpretations of the "multiple perspectives" of significant actors for incorporation into the emerging theory. Grounded theory is thus grounded in the perspectives of the individuals and groups regarding the phenomenon studied by the researcher. As these perspectives pertain to a specific context and time frame, grounded theory is argued to be 'grounded' both in space and time: providing a useful understanding of phenomenon within a defined conditional matrix of organisational, social and environmental contexts and within a specified time period. (Strauss and Corbin, 1994)

Grounded theory is primarily used to develop theory when either the concepts underlying the phenomenon of interest and/or the relationships between them have not been comprehensively specified by prior research. It is thus necessary to commence such research with a *broad, open question.* This question will often concern action or process. The initial research question needs to be sufficiently focused to provide some direction for the study, but still broad enough to avoid excluding the discovery of potentially significant concepts and relationships. The research question is focused and refined as the study progresses. The researcher must also refuse a prior commitment to any particular existing theory as focusing on pre-defined variables may "exclude the possibility of identifying either new "variables" or categories of data, or a more meaningful ... analysis of the relationships and patterns between variables" (Parker and Roffey, 1997, p 227).

The process of developing grounded theory requires the researcher to interact with and interpret the evidence collected; "to recognize what is important in the data and to give it meaning" (Strauss and Corbin, 1990, p 46). This skill is referred

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[15] The development and application of grounded theory discussed in this section is primarily based on the approach advocated by Strauss and Corbin (1990, 1994) and Strauss (1987) (also discussed in Parker and Roffey (1997)).

to as *theoretical sensitivity* and is argued to be the foundation of "good science (good theory)" (Strauss and Corbin, 1990, p 47). Theoretical sensitivity requires a balance of creativity and rigorous technical skills. It is derived from a number of sources. Firstly, theoretical sensitivity comes from the researcher's background; from knowledge of the research discipline and the underlying literature, as well as professional and personal experience of the research setting and of other phenomena. Theoretical sensitivity is also enhanced by the use of structured research procedures and processes designed to challenge the researcher's prior assumptions and patterns of thinking about the data. Such techniques include collecting data from multiple sources, text analysis, data comparisons, reflective questioning, developing and testing provisional hypotheses, and so on. Theoretical sensitivity is thus an essential aspect of grounded theory, enabling the researcher to 'open up' the data and to therefore develop a "conceptually dense and well integrated" theory that provides a close fit to the phenomenon being studied (Glaser, 1978; Glaser and Strauss, 1967; Strauss and Corbin, 1990).

The development of grounded theory is based on the use of *theoretical sampling,* rather than the statistical sampling methods utilised in positivist research. Theoretical sampling is defined as "sampling on the basis of concepts that have proven theoretical relevance to the evolving theory" (Strauss and Corbin, 1990, p 176). Initially, grounded theory research usually focuses on gathering a broad range of evidence relating to the research question. During the coding and categorising of such data (see later discussion in this section), concepts and relationships will begin to emerge. Further evidence relating to these emerging theories will then need to be sought to enable them to be 'tested' against new data. The theoretical samples underlying the research findings thus evolve progressively during the research process itself. In summary, theoretically driven data collection thus enables the efficient development of conceptually dense categories and, therefore, well grounded theories.

A central feature of grounded theory that differentiates it from many other forms of qualitative research is its use of formalised *coding practices* to "provide the grounding, build the density, and develop the sensitivity and integration needed to generate a rich, tightly woven, explanatory theory that closely approximates the reality it represents" (Strauss and Corbin, 1990, p 57). Strauss and Corbin identify three main types of coding: open coding, axial coding and selective coding. While the distinction between each type of coding is somewhat artificial, this categorisation provides a clear process for analysing data and developing theory. Grounded theory analysis commences with open coding. *Open coding* involves the close examination of the data with the objective of discovering, naming and categorising phenomena and developing the properties and dimensions of these categories. Individual "events, activities, functions, relationships, contexts, influences and outcomes" (Parker and Roffey, 1997, p 228) in the researcher's data are initially coded using conceptual labels determined by the researcher. These concepts form the "building blocks" of grounded theory. The researcher then groups concepts that appear to address similar phenomena to form a smaller set of conceptual categories.

Once the data has been broken down into categories, it can be reformed in new ways by examining the nature of each category and its relationship with other categories. This is termed *axial coding* as the analysis focuses around an "axis" of a single category at a time. In particular, the relationships between categories are analysed in terms of a paradigm model, which focuses on

> specifying a category (*phenomenon*) in terms of the *conditions* that give rise to it; the *context* (its specific set of properties) in which it is embedded; the action/interaction *strategies* by which it is handled, managed, carried out; and the *consequences* of those strategies (Strauss and Corbin, 1990, p 97, italics in original).

Axial coding often overlaps with the latter phases of open coding as the researcher becomes more familiar with the data. The goal of axial coding is to identify and explicate a smaller number of major categories that "eventually account for a substantial portion of the variance in the research phenomena" (Parker and Roffey, 1997, p 228). Axial coding thus analyses the categories developed from open coding to identify major categories (phenomenon) and to begin to hypothesise relationships between categories in terms of the paradigm model (ie as conditions, context, strategies or consequences).

In order to move from concept development to theory development, the researcher will move into *selective coding*. Selective coding requires the identification or selection of a core category, or the "central phenomenon around which all the other categories are integrated" (Strauss and Corbin, 1990, p 116). To some degree, this process will overlap with axial coding, as the researcher has usually begun to develop loose hypotheses regarding the central issue in the study and the relationships between that phenomenon and the other major categories. However, at this stage the researcher must (1) identify and name the core category and (2) determine how the other categories identified during axial coding are relating to the core category in terms of the paradigm model. The researcher thus aims to develop a provisional theoretical framework of "best fit" of the following nature:

> A (conditions) lead to B (phenomenon [or core category]), which leads to C (context), which leads to D (action/interaction, including strategies), which then leads to E (consequences) (Strauss and Corbin, 1990, p 125).

This hypothetical statement is then validated by comparison with existing data and by seeking new data from the field. Further data may also be required to fully develop any conceptually 'thin' categories within the theory. Selective coding thus focuses on integrating the conceptual categories into a grounded theory of "best fit" to describe the research phenomenon.

The process of developing grounded theory is quite complex and requires the researcher to carefully manage a significant volume of raw data, coded data, questions, memos, developing hypotheses, conceptual descriptors and so on. To ensure that the underlying data and emerging theorisation remained orderly, systematic and retrievable, the study utilised the NuDist software as a data management tool. All written data was incorporated into a NuDist project. NuDist was then used to manage and record the initial open coding and resultant memos (eg emerging questions, observations and other thoughts). The software also provided significant assistance in managing the process of axial coding (eg providing a documented history of the development of the core codes) and the development of the resultant theory[16].

In summary, the development of an understanding of the experiences of the financial managers within the budget formulation process of a church organisation utilised the principles of grounded theory. This approach is argued to have facilitated the effective analysis of the rich complex data derived from field

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[16] See also the discussion of trustworthiness in Section 2.2.5.1.

observations and the development of a well structured, empirically dense theory of understanding.

2.4 RESEARCH DESIGN

This section will outline the research design adopted in this study. It will first address the basic design typology of the case study. Consideration will then be given to the spatial and chronological boundaries of the case study. Finally, the sources of data utilised in the study will be described and detailed.

2.4.1 Basic design type

This research investigation has adopted a field based case study as outlined in Section 2.2. As also noted in that section, case studies comprise a number of different design types. In particular, cases can be designed as single-case studies or multiple-case studies and can comprise a single unit of analysis or multiple units of analysis (Yin, 1989). The type of case study design ulitised in this study is a single-case study with embedded (multiple) units of analysis (Yin, 1989). As little was known about how financial managers experienced the budget process of church organisations, it was necessary to undertake a focused study of the financial managers in a defined situation at a particular point in time (see Section 2.4.2) in order to develop a depth of understanding about the conditions, influences, strategies and consequences that surrounded the research phenomena. While conducting multiple in-depth studies would have added to the density and generalisability of the findings, it was not possible to conduct a number of studies of the required depth within the time frames and cost constraints imposed by the researcher's post graduate candidature. The research was thus concentrated on a single-case study.

The single-case study addressed embedded multiple units of analysis. Such studies examine a number of 'subunits' with the research setting (Yin, 1989). The functioning of the financial managers within the research organisation's budgetary processes was influenced by, and in turn had consequences for, the organisation at a number of levels. The case study thus incorporated evidence pertaining to financial management within the multiple subunits at the levels of the organisational unit, professional sub-groups, and individuals.

In summary, the research utilised a single-case study with multiple units of analysis. Such a research design provided an appropriate base to enable the development of an understanding of the financial managers 'in action' that was cognisant of the complexities of the organisational reality.

2.4.2 Boundaries of the case study

The case study undertaken was located within the Uniting Church in Australia - Synod of South Australia (SA Synod). As Chapter Four provides a detailed discussion of the history, organisational structure and demographics of the Church (both nationally and in South Australia), this outline will not address the position of the Synod within the wider Church, but rather will focus on identifying the spatial and chronological boundaries of the study within the SA Synod.

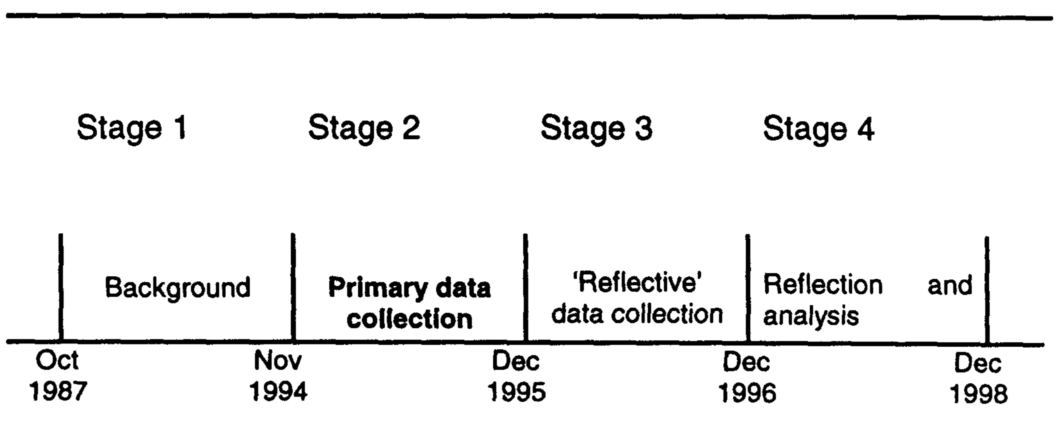
The spatial boundaries of the case study comprised specific components of an organisational unit of the Uniting Church in Australia (hereafter referred to as the Uniting Church). The selection of the SA Synod as the case study site was based on "opportunity and convenience" (Jorgenson, 1989, p 41). The research issue initially arose when the researcher was unable to reconcile her experience of the budget setting process while a committee member of a large church organisation with the discussions (or lack thereof) of budgeting in this setting that were reported in the accounting literature. A decision was thus made to study the budget process within the SA Synod as the researcher's membership history and the willingness of the Synod management to participate in the study meant that it provided a convenient and easily accessible site for the study of budgeting within church organisations. However, the research methodology adopted in this study acknowledged that the SA Synod does not operate as an isolated unit. The study thus incorporated an awareness of the wider organisational context of the Uniting Church and the general Australian social context when analysing data and developing theory.

The case study focused on the Mission and Service Fund budget development process for the Church activities financed by the SA Synod and, in particular, on the actions and experiences of the financial managers within this process (see Chapter One). Influences on such experiences could be expected to come from many sources: from the financial management groups, from 'mission' committees, from the management committees, from the budget review groups and so on.

However, given the existing contraints on time and resources, it was not considered possible to examine the involvement of all committees and individuals within the Synod in the required depth. The researcher's prior knowledge of the organisation led to the conclusion that a reasonable understanding of the research topic would be gained by focusing on the financial management committees, the committees responsible for determining and managing the budget preparation process, and the budget review committees and meetings. Studying the financial management committees provided an understanding of the financial managers' perspective on the budget process. As many of the other occupations groups were represented on the committees responsible for the budget preparation process and the budget review committees, studying these committees provided an understanding of the perspectives of other occupational groups both of the budget process and of the involvement of financial managers within that process. In summary, the spatial boundaries of the study comprise the Mission and Service Fund budget development activities of the above specified committees within the SA Synod.

In addition to the spatial boundaries, the chronological boundaries of the case study also need to be defined. The period of data collection was considered in three stages (see Figure 2.3).

Figure 2.3: Chronological boundaries of the case study



Prior to commencing the research project, the researcher was an active member of a number of the SA Synod committees that were the focus of the current study. This involvement commenced in October 1987. The researcher thus obtained significant background knowledge and evidence relating to the functioning of the budget process during this period. In 1994, the Synod approved the implementation of a new budget process to be introduced in 1995 for the preparation of the 1996 budget. Unlike past budgets, this process was not developed by the financial management groups within the Synod and did not require a significant involvement of the financial staff employed by the Synod. It was thus decided to focus the study on the development of the 1996 budget, as it represented a 'threat' to the previous significance of financial managers in the budget process and was therefore considered likely to provoke the financial managers into raising their visibility in the budget negotiations as they defended their position in the budget process. The 1996 budget process commenced in November 1994 when the Council of Synod directed that FOCUS (the Synod planning committee) formulate a process for developing the 1996 budget. The budget received final approval in December 1995. Thus the primary data collection occurred during this thirteen month period. Following this time, the researcher maintained her involvement on a number of Synod committees. This enabled the collection of further data regarding the financial managers' reflective thoughts on the budget development process as the budget was operationalised during 1996. The chronological boundaries of the study are thus the period from November 1994 to December 1995. However, data collection was also undertaken prior to and following this period to provide, respectively, evidence of the background to the focal period and reflection on events subsequent to the focal period. This approach was felt to enable a deeper understanding to be developed of a single budget process (the case study) within its wider chronological context.

In summary, this case study focused on the 1996 Mission and Service Fund Budget preparation process within the Uniting Church in Australia - Synod of South Australia. The primary data collection was focused on the period from the commencement of the development of the budget process in November 1994 to the final approval of the budget in December 1995. However, the study acknowledged that this particular budget formulation process did not occur in isolation from the wider chronological and spatial spheres. The study thus gave some consideration to events occurring in the wider Church and society and in periods both prior to and subsequent to the primary data collection period.

2.4.3 Sources of data

The major sources of data utilised in this study were narrative sources (Llewellyn, 1999) derived from observations, organisation documents, and interviews. Data was primarily collected by observing meetings and analysing minutes, reports and correspondence. Formal and informal interviews were used to clarify findings from observations and documents and to 'fill in' knowledge gaps in the evidence collected from other sources. The existing academic, investigative and professional literature (see Chapter Three) also provided a secondary source of evidence, sensitising the researcher to concepts and categories in the data and providing a source of validation for the tentative findings (see the discussion of grounded theory in section 2.3). The primary data collection methods are discussed below.

2.4.3.1 Observation

Observations formed the major source of data utilised in the study. As noted in Section 2.4.2, the observations focused primarily on the meetings of three sub groups within the Synod. These groups will be identified below. (A more detailed description of the groups can be found in Chapter 4.) In addition, the researcher also observed a number of 'once off' meetings where aspects of the budget process were being discussed or debated. Where possible, observations were also made of informal meetings, conversations, and aspects of the physical structure of the Synod offices.

The three sub-groups observed within the Synod can be outlined as follows. Firstly, the meetings of the bodies responsible for the accounting and financial management functions within Synod were observed over the three stages of the study. These bodies comprised the Resources for Mission Commission (RMC) and the Financial Services Task Group (a sub-group of the RMC). Secondly, observations were made during the primary data collection period of the committees responsible for determining and managing the budget preparation process. At the time of the study, the Synod, Council of Synod and FOCUS were charged with such tasks. Finally, the meetings of the budget review committee were also observed. This group was responsible for reviewing and challenging the budgets of the expenditure bodies and negotiating any potential reductions in the net askings from the Mission and Service Fund budget.

The observer roles adopted in the study included both active membership and passive observer roles (see Table 2.1). The researcher participated in the RMC and Financial Services Task Group (and their predecessor bodies) during the entire period of observations as an active voluntary member. An active membership role was also utilised within the Synod, the Council of Synod (February 1996-April 1997) and the Commission Consultations. These roles entailed the researcher participating in the core activities of the committees (Adler and Adler, 1987; Burgess, 1984; Yin, 1989). Such activities included assisting in the preparation of annual financial reports, representing the RMC at Synod and Council of Synod meetings, interpreting the financial implications of reports and other proposals, participating in debates regarding issues such as financial reporting formats and the appropriateness of investment proposals, and contributing to general decision making on matters of financial and accounting policy. However, the researcher deliberately avoided a significant participation in activities and discussions pertaining to the 1996 budget or the associated budget process, preferring to take a more passive role to allow the researcher to focus on understanding the viewpoint of other participants. In each of these committees, the Chairpersons (and many members) were aware of and had given verbal and/or written approval for the researcher's research role.

A passive observer role was adopted to gather data from the meetings of FOCUS, the Budget Task Group, the Delineation of Responsibilities Subcommittee and some meetings of the Council of Synod (August 1995 and December 1995). However, at times the researcher was called on within these meetings to provide information or interpretation to assist in the progress of discussion or decision making. Such assistance was generally provided to help maintain the goodwill of the committee towards the presence of the researcher. Again, the researcher was present at these meetings with the knowledge and approval of the Chairperson and, often, many other members. The observer role was adopted for these committees because the researcher felt she would be able to gather sufficient data about the activities of these groups without having to become a complete member. The researcher can thus be seen to have adopted both active membership roles and passive observation roles to collect observational data about the budget process. However, these roles were not static, with the researcher at times reducing her level of participation on committees of which she was a member and increasing her level of participation on committees which she was simply observing.

Table 2.1: Observations of committee meetings

Committee	Period of formal observations	Primary role of researcher	Number of meetings	Number observed
Resources for Mission Commission	Feb 95 - Apr 97	active membership	25	21
Financial Services Task Group	Jan 95 - Mar 97	active membership	23	17
FOCUS	June 95 - June 96	passive observer	5	5
Council of Synod	Aug 95 - Apr 97	active membership (Feb96-Apr 97) passive observer (Aug 95-Dec 95)	9	6
Synod	Oct 95	active membership	1	1
Budget Task Group	Jul 95 - Aug 95	passive observer	6	5
Delineation of Responsibilities Sub-committee	May 95	passive observer	1	1
Commission Consultation	Mar 96, Feb 97	active membership	2	2

Due to conflicting commitments, the researcher was unable to attend all meetings of the committees under study (see Table 2.1). To minimise the impact of such data 'gaps', the researcher instead held discussions as soon as practicable after each non-attendance with selected informants (see Section 2.4.3.3) to identify any relevant data from the meeting. She also followed up all written documentation presented to the meeting or deriving from the meeting (see discussion of documentation in Section 2.4.3.2). These steps were felt to have minimised any shortcomings in the data base as a result of the meetings not attended by the researcher.

Data was collected during each meeting attended by making verbatim notes (where ever possible) of relevant discussion[17]. These notes also included the researcher's impressions regarding people's emotions, seating positions, and other factors considered relevant to the study. Notes were made regarding observations of informal conversations immediately after the discussion was held. The notes were taken down in A4 notebooks and were retyped as soon as possible following each observed event. This process resulted in 650 pages of typed single space A4 observational notes. These notes were combined with extracts from organisational documentation and interviews to form the raw data for analysis within NuDist using the analytical methods of grounded theory (see Section 2.3).

2.4.3.2 Documents

A large number of documents were collected and analysed as part of the research study. The relevant aspects of all documents were noted in computer files and were incorporated into the NuDist data base. The final data base comprised over 200 documents of relevance to the research topic. The analysis of documents was used to compare with evidence from other sources (eg comparison of minutes with observations of the meeting), as a source of original data (eg membership of a committee, language used to describe events), and as a source of 'clues' regarding missing data.

All minutes, correspondence (both in and out), and reports relating to the period from January 1995 to April 1997 were reviewed for the Synod and its relevant Executive committees, Council of Synod and its relative Executive committees, FOCUS, Resources for Mission Commission, Financial Services Task Group, Chaplaincy and Other Ministries Commission, Commission for Community Agencies, Commission for Mission, Ecumenical Commission, Education for

[17] Tape recordings were made for a single meeting of each of the RMC and the Financial Services Task Group early in the primary data collection period. The tape recordings were transcribed and compared with the researcher's verbatim notes. While the recordings led to minor changes and addenda to the researcher's notes, it was felt that the researcher's notes provided an adequate description of the meetings. As it was also both physically and politically difficult to record any meetings but the RMC and Financial Services Task Group, the researcher decided to rely on extensive verbatim notes as the primary records of observational data.

Ministry Commission, Presbyteries Commission, and UAICC[18] (see section 4.4.2 for an explanation of the role of each Synodal group). Documentation relating to the Synod bodies not observed was reviewed as part of the process of gaining an understanding of the perception of the these bodies towards the budget and the budget process.

The study also incorporated other documents relating to the Synod in general and the budget process in particular. Copies of *New Times* (the SA Synod newspaper) were reviewed for the period outlined above. Documentation relating to the Budget Task Group and other budget meetings that was not associated with the above bodies was also considered.

2.4.3.3 Interviews

Interviews were utilised within the study to either provide data that was not available from other sources or to assist in (or reflect on) the researcher's interpretation and understanding of peoples' perceptions of particular events or situations (see Section 2.2.3). Most interviews were conducted with selected informants within the Synod. However, some interviews were also held with knowledgable persons outside the SA Synod. As the research was primarily concerned with the financial managers' interaction with the budget process, the interviews focused on people with a significant role in either the general financial management or the budgeting functions.

The study comprised two main types of interviews; informal conversations, addressing specific topics, and formal interviews, addressing a range of topics. The informal conversations generally lasted less than ten minutes and were designed to seek information on a specific topic. Notes were made about the content of conversations after their conclusion. As these discussions often took place during a meeting or immediately following a meeting, they were often recorded as part of the meeting. They are thus often not separately documented or identified in this study. Conversations were held with a range of people,

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[18] UAICC were only able to locate minutes for the August 1995 and December 1995 meetings. Some relevant correspondence was able to be identified from the files of the other Synod bodies. As the UAICC documents were not central to this thesis, the limited coverage of such material did not impose a limitation on the study.

including voluntary members of the financial management committees and the budget committees and financial and non-financial staff employed by the Synod.

Formal interviews were conducted with individual 'informants' selected for their specific knowledge and willingness to assist in the study (McKinnon, 1988). Such interviews were conducted with the Resources for Mission Commission Executive Officer 2 (three interviews), the FOCUS Executive Officer and the General Secretary of the Synod. The formal interviews averaged over one hour in length. Such interviews focused primarily on the informants' perceptions of events. They generally focused around a series of open ended questions presented by the researcher, but often ranged into further questions and unanticipated topics derived from the information presented by the interviewee. All formal interviews were taped and later transcribed by the researcher.

2.4.4 Summary of the research design

This section has outlined the research design adopted in this field study. The research utilised a single-case study with embedded (multiple) units of analysis. The case study was primarily focused on the budget formulation process for the 1996 Mission and Service Fund budget of the Synod of SA. Consideration was also given to the wider organisational and social conditions impacting on this particular process. The major sources of data used in the study were direct observations of meetings, organisational documents, and interviews. This research design is argued to have provided an appropriate base for developing a 'deep' understanding of the actions and rationales of the financial managers regarding the budget development process within their church organisation.

2.5 PRESENTING DATA AND ANALYSES

The presentation of both the data examined in this study and the findings or analyses emerging from the study was undertaken using a narrative format (Llewellyn, 1999; Reissman, 1983). As noted previously, the focus of the study was on an examination of the financial managers' experiences in a church entity, in terms of the actions and strategies exhibited and the rationales and influencing factors underlying such strategies. These experiences were studied through three narrative sources; the discursive process of negotiation undertaken in meetings, the written content of documents, and the descriptive accounts of personal interviews. Such data was then merged to form four narrative 'stories' of the events, actions, conditions, and context that comprised the 1996 budget formulation process of the SA Synod (see Chapters Five and Six). These 'stories' utilised an evocative style of narrative, aiming to construct a "highly personalized, revealing text" to provide the reader with insights into the "lived experiences" of the financial managers themselves (Richardson, 1994).

Following the presentation of these 'stories', each narrative was analysed to draw out the significant themes of relevance to the underlying research questions. Finally the emerging constructs were reformed into an explanatory framework or "metastory" (Reissman, 1993) that provided a narrative understanding of what the financial managers were trying to do during the budget process, why they were doing it, and how specific factors operating within the entity influenced the outcomes of such strategies (see Chapter Seven). Thus, in this manner, the thesis has used narrative research to configure

> characters, themes and events into a sequence that leads up to the phenomenon to be explained, or understood, and ... to render this phenomenon intelligible within the context presented in the narrative (Llewellyn, 1999, p 229).

Steps were taken in the presentation of the narrative data and analyses to protect the identity of the individuals observed, interviewed or named in documents. In particular, individuals were referenced using generic titles (eg 'RMC Executive Officer' or 'financial management volunteer')[19]. The provision of anonymity within the 'stories' was felt to enhance both the willingness of participants to allow the researcher to observe meetings and the honesty of disclosures made by participants to the researcher. (Burgess, 1984; Hammersley and Atkinson, 1983)

2.6 Summary

This chapter has outlined the strategies of inquiry and the research methods adopted in this study. The study has adopted a single field-based case study,

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[19] This practice will not completely disguise participants in the study, as persons inside the organisation may still recognise themselves and others within the study. However, further changes to or generalisation of role descriptors may well distort the presentation of the findings of the study. (Burgess, 1984; Punch, 1986)

utilising qualitative data from observations, documents and interviews. Analysis and theory development have been informed by the principles of grounded theory and have utilised a narrative format to present both the data and the emergent framework of understanding. The details of these strategies have been summarised in the relevant sections and so will not be discussed again here. This approach is argued to have enabled the researcher to develop a understanding of the experiences of the SA Synod's financial managers' within the holistic empirical context in which they operated.

CHAPTER 3 LITERATURE REVIEW

3.1 INTRODUCTION

During the last decade, the accounting literature has given increasing attention to roles and functioning of financial management within both public and private not-for-profit organisations. However, this burgeoning body of work contains few references to financial management within religious organisations. Even less insight is provided into the work experiences of financial managers within such entities. However, while the existing literature makes only limited and incomplete observations regarding the central focus of the thesis, it does indirectly provide glimpses into the experiences of 'being' a financial management in church organisations and is hence worthy of examination.

The place of financial managers in church entities is also indirectly addressed in the sociological and organisational literature addressing the management and structures of church entities. However this literature is again quite scant and tends, by its nature, to address issues at the organisational level, rather than from the perspective of the individuals engaged with such organisations. Despite this limitation, this literature does again contain occasional relevant insights and these will be noted where possible.

As there is a very limited body of literature available to directly inform the central questions of this thesis, this literature review will instead focus on a consideration of evidence that can indirectly inform the framework of understanding to be developed in this thesis. First, the literature review will provide an understanding of the organisational context within which church financial managers practice their craft. Second, some insights into the outcomes that appear to have been achieved by financial managers will be gained. Third, the literature review will facilitate some preliminary sensitisation, albeit piecemeal and indirect, regarding the actions, rationalities and influencing factors that may contribute to the work experience of accountants in church organisations. (Booth, 1993; Strauss and Corbin, 1990)

Research on financial management in contemporary religious organisations falls primarily into three groups; first, 'academic' literature focusing on rigorous exploratory and/or explanatory research within specific organisational sub-units, second, less rigorous interpretive case studies examining evidence derived from journalistic-style investigations of church organisations, and third, short normative and/or descriptive commentaries presented in the professional literature. While the academic literature contains relatively few studies of church organisations, the depth of detail and the thoroughness of the examination of specific elements of financial management practice enables them to contribute significantly to an appreciation of the nature and functioning of church financial management. This chapter will thus commence with a consideration of the contribution of the academic literature to this study. Such literature will be presented in two categories: first, case studies investigating (either directly or indirectly) financial management practices in individual church organisations and, second, surveys addressing financial management practices (amongst other matters) across church organisations. The findings of the 'interpretive' and 'professional' studies will then be presented.

3.2 ACADEMIC LITERATURE - CASE STUDIES

The academic literature contains a small body of work that focuses on providing insights into the nature and use of accounting in specific church organisations. These include a book (based on a PhD thesis) (Booth, 1995, based on Booth, 1991), an unpublished PhD thesis (Laughlin, 1984), four published papers (Abdul-Rahman and Goddard, 1998; Booth, 1993; Laughlin, 1988, 1990), two conference papers (Irvine, 1996; Parker, 1994a), a working paper (Booth, 1992) and an unpublished paper (Parker, 1993). Each author has undertaken a primary case study of a separate church organisation which has then formed the basis of all the publications identified with that author (with the exception of Booth (1993)). This review of the academic church financial management literature thus covers literature derived from four separate research studies. In addition, Booth (1993) presents a review of the church accounting research literature published to date and attempts to "sketch some of the possible skeletal parameters of a [research] framework" (p 38) for focusing future studies in this area.

Although this body of knowledge is relatively limited, it still provides an important base for the focus of this thesis. While the few studies that do exist claim a primary focus on 'accounting', the literature considered here describes studies which address issues common to both accounting and financial management practice. The academic literature is also useful to this study as it moves beyond much of the non-academic literature's focus on ad hoc observations and normative statements, to provide detailed empirical evidence regarding the nature and use of financial management tools in church organisations. While the actions and rationalisations of financial managers have not been directly addressed in these studies, they do provide some indirect insights into these issues. The academic literature also often attempts to move beyond mere description to develop an understanding, or theorisation, of the factors underlying the empirical observations. A consideration of the findings of the academic literature can thus sensitise the researcher to explanatory factors that may only become evident from a rigorous and thorough examination of specific church financial management practices. The academic literature also explicitly incorporates carefully applied research methods and inquiry processes, and thus may reveal and/or present dimensions of church accounting that may assist the researcher in the current study.

The focus of the majority of the church accounting literature on large mainstream Protestant churches in Australia (Booth, 1991, 1992, 1995; Irvine, 1996; Parker, 1993, 1994) and the United Kingdom (Laughlin, 1984, 1988, 1990) further contributes to the potential usefulness of the findings for the current study. Booth (1991, 1992, 1995) and Parker (1993, 1994a) each focus on a different state administration level (Synod) of the Uniting Church in Australia[20]. Their findings thus have particular relevance for the current study. Laughlin's (1984, 1988, 1990) study alternatively address the parish, diocese and central levels of the Church of England. As the Uniting Church shares much history (both theologically and structurally) with the Church of England, Laughlin's findings regarding the diocese and central levels[21] of the Church also have much to contribute to the current

[20] While Booth refers to his case study organisation as 'Mainstream Church' in his 1995 publication, his PhD thesis (1991) and working paper (1992) acknowledge the identity of the organisation as the Queensland Synod of the Uniting Church in Australia. As the current study is focused on the South Australian Synod of the same church organisation, Booth's case organisation will be referred to by its actual identity, rather than the pseudonym introduced in the 1995 book.

[21] Although Laughlin (1984) considered accounting systems at all levels of the Church of England, this section will only consider the findings in the areas that are of direct relevance to the focus of this thesis. While this thesis is concerned with accounting at the Uniting Church equivalent of the 'central' level of the Church of England, consideration of diocese accounting practices is of some

study. Finally, while Irvine (1996) collected data at the congregational level within the Australian denomination of the Anglican Church, her study, like many of the parish based studies to be considered later in this Chapter (see Section 3.5), may still provide some insights into issues particular to the financial management of churches.

Finally, Abdul-Rahman and Goddard (1998) provided a brief consideration of the significance of accounting in two Islamic religious organisations. As this study directly problematised the concept of the sacred and secular divide (per Booth (1993) and Laughlin (1990)), it also provides useful insights for the purpose of this thesis.

The academic case studies contribute to the process of sensitising the researcher to issues of importance in answering the central questions underlying the thesis in two significant ways (see Chapter One). First, the case studies provide detailed empirical evidence of the nature and use of accounting in church organisations. These descriptions provide an understanding of the context and the outcomes, in terms of the physical accounting systems, that the accountants have achieved in their entities. Such an understanding in turn gives some background to the questions to be addressed in this thesis. The case studies also contain a limited number of observations regarding the actions and operational rationales of the accountants. These observations may, in turn, assist in the recognition of relevant factors relating to the actions and rationales of the financial managers in this case study. Second, the case studies also provide incomplete theoretical frameworks examining the explanatory factors that are perceived to influence the nature and use of accounting in church entities. Again, such data may assist the processes of sensitisation underlying the examination of the factors influencing the outcomes of the financial managers actions in the current study. This section will thus first consider the empirical evidence presented by the academic studies. The explanatory factors will then be examined.

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interest, as many dioceses of the Church of England are in fact considerably larger organisations than the Uniting Church's Synod of South Australia.

3.2.1 Empirical evidence

The academic literature considered in this section comprises detailed descriptions of the church accounting systems utilised by the Uniting Church's Synod of Queensland (Booth, 1995) and the central and diocesan levels of the Church of England (Laughlin, 1984). Parker's (1993, 1994a) observations, while less detailed, also provide insights into the nature of the church accounting systems of the Uniting Church's Victorian Synod. While the case studies found that the centralised church bodies studied were each responsible for the management of a large number of accounts and activities, the studies were primarily focused on the examination of the accounting activities surrounding the account(s) which were used for the majority of daily operating transactions required to fund the administrative functions of the central church body (Booth, 1995; Laughlin, 1984; Parker, 1993). Thus the discussion below will focus on the findings relating to the financial management of centralised church operating funds, rather than investment or other non-operating funds.

The church accounting literature recognised that the accounting systems employed for the central operating funds comprised a number of inter-related sub-systems. The most significant sub-systems were the budget formulation system, the accounting control system, and the financial reporting system (Booth, 1995; Laughlin, 1984). Other less significant elements of the accounting system were also noted. A brief synopsis of the relevant features and uses of the accounting systems identified in the case study organisations will now be provided.

3.2.1.1 The budget formulation system

The academic literature indicates that the formation of the annual budget comprised the most significant element of the financial management of the church organisations studied. While the budget document was found to comprise the central component of the accounting systems, forming the basis of both the systems for recording and for reporting the financial transactions of the church (Booth, 1995; Laughlin, 1984), its significance as a financial management tool was seen to be far greater. Outside the accounting department, the budget was found to be "the most used accounting practice" (Booth, 1995, p 147) by the other departments and committees of the Queensland Synod, making a relatively substantial contribution to the ongoing planning and control functions of management in all the church organisations examined (Booth, 1995; Irvine, 1996; Laughlin, 1984; Parker, 1993, 1994a).

All church organisations considered in the academic literature were found to have a comprehensive budget formulation process for the recurrent income and expenditure items within their major operating funds[22]. The expressed goal of this process varied between the church organisations, with the Uniting Church's Queensland Synod focusing on the allocation of budgeted income to the central spending departments (Booth, 1995) while the Church of England's central unit aimed to determine budgeted expenditure so as to raise a sufficient amount of income from the relevant providers (Laughlin, 1984). Regardless of approach, the church bodies each aimed to develop a balanced budget for recurrent income and expenditure (Booth, 1995; Laughlin, 1984; Parker, 1993, 1994a). Despite this policy, however, some church bodies were seen to regularly approve deficit budgets (Booth, 1995; Parker, 1993, 1994a).

The budget formulation processes involved direct participation by, or extensive consultation with, both income providers and budget funding recipients, with the goal being to develop a budget that was acceptable to all parties (Booth, 1995; Laughlin, 1984; Parker, 1993). Discussions regarding the formulation of the budgets were seen to occur both within the meetings of individual income providers and spending bodies (see, for example, Booth (1995)) and in joint representative meetings of all parties contributing to or benefiting from the budgets (Booth, 1995; Laughlin, 1984; Parker, 1994a). While these consultative opportunities involved large numbers of people (Booth, 1995), the majority of the preparation of the budget numbers appeared to be undertaken by a small group of key paid staff (Booth, 1995; Laughlin, 1984). In particular, the accounting staff were seen to play a significant role in the preparation, consolidation and negotiation of the budget numbers in all the church entities studied (Booth, 1995; Laughlin, 1984: Parker, 1993, 1994a). In some church entities, this role was formalised. For example, the senior accountant in the Queensland Synod chaired the budget meetings (Booth, 1995). However, in most cases while requirements

[22] Only the Queensland Synod was observed to budget for capital items within this process (Booth, 1995). However, Parker (1994a) noted that the Victorian Synod were in the process of developing an integrated capital budget.

for extensive consultation meant that the accountants had limited formal power, in practice they were seen to be able to substantially influence the budget outcomes (Laughlin, 1984; Booth, 1993, 1994).

The budget processes were observed to be quite lengthy, occupying a large proportion of the year (Booth, 1995; Laughlin, 1984; Parker, 1993). This was despite most of each budget being comprised of pre-determined costs (eg salaries and building costs) that could not be substantially altered in the short term (Booth, 1995; Laughlin, 1984; Parker, 1993). However, negotiating an acceptable budget was becoming increasingly complex as all central church bodies studied were experiencing a decline in budgeted real income relative to expenditures. While the implications of this "financial crisis" (Booth, 1995, p 124) will be discussed in more detail later, it should be noted here that the limited resources, coupled with the requirement for a balanced budget, can be seen to have impacted on both the length and complexity of the budget formulation processes in a number of ways (Booth, 1995: Laughlin, 1984; Parker, 1993, 1994a). First, pressure to reduce expenditure budgets to match projected income (or acceptable askings) was seen to result in a number of requests for downward revisions of the budgets of spending departments. At the same time, pressure was also placed on the income providers to increase their designated giving for the year. Opportunities to seek one-off sources of income (eg special grants) or to manipulate the formulas used in the calculation of the budgets were also sought. While not explicitly documented, these revisions can be expected to have added considerably to the time required to finalise the annual budget. As the senior financial managers of the churches (eg the accountants) were shown to be actively involved in both proposing and negotiating these budget adjustments, the increasingly complex budget process can thus be expected to have dominated an increasing proportion of their time.

In addition to being a complex and lengthy process, the formulation of the annual budget also appeared to be a source of considerable tension within church organisations. Such tensions were seen to be enhanced (or made increasingly visible) during periods of perceived resource shortages. In particular, the budget processes appeared to reflect an historical conflict of perceptions between the accountants, as "the bankers" and the other departments, as "the spenders" (Parker, 1994a, p 21). This conflict was reflected across the case studies as the accountants were consistently shown to primarily advocate reduced spending (program cuts) as a response to the resource shortages, while the functional 'mission' professionals advocated the need for efforts to find increased sources of income (income generation). Evidence was also presented to indicate that the accountants were often frustrated by the perceived lack of financial understanding exhibited by the other budget participants. Likewise, the other participants were seen to criticise the accountants as trying to 'rule' their respective churches through its finances. Parker (1994a) and Laughlin (1984) suggested that the opposition of many church managers to the work of the accountants even went so far as claiming that the accountants were actively seeking to make funds inaccessible to the budget, in order to prevent them being spent. The academic literature thus presents a consistent picture of the budget negotiation process as a "contested terrain" (Booth, 1995, p 215) for the accountants in the church entities examined. (Booth, 1995; Laughlin, 1984; Parker, 1993, 1994a)

The outcome of the budget formulation processes was usually a document that recorded the sources of expected income (eg from specific presbyteries) and the net[23] allocation of funds against individual responsibility centres (eg to specific internal departments) (Booth, 1995; Laughlin, 1984; Parker, 1993). This consolidated budget document was then supported by detailed line budgets for each individual department that were linked to the central operating budget via the particular net allocation figure for each department (Booth, 1995; Laughlin, 1984). The accounting departments were seen to have the responsibility for ensuring that the budget document was complete and accurate. In each organisation, the final budget required approval from a number of committees, culminating with the approval of the 'Synod' (the peak policy and decision making body of each Church). The consultative nature of the budget process and the lack of a clear hierarchy within the church committees tended to result in a lengthy approval process (Booth, 1995; Parker, 1994a).

In summary, the budget formulation process was found to be the most significant financial management system in use in the central church bodies examined in the

[23] Individual spending departments received a one-line allocation in the central operating budget. Responsibility for the allocation of the net budget within the department lay with the management structure of that department. (Booth, 1995; Laughlin, 1984; Parker, 1993)

academic literature. The development of the annual budget facilitated negotiation regarding the planned activities of the organisations. The resultant budget document provided a basis for effecting control, of both finances and activities, within the church bodies. As a result, the budget formulation process received a relatively significant degree of attention at both the departmental and organisational levels.

3.2.1.2 The accounting control system

The second feature of the accounting systems examined in the literature comprised the processes undertaken to ensure actual income and expenditure were adequately controlled during the year. As noted earlier, the actual results were expected to closely mirror the budget, and control was thus primarily effected through the periodic comparison of actual results to the approved budgets.

During the year, the financial recording function was generally undertaken by a centralised accounting department, who were also a budget funding recipient (Booth, 1995; Laughlin, 1984). The accounting department produced periodic financial reports to facilitate the ongoing monitoring of the actual results against those budgeted. The accounting reports comprised detailed transaction reports (Booth, 1995; Parker, 1993), income and expenditure statements and line-by-line variance reports (Booth, 1995; Laughlin, 1984; Parker, 1993). The income statements and variance reports were provided at varying intervals (eg. monthly (Booth, 1995; Parker, 1993) and quarterly (Laughlin, 1984)) and were primarily prepared on a cash basis or part-accrual basis. The reports were provided to the relevant departments.

The lack of consistently applied formal structures of accountability within many church organisations lead to considerable confusion and tension in the application of the accounting control systems. The primary responsibility for ensuring that actual results were within budget generally lay with the individual departments (Booth, 1995; Laughlin, 1984; Parker, 1993). However, the accounting variance reports received a "very low" level of attention in the meetings of the non-accounting departments (Booth, 1995, p 148) and were often perceived as irrelevant and were thus ignored or misunderstood by departmental managers (Booth, 1995; Parker, 1993). To overcome this perceived control deficit, the accounting departments often devoted a relatively large amount of time during the accounting meetings to review and discuss the accounting reports of the individual departments (Booth, 1995). In addition to such voluntary control actions, the accounting function also often had a formal responsibility set down in the church governance structures to ensure the church finances were carefully controlled and thus considered their monitoring actions to be part of the discharge of this duty (Booth, 1995; Laughlin, 1984). However, the perceived failure of the individual departments to utilise the accounting reports to control their own financial position appeared to be a source of significant frustration for the accounting personnel (Parker, 1993). Thus the accounting personnel generally played a significant, but possibly reluctant and certainly resented, role in the periodic monitoring of actual results against budget. This involvement varied from direct control over authorised expenditures (Laughlin, 1984) to the ongoing development of various methods to encourage departmental managers to exercise appropriate control themselves (Booth, 1995; Parker, 1993). The accounting control system thus appeared to be managed at the level of the accounting departments, as no evidence was detected of the accounting variance reports being provided to, or reviewed by, senior church management.

While the formal systems of financial control in existence within the church organisations emphasised a strong budgetary control focus (Booth, 1995), in practice the review of actual transactions against budget appeared to do little to enhance financial management. Many items of expenditure and income were dependent on factors beyond the control of individual departments (Laughlin, 1984). Examples include dividend and interest income and expenditure items such as the cost of moving ministers or grants paid to supported bodies. While the accountants and other departments were able to use the periodic variance reports to monitor such items, there was little action that could be taken in response to such information. In addition, the accounting department and higher management committees were also seen to be often unable or unwilling to act in response to perceived overspending or failures to generate budgeted income (Parker, 1993). Thus the financial control systems were very much driven by the sense of responsibility held by managers of individual departments, rather than by the threat of actions taken in response to the accounting reports. Again, the literature indicates that at times the accounting managers evidenced considerable frustration with this inability to control the financial transactions of their church (Parker, 1993).

3.2.1.3 The financial reporting system

Highly aggregated annual financial reports were prepared for the central operating fund of each church organisation. The reports comprised an income and expenditure statement and a balance sheet and utilised an accrual basis of accounting in a relatively sophisticated manner. The accounts were again prepared by the accounting staff and were subject to an independent external audit. Presentation of the annual financial reports were made to the governing bodies of the respective churches. The governing bodies generally received the accounts as a formal motion, with little or no attention being directed to the detailed content of the reports. (Booth, 1995; Laughlin, 1984)

While much of the academic literature concluded that the financial reports of the central church bodies were acceptable from an accounting perspective, Parker's (1993) study indicated that the non-financial managers in his entity had voiced an air of dissatisfaction with the financial reports. In particular, as the nature of the church structures meant that the financial reports of the central operating fund summarised transactions relating to a large number of diverse activities and capital funds, the reports were often perceived as complex and difficult to comprehend (Parker, 1993). Parker (1993) suggested that such summarising could be interpreted as the financial managers "filtering" financial information in that they preferred to be trusted to manage financial matters in "private" without being asked "too many questions". There is thus an indication in the academic literature that the financial reports prepared by the accountants may not have provided an adequate form of communicating the financial activities of the central church bodies to the governing bodies or the wider church membership.

3.2.1.4 Other formal accounting systems

Only limited financial management information was identified as existing outside of the three major accounting systems outlined above. A range of information was seen to be utilised by departments in developing and evaluating project alternatives (Booth, 1995; Laughlin, 1984). However, the nature and extent of financial management information used varied significantly between the accounting and non-accounting departments, with the latter tending to use less accounting information and incorporating it into decisions as a secondary set of criteria. The 'other' accounting information primarily comprised actual data underlying the periodic accounting reports (eg stipends or interest rates) and forecasts of income and costs for future periods. However, as most decisions incorporating accounting information were considered as part of the budget formulation process, this data generally became part of the annual budget system. Formal accounting reports from income providers were also considered as part of the process of budgeting for the income to be received from parishes and other grant providers (Laughlin, 1984).

As noted earlier, the accounting systems outlined above are designed to manage the central operating funds of the church bodies examined. It is worth remembering at this point that separate accounting systems also existed for many activities undertaken by the church organisations and that the church accountants were often involved in the management of and accounting for such funds (Booth, 1995; Laughlin, 1984; Parker, 1994a). However, as this thesis is focused only on the financial management of the central church funds, these other accounting systems will not be detailed here.

3.2.1.5 Implications

The church studies presented in the academic literature suggests that central church bodies are likely to employ quite sophisticated formalised accounting-based financial management systems that are not dissimilar to those that would exist within commercial organisations of a similar size. Such systems are generally developed and managed by qualified financial management professionals (eg accountants) employed by the churches (Booth, 1992, 1995; Laughlin, 1984). Further accounting and financial management knowledge may be available through the assistance of volunteers with financial management experience (Booth, 1992; Parker, 1993). Relevant information may also be derived from other accounting systems relating to individual departments and to other bodies within the church organisation.

Despite the sophistication of the accounting systems employed, the findings suggest that a relatively low, but variable level of significance will be attributed to such systems within church organisations (Booth, 1991, 1995; Laughlin, 1984; Parker, 1993, 1994a). This variation may be seen both in the nature of the users of the accounting systems and in the nature of the systems used. First, departments and committees with a primarily financial agenda (such as the

Queensland Synod's Administrative Services Commission) were seen to place a greater significance on the use of financial information in their discussions and decision making. However, departments and committees with a non-financial agenda (such as the Queensland Synod's Education and Communication Commission) were seen to utilise financial information to a much lesser extent in determining their actions, at times even exhibiting active hostility towards the financial management systems and those responsible for them. Second, while finance departments can be seen to regard all aspects of accounting and financial management as of high significance, non-accounting departments were found to treat such matters as more significant during the budget formulation process than during other times of the year. Thus the budget formulation system can be *expected to comprise the most significant use of financial management* information in church organisations. However, the use of such information in the budget formulation process will still be likely to be subject to considerable resistance within the non-accounting departments and committees.

The likely response of church financial managers to this resistance is not clearly specified in the literature. The findings variously present the accountants as passively accepting the resistance and hostility at times expressed by the non-accountants (Abdul-Rahman and Goddard, 1998; Booth, 1995; Laughlin, 1984) and as exhibiting considerable frustration with the attitudes toward accounting and accountants within their organisations (Booth, 1995; Parker, 1993, 1994a). The feelings of the financial managers towards the position of their craft within their church thus needs further consideration.

The presentation of the academic literature has so far focused on *what* the accounting components of the financial management systems were like within the church organisations studied. It has also provided some limited, and contrasting, indications of what actions might be seen to be undertaken by church financial managers. In order to gain a further understanding of these factors, we need to consider *why* church financial managers might act this way. The next section will thus examine the contributing factors proposed within the academic literature.

3.2.2 Explanatory factors

The academic literature proposes a number of explanatory factors that are argued to contribute to an understanding of the significance of accounting systems and accountants at the central level of church organisations. While the tasks of accountants and accounting systems may not exactly replicate those of financial managers and financial management systems, an examination of such factors may assist in sensitising the researcher to the strategies and interpretive schemes adopted by financial managers working within church entities and to the factors that influence attempts to apply such strategies in policy making and the daily work environment.

The explanatory factors presented here are structured around Booth's theoretical framework[24]. Booth's framework consolidates a wide range of factors considered by other authors (in particular, Laughlin (1984)) and has received support from subsequent researchers in the field (eg Abdul-Rahman and Goddard (1998), Parker (1993, 1994a) and Irvine (1996)). However, Booth acknowledges that his framework is still of a 'skeletal' nature, in that it is intended to

> provide incomplete theorisations that may be applicable across a wide range of situations, but which require specific empirics to flesh them out (Booth, 1993, p 60; see also Laughlin, 1990, 1991).

Thus while this framework is considered in the current study, it is not seen to provide a definitive 'picture' of the reality of accounting and accountants in a church entity.

Booth's framework theorised that the significance of accounting and accountants in a church organisation would be influenced by three factors; the nature of the 'sacred and secular divide', the nature and roles of the occupational groups within the organisation and the existence and nature of organisational crises. The nature of each concept and the relationships specified in Booth's framework will be outlined below. The implications of these findings for the study of church financial managers will also be discussed.

3.2.2.1 The sacred and secular divide

The church accounting literature draws on a broad range of disciplines to argue that the central concept in understanding the position of accounting in church

[24] While this framework is addressed in all Booth's work, the clearest explication of the framework can be found in Booth (1993). Booth (1991, 1995) address the empirical evidence underlying the framework.

organisations is the fundamental distinction in all religious belief systems between spiritual matters (the 'sacred') and the activities undertaken to support them (the 'secular' or the 'profane') (Abdul-Rahman and Goddard, 1998; Booth, 1991, 1993, 1995; Irvine, 1996; Laughlin, 1984, 1988, 1990; Parker, 1993, 1994a)[25]. The 'sacred and secular divide' is premised on the argument that the core focus of a church organisation will be its 'sacred' functions. Such activities are expected to be able to be conducted within a "central sacred sanctuary" (Laughlin, 1988, p 24), protected from the profane or secular world. These social dynamics are thus reflected in a preference to prioritise sacred activities within the organisation over secondary support activities.

One key issue in church organisations relates to the development of processes for resourcing the sacred centre (a 'secular' activity) without interrupting the fundamental spiritual activities of the church (Laughlin, 1988). Accounting and financial management considerations are thus seen as profane secular activities and can be expected to be subordinated beneath spiritual considerations in decision making within a church organisation. In particular, the academic studies suggest that accounting will be tolerated within church organisations only to the extent that it supports the sacred by acting as a protective mechanism for reducing anxiety regarding the sufficiency of resources (Laughlin, 1984). Any attempt to use accounting or other financial management tools to impinge on the sacred agendas of the organisation will be strongly resisted (Abdul-Rahman and Goddard, 1998; Booth, 1993, 1995; Laughlin, 1984). Accounting was thus perceived as acceptable within the church organisations studied so long as it was practised within departments that were segregated from the sacred activities of the organisation (eg separate Finance Departments) and was used to generate income and otherwise manage the finances of the organisation so that the work of the sacred departments could continue unhindered. The use of accounting to influence the sacred activities of the church (eg requiring departments to cut

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[25] The use of the term 'divide' in the accounting literature implies that church organisations seek a clear separation of the 'sacred' from the 'secular'. This may be their goal in an idealistic sense. However, the sociological and theological literature presents an alternate perception of church entities as constantly engaged in a struggle to achieve synthesis or balance between these conflicting, but necessarily overlapping, matters (Bartunek, 1984; Thompson, 1975). While a detailed examination of this literature is outside the scope of the current chapter, the need to consider the application of these alternative theoretical 'lenses' to the work experiences of accountants in the Synod of South Australia will be further examined in Chapter Eight.

mission programs to reduce expenditure to that required for a balanced budget) saw the emergence of actions intended to subordinate the significance of financial considerations in decision making regarding sacred outcomes. An ongoing tension between financial activities (the secular) and church activities (the sacred) was thus identified in all the academic studies. (Booth, 1993, 1995; Irvine, 1996; Laughlin, 1984, 1988, 1990; Parker, 1993, 1994a).

The concept of the sacred and secular divide has so far been presented as a universal generality applicable to all church organisations. While this phenomenon is expected to be present in all such organisations, the nature and extent of the divide will vary (Booth, 1993, 1995). In particularly, the extent to which accounting and other financial matters are resisted within each church organisation is argued to be primarily determined by the nature of the religious beliefs within that organisation (see, for example, Abdul-Rahman and Goddard, 1998; Faircloth, 1988; Flesher and Flesher, 1979; Fuglister and Bloom, 1991; Kreiser and Dare, 1986; Swanson and Gardner, 1986, 1988) and, in particular, by the way the clergy and membership "interprets the relation of secular management practices to their beliefs" (Booth, 1995, p 64). As the nature of religious beliefs within church organisations vary, the impact of the sacred and secular divide on the significance of financial management within church organisations is not expected to be universally deterministic and will thus vary between organisations and within organisations over time. Such differences may also be perceived at different levels of the same organisation at a particular point in time (Laughlin, 1984). Thus while the dominance of religious beliefs is widely proposed as a major factor influencing the significance of accounting within church organisations, variations in the belief structures both within and between organisations may be expected to lead to differences in the operationalisation of the sacred and secular divide within individual church organisations (Abdul-Rahman and Goddard, 1998; Booth, 1993; Irvine, 1996).

The concept of the sacred and secular divide, as presented above, was found to apply in a fairly consistent manner across the Christian church entities examined in the academic literature (Booth, 1991, 1995; Irvine, 1996; Laughlin, 1984; Parker, 1993). As there are considerable similarities in underlying theology and structures between these organisations and the Uniting Church - SA Synod, the observations of the literature can be expected to be of assistance in developing an understanding of the factors influencing church financial management in the current thesis.

A potential source of variance in the structure of the sacred and secular divide was proposed by Abdul-Rahman and Goddard (1998) in their study of Islamic religious organisations. They argued that

> Islam does not concede to the dichotomy of the sacred and the profane...; the worldview of Islam encompasses both the worldly aspect and the religious aspect, in which the worldly aspect must be related in a profound and inseparable way to the religious aspect, in which the religious aspect has ultimate and final significance (Abdul-Rahman and Goddard, 1988, p 189).

However, despite the theology of inseparability, the 'sacred' was still seen by Abdul-Rahman and Goddard to dominate and accounting was thus observed to occupy a distinctly secondary position in the organisation's decision making structures. As the application of the sacred and secular divide thus appeared to function in a similar manner to that of the Christian entities, the findings of this study are also useful for sensitising the researcher to the lives of the financial managers in religious entities.

In summary, the academic accounting literature has argued that the social and organisational dynamics of church organisations are dominated, to a varying degree, by an underlying sacred and secular divide. This divide prioritises the sacred activities of the organisation over the secondary secular functions required to support and protect them. The accounting literature thus suggests that as financial management is a 'secular' support function for a church organisation, it can be expected that such organisations will evidence at least some resistance to a significant role for financial matters in decision making.

3.2.2.2 The nature and roles of occupational groups

The above discussion has considered the sacred and secular divide as a significant ideological determinant underlying the institutional environment of church organisations. However, the academic literature suggests that the divide both reinforces, and is reinforced by, the nature and roles of the significant occupational groups present in church organisations (Booth, 1993, 1995; Laughlin, 1984, 1988; Parker, 1993, 1994a). The management of church organisations is generally dominated by two groups; first, the clergy and other professional groups undertaking tasks that directly contribute to the spiritual ends of the organisation, and second, administrative staff providing services to support those spiritual activities[26]. The clerical groups are argued in the literature to be primarily supporters of the sacred and secular divide, actively seeking to promote the 'sacred' agenda in decision making and to argue the irrelevancy of 'secular' management tools like accounting. The members of such groups were also seen to generally have little knowledge about the accounting and financial management systems or desire to gain such an understanding (Abdul-Rahman and Goddard, 1998; Booth, 1993: Parker, 1993, 1994a). Alternatively, the administrative groups, such as accountants, were portrayed as attempting to promote solutions that utilised their own professional expertise. Thus the academic accounting literature appears to present a typology of a professional ideological 'divide' in which the clerical occupational groups are clearly aligned with the 'sacred' and the accountants with the 'secular'.

Given the above arguments, where clerical groups are those most directly involved in the management of the church organisation and in the determination of the means of achieving the primary goals of the organisation, financial management (and thus financial managers) would be expected to be of lower significance. For example, Laughlin (1984) observed that as the clerical groups were able to dominate at the parish level, the accounting systems were generally relatively primitive and under-utilised within parishes (see also Abdul-Rahman and Goddard, 1998). In contrast, the larger number of administrative professionals employed at the central level of church organisations was felt to allow a greater presence of financial management expertise and accounting was thus seen to play a more significant role at this level (Booth, 1993, 1995; Laughlin, 1984, 1988; Parker, 1994a). However, the literature as a whole reflects very little knowledge regarding the manner(s) in which the various occupational groups are able to promote their own agendas, or to resist the suppression of their spheres of interest.

[26] While there is some overlap between these two groups (particularly for volunteers) (McKenna, 1997), there is argued to be sufficient difference at the group level over time to be able to make valid observations and draw relevant conclusions (Booth, 1993).

While accountants were seen to utilise accounting to a greater extent than their clerical counterparts, this did not imply that accountants rejected or made attempts to subordinate the sacred perspective within their churches (Abdul-Rahman and Goddard, 1998; Booth, 1993). Instead, accountants were generally seen to give a reasonable level of support to the sacred agendas. While the nature and extent of this support and the way in which it was implicated in the daily work experience of the accountants was not directly addressed in the academic accounting studies, the studies did indicate some variation in this support. For example, Laughlin (1984) indicated that his accountants quite clearly perceived the spiritual perspective as the dominant emphasis in the Church of England. However, Booth (1995) noted that while the accountants in his study generally acknowledged the significance of the sacred, they were also often seen to apply or promote their own accounting rationality in decision making. In particular they claimed that accounting should be seen as "a 'tool for mission' rather than a secular technique which conflicts with sacred functions" (Booth, 1995, p 172; see also Abdul-Rahman and Goddard (1998) and Parker (1993, 1994a)). Booth interpreted this argument as an indication that the accountants were trying to utilise spiritual or mission-based arguments in an attempt to 'sacredize' the use of accounting to "reduce resistance to its use". However, Abdul-Rahman and Goddard argued that in their case such a finding simply reflected the underlying interpretation of the sacred and secular divide in an Islamic organisation. So the academic accounting literature indicates that while accountants (and financial managers) can generally be seen to view the sacred agenda as the central focus of the church body, they may also be seen to contest the position of accounting (and financial management) within the sacred and secular divide and to actively promote the increased use of accounting in their organisations. However, no attempt was made to directly examine the accountant's own perceptions of the position of their craft within the sacred and secular divide, nor to problematise the interpretive schemes that may underlie the strategic claims made for accounting.

3.2.2.3 Resource crises

This section has so far outlined the nature of the sacred and secular divide presented in the academic accounting literature and the relative roles of the clergy and accountants proposed to influence the significance of accounting within church organisations. As previously noted, the position of accounting is perceived to result at least partially from the balancing of the dichotomy of interpretive schemes present within the organisational culture and the nature of the occupation groups within the church. However, it is reasonable to suppose that other contingent factors may influence this dynamic (Booth, 1993). The major factor identified in the academic literature was the occurrence of crises within the organisation. Booth (1993) theorised that where a crisis is interpreted as primarily 'sacred' (ie threatening the sacred ends of the church), sacred solutions would be prioritised as an appropriate response. Likewise, a 'secular' crisis (ie threatening the support of the church), would see emphasis given to the relevant administrative elements of the organisation. However, as Booth's examination of this issue was fairly cursory, his study seems to adopt a rather simplistic approach regarding the identification of a 'financial crisis' and also appears to assume that a 'crisis' can be clearly defined as either 'sacred' or 'secular'. A broader examination of the organisational literature and the theological literature would indicate that such classification may be quite problematic[27]. Neither does Booth provide a detailed examination of the process by which a series of circumstances or events comes to be perceived as a 'crisis'. It is thus possible that the dynamics underlying the identification and response to a perceived crisis may be more complex than indicated in this 'skeletal' framework (Booth, 1993; Laughlin, 1984).

The major crisis identified in the academic studies was a significant or ongoing decline in the level of resources (particularly financial) available to support the work of the church[28] (Booth, 1993, 1995; Laughlin, 1984, 1988; Parker, 1994a). The academic literature broadly argued that a financial resource shortage will impact on the way in which accounting is perceived and used within church organisations (Booth, 1993, 1995; Laughlin, 1984). However the exact nature and direction of this impact is unclear. The studies of the Uniting Church's Queensland Synod and of the Church of England both argued that accounting attained a position of greater significance within the organisation during a period of

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[27] See, for example, the definitions of organisational crises in Pearson and Clair (1998) and the discussion of the difficulty of distinguishing between 'sacred' and 'secular' causal factors in Wuthnow (1997).

[28] Booth (1993) also discussed the importance of membership size as a contributing factor. However, the impact of this factor on the central administrative bodies of church entities appears to be limited unless the change in membership is either quite significant or has an impact on resource levels.

financial 'crisis' (Booth, 1993, 1995; Laughlin, 1984). This was particularly evident in the use of the budget formulation system to debate the mission activities to be undertaken during the coming year. However, Laughlin (1988) noted that this role was only tolerated to the extent that accounting focused on the timing of projects within the budget, rather than on whether they were inherently appropriate or worthwhile for the organisation. It thus appears that a resource shortage may reduce resistance to the use of accounting, and therefore possibly influence the success of the actions or strategies utilised by accountants, but only for limited purposes. There was also considerable evidence within the literature that this increased use of accounting was considered distasteful and frustrating to the sacred occupational groups (Booth, 1995; Laughlin, 1984; Parker, 1993, 1994a). However, Booth (1993, 1995) clearly acknowledged that considerable uncertainty surrounds the current understanding of the impact of crises on the use of accounting and that further research into the impacts of both financial and 'sacred' crises was required.

3.2.2.4 Implications

To further aid our understanding of financial management in church organisations, this section has considered three significant factors argued to influence, at least partially, the nature and use of church accounting systems. Such factors may also impact on the experiences of being a financial manager in such entities.

First, the literature argues that the management structures of church organisations are underpinned by the concept of the sacred and secular 'divide'. While the specific nature and functioning of this divide can be expected to vary across different church organisations, it is likely to have a number of general influences on church financial management. The 'divide' can be expected to be invoked to segregate the responsibility for the 'secular' activities of the provision and management of financial resources from those concerned with the 'sacred' or mission functions of the church. It is also likely to be used to justify a preference within churches to ensure that the 'secular' elements are clearly relegated to a secondary position in the decision making hierarchies of the church. In the same way that the secular functions are likely to be separated from the sacred, so too the people associated with such activities may also be perceived as occupying a secondary position in the organisations (Booth, 1993). The sacred and secular divide may thus be seen to constitute some form of organisational interpretive scheme which will in turn influence the acceptable roles for the work of the financial managers.

Second, the literature suggests that the manner in which the overarching belief system represented by the sacred and secular divide is explicated in a specific church entity will both influence, and be influenced, by the significant occupational groups within the entity. In particular, the literature focuses on the perspective of the clergy, suggesting that the clergy and other professionals occupied in tasks that directly contribute to the 'sacred' goals of the church could be expected to support the divide and therefore actively seek to subordinate 'secular' financial or resource issues in decision making. However, the perceptions of the position of finance within the sacred and secular divide held by the 'secular' professionals, such as financial managers, is less clear. Likewise, little is known about the processes used by the various occupational groups to attempt to influence the acceptance of financial considerations within a church entity. Rather the studies tend to present the often quite powerful positions held by the senior accountants as status quo, rather than questioning the apparent inconsistency between such decision making power and the supposed subordinate position of the secular. Thus while the academic literature suggests that the clergy can be expected to promote the significance of the sacred, it leaves many questions regarding the actions and rationales of the financial managers unaddressed.

Third, the use of accounting in church organisations was observed to be enhanced by the existence of a 'financial (secular) crisis'. However, as noted above, while this finding is supported by sound arguments in the literature and thus warrants consideration in the current study, the church accounting literature gives only limited attention to an examination of the definition of such 'crises' and the underlying dynamics contributing to the perceived outcomes. Thus while it may be anticipated that the existence of a financial crisis may allow financial managers to play a more significant role within a church organisation, further investigation is required to enhance our understanding of how such crises are identified and promoted and the nature and extent of the impact that such crises can have on the significance of financial agendas in the decision making processes of the church. The roles of financial managers, both as individuals and as an occupation group, in these dynamics also requires further examination.

In summary, the academic case studies have much to contribute to a framework of understanding of accounting and accountants in church organisations. However, the paucity of such studies means that the literature often raises more possibilities than it resolves. The observations and explanatory variables must thus be taken only as tentative indicators of the factors impacting on the experiences of being a financial manager in a church organisation, leaving many gaps for further examination in this thesis.

3.3 ACADEMIC LITERATURE - SURVEYS

The church 'research' literature contains a small number of surveys examining aspects of the practice of accounting and financial management in religious organisations. While the studies are primarily focused on describing actual practice, some authors do reflect more broadly on the financial management environment present in many church organisations. Again this can provide limited insights into the context in which church financial managers practise their craft. This section will consider both the findings and the reflections presented in this survey literature.

The two surveys identified in the church literature focus on a consideration of the external reporting practices of church organisations. While the empirical findings of the studies provide limited insights for this thesis, the contextual discussion contained in the papers was informative. The survey literature indicates that the majority of church entities prepare periodic financial reports. The nature of these reports appears to be influenced by the size of the entities, with larger churches providing more comprehensive reports on their financial management than smaller ones (Rowe and Giroux, 1986). However, a later survey of church members with accounting qualifications found that participants placed a priority on receiving information about budget comparisons and cash flows in order to evaluate the stewardship of those in positions of financial responsibility (Jordan et al, 1991). Jordan et al. (1991) thus concluded that conventional 'GAAP' financial statements appeared not to provide a sufficient basis of accountability within church congregations. These findings indicate that financially knowledgable participants within church organisations believe that the budget comprised one of the most significant elements of church financial management.

In addition to focusing on technical aspects of financial reporting, both studies made passing comments regarding the particular financial management needs of church organisations. Church organisations do not have 'owners', as such. Instead they must be accountable to a wide range of constituents, including income providers (members, grant providers, governments and so on), employees, service recipients (corporations, other church organisations and governments, as well as individuals) and the general public (Rowe and Giroux, 1986). While Rowe and Giroux concentrate on recommending the financial reporting system as an important mechanism to discharge accountability to such bodies, these observations also imply that church organisations need to be sensitive to the interests of a significant set of associated parties. This divergence of constituents may in turn impact on the nature and use of financial management systems and in the activities of the financial managers of church organisations.

The survey literature also noted that church organisations operate in an environment that is highly susceptible to financial abuse (Jordan et al, 1991; Rowe and Giroux, 1986). Jordan et al (1991) argued that this potential for abuse was derived from; a lack of financial expertise among decision makers, a reliance on "trust" in place of formal systems of internal control, a reluctance to demand formalised accountability of leaders to the church membership, and the inability of many church members to understand church financial statements. The authors again concentrate on recommending the use of appropriate financial reporting to avoid such problems, again indicating that the accounting systems may be observed to be of greater significance in an church organisation that feared such an event. While the authors highlighted a number of perceived 'shortcomings' in the financial accounting systems of the church organisations surveyed, they did not theorise on the factors underlying such structures.

In summary, the survey literature provides some 'flesh' to our 'skeletal' understanding of financial management in church organisations. The importance of the budget, to the financially knowledgable at least, is again emphasised. The accountants-as-authors were also seen to actively promote the greater use of accounting in church organisations, and openly criticise elements of 'sacred' management such as 'trust' in their bid to achieve this goal. The survey literature also identified a lack of clear management hierarchies in many church organisations. This may be seen to open up the scope for debate regarding appropriate management tools in such entities. By highlighting the increased potential for financial fraud in church entities, the survey literature also raises an awareness of other possible 'crises' or arguments that may act to influence the significance of financial management and financial managers in church organisations.

3.4 INVESTIGATIVE LITERATURE

An increasing body of literature addressing church accounting comprises investigative or journalistic-type studies. These studies provide a more general examination of financial management systems, rather than focusing specifically on accounting. The investigative literature focuses primarily on contemporary and historical case studies of specific church denominations, generally at the central management level. While these studies present their findings in considerable depth, they do not reflect the rigorous criteria of academic research studies, failing to acknowledge prior literature or to specifically incorporate well-defined research methodologies or particular theoretical perspectives into their publications. The focus of the studies is also inevitably on prominent church organisations that have experienced financial problems, with a resulting tone of 'sensationalism' in the written output. Thus while the investigative literature generally represents a biased, and often unsubstantiated, perspective of the general elements of financial management in church organisations, it nevertheless does help to facilitate a sensitivity to the issues of concern in this thesis.

The investigative literature reviewed in this thesis primarily comprises a number of commentaries on the financial management systems of particular church organisations over specific periods of time[29]. The review will also make brief reference to a number of indirect reports of church financial management contained in studies with a non-financial focus. The major studies to be considered in this review will be briefly outlined, prior to their findings being discussed within the framework derived from the academic literature.

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[29] There are also a large number of short articles and commentaries on church financial management published in newspapers and magazines. However, a detailed review of such articles was felt to be unnecessary, as it would add little to the 'picture' of church financial management provided by the more comprehensive studies published in book form.

The most insightful contributions to an understanding of financial management and accounting in the central church bodies are provided by Gollin (1971), Pallenberg (1971), Lovell (1997) and Tidwell and McKee (1993). A comprehensive consideration and evaluation of financial management practices at all administrative levels of the US Catholic Church is provided by Gollin (1971). Pallenberg (1971) reveals a similar study of the financial management of the Vatican itself. These reviews critically examine and comment on many aspects of financial management practice within the Catholic Church. Gollin (1971) also discusses a number of historical and contemporary factors believed to be influencing these practices. These studies thus provide a very comprehensive, if rather dated, reflection on the financial management systems within one church denomination. Lovell (1997) focuses on the investment management strategies of the Church of England, providing an examination of the factors underlying the recent financial crisis in the central investment bodies of the Church of England in the UK and commenting on the reaction of the church membership to such events. His study provides a detailed insight into the interaction of the church structures and the financial managers appointed within the Church. While his observations at times appear to be overly critical of the financial managers and tend to ignore the actions (or non-actions) of those who were appointed to supervise them, Lovell's work raises many issues which are of importance to the current study. Likewise, Tidwell and McKee (1993) present a detailed commentary on the financial management practices of the Praise The Lord Ministry ('PTL') in the US and examine the relationships between such practices and the eventual financial collapse of the PTL organisation. As PTL did not have the complex historical management hierarchies evidenced in other church organisations, this study focuses primarily on the people engaged in senior management roles within the entity. Tidwell and McKee thus provide important insights into the experiences of those attempting to manage the finances of PTL and, particularly, the conflicts between the financial managers and the clergy. This study thus further sensitises the researcher to the rationalities and actions adopted by the financial managers and the factors perceived as influencing the inability of the financial managers to prevent the eventual failure of their church.

3.4.1 Findings

Overall, the investigative literature provides a critical picture of the financial management systems utilised by the church organisations studied. While the details of the accounting systems employed by these entities are not considered in the depth of the academic studies, the churches are all seen to exhibit a lack of coordinated financial planning and to have quite limited systems of accountability. Financial decisions are often seen to be made by persons without adequate financial qualifications or experience. Individual 'experts', who were either employed by churches or were volunteer members of boards and committees, are often 'trusted' to make sound decisions and their recommendations are rarely questioned by other members or by those on the relevant governing boards. Such persons re at times seen to also be receiving commissions or other fees for the professional services they provide to the church, thus bringing into question the extent to which they were providing their committees with independent advice to further the interests of the church. (Gollin, 1971; Lovell, 1997; Pallenberg, 1971; Tidwell and McKee, 1993)

The underlying financial structures of large church organisations are generally considered by the authors to be quite complex, and are frequently found to be understood by only a very small number of church decision makers. Information about the financial structure and position of church organisations is often difficult to obtain, as it is either not made available or is so complex or inadequate that an accurate picture of financial management could not be obtained. Failure to follow conventional accounting standards or the use of unusual transactions to record particular events are seen to further complicate the financial picture. However, where attempts are made by accountants or other financial managers to report the impact of financial transactions to committees or to the wider church, very little interest is evidenced (Lovell, 1997; Tidwell and McKee, 1993). (Gollin, 1971; Lovell, 1997; Pallenberg, 1971; Tidwell and McKee, 1993)

So, overall, the investigative literature leaves an impression that the accounting and financial management systems of these church organisations may be insufficient for the appropriate management of the financial resources of such large entities and/or for the adequate discharge of financial accountability to the churches' constituencies. But what does this tell us about the people primarily responsible for the financial management of church organisations?

As in the academic literature, the influence of the sacred and secular divide can be seen in the findings of the investigative studies. While the terminology of the sacred and secular divide is not utilised in the investigative studies, the authors' analyses often reflect the impact of this underlying influence. In general, the spiritual or mission considerations (the 'sacred') of the church organisation re seen to be of primary concern to most church participants. This perspective is also personally advocated as appropriate by some authors (Bolton, 1980; Lovell, 1997), with some raising concerns regarding "the contradiction between the ideal of poverty preached by Christ and the wealth, or the supposed wealth and its appearances" of many centralised church bodies (Pallenberg, 1971, p 169). The primacy of the 'sacred' is again seen to be reflected in the separation and subordination of the 'secular' financial management functions from the spiritual and mission work of the church (Lovell, 1997; Tidwell and McKee, 1993). The separation of financial management from the 'sacred' activities of the church also appears to be reflected in the apparent trend of the governing bodies of the church entities examined in this literature to generally prefer to ignore issues of financial management, even to the extent of expecting little formal accountability from those with financial responsibility (Lovell, 1997; Tidwell and McKee, 1993). Instead, the church organisations are generally seen to rely on a system of 'trust' in their managers to act honestly and in the best interests of the church (Gollin, 1971; Lovell, 1997; Tidwell and McKee, 1993).

The subordination of accounting and financial management within the investigative studies is also a common theme. Although the more contemporary church studies were seen to find that church financial management is generally dominated by lay persons with experience in administration and property management, these financial managers appear to have great difficulty in being heard at decision making levels (Lovell, 1997; Tidwell and McKee, 1993). Financial matters are often discounted beneath sacred incantations, such as claims that "we're the church of the poor" (Gollin, 1971, p 262) and that "God will answer prayers" (Tidwell and McKee, 1993, p 132), within church decision making processes. The financial managers are also seen to be subject to regular taunts for their 'conservative' perspective (Tidwell and McKee, 1993). Lovell (1997), in particular, presents a critical picture of the administrative executives of the Church of

England as being overly focused on "the bottom line" rather than the social agendas of the Church[30] and continually refers to these executives (the 'secular') as though they were an entity clearly distinct from the Church (the 'sacred'). The investigative literature thus clearly presents a perception of the secondary position of the financial managers and their craft within the church.

Despite these critiques, evidence is also presented that indicates that these administrators are often genuinely attempting to do what they feel is for the best of the Church (Lovell, 1997; Tidwell and McKee, 1993). However, the context of the church was seen to create particular difficulties for the financial managers in determining the most appropriate approach to the financial management of their entities. In particular, a tension is evident in many studies between the desire to use the assets of the church to provide funding for the spiritual activities of today (presented as the 'sacred' perspective) and the need to maintain the asset base to provide income to support the church of the future (often criticised as a 'secular' viewpoint) (Bolton, 1980; Gollin, 1971; Lovell, 1997; Pallenberg, 1971; Tidwell and McKee, 1993)[31]. The church financial managers are clearly seen to be torn between these two needs. This dichotomy of needs was seen to be further complicated by the legal impositions placed on the church financial managers. While the financial managers of the Church of England were noted to be under constant pressure to provide sufficient income to meet demands for budgeted expenditure, they had at the same time "statutory obligations to maximise income [and assets] to fund clergy stipends and pensions" (p 33), both now and in the future (Lovell, 1997). Likewise, the PTL accountants are seen to be caught between a successful fund raising ('sacred') mechanism and the legal requirements for appropriate ('secular') accounting and reporting (Tidwell and McKee, 1993). A "central conflict" is also observed over the choice between adopting commercial behaviour to earn a maximum return on the church's assets

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[30] However, it is difficult to determine to what extent this is an accurate reflection of the nature of such people rather than merely a sensationalised comment based on Lovell's personal opinions.

[31] This categorisation reflects the perspective presented by Bolton (1980) and Lovell (1997). It is worth noting, however, that sound Biblical arguments can be developed to support views that either policy constitutes an appropriate 'sacred' management base for a church organisation (Gollin, 1971, see also Goldner, 1979). The personal nature of the definition of actions as 'sacred' or 'secular' can be seen in a number of debates over resource management practices in church organisations (for example, see the arguments contained in Clark (1995), Drayton and Drayton (1995), Walker E (1995), and Walker C (1995).

so as to best meet the mission demands from the broader church and using the assets more directly in the church's programs and thus sacrificing some current income potential (Lovell, 1997).

While this fundamental conflict is seen to be recognised, at times, by the church hierarchies, they generally appeared unable or unwilling to provide guidance on this dilemma to those responsible for managing the financial investments of the Church (Lovell, 1997; Pallenberg, 1971; Tidwell and McKee, 1993). The financial managers were thus left to make their own interpretation of which actions were best for the wider Church, while feeling that "no matter what they do, it is always wrong" (Lovell, 1997, p 124). However, the focus of the investigative studies does not move beyond these ad hoc observations to directly address the impact of being held responsible for such an unresolved (or unresolvable) conflict on the experiences of being a financial manager.

The investigative literature does not directly consider the impact of declining financial circumstances on the financial management systems of the various church entities studies. However, as financial struggles comprise a critical theme in all of the church studies, some indirect and piecemeal insights were able to be derived from the literature. The financial struggles of the churches can be seen to comprise two types of 'crisis'. First, all church entities are seen to be engaged in an historical and ongoing effort to find sufficient resources to fund their activities. While most church organisations do not perceive their constant struggle for resources as a 'crisis', this environmental factor can be seen to contribute substantially to tensions within the organisation (Bolton, 1980; Gollin, 1971). Such consistent resource shortages are also particularly interesting as they were occurring in organisations that were widely perceived by the general public to be extraordinarily wealthy "money machines" (Gollin, 1971, p 81; Lovell, 1997; Tidwell and McKee, 1993). However, the investigative studies direct little attention to these ongoing financial shortages and as such it is difficult to derive insights regarding the impact of such a contextual feature on the church financial managers.

The investigative literature gives considerably more attention to the occurrence of significant and very public financial crises in the Church of England and the PTL. These crises were of such magnitude that they caused the downfall of the PTL and significantly damaged the large investment and property portfolio of the Church of England. Both studies provide an analysis and commentary on the role of the financial managers in the respective crises, thus giving useful insights into the actions and rationales of church financial managers.

In the case of the Church of England, the historical shortage of funds was considered to culminate in a 'financial crisis' when there was a rapid loss in the value of a large property portfolio and at the same time was insufficient recurrent income to meet unavoidable annual expenditures (Lovell, 1997). Lovell's (1997) chronology of his[32] version of the underlying events presents a picture of an autonomous financial management team under pressure to increase income and doing so by moving into increasingly risky areas of investment. The financial managers are alternatively presented as, on the one hand, ignorant of the true nature of their deteriorating financial position and, on the other, as actively covering up details of their transactions to avoid investigation from the church hierarchy. The existence of the eventual 'financial crisis' appeared to be identified and promoted by inquiring clergy and church members, rather than the financial managers themselves. In fact, the financial managers are presented as continuing to deny the existence of the perceived crisis. In response to the financial problems of the Church, a management restructure saw the financial managers lose their direct role in proactively managing the strategic assets of the Church and be further relegated to a daily money management role. The indirect evidence provided by Lovell (1997) suggests that the financial crisis could have the impact of reducing the significance of financial management and financial managers, thus providing a different picture of the relationship between a financial crisis and financial management to that provided by the academic literature.

The PTL study again presents a different story. While PTL was able to generate substantial amounts of funding for many years, "gross mismanagement" meant that there was eventually insufficient funds available to meet capital commitments (Tidwell and McKee, 1993). Tidwell and McKee (1993) present substantial evidence that indicates that the financial managers knew that the PTL was illegally

[32] Lovell's (1997) study of financial management of the Church of England appears to clearly lay the blame for the significant financial losses suffered by the entity on the accountants and senior financial managers. Whether this represents a fair perception of events is not known.

gaining income, was significantly overspending its income and was utilising monies contributed for the express purpose of capital development to finance recurrent expenditure. The authors also question the adequacy of the work of the PTL auditors, who did not publicly report these practices. However, Tidwell and McKee do identify many instances when the financial managers tried to express their concerns about such matters within their organisation, but were consistently ignored. This study thus suggests that the subordinate position of the financial managers may be such that they are prevented from conducting or reporting on appropriate financial management practices and that even a major financial crisis may be insufficient to raise their status in the decision making processes of the organisation.

3.4.2 Implications

The investigative literature presents a much more critical picture of church financial management than that of the academic studies. While it is important to remember that the investigative studies are written for public consumption and are thus more likely to emphasise the dramatic and sensationalist aspects, they still provide much to aid in the process of sensitising the researcher to the issues underlying the actions and rationalities of financial managers in a church organisation.

The investigative studies clearly critique many aspects of the financial management practices of the church entities, particularly with regards the clarity and adequacy of the reporting mechanisms adopted. Likewise, they are also critical of those charged with the responsibility for managing the finances of these church entities. However, as these studies are primarily focusing on an analysis of factors contributing to financial difficulties within the churches examined, it is difficult to ascertain whether such shortcomings are 'typical' of church entities or were in fact specific to these entities that have developed major financial problems.

Within the church organisations examined in the investigative literature there appears to be a general acknowledgment of the primacy of the sacred agendas. This seems to be reflected in the desire of church management to separate the secular financial management tasks from the more sacred foci of the church. However, this separation appears to be more complex than suggested in the academic literature. While there is evidence of many actions taken to segregate and subordinate financial management activities within the church, there is also an indication of a recognition that such subordination would only occur when the ultimate financial control rested with the sacred hierarchies. However, the 'sacred' managers appear to be neither willing nor qualified to take on such tasks. Thus the investigative literature indicates that the process by which the sacred and secular divide operates seems somewhat problematic.

While the roles of individual occupational groups within the church organisations are not directly considered, the investigative literature again indicates that the clergy, at best, prefers to ignore issues of financial management and, at worst, does not understand such matters. They thus chose to leave financial management very much under the control of people who are often not adequately qualified or sufficiently experienced in managing very large investment and property portfolios. The clergy occupying the senior management roles in the church organisations studied were seen to further contribute to the financial managers' difficulties by failing to recognise or set appropriate financial priorities for their churches. In the absence of such guidance, the financial managers are left to work in a difficult and uncertain environment. However, despite their input into the financial management shortcomings in many church entities, the clergy appear quick to blame the financial managers when resources are not forthcoming or when the financial management systems are perceived as less than adequate.

The impact of crises on the significance of financial management is not directly considered in the investigative literature. However, the indirect evidence does contribute some interesting 'flesh' to the somewhat 'thin' theorisations presented in the academic literature. First, the ongoing shortage of resources does not, in itself, seem to be sufficient to promote an increased role for financial management activities. However, evidence of success in reducing the resource shortage (eg by increasing income) can be seen to lead to greater support for the financial management functions within the church (Lovell, 1997). Thus an indication is provided that the position of financial managers might be strengthened if they manages to prevent resource shortages. Second, an increasing significance of financial management in response to a financial crisis presumes that somebody in the organisation has sufficient power to claim or allocate such a role. As was seen in the PTL, financial management will not be utilised to resolve or assist in a financial crisis unless the senior managers are willing to allow it. Third, while an increasing resource crisis might initially be ignored by the wider church while the financial managers attempt to deal with it, their failure in such an endeavour may engender a significant backlash of confidence in the financial managers and the financial management systems (Lovell, 1997). Thus a resource crisis might have the opposite effect to that proposed by Booth (1993), in that the financial managers may be blamed for the existence of the crisis and suffer a decline in significance within the church entity. However, as early stated, the definition and impact of financial crises in church entities requires a considerable degree more examination than provided in the existing literature.

In summary, the investigative literature provides much to support the perception of accounting in church organisations as presented in the academic literature. However, in many ways, the investigative studies give a more personal and emotional perception of financial management and financial managers in church bodies than the academic literature. Consequently, it raises additional issues that may of relevance to the investigations conducted in the current thesis.

3.5 PROFESSIONAL LITERATURE

The majority of publications addressing accounting in church organisations are to be found in the professional literature. For the purpose of this study, the term 'professional literature' is used to describe publications directed primarily at practicing accountants and managers. Such literature is generally located in professional accounting, management and fundraising journals published in the United States. A smaller body of 'professional' literature can be found in books focusing on accounting and management in church, voluntary and/or non-profit organisations. The majority of these articles and texts are authored by professionals with financial expertise.

The professional church accounting literature primarily concentrates on two main topics. First, a significant body of publications focus on providing prescriptive recommendations regarding the nature and features of an 'effective' church financial management and reporting system (Armacost and Schneider, 1989; Arndt and Jones, 1982; Arndt and McCabe, 1986; Boyce, 1984; Burckel and Swindle, 1988; Crawford, 1978; Edwards, 1990; Ellis, 1975a, b; Futcher and

Phillips, 1986; Henke, 1989; Keister, 1974; Leathers and Saunders, 1972; Powers, 1965; Prentice, 1981; Smith and McDaniel, 1985; Smith and Miller, 1989; Stock, 1995). In all these papers and texts, the prescriptions are directed at church organisations at the level of the individual congregation. These recommendations are generally felt to have limited usefulness for this thesis, as the research question focuses on gaining an understanding of the actual experience of being a church financial manager, rather than a consideration of 'what should have been' occurring from an idealist perspective. However, the arguments underlying the inclusion of particular elements within a 'good' financial management system may contribute to an understanding of the issues faced by financial managers in many church organisations. The discussions of financial management at the congregational level may also reveal 'environmental' factors that may be applicable to all parts of a church organisation.

A second, smaller body of professional literature focuses on describing examples or case studies of accounting and financial management practice in church organisations (Boreham, 1989; Cunningham and Reemsnyder, 1983; Daniel, 1959; Floyd, 1969; Isaacson, 1961; King, 1988; McLaughlin and Holtom, 1986; Scofield and Milano, 1984; Sinn, 1997). The literature also includes a general survey of church accounting practices (Smith and McDaniel, 1985) and a survey of financial disclosures made within annual financial reports (Harper and Harper, 1988). With the exception of Boreham (1989)[33], these papers again focus on church organisations at the level of the individual congregation. The contribution of these papers to an understanding of practices at the state administration level of the Uniting Church is therefore subject to the caveats noted above. As these papers are reflective of actual church practices, they can be expected, prima facie, to contribute to an understanding of financial management within church organisations. However, this literature primarily comprises illustrations of instances of 'good' or 'effective' church financial management, as perceived by the financially-oriented authors. The papers also say little about the processes by which the identified practices evolved or came about. This literature thus facilitates very limited insights into actual financial management practice in church organisations. However, as with the prescriptive literature, some descriptive publications do provide insights into factors that may drive or prevent 'good' financial management practice within church organisations and thus influence the actions and experiences of the financial managers.

3.5.1 Findings

In the professional church literature a number of issues are consistently raised. First, many authors argue that church organisations need to have adequate accounting and financial management systems. Such systems are advocated to manage cash flows, prevent irregularities, enable an efficient use of resources, maintain and/or generate income, and ensure adequate accountability (Armacost and Schneider, 1989; Burckel and Swindle, 1988; Cunningham and Reemsnyder, 1983; Edwards, 1990; Harper and Harper, 1988; Isaacson, 1961; Keister, 1974; Leather and Saunders, 1972; Powers, 1965; Prentice, 1981; Smith and McDaniel, 1985; Scofield and Milano, 1984). The importance of these goals has received additional attention following the much publicised fraudulent activities within prominent church organisations, particularly the PTL Ministries in the US (Reid, 1989). A large proportion of other professional publications, while not explicitly acknowledging the importance of good financial management, are premised on an assumption that sound systems of financial management are (or should be) the goal for church organisations (Arndt and Jones, 1982; Arndt and McCabe, 1986; Boreham, 1989; Boyce, 1984; Crawford, 1978; Daniel, 1959; Edwards, 1990; Ellis, 1975a, b; Floyd, 1969; Futcher and Phillips, 1986; Sinn, 1997; Smith and McDaniel, 1985; Smith and Miller, 1989; Stock, 1995). As noted earlier, most of the professional publications considering church organisations are written by professionals and academics with financial expertise. The professional literature thus reinforces the viewpoint that 'financial' people may be expected to place significant emphasis on the adoption of 'good' financial management practice in church organisations and be willing to advocate such a position, in print at least.

While some authors merely state the need for "good" or "effective" financial management practice, others articulate the features that such systems are either be expected to comprise (in the prescriptive papers) or do comprise (in the

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[33] Boreham (1989) addressed the systems of accountability utilised in the Salvation Army in Australia at a national level.

descriptive literature). Prominent in such features was the use of budgets as a central element of church financial planning and control[34]. The budget and the underlying planning process is often described as the most significant component of the financial management system, as it is claimed to facilitate or contribute to planning, resource allocation, income generation, and control of expenditure (Arndt and Jones, 1982; Boyce, 1984; Cunningham and Reemsnyder, 1983; Futcher and Phillips, 1986; Leathers and Saunders, 1972; Powers, 1965; Smith and McDaniel, 1985; Smith and Miller, 1989). The professional literature thus indicates a broad range of financial professionals believe that the budget and the budget preparation process are a central component of 'good' church financial management systems.

A second factor of relevance in the professional church literature is a consistent identification of 'shortcomings' or 'weaknesses' in the financial management systems of church organisations. For example, authors note that church organisations often exhibit ineffective internal control structures (Armacost and Schneider, 1989; Keister, 1974; Prentice, 1981; Scofield and Milano, 1984; Smith and McDaniel, 1985), utilise inconsistent and incomplete applications of accounting methods (Armacost and Schneider, 1989; Arndt and Jones, 1982; Arndt and McCabe, 1986; Cunningham and Reemsnyder, 1983; Isaacson, 1961; Prentice, 1981; Scofield and Milano, 1984), and fail to appropriately and consistently report on accountability obligations (Ellis, 1975b; Harper and Harper, 1988; Prentice, 1981; Stock, 1995). While specific examples of such shortcomings are sometimes acknowledged in the literature (eg Cunningham and Reemsnyder, 1983), these limitations are often presented as facts that are generally "known" to exist within church organisations, rather than theories that require further investigation[35]. However, the widespread reference to the above issues does indicate that the financial management systems of church organisations may tend to suffer some shortcomings. The factors underlying such

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[34] Of the 29 professional publications reviewed, 21 gave some consideration to church budgets or budget processes.

[35] There is also rarely any acknowledgment that while such 'shortcomings' may comprise weaknesses in a corporate accounting system, the peculiar nature of church management may be such that these factors do not have a negative impact on church accounting (Daniel, 1959). However, furthering this debate is outside the scope of this thesis.

shortcomings are thus worthy of further consideration to evaluate the relevance of these findings for the current study.

The professional literature reviewed in this study most commonly attributes the weaknesses in the financial management systems of church organisations to the shortage of financial expertise in the small congregational-level church organisations considered in the studies (Armacost and Schneider, 1989; Arndt and McCabe, 1986; Boyce, 1984; Burckel and Swindle, 1988; Cunningham and Reemsnyder, 1983; Edwards, 1990; Futcher and Phillips, 1986; Isaacson, 1961; Keister, 1974; King, 1988; Leathers and Sanders, 1972; Powers, 1965; Prentice, 1981; Scofield and Milano, 1984: Smith and McDaniel, 1985). While this observation could be dismissed as being irrelevant to the large church organisations such as that examined in this thesis, it does appear to parallel similar findings in the investigative literature. This issue will thus be given further attention here.

Professional church financial managers are noted to be often under-paid and to have served in their roles for many years (Leathers and Sanders, 1972). Such characteristics may indicate that church financial managers tend to be less skilled than their commercial counterparts. However, most small churches, like most secular small businesses, are often unable to afford to appoint a specialist financial manager and are thus dependent on the skills of existing employees or volunteers. While the ability of existing employees to undertake financial management tasks is rarely considered in the professional literature, a small number of authors acknowledge that such employees (generally clerics) are usually employed in the spiritual or welfare functions of the organisation and generally have little training or experience in financial management activities (Boyce, 1984; Powers, 1965; Smith and McDaniel, 1985). It is also noted that such 'non-financial' employees may have little professional interest in financial management, seeing it as outside the core focus of their position (Daniel, 1959; Prentice, 1981). In summary, the professional literature indicates that the predominantly 'sacred' employees of church organisations will often be unable or unwilling to support or strengthen the financial management systems of their employer.

Given the shortcomings in the financial skills within the employee base of many church organisations, it can be expected that many churches will look to their lay volunteers to undertake at least some of their financial management tasks. However, the literature report that many congregations had great difficulties in attracting a sufficient number of volunteers with the necessary skills and expertise to develop and administer a 'business-like' financial system. As a result, churches are commonly forced to allow unskilled people to be responsible for managing their financial matters. Even where volunteers with financial expertise are available, they are not always appointed to leadership positions (Arndt and McCabe, 1986; Keister, 1974). The lack of specific financial expertise in church organisations leads to an increased risk of errors and general inefficiencies in the preparation and use of financial information. The professional literature thus indicates that while lay volunteers may be utilised within the financial management systems of church organisations, they may not necessarily have sufficient expertise to ensure the adequate functioning of such systems. (Boyce, 1984; Edwards, 1990; Isaacson, 1961; Leathers and Sanders, 1972; Prentice, 1981)

While the development of church financial management systems may often be passively hampered by a lack of financial expertise within church organisations, the professional literature also hints that the limitations of church financial management systems may also reflect the deliberate intentions of organisational participants. Smith and McDaniel (1985) and Smith and Miller (1989) provide a strong argument based on the Bible, as the foundation document of Christian church bodies, to illustrate the integral significance of good financial management within the Christian faith[36]. However, other authors have noted that financial management is often not seen as a significant activity within church organisations. In fact, a few authors note that efforts to promote 'good' financial management are often actively resisted. Futcher and Phillips (1986, p 28), for example, describe church organisations as "the last bastion of resistance to modern financial management". At a local congregation level, Cunningham and Reemsnyder (1983, p 62) identify resistance within the governing boards to "make hard

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[36] See also Hagerman's (1980) examination of the use of accounting concepts in the Bible. However, it is important to note that biblically based arguments can be made both for and against the increased use of accounting controls in church organisations (see, for example, Wuthnow, 1998).

decisions to cut requests and reallocate resources", preferring instead to try to delegate such difficult decisions to the treasurer. The treasurer is observed, in turn, to insist that such matters belong in the jurisdiction of the church's board. Other authors also make brief or indirect references to tensions between the 'spiritual' activities of the church and the financial management tasks (Anonymous, 1995; Daniel, 1959).

While none of the above authors explicitly pursued the nature of the resistance to financial management activities within church organisations any further than a hint or passing comment, the professional literature does provide some indications of the factors possibly contributing to this tension. First, church organisations are suggested to be perceived by participants as "different" from commercial organisations. 'Secular' financial management practices, as developed in commercial organisations, are somehow seen as irrelevant to the 'non-secular' environment of churches (Futcher and Phillips, 1986; Keister, 1974) or even likely to detract attention from the real mission of the organisation (Anonymous, 1995). To a very limited degree, this distinction is argued in the professional literature as valid. From a financial perspective, a for-profit commercial organisation has the objective of maximising some measure of increase in wealth. The aim of a church organisation, however, is acknowledged to be "to expend in the most effective possible way, in the pursuit of its [spiritual or mission] objects, the funds which are at its disposal" (Powers, 1965, p 196). Despite this difference in overall financial objectives, the professional literature argues that many of the daily financial management tasks would be common between the two organisational types. However, the authors often appear puzzled by a perceived tendency for church organisations to be reluctant to adopt such apparently relevant financial management practices. A particular example frequently noted in the professional literature pertains to the implementation of 'good' internal controls over the financial activities of individuals. As noted earlier, church organisations frequently exhibit 'poor' internal control systems, particularly in regards to procedures for handling cash. However, proposals to implement internal controls for cash receipts and disbursements are often met with an indignant response that the proposer would dare to question the honesty or integrity of the hard working, trustworthy church volunteers and staff (Boyce, 1984; Keister, 1974; Leathers and Sanders, 1972; Prentice, 1981; Scofield and Milano, 1984; Smith and Miller, 1989). The professional literature thus clearly indicates, for reasons that it does not explore, that it could be expected that financial management tools would be resisted as they would somehow be perceived to be inappropriate for, or in conflict with, the basis of 'trust' underlying the Christian church organisation.

A second factor indirectly identified as driving resistance to 'good' financial management is the nature of the individuals participating in church organisations. The literature argues that people are usually appointed or elected as leaders in church organisations because of their spiritual leadership or other mission-oriented skills (Arndt and McCabe, 1986). Such persons tend to be trained in caring vocations and, as noted above, tend to have limited financial expertise. Thus such people generally have little interest in financial management, preferring instead to focus on and promote matters relating to their areas of expertise (Daniel, 1959; Futcher and Phillips, 1986). To this end, the professional literatures suggests that efforts to promote financial management considerations within church organisations may again be resisted as they may be perceived as irrelevant (or even in conflict with) the goals and values of those in church leadership roles.

3.5.2 Implications

The 'professional' literature considering financial management in church organisations is primarily concentrated on prescriptive or descriptive illustrations of 'good' financial management practice in congregations. While such papers do not directly inform the current study, they do again indicate some factors that may inform or influence the experiences of financial managers at all levels of church organisations. As the professional publications do not appear to be explicitly informed by the more detailed academic literature previously discussed, they do provide an additional 'independent' perspective[37] of the issues impacting on the financial management of church organisations.

First, the professional literature generally assumes or argues that church organisations require 'good' financial management systems, featuring appropriate recording, reporting, budgeting, and control systems. Budgets and budgeting systems are identified as a central component of 'good' financial management. The professional literature thus indicates that people with financial expertise can

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[37] While such perspectives tend to be presented as that of the 'disinterested outsider', a number of authors note that they have had some involvement with the financial management of a church.

be expected to believe in the need for church organisations to have 'good' financial management systems and for the budget to comprise a significant element of the financial management processes.

Second, the literature notes the significant role played by clerics and volunteer lay church members in the development and operation of local church financial management systems, as most congregations cannot afford to employ a financial manager. The shortcomings in church financial management systems are often attributed to the lack of financial expertise held by those employed or volunteering in the small organisations studied. Interestingly, none of the academic studies directly consider the 'secular' volunteers who dominate the financial management committees of central church bodies. Perhaps this is because the central church bodies, being larger organisations, have the resources to employ adequate financial managers who in turn undertake most significant decision making. However, the issues raised in the professional literature warrant further consideration at the central church level.

Third, the professional church literature notes that church participants, both voluntary and staff, are often seen to actively resist efforts to improve financial management as such practices are often perceived as irrelevant to, or in conflict with, the underlying goals of the church organisation and those of its leaders. Perceptions of irrelevance are identified to arise from an institutional focus on the 'sacred' objectives of the church, in general, and from the personal viewpoints of the individual leaders, in particular. Such factors were seen to be present in a large number of church organisations with a diversity of theological positions. The literature also noted that church leaders are usually appointed primarily because of their spiritual or mission focus. While the studies did not specifically consider the appointment of financial managers, it is reasonable to ask whether such appointments would also be expected to exhibit a significant commitment to the sacred goals of the entity.

In summary, while the professional literature suffers from many shortcomings in terms of its contribution to this thesis, it does provide an opportunity for further insights into the nature and use of financial management systems in church organisations. These observations or recommendations in turn can be integrated with the findings of the academic and investigative literature to provide a broader basis from which to understand the experiences of the financial managers in the Uniting Church's Synod of South Australia.

3.6 Summary

As stated in at the beginning of this chapter, the purpose of this literature review has been to help sensitise the researcher to the issues that may be of relevance to the current study of financial managers in a church organisation. While the actions and rationalities of financial managers have received only limited consideration, the findings of the church literature do provide some understanding of the environment in which church financial managers operate. To this end, this summary will briefly review the findings from the literature and will comment on the implications of such findings for this thesis.

The financial manager appears to play an unusual role in a large church organisation. On the one hand, such organisations often deal with considerable resources and may employ a financial management system that appears quite sophisticated. However, such systems are unlikely to be utilised in the manner common to commercial organisations. Some differences may be: a reliance on 'trust' rather than the use of accounting based control mechanisms; a lack of formal accountability requirements for those managing financial matters; and the provision of complex financial information that does not provide a clear, accessible picture of the activities of the whole central church body. The church may also employ underqualified or inexperienced financial managers and/or rely extensively on the expertise of volunteer lay people. The financial managers are unlikely to enjoy significant status within the church body. The only component of the financial management system likely to engender much attention from the non-financial managers of the church is the annual budget formulation process, which aims to determine the available funding for the coming year and allocate it amongst the various subgroups. However, non-financial managers are unlikely to interact in a supportive manner with the financial managers within the budget process.

Underlying this picture may be a number of causal factors. First, a major influence on the experiences of the financial manager in a church organisation may well be the institutionalised concept of the sacred and secular divide. While the application of this divide may differ across organisations and time, it can be expected to have the effect of segregating and subordinating the secular issues of financial management practice within the decision making processes of the church. The financial management system will probably be accepted only so long as it acts as an anxiety reducing mechanism by ensuring sufficient funds are available for the sacred work of the church to continue and is not perceived as attempting to influence the nature of this sacred work. Interest in the financial management system will rise when it may have an impact on the sacred activities, such as during the budgeting process.

Second, the occupational groups in the church who are primarily focused on delivering the sacred ends of the church can be expected to support this divide and act, either actively or passively, to subordinate financial matters within the organisation. The financial managers, on the other hand, may voice support for the primacy of the sacred, but are seen to do so primarily to engender support for issues of financial management practice within the church. Tensions between the differing agendas of the sacred and secular groups are expected to be most apparent during the budget formulation process.

Third, the occurrence of a 'crisis' of some form may influence the dynamics of the sacred and secular divide within a church. Primarily, a crisis defined as primarily influencing the 'secular' financial spheres of the church might be expected to increase the significance of the financial managers' 'secular' expertise in the resolution of that crisis. However, the means by which a crisis might be defined and might influence the significance of financial management is by no means clear.

For the purposes of this thesis, the literature does suggest that the interpretive scheme adopted by church financial managers and the subsequent strategies and actions taken by them will be influenced by the sacred and secular tension that permeates their entity. The literature also indicates that financial managers will, or at least should, show a tendency to promote the increased use of financial management tools within the church. Their success in such a venture may be moderated by the their own skills and actions and those of other competing occupational groups, particularly the clergy, and/or by the occurrence of some form of organisational crisis. However, nature of the rationalities brought to the financial managers' daily work life has not been directly explicated. Likewise, the degree to which the financial managers accept their environment or the actions they take to influence the environment is not examined in the existing literature. This thesis will now proceed to an examination of such issues within the case study of the Uniting Church in Australia - Synod of SA.

CHAPTER 4 THE UNITING CHURCH IN AUSTRALIA - SYNOD OF SOUTH AUSTRALIA: BACKGROUND TO THE CASE STUDY

4.1 INTRODUCTION

The Uniting Church in Australia was inaugurated on June 22, 1977. It was formed by the union of the Congregational, Methodist, and Presbyterian churches in Australia. This process constituted the first trans-denominational merger in Australia and one of the few to have occurred anywhere in the world (Black, 1983). The Uniting Church is now a significant Australian organisation, in terms of both its social impact and its economic strength.

Within Australian society, the Uniting Church has had an impact on the lives of many people. The 1996 Commonwealth Census indicated that 7.5 per cent of Australians claim a religious affiliation with the Uniting Church, making it, in nominal terms, the third largest denomination in Australia. This position is further supported by attendance statistics complied from studies of church attenders.

The Uniting Church is the largest non-government provider of community and welfare services in Australia (Bentley and Hughes, 1996). Such services include child care, education (at pre-school, primary and secondary levels), chaplaincies, health care, aged care, counselling (in relation to drug use, finances, relationships, crises, and so on), advocacy, and related research activities. An ongoing commitment to the continued provision of such services can be seen at all levels of the Church (Henderson, 1997).

Both the Uniting Church and its predecessors have a long history of social and political influence in Australia in matters of social justice, taking a public lead in debates relating to Aboriginal affairs (such as independence and land rights), the mining and export of uranium, the ordination and participation of women in religious organisations, and multiculturalism (Bentley and Hughes, 1996; Harrison, 1986). More recently, the Church has taken a pro-active lead in facilitating Aboriginal reconciliation and has publicly lobbied the government regarding changes to aged care legislation. Again, this commitment to social action is expected to continue to be an integral part of the Uniting Church (Henderson, 1997).

The Uniting Church is also a significant economic institution. A 1991 study by the Uniting Church's Assembly Development Committee (1991) indicated that over 22,000 people were employed by the Uniting Church (including agencies). In addition, many more people give voluntarily of their time to enable the activities and structures of the Church to function. The Assembly Development Committee report also found that in 1991, the Uniting Church bodies received income totalling over $1 billion. At this time, the same organisations were holding net assets of about $5 billion. However, despite this appearance of wealth, many people within the councils and committees of the Church believe the Church is facing a financial crisis, with insufficient income being available to fund the programs that are felt to be necessary for the life of the Church.

The Uniting Church thus stands as one of the most significant non-profit organisations in Australia. This chapter provides an introduction to the Uniting Church and, in particular, the SA Synod. This introduction focuses on the economic and organisational aspects of this entity, rather than its theological underpinnings. Section 4.2 briefly outlines of the history of the formation of the Uniting Church. An overview of the organisational structure and membership demographics of the Uniting Church in Australia is provided in section 4.3. Finally, section 4.4 focuses on the SA Synod (as an individual organisational body within the structures of the Uniting Church), describing the structures, operations and resourcing of the Church in that state.

4.2 Background to the Formation of the Uniting Church in Australia

The process underlying the formation of the Uniting Church took place over nearly eighty years. Black (1983, p 100) observed that "Negotiations for union among Congregationalists, Methodists, and Presbyterians began in the first decade of the present century, shortly after the formation of the Commonwealth of Australia and the establishment of united, national assemblies within each of the three denominations". Factors driving the move to union included both sociological and economic factors. An increasing trend towards secularism in Australian society had lead to a desire within the denominations to form a single church body that could provide a significant visible Christian presence within society. Each denomination also required significant resources (comprising both money and considerable hours of voluntary labour) to maintain their ministerial presence in a diversity of locations, with two or more denominations often having property and conducting ministry within the same small geographic area. The increasing nature of such costs, coupled with a general trend of declining membership in each denomination, meant that a union offered considerable opportunities for the rationalisation of the costs of providing ministry within Australia. (Black, 1983; Hunt, 1985; Scrimgeour, 1986)

The long process towards union had been convoluted and frustrating. On three separate occasions between 1901 and 1942, members of the Congregational, Methodist and Presbyterian churches had been asked to vote on proposals for the union of the three denominations. Support for the proposals was consistently forthcoming from the Congregational and Methodist churches. However, on each occasion, the Presbyterian General Assembly voted against the proposal, thus preventing the union of the three churches from occurring. (Bassham 1987; Harrison, 1986)

In 1957, the three churches formed a Joint Commission on Church Union to develop another proposal for church union. The main task of this group was to draft the documents outlining the basis of the proposed united church. This latest proposal for union focused on developing a new church structure centred on the nature of the faith shared by the three churches, rather than on amalgamating the existing structures of the churches. Early drafts generated considerable controversies within the churches. However, the Joint Commission continued to revise the documents until an acceptable compromise was reached. The resultant document was entitled the *Basis of Union* and outlined the principles of faith and the organisation structure which would underlie the new church. Again in 1974, each of the uniting churches requested its members to vote on the new proposal to move to union. At last, the necessary agreements were forthcoming from each denomination and the three Churches finalised their move to the formation of the Uniting Church in Australia in 1977. (Bentley and Hughes, 1996; Breward, 1993; Harrison, 1986)

Bentley and Hughes (1996, p 10) noted that "on a national basis, Congregationalism provided 5 per cent, Methodism 59 per cent and Presbyterianism 36 per cent of the initial membership of the Uniting Church" (Hughes 1987). The relative proportions of each pre-union denomination in the

Uniting Church varied quite markedly across the states, due to differences in the pre-union state representation of each denomination and to the varying proportion of Presbyterians joining the Uniting Church. Thus the Uniting Church in Australia came into being. What does this Church look like today?

4.3 The Uniting Church in Australia - A National Perspective

As outlined in section 4.1, the Uniting Church is one of the most significant voluntary organisations in Australia. This section will provide an overview of the Uniting Church in Australia, outlining first, the nature of the people on whose behalf the Church is governed, and second, the structures of governance and administrative utilised within the Church. Such overview is necessary to give an understanding of the national context in which the Synod of South Australia functions.

4.3.1 The people of the Uniting Church in Australia

As the core of a church organisation (or any voluntary organisation) is comprised of its people, this section provides a brief description of the people of the Uniting Church. This description addresses first, the wider group of Australians claiming an affiliation with the Uniting Church and second, the smaller group of people who regularly attend a Uniting church.

Information about the people associated with the Uniting Church can be derived from a number of sources. The major sources to be considered in this study are as follows. Other surveys of church attenders and the population in general also contribute to a lesser extent to an understanding of the people of the Uniting Church.

1) *The Commonwealth Census of Population and Housing* is a social survey of all Australians conducted in August every five years. The Census aims primarily to assess population numbers, but also asks participants about many social factors such as employment, income, religion, languages spoken at home and so on. In 1996, Census data was collected for 17,892,423 people.

2) *The National Church Life Survey* (NCLS) is an extensive survey of Anglican/Protestant church attenders in Australia conducted in 1996 and 1991.

The objective of the survey is to collect information about "the involvement of attenders in church and the wider community, their background, experience of church and how they live out their faith in word and actions" (Kaldor et al, 1997a, p 3). For each survey, responses were received from more than 310 000 attenders from over 6600 congregations. (Kaldor et al., 1997a, 1994, 1992)

3) *The Uniting Church membership statistics* are derived from a triennial compilation of information requested from all congregations in the Uniting Church. The returns focus on collecting data about the numbers of services held, people attending worship and participating in church activities, elders and lay preachers, and membership.

The 1996 Commonwealth Census indicated that 7.5 per cent of respondents claimed a religious affiliation with the Uniting Church, nominally making it the third largest denomination in Australia (following the Catholic church (38 per cent) and the Anglican church (31 per cent)). Historical trends derived from the Census data indicate that the number of nominal affiliates of the Uniting Church and its predecessor churches grew steadily during the first half of the century, peaking in the mid 1960s. Since that time, the Census has indicated a consistent decline in nominal affiliation, with the exception of an upward leap from 1986 to 1991[38]. The Census data thus provides a picture of a church to which a large, but possibly declining, number of Australians feel a sense of affiliation.

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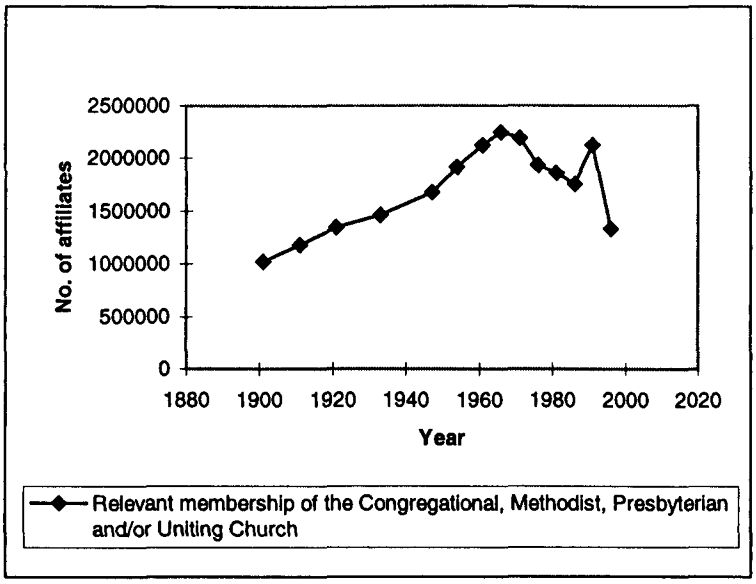
[38] This increase in 1991 may well be attributed in part (if not in total) to a change in the method of asking respondents about their denominational affiliation. In the censuses other than 1991, respondents were asked to write the name of their denomination on the census form. However, in 1991, the names of the major religious organisations were pre-listed on the census form, requiring most respondents to simply tick the relevant box. Hughes (1993) found that this change appeared to lead to an increase in the number of respondents identifying with all the listed religious organisations and a corresponding decrease in those not listed.

Figure 4.1: People identifying with the Uniting Church and its predecessors at various censuses, 1901-96



(source: adapted from Bentley and Hughes (1996) p 47)

The patterns of affiliation with the Uniting Church revealed in the Census data are also reflected in the membership and attendance statistics of the Church. Since Union, the total membership of the Uniting Church (as measured by the raw data collected in the Assembly statistical returns) has steadily declined by an average of around 1.5% per annum (see Figure 4.2). This trend parallels the decline experienced by most mainstream Australian churches (Kaldor et al., 1994). Likewise, surveys of church attendance indicate that an increasing majority of the Church's members do not regularly attend a Uniting church (Kaldor, 1987; Kaldor et al., 1994; Kaldor and Powell, 1997)[39], with Church statistics indicating that as many as half of the recorded membership of the Church do not regularly attend a Uniting church (Kaldor and Powell, 1997). The 1996 NCLS estimated that about 153,000 people attended worship in a Uniting Church congregation each week, down from 252,000 in 1991 (Kaldor and Powell, 1997; Kaldor et al., 1994). As the nature and future of the Uniting Church is dependent on the people who attend its congregations, rather than those merely claiming an affiliation, a profile of such persons will be briefly considered here.

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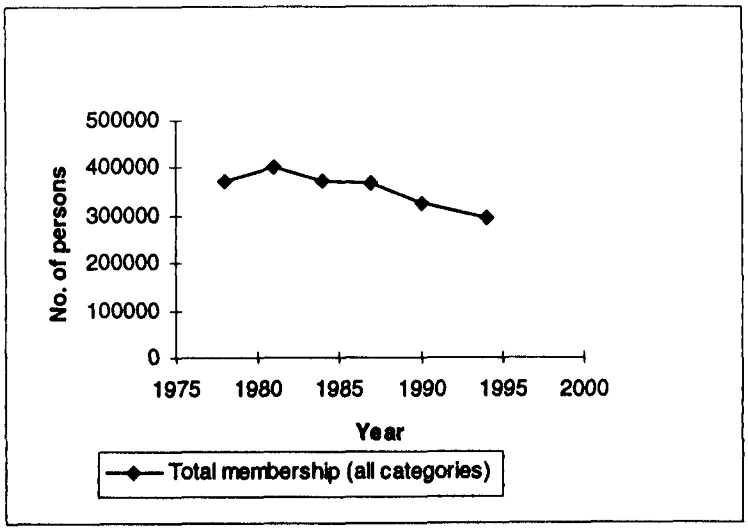
[39] In the 1960s, about 44 per cent of those claiming affiliation with the Uniting Church's predecessors were attending church at least monthly. By the 1980s, this had halved to around 22 per cent. (Kaldor, 1987). The 1991 NCLS indicated that only 18 per cent of people who identified with the Uniting Church in the 1991 Census regularly attended Uniting churches (Kaldor et al.,

The 'average' person currently attending the Uniting Church is in many ways quite similar to the 'average' Australian in the population as a whole. However, there are some important differences. Firstly, Uniting Church attenders tend to be significantly older than the population average. The 1996 NCLS indicated that 49% of Uniting Church attenders are aged 60 years or over, compared to 33% of church attenders generally and 20% of the overall population. This survey also showed that people aged 70 years and over comprised nearly a third of Uniting Church attenders in 1996. Uniting Church attenders, like those of most mainstream Protestant churches, are also more likely than the general population average to have an English speaking background, with 95% of attenders in 1991 being born either in Australia or another English speaking country. (Kaldor and Powell, 1997; Kaldor et al., 1994, 1997a)

Figure 4.2: Membership of the Uniting Church in Australia



(source: Bentley and Hughes, 1996; Kaldor and Powell, 1997)

The Uniting Church and its predecessor denominations have historically been attended primarily by those of higher economic status, particularly in urban areas (Hughes and Blombery, 1990; Kaldor 1983, 1987; Mol, 1971)[40]. This picture parallels other mainstream Protestant denominations and appears to have

1994). Attendance statistics collected by the Uniting Church indicate that regular attendance might now be as low as 11 per cent of nominal affiliates (Kaldor and Powell, 1997).

[40] The considerable examples of personal and church philanthropy and fundraising presented in church histories gives further support to the existence of a large proportion of well-to-do persons in the Congregational, Methodist, and Presbyterian churches (see, for example, Cameron, 1987; Hunt, 1985; Linn, 1994; Scrimgeour, 1986).

changed little in the present time. The 1991 NCLS indicated that in most Uniting Church families, the main income earner was a professional (30 per cent) or was in senior management (15 per cent) (Bentley and Hughes, 1996). Farm ownership and skilled trades also each accounted for over 10 per cent of reported occupations. A very low percentage of main income earners were identified as occupying semi-skilled or unskilled occupations[41] (see also Mol, 1971; Kaldor, 1987). Likewise, the 1991 NCLS found that 17% of Uniting Church attenders had a university degree, compared with 6% of the general population (Bentley and Hughes, 1996). Home ownership rates were also quite high amongst Uniting Church attenders, with the 1991 NCLS finding that 90 per cent of Uniting Church attenders owned or were buying their own home (Kaldor et al., 1994). This is considerably more than either church attenders in general or the overall population. However, this difference may be influenced by the high proportion of older people attending the Uniting Church, as older people are more likely to own their own homes.

In summary, studies of church attenders indicate that the pews of the Uniting Church are occupied by a declining number of people, of whom an increasing proportion are ageing, middle class, white Australians. An appreciation of the demographic profile of the people of the Uniting Church is significant in order to appreciate the context in which the actions observed in the case study are situated.

4.3.2 Governance and administration of the Uniting Church in Australia

The Uniting Church is governed and administered on behalf of the people of the Church (Uniting Church in Australia, Basis of Union, paragraph15(a)). This section examines the structures of the national Church, providing the background necessary to understand the context in which the findings of this study have been derived.

The Uniting Church is "governed by a series of interrelated councils, each of which has its tasks and responsibilities in relation both to the Church and the world"

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[41] Collecting information only about the occupation of the highest income earner within a family would effectively exclude from the survey data any information about the occupation of women members of the Uniting Church, many of whom may occupy clerical and less skilled positions.

(Uniting Church in Australia, Constitution, preamble). The identity, powers and responsibilities of such councils are specified in the Constitution and Regulations of the Uniting Church in Australia, as promulgated at the time of union. Such responsibilities are often overlapping, with many Church decisions thus requiring input and approval from a multiplicity of councils. The structures of government of the Uniting Church are intended to be participative, rather than hierarchical, with the recognition of the primacy of the membership in the decision making processes of the church.

4.3.2.1 Participation of members

A fundamental characteristic of the governance of the Uniting Church is the recognition that *all* members of the Church should have the opportunity to participate in the councils of the Church. As the pre-Union councils of the uniting churches had often been dominated by middle-aged males, interest groups lobbied the Joint Constitution Committee[42] to ensure the Regulations of the Uniting Church required the inclusion of specified proportions of previously under-represented groups in the councils of the new church (Tulip, 1983). In response, the Regulations of each council required specified lay representation and a general Regulation further stipulated that

> "...councils and committees shall as far as practicable include a significant proportion of members of the younger age groups to enable them to exercise their gifts. For the first six years after the inauguration of the Church the membership of such bodies shall also be so constituted that a minimum of one-third of the number [of lay representatives] are women, except in cases where these proportions are impossible or impracticable to achieve or are precluded by the constitution of the body concerned." (Regulations, para 3.1.5(b))

The impact of this Regulation has been continued past its six year term by a National Assembly resolution requiring the councils of the Assembly to comprise equal numbers of women and men and to contain a proportion of members aged 25 or under. Such resolutions have been replicated in various forms in the seven Synods, ensuring lay, gender and youth representation on councils and committees across the wider Church. Regulating for broad participation in the

[42] The Joint Constitution Committee was the body responsible for drafting the Constitution and Regulations of the proposed Uniting Church.

councils of the Uniting Church appears to have been successful, with the 1991 NCLS, for example, having found that Uniting Church respondents were much more likely than other denominations to feel that they had the opportunity to participate in decision making in the church (Kaldor et al., 1994).

4.3.2.2 Church structure

The authoritative bodies of the Church are identified as the Congregation, the Parish, the Presbytery, the Synod and the Assembly (Uniting Church Constitution, Div 3, para 21). Table 4.1 indicates the number of each of these bodies within the national Church. The Regulations describe the detailed "tasks and responsibilities" of each of these bodies and identify the "interrelated councils" that carry out such activities (Uniting Church Regulations, Div 3). At the time of writing, the Uniting Church was undertaking an extensive review of the roles of each level of the Church, with the objective of improving the efficiency and effectiveness of the governance and administration of the Church in the future.

Table 4.1: Levels of government and administration in the Uniting Church

Church council	Level	Number in Australia (1994)[1]
Congregation	Local	2921
Parish	Local	995
Presbytery	Regional	53
Synod	'State'	7
Assembly	National	1

[1] taken from the Minutes of the Assembly of the Uniting Church in Australia, as cited in Bentley and Hughes (1996) p 70)

The *Congregation* is basic unit of the Uniting Church and embodies "the primary expression of the corporate life of the Church" (Uniting Church Constitution, Div 3, para 21). It comprises a group of members and adherents of the Uniting Church who meet to worship and to carry out the mission of the Church (Uniting Church Regulations, Div 3, para 3.1.1(a)). Congregations may appoint a Council of Elders and other committees that are felt necessary (eg a Property and Finance committee). The Elders are persons elected by the Congregation who are responsible for the pastoral care and spiritual oversight of the members of the Congregation. The overall governance of the Congregation is the responsibility of the Congregational meeting, comprising the ministers, lay pastors and members of the Congregation. The Uniting Church in Australia was comprised of 2921 congregations in 1994 (Bentley and Hughes, 1996). This number reflects a gradual reduction in the number of congregations since Union, as congregations have merged or closed in response to such pressures as declining numbers and increasing property costs (Bentley and Hughes, 1996). Such a trend is expected to continue (Henderson, 1997).

At the time of this study, Congregations were either separately or conjointly constituted as *Parishes* for administrative purposes[43]. A steady rise in the number of Parishes in Australia has been attributed to a trend away from multi-congregation parishes to single-congregation parishes (Bentley and Hughes, 1996). Parishes are responsible for coordinating the activities of the Congregations, ensuring the provision of adequate facilities and resources to support the work of the Congregations, and maintaining relationships with other bodies and councils of the Church (Uniting Church Regulations, Div 3, para 3.2.4). Each Parish is administered by a Parish Council. The membership of the Parish Council comprises the parish ministers and lay pastors, the Elders of each Congregation, persons elected by each Congregation, and other persons as may be necessary (Uniting Church Regulations, Div 3, para 3.3.3).

The *Presbytery* is the regional council of the Church. It is responsible for the provision of "such pastoral and administrative oversight as is necessary to the life and mission of the Church" within the area committed to it (Uniting Church Regulations, Div. 3, para 3.4.4). It is also responsible for the selection and ordination of ministerial candidates (Uniting Church Regulations, Div 3, para 3.4.4). Presbytery membership consists of all ministers and lay pastors within its bounds, church members elected by Parish Councils, and other co-opted

[43] The administrative structures of the Uniting Church in Australia have since been altered in 1999 by the removal of parishes as a formal element of the Church. The tasks noted in this thesis as being undertaken by parishes form the responsibility of the congregations from 1999.

members that are considered appropriate (Uniting Church Regulations, Div 3, para 3.4.15). The number of Presbyteries within each Synod varies from 14 in the Synod of NSW to 1 in the Synod of Tasmania. To date, Presbyteries have not played a significant role in the Uniting Church.

The *Synod* is basically the State council of the Uniting Church in Australia. There are currently seven Synods: New South Wales, Queensland, Victoria, Tasmania, South Australia, Western Australia, and the Northern Synod (comprising the Northern Territory, northern Western Australia and northern South Australia). The term 'Synod' is used to refer to first, a regional council of the Church (hereafter referred to as the 'Synod meeting') and second, the often complex administrative structures of the Church that exist at the regional level (hereafter referred to as the 'Synod'). Both the Synod meeting and the administrative structure of the Synod are closely related, as the administrative structure exists to undertake the tasks required to administer many of the responsibilities of the Synod meeting. The specific composition of the meeting and the structures of the administrative offices differs for each Synod. This section will provide a brief description of the common components of the meetings of the Synods. Section 4.4 undertakes a more detailed examination of the councils and structures of the Synod of South Australia.

The membership of a Synod meeting is comprised of the President and General Secretary of the Assembly (the national body of the Church), all (or an approved proportion of) ministers within the Synod bounds, an equal number of lay persons elected by the parishes and presbyteries of the Synod, representatives of theological students and other bodies directly responsible to the Synod, co-opted members, and the Moderator, ex-Moderator and Secretary of the Synod (Uniting Church Regulations, Div 3, para 3.5.2). The total number of members of the Synod is not to exceed 500 (or some other maximum number as may be approved by the Assembly) (Uniting Church Regulations, Div 3, para 3.5.2). Meetings of each Synod are required to be held at least every three years (Uniting Church Regulations, Div 3, para 3.5.6), however, most Synods meet annually or bi-annually.

The responsibilities of the Synod meeting are outlined as follows:

The Synod shall have general oversight, direction and administration of the Church's worship, witness and service within its bounds, shall exercise pastoral, executive, administrative and disciplinary responsibilities in relation to the Presbyteries within its bounds, shall deal with matters referred to it from Presbyteries and shall establish and maintain such bodies as are appropriate to the furtherance of its responsibilities." (Uniting Church Regulations, Div 3, para 3.5.11)

Such responsibilities cover all aspects of the worship, mission and administration of the Church and its institutions within the bounds of the Synod. The Synods are thus the most significant bodies in the structure of the Uniting Church in terms of both the scope of their responsibilities and the scope of their influence over the membership of the Church.

The Synod is also specifically responsible for the election of the Moderator of the Synod and the appointment of the General Secretary of the Synod. The Moderator and the General Secretary have significant roles in the functioning of the Synod. The Moderator provides general and pastoral leadership to the people within the bounds of the Synod. They also chair the meetings of the Synod and are called on to give guidance in the interpretation of the decisions of Synod. Moderators also form much of the public face of the Church, speaking on behalf of the Church and representing the Church at inter-church and official occasions. The Synod General Secretaries often play a pivotal role in their respective Synods and in the national Church. They act as Secretary to the Synod meeting and associated councils and often hold ex-officio membership of other significant Synod councils and committees. They thus tend to make a considerable contribution to the policy setting processes of the Church. Synod Secretaries are also charged with the oversight of the Synod offices and staff, ensuring that the policies of the Church are implemented in an efficient and effective manner. In summary, the Moderators and the Synod General Secretaries are central people within the Synods, with the former providing much of the public face of the Church and the latter responsible for much of the behind-the-scenes functioning of the Church.

Synod responsibilities also encompass the management of all property held within the bounds of the Synod. Under the provisions of *The Uniting Church in Australia Act (1977)*, each Synod must establish a corporate trust which holds the legal title to all relevant Church property not held by another legal entity of the Church (eg a separately incorporated school). Thus while individual parishes and congregations are responsible for the day to day management of their properties, the overall administration and supervision of all such property, regardless of location within the Synod, is thus the responsibility of that trust.

Between Synod meetings, the work of the Synod becomes the responsibility of a smaller committee elected from the members of the Synod. This committee is known by different names in different Synods. The role of this committee usually parallels that of the full Synod, but any decision that would have a fundamental impact on the life of the Church would be expected to be directed to a meeting of the full Synod. However, the majority of the day to day activities required to fulfil the responsibilities of the Synod are carried out on an ongoing basis by a large number of voluntary persons and remunerated officers appointed to various positions within the Synod offices established in the capital city of each Synod. As the structures of each Synod office differ, no attempt will be made here to describe Synod administration. Instead, a detailed consideration of the structures of the Synod of South Australia will be provided in Section 4.4.

The national body of the Uniting Church is the *Assembly*. Again, the term 'Assembly' is used to refer to both the national council of the Church and the national administrative structures of the Church. The Constitution of the Uniting Church deems that the Assembly has the final decision making power in "matters of doctrine, worship, government and discipline" with the Church, including ministerial training and the reception of ministers from other denominations (Uniting Church Constitution, para 38). While the Assembly has the power to make final decisions on a broad generality of matters, the conciliar model of governance within the Church would anticipate a widely consultative process prior to decisions on any significant matters impacting on the life of the Church. Membership of the Assembly meeting comprises ministers, lay persons and other persons appointed under the Regulations, representatives of bodies directly responsible to the Assembly, and the President, ex-President, President-elect and General Secretary of the Assembly (Uniting Church Regulations, Div 3, para 3.6.5). The Assembly meeting also elects the national Uniting Church President and appoints the General Secretary (Uniting Church Regulations, Div 3, paras 3.6.9 and 3.6.16). Assembly meetings are held every three years. The work of the Assembly is undertaken between meetings by an integrated team of appointed committees and staff.

Running parallel to the church structures outlined above is the United Aboriginal and Islander Christian Congress (UAICC). The UAICC is an organisation established to provide ministry and support to Aboriginal people. Prior to the establishment of the UAICC in 1985, aboriginal support services were provided through various bodies within the Assembly and the individual Synods. The UAICC now comprises a national Congress and a Regional Council in the Queensland, South Australian and Northern Synods. In many ways, the UAICC functions as a separate body from the Uniting Church, appointing its own Congress members and setting its own agenda without requiring approval from Uniting Church bodies. However, the UAICC is partly funded by the Assembly and the Synods and is therefore accountable to the Church for its expenditures. There is also provision in the by-laws of a number of governing bodies of the Uniting Church for UAICC representation. For example, the membership of the meeting of the Synod of South Australia includes four persons appointed by the SA Regional Council of the UAICC (SA Synod By-laws, 1995, para 12.1.1). In summary, the UAICC comprises a semi-autonomous organisation closely associated with and partly financed by the Uniting Church.

4.3.3 Summary

This section has highlighted significant features of the demographic profile of the people who make up the Uniting Church and provided a general overview of the government and administration of the Uniting Church, from a national to a local level. Surveys of the people attending the Uniting Church's congregations indicated that a significant proportion were of Anglo-Saxon descent, were aged over 60, and occupied the middle to high end of the socio-economic stratum. If the people are indeed the Church, this presents a picture of an aging, conservative, middle class organisation in decline.

The Uniting Church is governed by a multi-layered structure of councils, each with interrelated and often overlapping roles and responsibilities. This structure reflects both 'upward' and 'downward' influences within the Church. The core of the Church is its membership and the Regulations and the consultative processes employed within the Church ensure that the people at the 'grass roots' are able to participate in decision making at all levels of the Church. However, the hierarchical nature of the Church structures means that the will of the Assembly and the Synod tends to prevail within the Church and is sometimes imposed upon reluctant congregations.

As the focus of this thesis is on the Synod of South Australia, Section 4.4 will consider factors specific to the work of that organisational unit of the Church. This section will also outline the financial management structures of the Synod and introduce its' financial managers.

4.4 THE UNITING CHURCH IN AUSTRALIA - SYNOD OF SOUTH AUSTRALIA

The focus of this thesis is the administrative body, the Synod of South Australia (hereafter referred to as the SA Synod). The Synod fulfils many functions on behalf of the people of the Uniting Church in South Australia. This section will therefore commence with a brief comment on Uniting Church attenders in South Australia, followed by a description of the structures and functioning of the Synod. An outline of the sources and allocation of resources within the Synod will conclude this introduction to the SA Synod.

4.4.1 The people of the SA Synod

The SA Synod is the fourth largest region of the Uniting Church in Australia in terms of both membership and attendance. The 1991 Census revealed that nominal affiliation with the Uniting Church is stronger in South Australia than in other state, with over 14 per cent of the South Australian population claiming affiliation with the Uniting Church. Table 4.2 shows that estimated membership in 1996 was 37,944, representing a steady decline since Union (Kaldor and Powell, 1997; Bentley and Hughes, 1996). Recent estimates of attendance suggest that about 21,500 people attend Uniting churches regularly in South Australia, representing about 57 per cent of members. As Uniting Church attenders in South Australia describe a similar demographic profile to the picture of all Uniting Church attenders presented in section 4.3.1 (Kaldor et al., 1997b), it is not considered necessary to provide a separate profile for South Australian attenders.

In summary, the Uniting Church appears to have a stronger presence in South Australia than in other states. However, like the national Uniting Church, its membership is still comprised of a declining number of aged, middle class, white Australians.

Table 4.2: Membership of the Synod of South Australia

Year	Membership[1]	Attendance[2]
1978	60 657	n/a
1981	57 208	n/a
1984	53 540	n/a
1987	49 532	n/a
1990	47 093	n/a
1993	44 305	22 316 (est)
1996	37 944	21 558

[1] **Data for the years 1978 to 1993 taken from Assembly membership statistics cited by Bentley and Hughes (1996) p 68. Data for 1996 taken from Kaldor and Powell (1997).**

[2] **Data derived from the NCLS. Not available prior to 1993.**

4.4.2 Governance and administration of the SA Synod

As discussed in section 4.3.2, the SA Synod, like other Synods of the Uniting Church, comprises the Synod meeting, Synod appointed committees, and a supporting administrative structure. This section will describe the components of the structures of the SA Synod, their inter-relations, and their roles within the functioning of the Synod.

The administrative structure of the SA Synod operating in 1996 (see Figure 4.3) was predominantly formed during a significant Synod restructuring completed in 1992. The restructure was initially undertaken to decentralise the provision of mission support services to congregations by reducing the services provided by the Synod and relocating field staff within the presbyteries. However, financial stringencies added pressure for an overall rationalisation of services provided. At the same time, the report on the annual review of the Synod General Secretary recommended that the Synod "conduct a review of the way in which the Synod Office and the work of the Synod Staff are structured and managed". The Synod restructure was thus expanded to cover all aspects of the administration and management of the Synod office. While some minor modifications have since been made to the components of the structure to enhance functionality, it existed in 1996 in substantially the same format as was initially developed.

Meetings of the Synod of South Australia were held annually from 1977 to 1991, at which time a decision was made to move to bi-annual meetings. At the same time, the Council of Synod and the Synod Steering Committee (as the executive committee of the Synod meeting) recommended that the Synod meetings focus primarily on discussing and making recommendations on issues that were of fundamental importance to the life of the Church, rather than occupying most of the meetings with procedural and reporting activities. In response to these recommendations, the Synod meetings moved to a focus on providing a forum for examining issues relating to the life of the Church, leaving the majority of administrative matters to the Council of Synod.

The Council of Synod has the overall responsibility for carrying out the tasks of the Synod in between Synod meetings. In particular, it is responsible for matters of a policy nature that impact on bodies within the SA Synod. In this capacity it has been seen to effect many major decisions within the Church. Its membership comprises the Moderator, ex-Moderator, Moderator-elect, General Secretary, 'Synod Property Officer'[44], 45 persons elected from and by the membership of the most recent Synod meeting, and up to 2 co-opted persons (SA Synod Bylaws, 1995, para 12.1.4). At least half of these members must be lay people and each gender must be represented by at least one third of the membership (Uniting Church Regulations, para 3.5.45). The Council of Synod holds five or six two-day meetings per annum.

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[44] The job title of the person with responsibility for the tasks of the 'Synod Property Officer' has changed many times over the years. It is currently the person referred to in this thesis as the RMC Executive Officer 1.

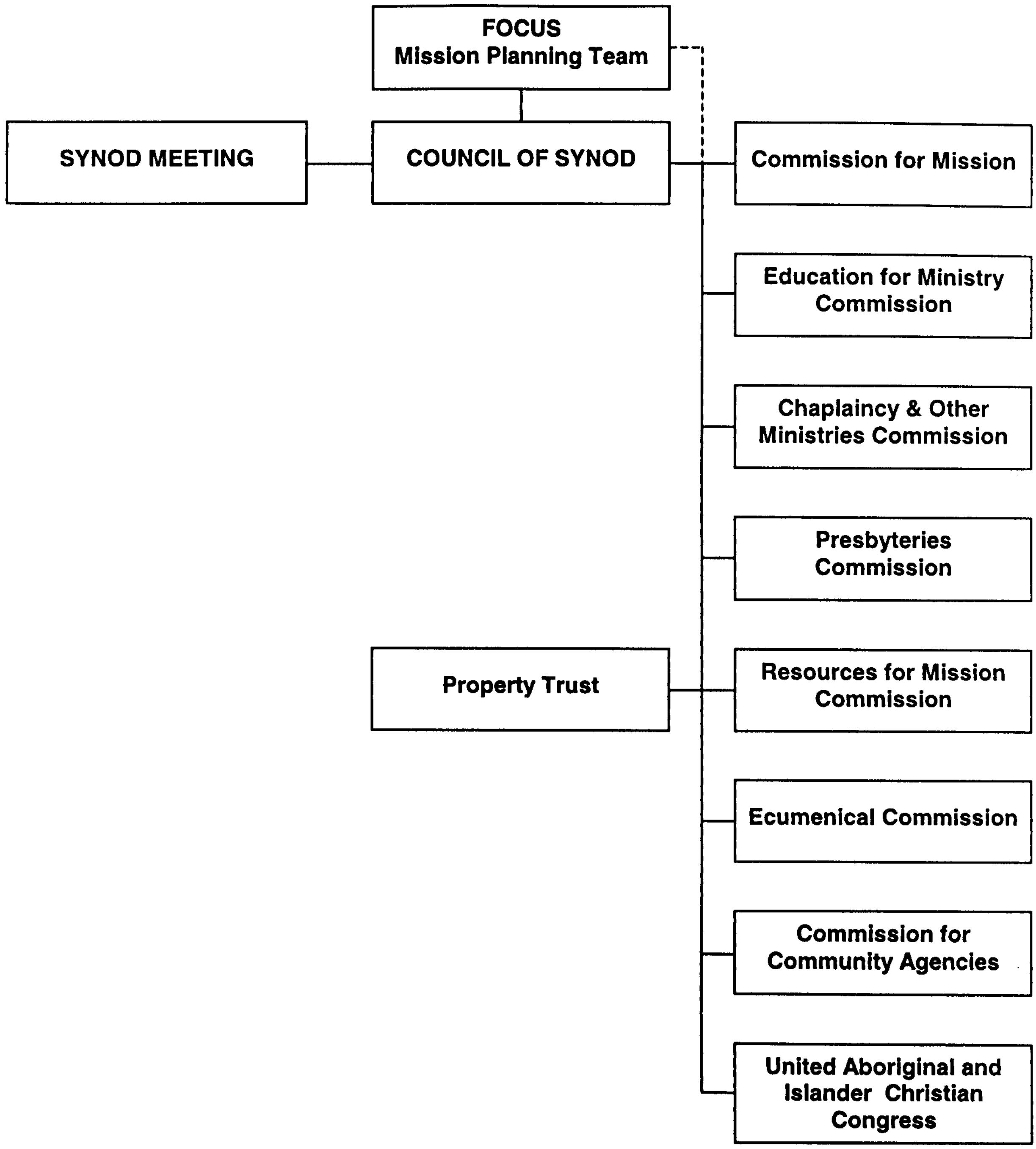

Figure 4.3: The structure of the Synod of South Australia, 1996 (source: adapted from UCA-SA Synod (1992))

The majority of the day to day work of the Synod is undertaken or overseen by the Secretariat and seven Commissions. Table 4.3 provides an outline of the functions of each body as intended at the time of the Synod restructure (SA Synod, minutes, October 1992). The Secretariat and Commissions are primarily responsible for implementing specified policy objectives on behalf of the (Council of) Synod and are thus accountable to the (Council of) Synod for the activities they undertake. However, in practice they also make a substantial contribution to both the initiation and development of policies in their own areas of responsibility, as their membership usually contains a number of experts in the relevant fields. Many of these bodies have set up task groups or committees to undertake specific functions within their overall brief. These groups report directly to the relevant Commission/Secretariat. An indication of the relative size of each Synod body can be ascertained via the total budgeted expenditure for that function (see Table 4.4).

The membership of each Commission comprises the Moderator, the General Secretary, other specified ex-officio members and sufficient other persons, usually voluntary, elected annually by the (Council of) Synod to make up a total membership of between twelve and fifteen. Elected members are usually appointed for a three year term. Appointments can be made from both the voluntary members of the Uniting Church and the remunerated Synod office staff.

While each Commission will incorporate into its work some degree of planning for the future within its area of expertise, the Synod also has a specific planning body called Focus (see Table 4.3). Like Commissions, Focus reports to the Council of Synod. Prior to 1995, the membership of Focus consisted of the Moderator, General Secretary, seven Presbytery representatives (one member elected by each Presbytery), and ten other persons appointed by the (Council of) Synod. However, it was felt that in order to achieve effective decision making and planning within the Synod, Focus needed more direct input from the Commissions, in conjunction with whom planning for the Synod took place. The membership of Focus was thus altered by (i) the inclusion of the 'Synod Property Officer' (the RMC Executive Officer 1) and the RMC Executive Officer 2 (the SA Synod's senior accountant) as ex-officio members and (ii) the replacement of the ten elected members with one representative from each Commission and the UAICC (totalling eight) and four members elected by the (Council of) Synod (Council of Synod, minutes, August 1995).

Table 4.3: The functions of the Secretariat, Commissions, UAICC and FOCUS Task Group of the South Australian Synod

Secretariat Responsibilities include: ministerial support services (settlements, admissions, retirements, entitlements, counselling and discipline); executive functions (assisting in arranging the Synod meeting, maintaining Synod records, actioning resolutions of the Assembly and the Synod (including Council of Synod and Steering Committee), cataloguing archive materials); liaison (with Presbyteries, Synod and its Committees, other Synods, other ecumenical bodies, Assembly and its Commissions); management of the Synod office
Chaplaincy and Other Ministries Commission Responsible for provision of pastoral care to institutions beyond local congregations and parish structures
Commission for Community Agencies Responsibilities include: monitoring and reporting on the activities of the community agencies of the Synod; researching and promoting the relationship between the community agencies and the values of the Synod
Commission for Mission Responsible for providing services to congregations, parishes and presbyteries to enhance their worship and mission
Education for Ministry Commission Responsible for training people for ordained ministry, specified ministries, and lay ministries; providing continuing education for ministers and lay persons
Resources for Mission Commission (RMC) Responsible for: the oversight and management of Synod funds and property (including insurance and investment funds); provide financial and property advice to parish, presbytery and Synod bodies; prepare the Mission and Service Fund budget; monitor income and expenditure against this budget
Presbyteries Commission Responsible for: providing a forum for communication and cooperation between Presbyteries; preparing a budget submission to Synod on behalf of the individual Presbyteries
UAICC (United Aboriginal and Islander Christian Congress) Responsible for providing ministry and support to Aboriginal and Islander people.
FOCUS Responsible for: an ongoing review and evaluation of the activities undertaken by the Synod bodies; evaluating and supporting new ventures at all levels of the Church in South Australia; acting as a forward planner for the Church; promote the Mission and Service Fund; arranging an annual meeting of the Commissions (spending bodies) "to explore together block grant allocations" during the budget process

Table 4.4: The size of the Secretariat, Commissions and Focus, measured by total expenditure budget

SYNOD BODY	EXPENDITURE BUDGET (1996) $
Secretariat	521 753
Chaplaincy and other ministries commission	336 915
Commission for community agencies	400
Commission for mission	582 184
Ecumenical commission	35 250
Education for ministry commission	365 124
Resources for mission commission	288 472
Presbyteries commission	239 638
FOCUS	27 918
UAICC	200 499

In summary, the responsibilities of the SA Synod (as outlined in section 4.3.2) are discharged via the biennial Synod meeting, Synod appointed committees, and a supporting administrative structure. The biennial Synod meeting focuses primarily on providing a forum for discussion and decision making regarding significant issues impacting on the "Church's worship, witness and service". Responsibility for other policy matters is taken up by the Council of Synod, who meet regularly during the year. The Secretariat, Commissions, UAICC and FOCUS support the (Council of) Synod by undertaking the day-to-day implementation of the policies of the Church, often employing persons with specialised skills to perform necessary tasks.

4.4.3 Financial management in the Synod of South Australia

This section will provide an introduction to the financing and financial management of the Synod, outlining the significant sources of income and expenditure for the Synod and the management of such funds. A brief recent history of the financial position of the Synod since 1990 will then be provided. Against this background, the identities and responsibilities of the people referred to in this study as the SA Synod's financial managers will be introduced.

4.4.3.1 The Mission and Service Fund

The financing of the Synod is effected through the Mission and Service Fund (MSF). This 'fund' incorporates all assets and liabilities beneficially owned[45]/owed by the Synod (as opposed to those beneficially owned/owed by congregations, parishes and presbyteries or owned by other Synod bodies or agencies). The MSF is resourced by 'internal' income generated from its assets and 'external' income received from parishes and other Church bodies 'outside' of the Synod offices. Parish contributions constitute the major source of income for the Synod, accounting for nearly 70 per cent of the MSF budget in the 1990's (see Figure 4.4). The MSF then finances the activities of the Synod bodies such as the Secretariat and Commissions, as well as other activities of the Assembly, parishes, presbyteries and other Church bodies. There is thus a reciprocal movement of monies between the various bodies of the Church; in particular, between the parishes and the Synod[46]. The sources of income and expenditure of the 1996 budgeted MSF are illustrated in Figure 4.4.

The financial management of the MSF has tended to focus primarily on the income and expenditure of the Synod office. The MSF is controlled via an annual budget, which is set on a calender year. A brief introduction to the MSF budget and

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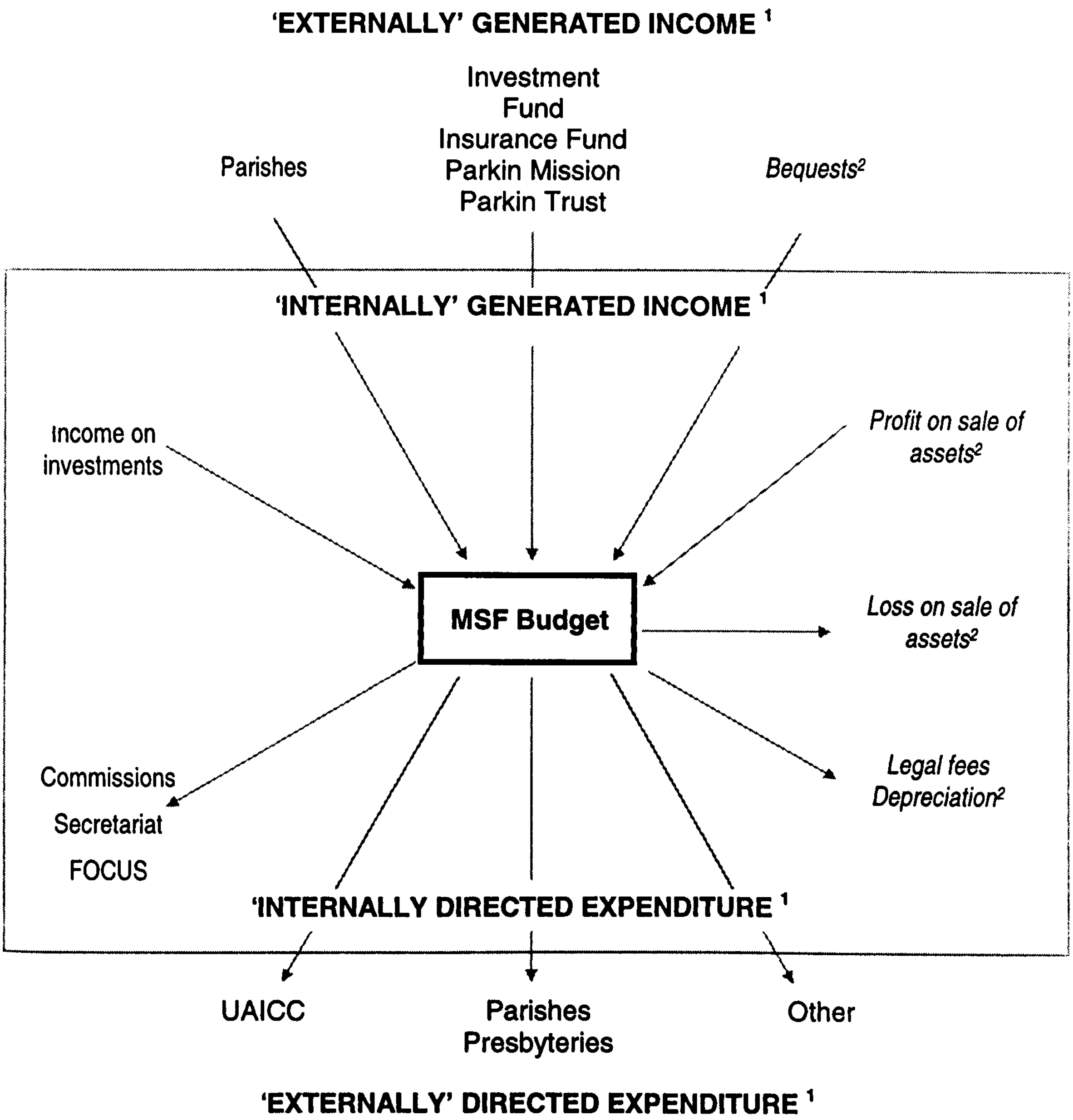
[45] The Synod, like the congregations, parishes and presbyteries, does not exist as a separate legal body. Instead, all assets of these Church bodies are the legal property of the Uniting Church in Australia Property Trust (SA). Legal opinion suggests that the Church bodies having primary usage of the property hold a 'beneficial ownership' of the property. In theory, no asset transactions can occur without the approval of the Property Trust. In practice, the Property Trust approve all transactions involving property, shares or other registered assets.

[46] This behaviour has been noted in other studies of religious organisations (see, for example, the explicit acknowledgment of reciprocal financing in Laughlin's (1984, 1988, 1990) study of the Church of England and the indirect discussion of such arrangements in Booth's (1991, 1995) investigation of the Uniting Church in Australia - Queensland Synod.

budgeting process will be provided in this section. Chapter Five and Six will undertake a more detailed consideration of the nature and development of the 1996 MSF budget.

Figure 4.4: Financing the Synod - the Mission and Service Fund of the SA Synod



[1] 'Internal' sources of income and expenditure relate to assets or activities that are controlled by the Synod office. 'External' sources are dependant on the activities of bodies not under the direct control of the Synod office.

[2] Sources of income and expenditure identified in italics are not taken into account when determining the Mission and Service Fund budget. Those items are, however, incorporated into the income and expenditure accounts in the financial accounting records.

The preparation of the MSF budget is primarily the responsibility of a single group. The group holding this responsibility is not specified in the Uniting Church Regulations, so it is determined by the Council of Synod on an annual basis. Since the early 1990s this task had been overseen by the RMC (and its predecessor body). However, in 1996, this responsibility was delegated to Focus. This change reflected a belief that the budget needed greater integration with the long term planning of the church, and as Focus were responsible for coordinating the planning functions, it seemed appropriate to link the planning and the budget in a formal sense. The changing delegation of authority for the budget process will be further considered in Chapter Five.

Regardless of whom was responsible for the final budget document, all income providers and budget recipients had been involved in the processes of recent years, which usually take up to nine months to complete. The formulation of the SA Synod MSF budget has historically tended to be a quite contentious process. As is common in community service organisations, there is always a struggle to balance the increasing demands for services with the funds available to finance such enterprises[47]. The draft budget requires final approval from the (Council of) Synod before it can be implemented. The income and expenditure items of the MSF can be divided into (1) those incorporated into the annual budget and (2) those excluded from the annual budget but incorporated into the final financial results of the MSF (see Figure 4.4). Basically, the non-budget items comprise abnormal or extraordinary items (such as bequests and profits on sale of assets) or items that have been deemed too difficult to estimate accurately (such as legal expenses and depreciation). All amounts included in the budget or financial reports are calculated on an accrual basis. Thus the SA Synod prepares an Operating Budget, which is comparable to the actual Operating Surplus (Deficit) before abnormal and extraordinary items that is recorded by the Synod. This figure will need to be adjusted for non-budgeted income/expenditure in the preparation of the annual MSF financial accounts.

The budget details form the basis for on-going financial control within the Synod. Each month, actual income and expenditure is carefully monitored against the

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[47] See, for example, observations made by Wildavsky (1975) and Rosenberg and Tomkins (1983) of budgeting behaviour in central and local government respectively.

budget by the Resources for Mission Commission. A report of the Operating position and any significant variances is provided by the staff of the Resources for Mission Commission to all meetings of the Resources for Mission Commission and the Council of Synod. Each Commission also receives a monthly report detailing their financial performance against their budget.

4.4.3.2 The financial position of the Synod

At year end, the Resources for Mission Commission prepares an income and expenditure statement and balance sheet for the MSF. The income and expenditure statement first presents the Operating Surplus (Deficit), showing the actual income/expenditure on budgeted items. The non-budget items are then incorporated 'below the line' to give a final result for the year. The annual financial result for the years 1990[48] to 1995 are summarised in Table 4.5.

Table 4.5: Annual surplus(deficit) for the SA Synod's Mission and Service Fund for the years ended 31 December 1990 - 1995

Year	**Operating surplus(deficit)**	**Non-budget items**	**Net surplus (deficit)**	**Net assets**
1990	(146 633)	(240 006)	(386 639)	5 785 128
1991	(157 610)	43 328	(114 282)	6 123 232
1992	(78 532)	162 542	84 010	6 132 178
1993	51 734	147 311	199 045	6 925 995
1994	(94 215)	96 063	1848	3 285 178[1]
1995	(89 810)	56 124	(33 686)	3 251 692

[1] In 1994, two significant investment funds were removed from the Mission and Service Fund accounts and reported separately (valued at $3,671,000 at 31 December 1993).

The financial results summarised in Table 4.5 show that, with the exception of 1993, the Synod has returned an annual operating deficit. However, since 1992 profits on sales of shares and bequests have generally provided sufficient income to the Synod to offset the operating deficits, thus allowing the MSF to return an

[48] The income and expenditure statements for the years prior to 1990 were prepared in such a way that the researcher was unable to extract comparable information.

overall surplus. The consistent surpluses are reflected in the MSF Balance Sheet, which shows a steady increase in net assets over this period.

4.4.3.3 The SA Synod's financial managers

While a number of bodies and individuals hold varying degrees of financial responsibility within the SA Synod, the term 'financial manager' is used in this thesis to refer to those specified within the formal structures of the Synod as having a primary responsibility for such matters. As indicated in Table 4.3, the Resources for Mission Commission (RMC) comprises the body charged with the very broad ranging responsibility for the "oversight and management of Synod funds and property" (RMC Charter). The nature of this Commission, its members and its tasks will now be introduced.

Like many of the large Synod administrative bodies, the RMC comprised a volunteer-based management committee and an office structure employing nine remunerated staff members. Of primary concern in this thesis were the actions of the RMC committee and the property Executive Officer (referred to in this thesis as the RMC EO1) and the accounting Executive Officer (referred to in this thesis as the RMC EO2). While the RMC committee dealt with the strategic directives and policy implications regarding the finances of the Synod, the two Executive Officers took responsibility for the majority of the operational financial management tasks related to the funds directly controlled by the Synod. They also made a substantial contribution to the development of policy directives and other decision making by the RMC committee.

At the time of this study, the membership of the RMC was comprised first, of a number of ex-officio members; being the Moderator, the General Secretary, the RMC EO1, the RMC EO2 and the RMC Investment and Insurance Manager. These individuals were remunerated staff of the Synod. Eleven voluntary members, elected by the Synod meeting, made up the remainder of the RMC membership. These members comprised two lawyers, two senior investment managers, two architects, a property agent, an industrial relations manager, an accountant, an economist, and a member who, whilst unqualified, had had extensive experience in the financial management of parishes of the Uniting Churches. All the voluntary members of the RMC had been involved with the Uniting Church for many years and had held financial management positions within their congregations, as well as at Synod level. Much of the specific decision making on issues regarding accounting, property and insurance was undertaken by sub-committees called Task Groups. These Task Groups often had additional 'expert' volunteer members who were not members of the RMC. Thus the RMC committee and its sub-committees held a wealth of knowledge regarding the financial management of the Uniting Church.

As noted in sections 4.4.3.1 and 4.4.3.2, the RMC was involved in the maintenance of the financial records and reports supporting the MSF. The RMC staff conducted the majority of the financial record keeping for the Synod, with transactions for some small funds being accounted for outside of the Church's accounting system. As noted above, the RMC staff had historically contributed their knowledge of the Commissions' expenditure patterns to the preparation of the MSF expenditure budget by recommending appropriate calculative bases for costs (eg annual inflation rates). In addition to the MSF, the RMC staff also recorded transactions relating to a number of significant investment funds, which for legal reasons had to be separately identified and maintained away from the main MSF. The preparation of annual audited financial accounts for the Synod's funds was undertaken by the RMC staff, with appropriate input from the volunteer accountants on the RMC and the accounting Task Group (the Financial Services Task Group). The RMC EOs also took responsibility for much of the daily maintenance of the Synod's investment portfolio, determining, in consultation with the RMC committee' investment experts, which types of investment products to utilise and when to buy and sell such products. The responsibilities of the RMC also incorporated the maintenance of the property and other non-investment asset portfolios of the Synod. The staff thus managed a number of commercial and residential properties and a large motor vehicle pool. Because of their extensive involvement with the non-parish income generation activities of the Synod, the RMC staff took responsibility for the preparation of the income component of the MSF budget.

Providing advice to other Uniting Church bodies regarding property and other financial matters was also a common function undertaken by the RMC staff. The RMC office managed ministerial stipends and benefits on behalf of a large number of parishes. The property staff regularly contributed their expertise to parish and presbytery decisions regarding property. Likewise the accounting staff assisted parishes with many issues, ranging from simple record keeping questions through to lobbying the Federal Government regarding taxation changes affecting church bodies. The RMC staff also provided a substantial source of legal and technical advice on all aspects of financial management to other Synod Commissions.

In summary, the 'financial managers' of the SA Synod were primarily the RMC committee and its remunerated staff. The RMC committee and its staff were responsible for a wide range of financial management activities within the SA Synod. Their portfolio of tasks incorporated both strategic policy making roles and daily asset management, bookkeeping and budgeting roles. In addition, the RMC staff had taken the initiative to provide a number of advisory services to other Church entities, both within the Synod administrative structure and at the more localised levels of the Church.

4.4.4 Summary

The Synod of South Australia is the fourth largest Synod in the Uniting Church in Australia. Like the national Uniting Church, its membership comprises an ageing, middle class population that is steadily declining. The SA Synod is governed by the biennial Synod meeting, which delegates many of its responsibilities to a Synod-elected Council of Synod. The day-to-day work of the Synod is undertaken by the Secretariat, seven Commissions, UAICC and FOCUS, who report to the Council of Synod and the General Secretary. While the roles of each body address specific areas of the Church's mandate, there is some overlap between the responsibilities of each group.

The Synod generates resources from its own assets and from contributions made by other Church bodies; in particular, those from the parishes within the Synod bounds. These funds are in turn directed to finance the activities performed by the Synod on behalf of the wider church and to other bodies of the Church to assist them in their own particular missions. The Synod effects control over the majority of the Synod funds through the preparation of the Mission and Service Fund budget and the use of this budget as the basis for monitoring actual income and expenditure during the year. While the Synod has historically experienced significant deficits in the MSF, this appears to have stabilised in recent years, with income from bequests and profits on sale of non-current assets regularly offsetting deficits from operating activities.

The majority of the financial management tasks of the SA Synod are undertaken by the RMC committee and its appointed staff. The RMC and its staff thus comprise the 'financial managers' who form the central focus of this thesis. While the tasks of the financial managers are very broad ranging, their Charter and Bylaws identify a primary responsibility for contributing to the preparation and subsequent record keeping and reporting on the major operating fund of the SA Synod, the MSF.

4.5 SUMMARY

This chapter has provided first, a brief introduction to the structure and membership of the Uniting Church in Australia and second, a more detailed overview of the organisation and financing of the Synod of South Australia. While the Uniting Church is a relative new religious organisation, it has a strong history within Australia. In fact, a significant proportion of its current membership were members of the pre-Union denominations. However, although the Uniting Church has continued to maintain a strong presence in the community, it has been experiencing a steady decline in membership numbers since Union. As the average age of Church attenders is also increasing rapidly, this decline in attenders can be expected to continue.

The government of the Church is undertaken through a complex structure of inter-related councils at five regional and national levels. The Synod of South Australia represents one of these bodies. Like the national Church, the work of the Synod is administered by a number of overlapping committees and remunerated staff. A brief outline of the Synod's financing arrangements showed a reciprocal structure, with much of the Synod's funds coming from the parishes and then flowing back to the parishes both directly through support of parish projects and indirectly through the work of the Synod undertaken within the parishes. Within the Synod, the primary responsibility for the financial management of the Synod's funds is held by the RMC and its appointed staff, who comprise the 'financial managers' at the centre of this thesis. This introduction to the Synod's structures and financing has thus provided the background to a further examination of the 1996 budget arrangements and financial management structures of the Synod to be undertaken in this thesis.

CHAPTER 5 ON BEING A FINANCIAL MANAGER – ASSERTING RESPONSIBILITIES

5.1 INTRODUCTION

To date, the literature has given little consideration to the way in which financial managers act and rationalise their actions within church organisations. Developing an understanding of such matters requires a detailed examination of the activities and viewpoints of the financial managers occupied within a church organisation. This examination will be undertaken within the context of the formulation of the 1996 budget for the Mission and Service Fund of the Uniting Church in Australia - Synod of South Australia (see Chapter Four).

The examination of 'being a financial manager' undertaken in this chapter will focus on a consideration of the financial managers' perceptions of their involvement in the determination of the parameters within which the 1996 budget would be established. In particular, the study will focus on two parameters that were subject to a significant degree of negotiation in 1995. First, section 5.2 will consider the negotiation of the detailed nature of the process to be utilised to form the 1996 budget. This negotiation will address the question of who should participate in determining the budget process, as well as establishing the technical steps of the budget formulation process. Second, the negotiation of the desired final budget position will be examined in section 5.3. In particular, this debate will begin to facilitate insights into the belief structures underlying the financial managers' actions.

The structure of each section will be in two parts. Each section will commence with a narrative description of the events and perceptions pertaining to the negotiation of the relevant budget parameter. The narratives will be presented primarily from the perspective of the financial managers and will thus form the basis of the examination of the "strategizing" that underlies the "actions" of the financial managers (Llewellyn, 1999) (see section 1.2 - thesis objectives 1 and 2). Such examination will also facilitate insights into the factors that appear, from both the perspectives of the financial managers and the perspective of the researcher, to be influencing the outcomes of the financial managers' actions (see section 1.2 - thesis objective 3). Following each individual narrative, a brief description of the coding categories emerging from the data will be presented. These codes will then form the basis for the grounded theory building and analysis in Chapter Seven.

5.2 NEGOTIATING A NEW BUDGET PROCESS - THE QUEST FOR PARTICIPATION

5.2.1 The first proposal

At the November 1994 meeting of Council of Synod, Focus (the planning body for the Synod) was requested to develop a process for formulating the 1996 MSF budget (Council of Synod, minutes, 18 November 1994). As Focus had not been responsible for the budget process in the previous year, discussion at the Focus meeting on 21 February 1995 indicated the need to review the budget process used in the preceding year and to develop an appropriate approach for the 1996 budget. A Task Group, entitled the Budget Work Group, was thus established to "look at the budget process and bring recommendations [for the 1996 process] to the next meeting of Focus" (Focus, minutes, 21 February 1995). This Group comprised the Executive Officer (EO) of Focus and four Focus members. Two of these members had extensive financial knowledge, with one member also being a member of the Financial Services Task Group (ie a financial management volunteer). The Budget Work Group met on one occasion on 1 March and brought a recommended budget process to the Focus meeting on 11 April 1995 (Figure 5.1). The Focus meeting approved and adopted this process for the formulation of the 1996 budget. The proposal was then communicated to the various MSF spending bodies, including the RMC (Focus EO, correspondence, 21 April 1995).

5.2.2 The financial managers' response to the first proposal

The financial managers of the Synod (both the staff and the RMC) were notified of Focus' intended approach to developing the budget process in a letter from the Focus EO on 28 February, 1995. A discussion of this proposal at a meeting of the RMC concluded that

> the Financial Services [department] have a major role in preparation [sic] and monitoring the budget and should request the opportunity to make representation to the task group (RMC, minutes, 6 March 1995).

Figure 5.1: Budget Formulation Process - Proposal 1 (from the Budget Work Group (Focus sub-group) to Focus)

1. Request RMC to provide estimated income figures for next year by May of current year.

2. Note difference to preceding years eg. 10% increase or 10% decrease.

3. Communicate to each Commission that they need to develop a Budget based on the previous years as a mean, adjusted to reflect the predicted income percentage variation.

4. Request Commissions to submit Budget to Focus by June.

5. Focus task group, including Financial Services people, works with each Commission independently to:

   a. Identify fudge [sic], savings, areas of possible over spending, etc.

   b. Identify and challenge projects etc. that do not fit LRP, other criteria of Synod.

   c. Develop consensus between each Commission and Focus regarding Budget to be presented so that asking for Commission fits within projected income allocation for that Commission based on figures above.

   d. Encourage Commissions to seek Approved Project status for those Projects that are not able to be funded within the Budget allocation so that support of the wider church may be obtained; Projects may be listed by Focus for Gift Funding/Surplus Property allocations.

6. Budgets presented to August meeting. Focus works to enable Commissions to see the total picture, and then to make further adjustments if it becomes obvious that a Commission is being advantaged/disadvantaged; in terms of projects vital to the Synod/Commission; through having to develop; an initial Budget based on the previous years Budget.

   Programme:

   1. Sharing of all Budgets with Commissions.

   2. Updating information re income and making adjustments.

   3. Opportunity for Commissions to 'challenge' each other regarding duplication, greater importance of Projects etc.

   4. Negotiation in plenary session between Commissions regarding possible concessions to enable important/essential projects identified in 3 above to be funded.

   5. Commissions amend Budgets and report back.

   6. Commissions worship together.

   7. Focus presents Budget to Council of Synod.

The financial managers felt that such representation was particularly justified as they had a long involvement with the development of the budget process and thus perceived themselves to be exceedingly knowledgable regarding successful budget practices. They were also involved each year in assisting the Commissions to form their expenditure budgets and felt that such experience further enhanced the potential contribution they could make to the development of the 1996 budget process. .

The RMC EO2 thus responded to Focus on 16 March, noting that

> As the Commission most involved in preparing the Mission and Service Fund Budget, it was noted with some concern that members of the Commission appear not to have any input in the deliberations of the matters [including the budget preparation process] noted. The recommendation of the Commission is that it be represented on any sub committee established for the purposes of discussing budget procedure. (RMC EO2, correspondence, 16 March 1995)

No response to this request was received from Focus until 21 April, when a letter from the Focus EO was sent to the RMC Secretary (also the RMC EO2). This letter addressed, inter alia, the RMC's request for inclusion in the budget process.

> At this stage, I am only able to note the following responses to your letter:
> Focus restructure is to go as recommended to the Council of Synod....
> Your comment about the planning meeting for the August Budget process was noted. This matter has now progressed and you will receive a paper detailing the process for determining budget allocations [ie Figure 5.1]. I remind you that Focus is charged [per its Bylaws] with the responsibility to "arrange an annual meeting of the Commissions to enable them to explore together block grant allocations for the following year". I understand that this task was given to Focus deliberately as it was considered that the budget setting process is primarily a mission exercise, using figures provided by the RMC. The process developed for determining the 1996 Budget is an attempt to create that kind of setting.

This response was met with an angry and passionate reaction by the financial management staff and was raised in this context at the RMC meeting of 1 May. The RMC EO2 gave a lengthy presentation, highlighting her disappointment that her request to contribute to the budget process was "ignored" by Focus. She argued that the RMC had a responsibility to participate in determining the budget process, primarily on the grounds of their significant historical contribution to the development and ongoing oversight of the resultant budget document. The General Secretary, who held membership of both Focus and RMC, stated that she thought that the Focus meeting of 21 February had decided that the RMC were to be invited to contribute to formulating the budget process. However, this had not happened.

After a lengthy and heated discussion, the RMC determined to make clear their disappointment to Focus and passed a motion of "regret" and "protest" which was then communicated to Focus by the RMC EO2, in her role as Secretary of the RMC, on 9 May.

> In response to your letter of 21st April 1995 the Resources for Mission Commission discussed the points raised at great length whilst expressing considerable concern at the apparently autocratic manner in which decisions have been made....
>
> [The Resources for Mission Commission questions that] Focus has [claimed to have] "adopted" a process for forming the 1996 budget? This appears to have occurred without input of any kind from Resources for Mission Commission or the Financial Services Task Group. The resulting resolution from the RMC is; "That this Committee express to FOCUS its regret that it was not consulted before the decision to adopt this process was made; and protest to FOCUS at the exclusion of the RMC and in particular the [RMC EO2] from consultation in the formulation of the process to be adopted."
>
> The RMC had already requested that it be represented on any sub-committee established for the purpose of discussing budget procedure and its exclusion without comment was surprising to say the least.

At this point, the Focus EO requested the Chairperson of Focus to intervene, stating that he believed "the RMC letter [above] indicates the relationship between the two groups...continues to be a problem." (Focus EO, correspondence, 16 May 1995). As part of the letter dated 21 April to the RMC, the Focus EO had commented that

> Concern was expressed [by Focus members] about a number of issues raised that seem to coalesce into a misunderstanding of the distinctly different roles of Focus and the RMC. Accordingly, Focus resolved to request [2 Focus members] and [the Focus EO] to meet with representatives from RMC to discuss issues raised in your letter. The Secretary of Synod was not included, but I am sure that was an oversight and I would seek to ensure [the Secretary] is able to be a part of the anticipated dialogue.

A meeting of representatives of Focus and the RMC was thus set by the Focus EO for 31 May 1995 and the RMC members were notified accordingly.

This proposed meeting thus became a topic for discussion at the Financial Services Task Group meeting on 29 May. The perceived demand for dialogue was described as being called to resolve a "demarcation dispute" (RMC EO2) over the responsibilities of the RMC and Focus regarding the budget process. The RMC EOs and the Chairperson of the RMC were respectively noted as being "annoyed" and "not impressed" with the timing of the meeting, as it was due to be held before the next RMC meeting, thus preventing the financial managers from formally nominating representatives to the meeting. To this end, the Chairperson had announced his intention to "ensure no decisions are made [at the RMC-Focus meeting], as the meeting will not be properly convened" (as cited by the RMC EO2).

In the ensuing discussions at the Financial Services Task Group meeting of 29 May, the RMC EO2 again noted her concerns regarding the lack of consultation with the RMC regarding the 1996 budget process, this time raising her perception that Focus wished to "exclude" the RMC from the budget formulation process. In particular, she argued that although "the RMC is meant to manage the Synod's funds", she felt that the Focus EO did not agree with this perceived division of responsibilities and sarcastically cited his statement that "the budget setting process is primarily a mission exercise" (Focus EO, correspondence, 21 April 1995) to support her comments. As further support, a financial management volunteer, with a long history of involvement in both church financial management and Focus, commented during the Financial Services Task Group meeting that he felt that "this is all a power game".

5.2.3 Negotiating a way forward

On 31 May, four members of the RMC met with three members of Focus to discuss a number of issues of "demarcation" between the two groups. This meeting was entitled 'Delegation of Responsibilities Subcommittee' by the Focus EO. The points raised in the RMC EO2's letter of 9 May (see Section 5.2.2) were utilised to form an agenda for the meeting.

The first issue addressed was the "exclusion" of the financial managers from the formulation of the 1996 budget process. At various times during the meeting, the Focus EO attempted to justify this decision on a number of different grounds. He first dismissed the RMC request by arguing that "the process of forming the budget was the responsibility of Focus" per Focus's Charter and that Focus had taken appropriate steps to effect this task. He also noted that there had been objections to the nature of the 1995 budget process, which had been designed by the RMC

EO2, and that Focus thus felt a "more conciliar process" was required for 1996. The RMC EO2 retorted that the proposed 1996 process could hardly be considered conciliar when the RMC, as a major budget participant, had not been consulted about its appropriateness. The second justification proposed for failing to respond directly to the RMC request was that there were already "representatives of the RMC on Focus", with the implication that the RMC thus already had input into the determination of the budget process via such persons. However, none of the persons named by the Focus EO as being "joint members" of Focus and the RMC were in fact on the RMC. This argument was also refuted by the RMC Chairperson on the basis that joint membership (where it existed) did not constitute representation and hence did not satisfy the RMC request. Finally, the Focus EO noted that the Budget Task Group (see Section 5.2.1) had completed its tasks and that "Focus had made their decision" prior to the request for participation being received from the RMC. He thus argued that it was not possible to accommodate the RMC's request of 16 March. However, this argument again appeared to lack substance as Focus did not approve the proposed budget process until the meeting of 11 April.

While the 'discussion' at the 'Delegations of Responsibilities Subcommittee' was dominated by the passionate defences exhibited by the Focus EO and the RMC EOs, the "way forward" was drawn relatively quietly by the Focus Chairperson (who was also acting as Chairperson for the joint meeting). During the debate he commented that he had "not been aware of the request from the RMC regarding involvement in the determination of the budget process". He then suggested that if the RMC members wanted to be involved in determining the budget process, they could "take the suggested process to the RMC for a decision". He further stated that Focus "would be open to recognising comments from the RMC" and were quite willing to "reopen the issue [of finalising the budget process]". Following further protests from the Focus EO that changes would be difficult as "the determined process has been communicated to the Commissions", the Chairperson stated his apologies for the lack of consultation with the RMC and again said that Focus would be happy to receive comments on the budget process from the RMC. As the Focus EO tried yet again to justify his decision not to consult with the RMC, the Chairperson quietly commented that there was "not much to be gained in trying to determine the percentage of guilt" and the General Secretary of the Synod added to both the Focus EO and the RMC EOs that "some face to face communication would not hurt". The joint meeting thus concluded that "the next meeting of RMC be invited to consider the process adopted by Focus" (Delegation of Responsibilities Subcommittee, minutes, 31 May 1995) and to give feedback to Focus.

The joint meeting also briefly considered the existence of potential overlaps in the responsibilities of Focus and the RMC regarding the budget process. Again, the Focus EO and the RMC EO2 each expressed their belief that the Charters of their respective committees gave them a clear role in the budget process and therefore negated the interpretation that the other Executive Officer was taking. Again, the Focus Chairperson intervened, suggesting that there was one particular clause in each Charter that was "unclear" and that there had "been sufficient tension over this process to ask for the position [of Focus and the Resources for Mission Commission as expressed in their respective Charters] to be clarified". While the minutes of the joint meeting reflect no conclusions regarding this debate, the discussion indicated that Focus and the RMC would review these clauses and attempt to clarify the position regarding their respective responsibilities within the budget process.

5.2.4 Further negotiations and a second proposal

The RMC Chairperson and the RMC EOs reported the outcomes of the joint meeting at the 5 June RMC meeting. The RMC members were also provided with a copy of the 'minutes' of the joint meeting prepared by the Focus EO. The RMC Chairperson described the 'minutes' as "[the Focus EO's] version of the meeting" and expressed his dissatisfaction with the constant reference in the minutes to conclusions reached by "consensus", as he believed that in many cases no firm decisions were made by this group. This dissatisfaction was further expressed in correspondence to the Focus EO from both the Chairperson and the RMC EO2. In her letter dated 6 June, the RMC EO2 asked that it be "clearly understood that this meeting was in no way 'official'" and described the 'minutes' as "inaccurate" (RMC EO2, correspondence, 6 June 1995). The RMC EO2 ended her letter by commenting that

> It is a matter of regret to our Commission that so much time has had to be spent on debating these points which really ought to have been the province of management (RMC EO2, correspondence, 6 June 1995)

A later letter from the RMC Chairperson to the Focus EO expressed concern about the official capacity of the joint meeting and criticised the content of the "purported minutes". He further argued that the conclusions expressed in the 'minutes' were invalid, as

> The RMC does not accept that any consensus or agreement was reached...On some issues I thought it appropriate not to raise certain points or enter into disputes. However, that was not an indication of consent to what other had proposed... (RMC Chairperson, correspondence, 9 June 1995)

In response, the Focus EO acknowledged that the record of the meeting would have been better titled 'resume'. He also argued that the detail of the report was acceptable as it was sent only to the Focus Chairperson, the General Secretary of the Synod and the RMC EO2 and "was not intended for general publication". However, a later note indicates that the report would be communicated to the next Focus meeting. The Focus EO concluded his letter by stating that

> I feel quite upset by the way the relationship between the RMC and Focus has deteriorated and sense something of a personal attack on my integrity, hence the need to put my point of view and explain the context of the offending document (Focus EO, correspondence, 9 June 1995).

The RMC meeting of 5 June also addressed issues arising from the discussion undertaken in the joint meeting. The RMC Chairperson first reported on the discussion regarding the respective budget responsibilities of Focus and the RMC. He noted his impression that "Focus have interpreted their Charter to mean that they are the primary 'mover' for the development of the budget". This proposed interpretation was strongly refuted by the RMC members. The General Secretary of the Synod then requested the RMC to clarify the meaning of their clauses. However the RMC meeting did not make any recommendations for action to be taken on this issue.

Following the RMC Chairperson's report that Focus had now "belatedly agreed" that the RMC could comment on the draft budget process, the RMC EO2 presented a recommendation for a revised process developed by herself in conjunction with the General Secretary of the Synod. This process was discussed at length by the RMC members. The main change proposed by the RMC EO2 was to formally involve the RMC EO2 in the preparation of the Commission's expenditure budgets prior to the budgets being sent to Focus. This increased participation of the RMC EO2 was argued to enable the preparation of more accurate expenditure budgets in a standardised format, thus simplifying the processes of review and the later translation of the budgets into the accounting system. The new proposal also recommended that the RMC jointly present the final budget to the Synod with Focus, rather than Focus undertaking this task alone. This proposal was again intended to emphasis the significant role that the RMC had played in the preparation of both the income budget and the detailed costings within the expenditure budgets. The changes to the proposed budget process received widespread support from the RMC members, with the RMC EO1 further commenting that "Focus do not understand how [the RMC EO2] had worked with the Commissions in the past". The final budget process recommended by the RMC was sent to Focus with the preface that

> The understanding of the Resources for Mission Commission is that the Commission is responsible for the preparation of the Mission and Service Fund Budget for the Synod. (correspondence FS EO2, 6 June 1995)

thus indicating that the dispute regarding responsibilities was as yet unresolved. The RMC EO2's proposed budget process was approved by the 20 June meeting of Focus (see Figure 5.2). The Focus meeting also resolved to appoint five of its members to a budget sub-committee to undertake the procedures outlined in step 5.

5.2.5 Coding categories emerging from the 'budget participation' story

As outlined in Section 5.1, the chapter will now move to consider the nature of the coding categories that are emerging from the narrative presented in Section 5.2. These codes will be identified in italics in the ensuing discussion. These codes will then be revisited, in combination with the codes emerging from the other budget narratives addressed in Chapters Five and Six, in the development of the framework of understanding in Chapter Seven.

An examination of the negotiations underlying the development of the new budget process for 1996 indicated that the financial managers felt that they were being deliberately excluded from contributing to the budget discussions. However, the financial managers did not appear to accept the somewhat limited role proposed for them in the budget process and thus actively sought to achieve a direct contribution to determining the budget process. The remainder of this section will thus expand on the significant categories of analysis that have emerged from this first narrative.

Figure 5.2: Budget Formulation Process - Proposal 2 (from the Resources for Mission Commission to Focus, approved by Focus)[1]

1. The RMC produce a preliminary income budget.
2. That Commissions be advised of the need to develop a zero based budget in terms of the tasks of the Commission using previous years experience as a mean, adjusted to reflect the predicted income percentage variation.
3. That the Executive Officer, Financial Services spend a half a day (or even a day) with the Team Leader and/or nominees from each Commission to formulate expenditure budgets.
4. That the Commission budgets be collated by Financial Services and copies forwarded to FOCUS by the end of June.
5. That FOCUS:

   a. Identify and challenge projects which do not fit LRP or other criteria of the Synod;

   b. Develop consensus between each Commission and FOCUS regarding the budget to be presented so that the askings of the Commissions fit within the projected income allocation for that Commission;

   c. Encourage Commissions to seek approved project status for those projects which are not able to be funded within the budget allocation so that the support of the wider church may be obtained.
6. That the budgets be considered by a meeting in August of all Commissions. FOCUS works to enable Commissions to see the total picture. Further adjustments may then be made if it becomes obvious that a Commission is being advantaged/disadvantaged by either the essential nature of projects or the method of establishing the budget.
7. Suggested program:

   a. Corporate worship

   b. Provide the latest information on income expectations

   c. Sharing of budget information between Commissions

   d. Opportunity for Commissions to "challenge" duplication or priority

   e. Negotiations between Commissions

   f. Amendments to budget documents
8. Resources for Mission Commission together with FOCUS presents the Mission and Service Fund Budget to the Synod."

[1] **The numbering in the original proposal document was incorrect, but for the sake of clarity has been corrected in Figure 5.2.**

At the organisational level, the primary responsibility for the 1996 budget process had been allocated to Focus, the Synod planning task group, rather than the RMC, as in 1995. As noted in section 4.4.3.1, Council of Synod members perceived that this decision reflected the desire of the General Secretary of the Synod to formally integrate the preparation of the budget within the planning functions of the Synod. The Focus EO publicly advocated his support for this decision, arguing that the budget preparation role rightfully belonged with Focus as Focus' Charter and by-laws (as approved by the Council of Synod) supported such a significant role in the formulation of the budget document. However, the charter that had been previously approved by the Council of Synod for the RMC was also worded in such a way as to suggest that the formal authority for the budget process was in fact vested in the RMC. Thus the RMC was able to use its charter as the basis of their argument that the RMC was intended to be extensively involved in the budget process and not merely a "bookkeeper". It therefore appeared that an *unclear allocation of budget authority* within the Synod resulted in an overlapping scope of responsibilities for Focus and the RMC. The exact responsibilities of the financial managers within the 1996 budget process were thus not clearly specified in any formal sense.

At times, the financial managers seemed to perceive that this decision to vest the authority over the budget process to Focus indicated there was a desire within the major decision making bodies of the Synod to minimise the role of the financial managers in the decision making components of the budget process. This perception was interpreted by the financial managers as representing a desire to *exclude* them from the decision making processes of the SA Synod by encouraging others to "perceive the Resources for Mission Commission as the bookkeepers, while Focus makes the real decisions" (RMC staff member). Historical events within the Synod did suggest that there was some basis for the non-financial managers wishing to minimise the ability of the financial managers to control the budget allocation process. A previous accountant employed within the Synod from 1989 to 1992 had taken charge of the budget process and changed it from a highly consultative process to a "one man show" (RMC EO2). This accountant had applied a strongly "commercial" rationality to the budget calculations and had upset and alienated a number of the prominent mission managers within the Synod. The RMC EO2 reported that she could see why many Synod managers wanted to exclude the financial managers from being able to take a significant role in the budget process, as the distrust of the previous accountant was still fresh in their minds. However, while the current financial managers acknowledged the past circumstances determining peoples' perceptions of financial managers in general, they still perceived their exclusion from the 1996 budget development process as hurtful and frustrating. The financial managers clearly believed that they had a strong base of significant skills and knowledge that could be used to develop a more effective budget outcome without the overbearing arrogance of their predecessor. In particular, they felt that their *strong organisational commitment* and their past contributions to the budget process and the subsequent financial management activities of the Synod indicated that they would make an honest and significant contribution to the 1996 budget development process.

The lack of clear distribution of budget authority and the strong organisational commitment of the financial managers, while providing context for the debate regarding the scope of responsibility of the RMC, did not, however, explain the nature of the outcome of the negotiation process described above. Instead, the contribution of specific individuals to the process also appeared to influence the nature and extent of the exclusion of the financial managers from the determination of the 1996 budget process. Such contributions took the form of, first, the attitude of individual financial managers towards themselves and their position in the organisation and, second, the attitude of other significant individual managers towards the financial managers.

First, the financial managers were seen to hold a fundamental perception that an evaluation of the budget determination process required input from the financial managers. Underlying this perception was a belief that the budget process comprised a component of the financial management systems of the Synod, for which the financial managers perceived themselves to be formally responsible. This responsibility was seen as derived both from the RMC's Charter and by-laws and from the nature of the budget as the basis for financial planning and control in the church. The challenge to the participation of the financial managers in the budget process was thus seen to be a challenge to the scope of responsibilities that the financial managers perceived as being held by the RMC.

The financial managers responded to the perceived challenge to their scope of responsibilities in a united, determined and active manner, indicating their intention to enter into *assertive negotiations*. Discussion pertaining to this issue dominated the meetings of the Financial Services Task Group and the RMC throughout the period of the negotiations. While many members of these committees expressed parallel opinions on the perceived position of the financial managers, the RMC EO2 substantially contributed to both the energy underlying the debate and the communication of the exchange of opinions between the RMC and Focus. Her frustration and anger at the perceived barriers being placed in the way of the financial managers in general, and the financial management staff in particular, undertaking what they perceived as their appropriate roles was reflected in the tone of her presentations to the financial manager's meetings and in the resultant minutes and correspondence. Thus such correspondence was often worded in a quite aggressive and accusatory manner[49]. Likewise, the RMC EO2's contributions to the discussions in meetings were also often quite persistent and direct. Thus the passionate efforts of the financial managers in general, and the RMC EO2 in particular, made a substantial contribution to the financial managers' apparent 'success' in achieving their objective of contributing to the determination of the 1996 budget negotiation process *(dominance of specific individuals).*

The outcome of the debate examined in Section 5.2 can also be seen to be influenced by the beliefs and activities of other significant non-financial managers in the Synod. Such individuals contributed both support and opposition to the financial managers' attempts to actively contribute to the determination of the 1996 budget process. First, the success of the financial managers in getting their budget process proposal accepted appeared to be in part due to support from a few *specific individuals* within the Synod's senior management (in particular, the General Secretary of the Synod and the Focus Chairperson, who was also a member of the clergy and a past Moderator). Such persons assisted the financial managers in both a formal structural sense and on a personal level. In particular, they appeared to give at least some support to the financial managers' perception of their 'right' to contribute to the negotiation of budget process by allowing them an audience in joint committee meetings and by inviting them to formally participate in a re-drafting of the existing process proposal. Thus the outcome of the negotiations surrounding the budget determination process was clearly influenced by the support of a number of significant non-financial individuals.

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[49] For example, in her letter of 9 May, 1995, the RMC EO2 accused the Focus EO of adopting an "autocratic manner" and described his actions regarding the budget process as "surprising to say the least". The letter also adopted a quite sarcastic tone throughout.

The negotiation process was also influenced by the opposition of particular individuals to the perceptions of the financial managers. The financial managers clearly perceived one individual, the Focus EO, as being the main protagonist behind their initial exclusion from participation in determining the 1996 budget process. This same individual was also perceived as attempting to actively block the efforts of the financial managers to reinstate themselves within the process. An examination of the documents and discussions emanating from the negotiation process indicated that while the Focus EO primarily focused on references to contextual factors, such as the formal authority structures, to support his attempts to exclude the RMC from participating in the development of the new budget process, he also made many comments that were interpreted by the financial managers as constituting attacks on their personal integrity and good work. In turn, the financial managers perceived there to be no formal impediments to their role in the budget process and instead interpreted the actions of the Focus EO as driven by his personal desire to exclude the financial managers from contributing to the budget determination and allocation processes. However, despite such hostility, the Focus EO was eventually overridden in his efforts by the support of the more powerful organisational participants considered above. It thus appears that the support or hostility of significant non-financial individuals within the Synod may have a dominating influence on the outcome of the actions and strategies adopted by the financial managers.

The financial managers also indicated that they felt that their *exclusion* from the budget development process stemmed, in part, from the low *level of financial understanding* held by many of the Synod's decision makers which had prevented them from appreciating the significance of the financial managers' past achievements. The financial managers seemed to believe that many members of the Council of Synod did not have knowledge of the financial managers' contributions to past budget process or of the extensive ongoing financial management support provided to the Synod Commissions and to the parishes and congregations of the Church. Again, the financial managers appeared to feel hurt and frustrated by such limited appreciation of their contributions to the Church.

In summary, an examination of the negotiations underlying the development of the new 1996 budget process revealed evidence that the financial managers were initially frustrated by their perceived *exclusion* from contributing to this development. It was evident that the *unclear allocation of budget authority* in the formal authority structures of the Synod provided an opportunity within the organisational context for participants to challenge the historical participation of the financial managers in the budget determination process. However one significant *specific individual* was also seen to be actively seeking to devalue the potential contribution of the financial managers and to create an aura of *distrust* of their motives. The financial managers strongly believed that their *strong organisational commitment* and experience meant that they had a significant and honest contribution to make to the budget development process. The resultant attempts to exclude the financial managers from what they perceived as their rightful responsibility were thus *assertively negotiated*, and at time aggressively countered, by the financial managers. A detailed examination of the events characterising the negotiation process revealed that the outcome of the negotiations was to a large degree influenced by the activities of a small number of *specific powerful individuals* within the Synod. In particular, the 'success' of the financial managers in achieving their objective of contributing to the development of the budget process appeared to be due to the determined efforts of the individual financial managers and the support of two prominent non-financial Synod leaders. However, the perceived *lack of financial understanding* held by many of the Synod decision makers was seen, at times, to threaten the financial managers' attempts to reinstate their position in the budget development process.

5.3 NEGOTIATING THE DESIRED BUDGET OUTCOME - THE QUEST FOR A BALANCED BUDGET

5.3.1 The approved budget outcome - a balanced budget

Throughout the budget formulation process, the financial managers were promoting the need for a balanced budget. The 1995 budget had been approved with a deficit of $200,000 and the financial managers appeared determined that this would not happen again. When the initial budget estimates for the 1996 budget indicated that a substantial gap existed between budgeted income and askings from the Commissions, the RMC resolved at its meeting of 3 July 1995

> That the Resources for Mission Commission inform all Commissions in receipt of allocation of block grants from the Mission and Service Fund, that deficit budgets are untenable and that any proposal for a deficit budget will be closely scrutinised and require justification for same.

This motion, which was endorsed by the August meeting of the Council of Synod, was derived from an Assembly resolution that deficit budgets in Assembly funds were not acceptable and must be justified to the Assembly Finance Committee before being approved (Financial Services Task Group, minutes, 26 June 1995). At the 3 August meeting, the RMC also resolved to include information on "the requirement to formulate a balanced budget" in its report to the biennial Synod meeting.

The financial managers utilised many opportunities to advocate the perceived necessity to formulate a balanced budget for 1996. In her report to the Council of Synod on 4 August, the RMC EO2 passionately urged the members to listen to the RMC's plea.

> ...The Resources for Mission Commission has been warning of impending problems in our budget strategies for some time and all Commissions were made aware of the need to reduce overall expenditure for 1996. The time has come to take some drastic action...
>
> Repeating this exercise in 1996 would only defer the inevitable. The "rainy day" so often quoted has been with us for some time and we have been living on capital funding for several years already. We must begin to operate within a balanced budget before it is too late...
>
> It would be irresponsible to be alarmist, but it would be equally irresponsible not to point our that unless we reorganise our methods and work out our priorities, we will be faced with an even more alarming situation this time next year...
>
> I ask all members of this Council to seriously consider the points I have made and to be ready to assist in the deliberations so that we will have a balanced budget to present to Synod in October.

The draft of the RMC's report to the 1995 Synod also expressed the significance of the need for a balanced budget.

> For 1995, a deficit of $200,000 has been budgeted. Continuing to budget for a deficit is an untenable proposition. The continued erosion of capital would inevitably result in lower investment income in the future.

Following on from the recommendations of the RMC and the Council of Synod, the Focus Budget Task Group was informed by its Convenor (who was also a member of the Financial Services Task Group) of the need to balance the 1996 budget.

> Over the last eight years, we have taken an accumulated total of funds out of capital of $660,429 [to fund deficits. When combined with other capital withdrawals, this] has reduced the income earning capacity to Synod by a minimum of $40,000 per annum. (Financial Management Volunteer)

Budget participants were further reminded by the Focus EO of the need to form a balanced budget prior to attending the joint Budget Meeting of all Commissions (Focus EO, correspondence, 8 August 1995). Thus prior to the commencement of the budget negotiations, the financial managers' goal of a balanced budget appeared to be the accepted policy determining the budget outcome for the 1996 Mission and Service Fund budget.

5.3.2 Resisting the balanced budget

While the financial managers were initially successful in getting their proposal for a balanced budget accepted by the Council of Synod, this policy continued to be contested by some other participants within the budget formulation process. Critiques were directed at the position argued by the RMC on the grounds that, first, the impact of the deficit previously approved for 1995 was not likely to be a great as first thought and, second, the implication of enforcing a balanced budget for 1996 would be devastating to the mission of the church. These two arguments will now be examined.

On a number of occasions the claimed impact of the 1995 deficit on the capital base of the Synod was questioned by a financially knowledgable volunteer (Financially Knowledgable Volunteer 1)[50]. The Financially Knowledgable Volunteer 1 (FKV1) was an accountant with a background in public practice, commerce and not-for-profit organisations. At the time of this study, she was a member of Focus, the Budget Task Group, the Council of Synod and a mission-

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[50] It is not considered necessary, for the purposes of this thesis, to undertake an independent examination to establish the 'true' nature of the financial position of the Synod of SA. Rather it is considered sufficient to acknowledge that there were differing perceptions of the strength of the Church's financial resources and that these alternative viewpoints in turn influenced the various parties' perceptions of the adequacy of the Synod's budget policies.

focused Commission. The FKV1 first publicly challenged the RMC's perception of the 1995 deficit at the Council of Synod meeting on 4 August 1995. In response to the report presented by the RMC EO2 (see Section 5.3.1), she stated that she believed that the actual results for 1995 would indicate an overall surplus, rather than the budgeted deficit. This likelihood was vehemently denied by the RMC EOs. At the Focus Budget Meeting (the joint meeting of Commissions), the FKV1 further argued that the 1995 actual result would not be a significant deficit as anticipated capital gains (shown in the income statement as 'other income') would be sufficient to offset most, if not all, of the budgeted deficit. Such a result for 1995 would thus reduce the overall impact of a 1996 deficit budget on the accumulated capital of the Synod. Again, the financial managers did not accept this argument, questioning the validity of the statement in the Budget Meeting minutes that "Figures presented to the [Budget] meeting indicate the budget for 1995 will be balanced". In particular, the financial managers felt that the FKV1 "belittled" the financial managers at the Budget Meeting by presenting an interpretation of the financial position of the Synod derived from her own examination of the financial reports "without any consultation with the finance people" (RMC EO1).

A number of budget participants also argued against the necessity of formulating a balanced budget for 1996 on the grounds that it would be overly damaging to the mission of the Synod. At one of the first Budget Task Group meetings, the obvious difficulty of finding opportunities to move from an initial draft budget deficit of $(600,000) to a balanced position prompted a member of the Budget Task Group to observe that

> Focus is in a bind. We have to ask each Commission what it can cut. But each will say the same thing [ie that they can't cut anything]. Perhaps we have to adopt [the deficit budget] as given and send it to Synod. Tell Synod to decide [what can be cut] or to say we can operate with a deficit. (non-financial volunteer)

The difficulties of achieving a balanced budget through a process of negotiation with the Commissions were expressed on many occasions during the Budget Task Group meetings. While the Task Group were able to identify examples of errors and ambit claims and a few "opportunities" for "rationalisation" within the

Commission budgets, as well as recommending the transfer of a few expenditure items (eg legal expenses) 'off the budget'[51], most activities were seen to be either essential to the work of the church or to the support of such work. By the final meeting of the Budget Task Group, the frustration with the objective of balancing the budget had become overwhelming. After three weeks of negotiations with income providers and spending bodies, the draft budget still contained a deficit in excess of $(100,000). The Focus EO strongly argued that

> [we] recommend that we go with a deficit budget. Where is it that this stuff about having a balanced budget came from? From the RMC...[The] 1991 Synod and Assembly encouraged us to move to a balanced budget. Nowhere have they said we *have* to. We are in a situation where we need to say if we make further cuts, we decimate the work of the Synod. If we cut the work to protect capital, we end up with capital and no church. If we have no people, we have no church. We should say [at the Focus Budget Meeting] not to get to uptight [about a deficit].

Despite these protests, the Task Group did manage to derive sufficient recommended adjustments to income and expenditure to enable them to present to Focus a plan to enable a balanced budget to be achieved (Focus Budget Task Group, report, 20 August 1995)[52]. However, the Group acknowledged that many of these recommendations did not have support from the income and spending bodies that would be affected by the cuts and thus accepted that they would probably be subject to challenge at the Focus Budget Meeting (Focus Budget Task Group, report, 20 August 1995). The Budget Task Group's report provided to Focus also noted that the Group "was unable to achieve consensus" on the need for the Synod to adopt a balanced budget for 1996. The report was thus made available to the Focus Budget Meeting for discussion and modification.

Following a lengthy examination and debate of each of the recommendations in the Budget Task Group report, the Focus Budget Meeting of 20 August found it had revised the draft budget to a deficit of between $(72,000) and $(139,000) (depending on the outcome of further negotiations regarding the budgeted income

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[51] Some MSF expenditure items were considered very difficult to budget for and as having to be paid regardless of whether the budget was exceeded or not. An argument was successfully put that such items should not be part of the MSF budget, but should simply be paid as incurred.

[52] The detailed negotiations surrounding the determination of the income budget for the Commissions is addressed in Chapter Six.

figure). At this point, the General Secretary of the Synod suggested that the "deficit is not as significant as first thought" and that it "might be overcome [if actual capital gains are made in 1996] as this year's deficit is being overcome". She thus proposed that the draft deficit budget be adopted and presented to Synod. The Focus EO also reminded participants that the FKV1 felt that the actual 1995 Mission and Service Fund result was unlikely to be the predicted deficit. The proposal to present a deficit budget received strong support from the Budget Meeting, being opposed primarily by members of the RMC. In order to reach a consensus decision, the Focus Chairperson asked the RMC members to "stand aside" and allow the proposal to be approved unanimously. In response, a financial management volunteer of the RMC argued that he

> want[ed] to vote. There has been a principle applied by the Resources for Mission Commission. I want to register my opposition to this proposal (RMC EO1).

This perspective was supported by the Focus EO, who suggested that

> these people [the Resources for Mission Commission representatives] are doing the task they should be doing - looking after the resources of the church.

He thus suggested that the proposal should be put to a formal vote, allowing the proposed deficit to be approved, but the financial managers' opposition to be registered. As anticipated, the vote supported the presentation of a deficit budget (of an indeterminate amount) to the October Synod meeting for final approval.

5.3.3 Challenging the deficit budget

The result of the Focus Budget Meeting was reported to the RMC Executive at their meeting of 11 September. RMC members expressed their anger and frustration regarding both the presentation of the likely position of the 1995 results and the decision to present a deficit draft 1996 budget to the Synod meeting. These feelings were also expressed at the Financial Services Task Group meetings on 25 September and 3 October. At the Financial Services Task Group meeting on 3 October, members indicated that they felt the failure to adopt a balanced budget showed that other Synod participants had not "come to grips with the present [financial] situation" (financial management volunteer) and did not seem to accept that the proposed deficit would mean that "we are going down

10% in our portfolio in the year" (RMC EO1). Another financial management volunteer suggested that he felt that the Commissions had not participated in the budget process with "an honest intent" regarding expenditure reduction opportunities and they were probably capable of making further cuts to their budgets if they had to. The financial managers thus clearly indicated at their meetings that they were not yet prepared to accept the budget position approved by the Focus Budget Meeting.

At the 3 October meeting of the Financial Services Task Group, the RMC EO1 presented a new proposal for moving towards a reduced budget deficit. After reiterating the fear that further deficit budgets would irreparably erode the capital base of the Synod, he questioned

> Should we be recommending a further cut in the allocations for 1996 in an attempt to balance the budget with anticipated capital gains or do we accept further erosion of our capital base?

In response to his own question, RMC EO1 recommended to the meeting that the Financial Services Task Group propose a further 2% cut to expenditure budgets to reduce the proposed deficit by approximately $50,000 to about $(80,000). The proposal document and the resultant discussion clearly indicated the preference of the financial managers to request the Synod to impose greater cuts on the Commissions to achieve a balanced budget but acknowledged that "asking for more than 2%, while desirable, would be unpalatable at this late stage of the year" (RMC EO1, paper, 3 October 1995) and that such a proposal "would not get through" (RMC EO2).

The proposal for a further 2% cut in the expenditure budget was debated at the RMC on 9 October. While the proposal received strong support from the financial managers, both staff and volunteer, it was equally strongly opposed by the General Secretary of the Synod (an ex-officio member of the RMC) on the grounds that a position had been determined by the Focus Budget Meeting and that imposing further reductions in expenditure at this late stage of the year would mean terminating Synod staff members without providing the accepted twelve month period of notice. Such actions were argued by the Secretary to be quite inappropriate for a church organisation. The General Secretary also argued that the initial motion to achieve a balanced budget was incorrectly premised as it was based on an Assembly requirement which was applicable only to Assembly agencies and not to individual Synods. After a lengthy debate, the Financial Services Task Group proposal was put to a formal vote and was passed with the General Secretary of the Synod registering her opposition. The RMC thus recommended that

> Synod be advised of RMC concerns that on figures presently available, a deficit in the Mission and Service Budget of approximately $132,000 is proposed, and that consideration be given to reducing Commission block grants by an equivalent of 2% to reduce the expected deficit to approximately $82,000. (RMC, minutes, 9 October 1995)

This recommendation was thus incorporated into the draft of the Budget Report to be presented by the RMC to the 1995 Synod.

However, the RMC proposal was not to reach its intended audience in the above form. After consideration of the suggestion by the Business Committee of the Synod (the body responsible for setting the agenda for the Synod meeting), the RMC were told that they would not be permitted to put such a proposal to the Synod meeting for discussion. The RMC were also instructed by the Business Committee (via the General Secretary of the Synod, who was a significant member of the Business Committee) to delete all references to their belief that the capital base of the Synod was being eroded. The RMC were thus officially prevented from actively advocating for a balanced budget at the 1995 Synod meeting.

Despite the directions from the Business Committee, the General Secretary of the Synod omitted to remove the statement about the erosion of capital from the draft RMC report given to the Business Committee. This comment was therefore accidentally included in the Synod papers. On the first day of the three day Synod meeting, the RMC were questioned about this statement. The RMC EOs decided to take the opportunity to compile some supporting figures and to make a brief presentation regarding the concerns of the RMC with the proposed deficit budget and the "consequences of spending more than we receive" on the declining value of the equity base of the Mission and Service Fund[53]. However, the financial

[53] The data presented by the RMC EO2 at the Synod meeting suggested that the real (inflation adjusted) value of the equity base of the Mission and Service Fund had declined by 23% over the previous 10 years. This figure increased to 41% if bequests incorporated into the Mission and Service Fund during this period were excluded.

managers did not publicly challenge the recommendation of a deficit budget. Following the presentation of the draft 1996 budget from the Focus EO, which incorporated an emotional plea that the draft be passed as presented, the Synod meeting approved the deficit budget as recommended by Focus. The budget was then referred back to the Council of Synod to make any changes necessary to accommodate the financial impact of other decisions made by Synod and to give the budget its final approval.

Following the Synod, the RMC members continued to express their frustration at the deficit position now sanctioned by the Synod. They were also disappointed that the RMC EO2 was given only two minutes to present the income budget and to comment on the draft budget position. No opportunity was provided during the Synod business meeting for members to ask questions of any aspect of the financial management of the Synod, leading the RMC EO1 to comment that he believed that "people at Synod have no idea" about the finances of the church. The RMC EOs felt that they were deliberately precluded from further commenting on the budget in an official capacity as "[the General Secretary of the Synod] didn't want anyone to touch the budget", thus avoiding the need for further budget cuts for 1996. However, despite this pressure to prevent the RMC from further debating the nature of the budget outcome, the RMC EOs continued to push for a balanced budget.

5.3.4 Signs of success

While the draft budget was intended to be referred to the Council of Synod, a delay in the meeting date of the Council resulted in Focus being asked to make the necessary adjustments to the budget, which would then be approved at the December meeting of the Council. Thus the budget was again a topic for discussion at the Focus meeting of 21 November. The RMC EOs took this opportunity to again argue for a balanced budget. This move to open up debate on the budget outcome was premised on the financial managers'

> ...understanding that [the budget] was strictly provisional...and that if the budget was not balanced by the time we got to Synod, it would have to be regarded as strictly provisional in the expectation that there would be more work needed to be done on it [to balance it] (RMC EO2, 30 November 1995)

After a lengthy debate, Focus moved from consensus to formal voting and passed a motion that "Focus recommend to the Council of Synod a balanced budget for 1996" (Focus, minutes, 21 November 1995). The Focus EO argued vehemently against this proposal and was noted in the minutes to have registered a dissenting vote, along with one other non-financial Focus member. However, while the RMC EO2 felt that most of the Focus members who were at the meeting were strongly in favour of a balanced budget, many members of Focus, including the General Secretary of the Synod, were absent from this meeting. The proposal for a balanced budget was thus placed on the agenda for discussion at the December meeting of the Council of Synod.

Feedback from the RMC EOs to the 27 November meeting of the Financial Services Task Group painted an unusually positive picture of the relationship between RMC and Focus. The RMC EO1 claimed it "was the most positive Focus meeting I've been to. People recognised where we are going". However, the RMC EOs accurately predicted that the proposal would probably encounter resistance at Council of Synod.

5.3.5 A final defeat

The Focus proposal for a balanced budget was presented at the Council of Synod on 1 December by the Focus EO and the Focus Chairperson. They outlined the significant cuts that had already been made to the 1996 expenditure budgets, resulting in the Commissions operating as "financial skeletons". The Chairperson expressed his concern that further budget cuts must not be achieved through "callousness or pastoral insensitivity" and stated his "regret" that the motion had to be brought to the Council. The ensuing discussion clearly indicated support for the concept of a balanced budget, but Council members felt that it was inappropriate to impose a further significant cut to achieve this one month prior to the commencement of the budget year. The Council thus decided to accept the original draft budget (as approved by the Synod meeting) as the 1996 budget. However, in indication of the general support for the principle of a balanced budget, the Council also moved to require the Synod to work towards a balanced budget for 1998. This time frame was argued to be necessary to allow the Synod to debate and modify the mandated activities that in turn determined the expenditure budgets of the Commissions. Thus the SA Synod finally determined that it would have a deficit budget for 1996.

While the RMC were forced to acknowledge that a final decision had been made, they still refused to accept the outcome. The RMC EO2's verbal report of the Council of Synod meeting clearly indicated her disappointment with the decision and at times she appeared close to tears. She criticised the Council of Synod as being "into slash and burn" regarding the financial resources of the church and stated that the members appeared to be unable to understand that the RMC was "not a money tree" and that the Synod shouldn't continue to be expected to "blot up [deficits] with a sponge". This perception of the Council meeting was supported by the RMC EO1, who reported that he was "disturbed" that the proposal for a balanced budget was "challenged on the basis that we have plenty of money, what's another deficit". Another RMC member, who was also a significant member of another mission-oriented commission, tried to gently present a more positive perspective of the Council meeting, noting that for the first time, the Council had put a definite time line against a move to a balanced budget. However, this viewpoint did not appear to be accepted by the financial management staff, whose disappointment in the budget outcome was clearly expressed in the minutes of the RMC meeting, along with an indication that the financial managers intended to continue to advocate for balanced budgets for the 1997 year (RMC, minutes, 4 December 1995).

5.3.6 Coding categories emerging from the 'balanced budget' story

The 'budget participation' story considered in Section 5.2 tells of the Synod's financial managers actively defending their perceived responsibility to contribute to the development of the new budget process. The 'balanced budget' story in this section presents the financial managers in a more pro-active role - this time initiating and advocating a policy change. However again the data presents a picture of the financial managers assertively promoting what they perceive as their responsibilities in a challenging environment. The codes emerging from this narrative will now be considered. Again, the codes are indicated in italics.

The narrative presented in this section shows that the financial managers had wholeheartedly adopted the strategy of a *balanced budget* for the 1996 Mission and Service Fund. This determination was exhibited throughout the debate, with the financial managers vowing at the conclusion of the 1996 negotiations to continue to press for a balanced budget policy for future years.

Throughout this narrative, the financial managers can be seen to justify their arguments for the necessity of a balanced budget by reference to the need to *protect the financial resource base* accumulated within the Synod. In particular, the financial managers were focused on maintaining the liquid financial resources that were available to the Synod to invest in order to earn additional income. The approval of a deficit budget for 1996 was thus seen as legitimating a decrease in both the resource base and the future income of the Synod.

The importance of this protectionist strategy was derived from the organisational context and was highlighted by the particular conditions perceived to be surrounding the preparation of the 1996 budget. As noted in Chapter Four, the Synod had for many years experienced an ongoing struggle to match its available income with the expenditure demands of the Commissions. The financial managers perceived that these resource constraints were unlikely to be resolved in the future, as they felt that their major income source, contributions from parishes, was declining in real terms. Thus the *constrained resource* position of the Synod was seen by the financial managers as a major factor impacting on the financial management tasks of the Synod.

While the Synod was experiencing ongoing financial pressure, the financial situation in 1996 was anticipated to be of particular concern as the financial managers' believed that the Synod was facing a significant and continuing decline in its resource base. This was claimed to be due to the 'erosion' of the capital investments of the Mission and Service Fund as a consequence of financing past and anticipated operating deficits and granting 'gifts' to associated church bodies out of the capital funds. The financial managers appeared to be quite concerned about the *perceived eroding resource base* and saw it as a matter requiring urgent attention. They consequently expressed their "fears" regarding the perceived erosion of the capital base on many occasions throughout the budget process and frequently incorporated references to this "fact" in reports to Council of Synod and Synod. Such references were periodically substantiated with financial data that suggested that the investment base of the Synod had declined by some $600,000 over recent years and was likely to decline by a further $600,000 in 1996 if the budget initially proposed was adopted. The financial managers also utilised, on occasions, 'dramatic' discourse to draw attention to their message. For example, in her report to the Council of Synod on 4 August 1995, the RMC EO2 described the perceived declining financial position as "an alarming situation" that warranted "drastic action...before it is too late". The financial managers were thus actively promoting and *assertively negotiating* their perception of the Synod's eroding capital base as a significant and urgent problem that required attention from the Synod participants.

Concern regarding the financial position of the church was seen to be expressed by both financial and non-financial staff and volunteers across the various Synod committees. However, the case for implementing a balanced budget in 1996 was passionately advocated primarily by four *specific individual* financial managers - the two senior financial management staff and two long-serving financial management volunteers. These financial managers appeared to believe that the immediate implementation of a balanced budget policy was a fundamental necessity for the appropriate financial management of the Synod. Other financial managers (like a number of non-financial managers) at times appeared to be more willing to acknowledge that there were alternative strategic perspectives that could be adopted regarding this issue. However, it was difficult to discern the degree of such opinion as the four individuals identified above had a sufficiently dominant profile within the RMC and on joint committees that they appeared to comprised the primary 'voice' of the financial managers.

While widespread support for the general principles underlying the balanced budget argument was evident throughout the Synod, many did not accept the urgency of implementing the balanced budget policy in 1996. Again, the case opposing the development of a balanced budget for 1996 was presented primarily by a small number of significant *specific individuals*, comprising senior non-financial managers and one financially knowledgable volunteer. This group utilised mission oriented criteria to argue that the 1996 budget could not be cut further than that already approved by the Synod. The financial managers perceived that these individuals were utilising their positions within the entity to take advantage of the *unclear allocation of budget authority* to directly challenge the authority of the RMC by presenting alternative interpretations of financial information and limiting opportunities for the financial managers to present their perception of the Synod's financial situation to the Synod and Council of Synod. The financial managers also, on a number of occasions, criticised the *lack of financial understanding* of the non-financial members of the church councils as preventing them from understanding the financial position of the church (as perceived by the financial managers) and as causing them to exhibit an irresponsible attitude towards the long term management of church resources. It thus appeared that the financial managers felt that, first, if people within the Synod were able to hear the message regarding the declining resource base and, second, if they had sufficient financial knowledge to understand the significance of the message, then the financial managers would receive overwhelming support for the financial management agenda which they were promoting.

Thus the 'balanced budget' debate showed that the financial managers were determined to passionately advocate, and continue to pursue (*assertive negotiations*), a policy that they believed was necessary to *protect the resource base* of the Synod. While this agenda was both supported and opposed by a diversity of financial and non-financial managers within the Synod, the process and outcome of the negotiations were seen to reflect the activities and beliefs of a small number of *specific individuals*. The financial managers clearly perceived that the immediate implementation of a policy of *balanced budgets* was critical for the church. Opposition to their proposal was dismissed as being facilitated by financially ignorant people (*lack of financial understanding*) utilising processes of formal authority that while legitimate, were perceived by the financial managers as open to challenge (*unclear allocation of budget authority*).

5.4 CONCLUSION

An examination of two examples of attempts by the financial managers to assert their perceived responsibilities was undertaken in this chapter. Subsequent analysis of the narratives has facilitated the preliminary derivation of some of the factors (or codes) that might assist in an understanding of 'being a financial manager' in the Uniting Church's SA Synod. However, at present these coded categories raise many questions of context and of inter-relationship, which have not been addressed in this current analysis. The codes will thus be re-considered in Chapter Seven in order to 'flesh out' a more comprehensive understanding of the context of these categories and of their theoretical integration.

CHAPTER 6 ON BEING A FINANCIAL MANAGER – PROTECTING

6.1 INTRODUCTION

In the negotiation of the parameters of the 1996 budget process, the financial managers were seen to be actively asserting their perceptions of the nature and scope of their responsibilities within the budget process (see Chapter Five). However, these negotiations represent only one dimension of the participation of the financial managers in the budget process. This chapter will thus examine 'being a financial manager' in the context of the negotiation of the detailed income budget.

In the 1996 budget process, the RMC, and thus the financial managers, were responsible for the preparation of the detailed income budget. The preparation of the 1996 income budget was dominated by two parallel, but separate, debates. The income budget was historically comprised of income from a number of specified sources. While some income providers were able to notify the Synod of the exact amounts they would provide, many were subject to a degree of uncertainty. Thus the first debate in the 1996 income budget formulation process was the negotiation of the dollar amounts to be included in the budget from each income provider (or group of providers). While a process of negotiation had occurred in a limited way in most years, the 1996 budget was characterised by a particularly lengthy and critical examination of the financial managers' income estimates. This negotiation process is outlined in Section 6.2.

The second area of debate was unique to the 1996 budget formulation process. Capital gains from the sale of shares had traditionally provided a small amount of income to the MSF. As it was relatively insignificant and, by its nature, was very difficult to predict, such amounts were not included in the income budget. However, capital gains were recorded as actual income in the MSF accounts as they were realised. By 1995, the redirection of the investment base of the Synod towards an increasing component of equities meant that the annual capital gains were becoming quite substantial. Thus in 1996, a proposal was mooted by members of the Focus Budget Task Group to challenge the existing policy of excluding capital gains from the income budget and to advocate the inclusion of an estimate of such activities in the budget formulation process. The negotiation of this new income budget policy is considered in Section 6.3.

6.2 NEGOTIATING THE INCOME BUDGET - THE BUDGET ESTIMATES

6.2.1 Formulating the 'preliminary' income budget

The first step in the process of formulating the 1996 MSF budget was the preparation of a "preliminary income budget" by the RMC (see Figure 5.2). As in previous years, the 1996 income budget for the MSF comprised income from three sources: contributions from parishes, income from investments, and grants from related bodies[54]. The formulation of the budgeted income from each source will be discussed separately in the following sub-sections.

6.2.1.1 Income from parishes

The majority of the income of the MSF was derived from direct contributions made by parishes and congregations to the Synod. As early as November 1994, the RMC EO2 was signalling to the wider Synod that the total income anticipated to be received from this source had declined over the past five years and could be expected to continue to do so in 1996.

> The continuing impact of the rural recession and poor season affecting many areas of South Australia in 1994 will be felt through 1995. Unless 1995 is a better than average season, the outlook for 1996 is not promising. This coupled with the social revolution of redundancies in industry and commerce means that we must seek different ways of [funding] the mission of the Church...I have received advice already from a number of parishes that they will be unable to meet their previous levels of giving in 1995...(RMC EO2, correspondence, 9 November 1994)

The RMC EOs continued to advocate this theme throughout the budget formulation period, reporting an historical decline in parish contributions to Synod of about 5% per annum over the previous five years (RMC EO2). They further argued that this trend was unlikely to be reversed (RMC EO2, 7 February 1995) as the perceived financial "negativity in the parishes" (Financial Management Volunteer) was expected to continue to result in a drop in Synodal contributions

[54] The income budget prepared by the financial managers does not include any income received directly by a Commission for the provision of services (eg grants from schools for their chaplain, administrative fees for the sale of property, sale of products for children's worship etc). It also excludes 'gift funding' grants received for allocation to new 'approved projects' financed outside of the Mission and Service Fund budget.

since "the easiest item to cut [in financially difficult times] is the contribution to the Mission and Service Fund" (RMC EO2, report, 5 June 1995). Many parishes were also expressing a reluctance to increase or even maintain levels of giving to the Synod as they perceived that their funds could be better 'invested' in local mission projects rather than being pooled into Synod-directed activities. The recent appointment of a homosexual man to a Research Assistant within the Synod had also alienated a number of the more conservative parishes. Further support for the likelihood of declines in parish contributions to the Synod was perceived to be derived from the monthly income variance reports for 1995 which indicated that parish contributions were consistently substantially below the budgeted figures for that period. As a result of this uncertainty in parish giving, the RMC EO2 advocated a conservative approach to budgeting for income from parishes in 1996, suggesting that

> I am sure that parishes will do their best to meet their commitments to the Synod, but we do need to be realistic in predicting income for the future from this source. (RMC EO2, correspondence, 9 November 1994)

At the 31 May 1995, when the preliminary income budget was required, the financial managers were not able to derive their estimate of parish giving for 1996 from figures provided from the parishes, as they perceived that most parish treasurers could not (or would not) estimate income that far in advance of receipt (RMC EO2). Thus the RMC EO2 recommended an estimated preliminary budget for income from parishes based on the 1995 budget less "a few percent" to give "an approximation of [actual] income for 1995" (Financial Services Task Group, minutes, 29 May 1995). She then reduced the parish income budget by a further "contingency" allowance of 5% to provide for the anticipated continuation of an historical trend of actual receipts being less than the budgeted figure (RMC EO2, report, 5 June 1995). This gave an initial estimate of income from parishes for 1996 of $1.6 million less a 5% contingency of $80,000 (RMC, minutes, 5 June 1995; RMC, report [to Focus], 5 June 1995) (see Figure 6.1). The contingency figure was later revised to $50,000 to give a net preliminary estimate of income from parishes of $1,550,000 (Financial Services Task Group, report, 31 July 1995) (see Figure 6.2).

Figure 6.1: Preliminary income budget 1996 (approved by the Resources for Mission Commission 5 June 1995)

	1996 budget RMC (1)	1995 budget
Contributions from parishes		
(1,600,000 - 80,000)	**1520,000**	1687,000
Synod investment income	**260,000**	180,000
Institutional levies	**63,000**	63,000
Parkin Mission Grant	**300,000**	280,000
Insurance Agency	**140,000**	140,000
Investment Fund	**60,000**	50,000
TOTAL	**$2343,000**	$2400,000

6.2.1.2 Income from investments

The estimation of the preliminary budget for income from investments was accompanied by a mix of 'good news' and 'bad news' stories. The investment income budget for 1996 evidenced a substantial increase from $180,000 in 1995 to $260,000 for 1996 (see Figure 6.1). The RMC EOs attributed this to (1) increased public company dividends, (2) an increased portion of designated 'church loan funds' available for investment as demand for loans to parishes was less than usual, and (3) the rapid growth of the Synod motor vehicle leasing scheme which returned the equivalent of the bank margin rate to the Synod (RMC EO2, Income Budget report, 5 June 1995). Such gains had been made possible by the innovative consideration of investments opportunities by the financial managers over a number of years.

Although the investment income budget had been increased for the 1996 year, the financial managers took many opportunities to point out to the other Synod participants that the income from investments was coming under increasing pressure as the perceived "erosion of the Synod's capital base" (RMC EO2, correspondence, 9 November 1994) resulting from the need to finance budget deficits and meet other capital expenditures would mean that there would be less capital "available to produce income for the budget in future years" (RMC EO2, report, 3 March 1995). This perceived "downward spiral" of funds in the future was frequently cited by the financial managers as a cause for significant concern (Financial Services Task Group, report, 3 February 1995; RMC, report, 3 February 1995; RMC, report, 7 August 1995; RMC EO2, correspondence, 9 August 1995).

6.2.1.3 Income from other bodies

The income budget of the Mission and Service Fund also included grants from associated church bodies and institutional levies charged to church bodies to provide a contribution towards the training of their chaplains. The amounts of the grants from associated bodies were determined by the various boards and committees responsible for such entities (RMC, report, 6 June 1995). The institutional levies were set by the RMC. Thus in preparing the preliminary income budget for 1996, the financial managers simply reported the grants nominated by the supporting bodies and kept the institutional levies at the 1995 level (Financial Services Task Group minutes, 29 May 1995). However, some revisions were made by the grant bodies during the formulation of the income budget and these were reflected in the various income budgets (see Figures 6.1 and 6.2).

Figure 6.2: Revised preliminary income budget 1996 (presented to Financial Services Task Group 31 July 1995)

	1996 budget RMC (2)	1996 budget RMC (1)
Contributions from parishes		
(1,600,000 – 50,000)	**1,550,000**	1,520,000
Synod institutional income	**260,000**	260,000
Institutional levies	**63,000**	63,000
Parkin Mission Grant	**300,000**	300,000
Insurance Agency	**140,000**	140,000
Investment Fund	**50,000**	60,000
TOTAL	**$2,363,000**	$2,343,000

6.2.2 Utilising the preliminary income budget

The financial managers prepared and presented the preliminary income budget on the presumption that it would then act as a guide for the preparation of the expenditure budgets by the individual Commissions, in terms of providing an indication of the money available to fund the expenditure budgets relative to the previous year (as indicated in step 2 in Figure 5.2). Prior to the formulation of the income budget, the financial managers were thus advocating the need for cuts to expenditure budgets in 1996. On 3 February 1995, the RMC EO2 informed the Council of Synod that

> If we cannot produce some positive directions [in income] then across the board cuts to allocations [to the Commissions] of an absolute minimum of 5% will be needed (RMC EO2, report, 3 February 1995).

Underlying this statement was the financial managers' desire to ensure that the excess of expenditure over income that occurred in 1995 was not repeated in 1996. By June 1995, the RMC EO2 was advocating the need for cuts of 10.8%, based on a comparison of the 1995 expenditure budget of $2,619,500 with the 1996 preliminary income budget of $2,363,000 (RMC EO2, report, 5 June 1995; RMC EO2, report, 6 June 1995).

Following the submission of draft 1996 expenditure budgets totalling $2,941,673, the financial managers continued to stress the need to make considerable reductions to the expenditure budgets. Following her observation during the Financial Services Task Group meeting of 31 July that she perceived the expenditure budgets were "ambit claims" and "overstated", the RMC EO2 reported at Council of Synod that Commission budget reductions in the magnitude of 17%[55] were now required (RMC EO2, report, 4 August 1995).

This theme of expenditure reduction was also taken up by the Focus representatives charged with responsibility for the budget process. At the inaugural meeting of the Budget Task Group on 31 July, the participants were primarily concerned with determining a process for identifying expenditure budget reductions. Likewise, the final report of this group indicated that expenditure

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[55] Expenditure budget reductions of 17% were advocated to achieve a balanced budget after the inclusion of an additional $100,000 to the income budget (see Section 6.2.2).

reduction was a significant component of the Task Group's work (Focus Budget Task Group, report, 13 August 1995). It thus appeared that the financial managers were successful, at least initially, in promoting their perception of the budget 'problem' as being one of excessive expenditure budgets which in turn needed to be reduced.

6.2.3 "Continuing work" by the financial managers

As the preliminary income budget was required seven months before the start of the budget year, the financial managers acknowledged that "revisions will be necessary as circumstances change" (RMC, minutes, 5 June 1995) to ensure that the final budget is "as realistic as it can be" (RMC, report, 18 October, 1995). To this end, the financial managers continued to monitor data regarding parishes and Synod investments with the intention of updating the budget as new information became available. They also appeared to have actively sought opportunities to increase the budgeted income.

By the time the preliminary income budget report was presented to the Council of Synod on 4 August 1995, the financial managers had identified possible additional income of about $100,000 to give a total budgeted income of $2,463,000 (RMC EO2, report, 4 August 1995). First, the RMC had resolved to approach Epworth Building Inc. for a grant for 1996. Epworth owned and managed a major church property in the central business district and had historically been a significant grant provider to the Mission and Service Fund. At the time of this study, Epworth was also providing office space to the Synod at a concessional rental charge representing a 90 per cent discount from its commercial value. However, they had not provided a grant in recent years as their funds were being used to finance considerable upgrades to their property. Following an inquiry from the RMC EO2, the Executive Officer of Epworth was reported at the Financial Services Task Group meeting of 26 June as suggesting that Epworth probably "could contribute $50,000" to the 1996 budget. Thus in an effort to increase the income budget of the Synod, the RMC EO2 (who was also a member of the Epworth Building Inc Board) "invited" the Board to consider contributing to the 1996 MSF budget (RMC EO2, correspondence, 13 June 1995) and continued to negotiate this matter with them over the following four months.

The second income generating initiative from the financial managers presented in the 4 August report to Council of Synod was a proposal to increase the institutional levies by 3%. This was expected to raise another $2000 in income. The RMC EO2's report to the Council also suggested that further income might be derived from the investment of the proceeds from sale of two Synod manses. (RMC EO2, report, 4 August 1995)

The financial managers had also given further consideration to opportunities for deriving additional income for the 1996 budget in the Financial Services Task Group meetings and in private discussions. In particular, the RMC EO1 was investigating the possibility of a distribution from the accumulated income from a rental property jointly owned by the Synod and four other church funds. As previously discussed, although there had been a positive cash flow associated with this property for some years, it had not returned an accounting profit prior to 1996. The financial managers had thus not raised consideration of the property during the previous budgeting processes. While the income generating potential of the rental property was being discussed by the financial managers at this time, they had not informed the wider Synod that such income may have been available for the 1996 budget.

By the time of the Focus Budget Meeting on 20 August 1995, the RMC EOs had redrafted an 'unofficial' budget incorporating the above revisions, including more up-to-date figures regarding giving from parishes. These changes raised the income estimate to $2,485,000 (Figure 6.3). However, while they were included in the draft budget, the figures for the contributions from Epworth Building and the rental property had not been approved by the respective Boards or the RMC.

6.2.4 Challenging the calculation of the 'preliminary' income budget

The 'first round' of the 1996 budget reviews were undertaken by the Budget Task Group appointed by Focus (see Section 5.2.2). The income budget (inclusive of the adjustments presented to Council of Synod on 4 August) was briefly considered at the Task Group's first meeting on 31 July. The discussion amongst the Task Group members reflected the conservative perspective of the income budget presented by the financial managers, with a member who was also a financial management volunteer arguing that all sources of extra money had been examined and included in the income budget at that time. Following comments by another member that he felt that the budget "looks like a[n expenditure] pruning exercise" as "nothing can be tickled to get extra money" in the income budget, the meeting moved on to discuss the draft expenditure budgets and to look for opportunities to reduce the nominated spending. Opportunities to increase income were subsequently considered at the 31 July meeting only in terms of a suggestion that the Commissions needed to ensure they had fully exploited all income sources available to them directly.

Figure 6.3: An 'unofficial' income budget 1996 (prepared by the RMC EOs, but not approved by the Resources for Mission Commission as at 20 August 1995)

	1996 budget RMC (3)	1996 budget RMC (2)	1996 budget RMC (1)
Contributions from parishes	**1,569,000**	1,550,000	1,520,000
Synod investment income	**260,000**	260,000	260,000
Institutional levies	**66,000**	63,000	63,000
Parkin Mission Grant	**300,000**	300,000	300,000
Insurance Agency	**140,000**	140,000	140,000
Investment Fund	**50,000**	50,000	60,000
Epworth Building Inc	**70,000**		
Fullarton Road	**30,000**		
TOTAL	**$2,485,000**	$2,363,000	$2,343,000

However, later meetings of the Budget Task Group were to look much more critically at the financial manager's preliminary income budget. The challenges to the preliminary income budget can be categorised as first, challenges to the calculation of income items included in the draft budget and second, challenges to the assumptions regarding what types of income should be included in the budget. This section will consider the debate surrounding the calculation of the income budget. The identification and challenge of the income assumptions will be addressed in Section 6.3.

At the second meeting of the Budget Task Group, representatives of the RMC were invited to explain and justify the RMC budget for 1996. While a consideration of the income budget was not part of the agenda for this meeting, the Focus EO and the Financially Knowledgable Volunteer 1 (FKV1) frequently redirected the discussion with the RMC to issues of income calculation. This examination commenced with the Focus EO questioning whether the estimation of the income from parishes was "overly pessimistic", to which the RMC EO2 replied that

> The figure is not pessimistic...The trend we have noticed is that parish income is declining by about 5% per annum. This year [1995] is particularly bad. Our actual receipts are $125,000 below budget at the end of July. It has never been that bad. There will be a pick up [of actual income against budget], but it won't be that much. We'll probably see a continuing 5% decline.

This argument was also supported with illustrations of the problems being experienced in parishes that were felt to be contributing to the decline in contributions to Synod. However, this did not satisfy the FKV1, who questioned the relationship between this argument and the income figures presented in the preliminary income budget. In particular, she noted that the difference between the 1995 and 1996 budgets for income from parishes appeared to represent a decrease of 8%, not the 5% claimed by the RMC EO2. This observation was not directly refuted or defended by the RMC representatives. Rather the RMC EO2 reminded the Budget Task Group that the RMC felt that they could raise an additional $100,000 (per the Council of Synod report). The RMC EO2 then argued that "if we don't say the difference [in the budget] is $500,000, people won't listen". This exchange ended with the comment by the FKV1 that "sometimes we beat ourselves up". There was thus an indication in this early discussion that at least two members of the Budget Task Group felt the preliminary budget estimate for income from parishes was understated.

The FKV1 then moved the meeting on to question the RMC regarding the exclusion of income from the Synod's rental property (see Section 6.2.2). In the two years that the building had been owned by a consortium of Synod-based Uniting Church bodies, the accounting calculation of net income had been minimal due to high depreciation charges and thus all net cash receipts had been directed to reducing the loans on the property. However, some financially knowledgable members of Synod were starting to argue that as the Synod had been forgoing income from the capital used to purchase the building, it was time for the Synod to receive some financial benefit from this investment in the form of a contribution to the income budget. The financial managers were aware of this pressure and had investigated the possibilities of such a distribution prior to the meeting with the Budget Task Group. They thus immediately responded to the FKV1's questioning with a proposition to make available about $30,000 to the 1996 income budget. In response to this new information, the FKV1 suggested that the income budget could now be revised to $2.5 million (an increase of $37,000 from the income budget figures presented to the Council of Synod), to which the RMC EO2 replied, "this could be realistic, but I wouldn't go any higher".

Unbeknown to the RMC, discussions regarding the budget for income from parishes continued over the next two weeks within the Budget Task Group. While the content of the Task Group meetings and the final report was predominantly focused on reducing the expenditure budgets, the income budget was critically evaluated in later meetings (eg 13 August) and again on the last page of the Group's report to Focus (Focus Budget Task Group, report, 13 August 1995). Such deliberations addressed four potential changes to the RMC's preliminary income budget. First, despite a $19,000 upward revision to the income budget based on more recent parish estimates (Focus Budget Task Group, report, 13 August 1995), the perception of the income budget as overly conservative was again expressed by members of the Group. In particular, it was felt that the income budget, by being based on past trends, did not reflect renewed efforts by some Presbyteries to raise giving within their parishes. After a lengthy debate the Group decided to increase the parish giving estimate by $90,000 to provide "a more optimistic view" of the income levels believed by the Task Group to be achievable (Focus Budget Task Group, report, 13 August 1995). Second, the Task Group recommended that the proposed increase in the institutional levies be extended from $3,000 to $5,000. This suggestion was incorporated into the recommended budget without any discussion at the Budget Task Group. The Task Group did not seek further discussion with the financial managers regarding these changes prior to the joint budget meeting.

In addition to the above changes that were incorporated into the income budget recommended by the Budget Task Group to the Focus Budget Meeting, two further changes were debated, but not included in the final report. The first of these concerned the potential for income from the Fullarton Road rental property. The Financial Management Volunteer and the FKV1 members of the Task Group also felt that the distribution from the Fullarton Road rental property could be raised from the budgeted amount of $30,000 to $50,000. Underlying this change was a decision to "challenge the RMC to renegotiate their short term loans" on this property. A second discussion concerned a proposal to request the Synod's Investment Fund[56] to provide an increased grant to 'flow on' to the Synod the margins gained by the Fund from significant increases in deposit levels achieved in the past twelve months as a result of promotion of the Fund to the Synod membership (Focus Budget Task Group, report, 13 August 1995). While these increases in the income budget were incorporated into an early draft of the report of the budget modifications recommended by the Budget Task Group, they did not appear in the final report presented to the joint budget meeting of Focus. The final report from the Budget Task Group thus recommended a revised income budget of $2,577,000 (see Figure 6.4).

Figure 6.4: Income budget 1996 (recommended by the Budget Task Group to the Focus Budget Meeting 20 August 1995)

	1996 budget BTG	1996 budget RMC (3)	1996 budget RMC (2)	1996 budget RMC (1)
Contributions from parishes	**1659,000**	1,569,000	1,550,000	1,520,000
Synod investment income	**260,000**	260,000	260,000	260,000
Institutional levies	**68,000**	66,000	63,000	63,000
Parkin Mission Grant	**300,000**	300,000	300,000	300,000
Insurance Agency	**140,000**	140,000	140,000	140,000
Investment Fund	**50,000**	50,000	50,000	60,000
Epworth Building Inc	**70,000**	70,000		
Fullarton Road	**30,000**	30,000		
TOTAL	**$2577,000**	$2485,000	$2363,000	$2343,000

[56] The Investment Fund provided an investment service for the Uniting Church's operating bodies and its individual members.

6.2.5 Defending the calculation of the 'preliminary' income budget - the Focus Budget Meeting

The first opportunity that the financial managers had to examine and comment on the revised income budget was at the joint meeting of all budget participants at the Focus Budget Meeting of 20 August 1995. While the income budget was presented as the last item in the Budget Task Group's report, it was decided to address the income budget prior to the expenditure budget at the Focus Budget Meeting. This approach was felt necessary to enable the Budget Meeting to first determine the size of the budget

> we were dealing with...[that is] what kind of rationalisation or reduction we need to be talking to the various spending units about (Focus EO, interview, 18 February 1995).

The Budget Task Group's recommendations regarding the income budget was presented by the FKV1 who had previously challenged the RMC's income estimates. The FKV1 argued that there was evidence that parishes were working to increase giving to Synod and that it "would not be unrealistic" to expect to "achieve a further $90,000 [in giving] above the budget". She also stated that there were "indications that a further $2000 could be achieved in institutional levies", but did not elaborate on the nature of these "indications".[57]

The representatives of the RMC and other contributing bodies did not respond positively to the presentation of the revised income budget at the Focus Budget Meeting, talking in an agitated manner amongst themselves and making disbelieving noises during the presentation. All the proposed increases were actively challenged by the financial management representatives in a heated debate that occupied nearly two hours. While the responses to the proposed increases were made in a haphazard and disordered manner at the Focus meeting, for the sake of clarity they will be addressed here in the order that they were presented in the income budget (see Figure 6.4).

The proposed increase in contributions from parishes of $90,000 was quickly challenged by a number of other budget participants, as well as the RMC

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[57] The Focus Budget Group also presented information about proposed changes to the recognition of capital gains in the budget, but this will be addressed later in Section 6.3.

representatives. Members of rural parishes argued that it was unrealistic to expect country churches to be able to increase giving to the Synod, as many were struggling to finance their current ministry at the congregation level. A member of the Budget Task Group quickly refuted this argument, stating that the proposed increase was based on an assessment of the potential for increased giving by the metropolitan parishes only. However, the perception that most parishes prefer to direct their available money into their own parish-level projects, rather than increase giving to the Synod, continued to be expressed during the debate. When finalising the income budget at the conclusion of the Budget Meeting, a number of participants (including both the financial managers and some non-financial manager participants) continued to argue that there was no certainty that this additional $90,000 would be received from the parishes. They thus claimed that "it was irresponsible to proceed [to include the $90,000 in the budget] on the basis that it might turn up" (non-financial manager participant). The Focus EO argued back that

> There is some sense of speculation about the income in any event. If we don't take some steps in faith, we go back to [the preliminary income budget prepared by RMC]

The two RMC EOs responded to this suggestion to base the income budget on 'faith' by visibly expressing their disapproval to each other. Thus during the debate, there was an indication that the participants in the meeting were not willing to accept this proposed increase in the income budgeted from parishes of $90,000 as it lacked substance and certainty.

The second area that was subject to challenge was the decision to increase institutional levies by a further $2000 above the $3000 increase already proposed by the RMC. A Budget Meeting participant, who was also the Chief Executive Officer of one of the Uniting Church's institutions, asked whether the institutions had approved this increase. The Focus EO stated that this was not necessary as this increase was not substantial, to which the Chief Executive Officer sarcastically replied "well, that is one way to get people on side". At this point the RMC EO2 acknowledged that the initial $3000 increase had not been approved by the institutions but it was expected that it would be paid as it represented the impact of inflation on the costs of the underlying ministry. However, she did not comment on the likelihood that a further $2000 increase would be accepted. Thus while this amount was small relative to the overall budget, it did appear to be included without adequate consultation and negotiation.

The inclusion of the grants from Epworth Building Inc and the Uniting Church rental property induced a heated response from the financial managers and other persons associated with the management of the two properties. The RMC EO1 argued that neither amount had been approved by the underlying parties and thus "could not be adopted as real". This was supported by an Epworth Board member who stated, in an offended tone, that the grant had not been considered at the Epworth Board and that the Budget Task Group "can't justify a cent at the moment". When pushed for a response regarding the likelihood that a grant would be made to Synod, the Epworth Board members continued to refuse to provide an answer and seemed quite shocked when the Focus EO announced his certainty that the budgeted amount was "not a shot in the dark" and he expected that "there [would] be something" given by Epworth. Again, the financial managers were seen to be opposing the proposed increases to the income budget on the basis that there was no certainty regarding the receipt of such monies.

After the Meeting debated the individual budget items, the Focus Chairperson asked participants to approve the recommended income budget totalling $2,577,000. This initially received a strong negative response from the participants, consistent with the tone of the arguments presented against the proposed increases. A typical comment was made by a prominent ordained church leader, who stated that

> I can't go for a[n income] figure unless it has solid backing. I want to go for the bigger figure. The implications otherwise are problematic. However, you can't go for a figure that you can't hear being backed up.

The Focus EO argued that the meeting had to adopt this proposed income budget if it wanted a balanced budget, as

> we have got the Commission budgets to [a total of] $2,577,000. We now need to get income to that figure.

The RMC EO1 refuted this point, arguing

> I can't see any difference in approving $2,485,000 [the RMC proposed income budget] and coming back to it [after looking at the expenditure budgets]. This gives us a basis to come back to when reviewing the Commissions. We can adopt the lower figure and keep the pressure on. The pressure needs to stay on.

After a brief debate about the 'right' income figure to approve, a financial manager proposed that the meeting "leave the income budget on the table" for re-consideration after the examination of the expenditure budgets. This was approved and the participants adjourned for coffee, muttering their relief that this debate had been at least temporarily adjourned.

Following the examination of the expenditure budget, the Focus Budget Meeting again returned to the income budget. Again, members questioned the "realism" of the detail of the income budget presented. The Meeting was unable to reach consensus regarding the amount of the income budget to be adopted for 1996 and instead resolved to adopt the Focus Chairperson's recommendation that the Meeting

> ask the Resources for Mission Commission representatives and the [Budget Task Group] to work towards consensus on [the income budget] figure.

This conclusion was, however, reported in the minutes of the Focus Budget Meeting as a decision to

> Request the Resources for Mission Commission to revise the income predictions for 1996 in light of [the Budget Task Group recommendations]

6.2.6 The final income budget

Following the Focus Budget Meeting of 20 August, the financial managers continued to examine and revise the budget numbers. However, they commented at the RMC meeting of 11 November that they perceived that

> Focus has changed the income considerably. It has been revised to an extent I believe is not achievable. (RMC EO2)

Requests for estimates of parish contributions for 1996 were directed to the Presbytery Treasurers in late August (RMC EO2, correspondence, 29 August 1995). Responses reported to the Financial Services Task Group on 3 October indicated that

> despite the Focus [Budget Task] Group's assurances regarding an additional $90,000 from presbyteries, it doesn't look possible (RMC EO2).

The Focus Budget Task Group's estimate for income from parishes was thus reduced by $51,800 to give a final figure of $1,607,200 (see Figure 6.5).

A number of other changes were also made to the income budget. Investment income was revised downwards as the financial managers anticipated holding lower levels of investments in the form of deposits and other interest earning accounts in the coming year, thus reducing the budgeted interest income by $15,000. The RMC EO2 also expressed concern that due to an error in the classification of income from a significant property investment in the budget, the budgeted dividends were probably "overstated" for 1996. However, when a financial management volunteer questioned whether the investment budget should be further reduced, the RMC EO1 commented that

> We have understated [the investment budget] for many years. We need to be realistic now or we will get kicked.

The investment budget was thus left at its proposed level. The RMC EO2 continued to argue that it was reasonable to increase the institutional levies by only $3000, and thus deleted the additional $2000 proposed by the Budget Task Group from the final budget. While the Uniting Church's Insurance Agency Board had passed a motion to increase its grant to the Mission and Service Fund by a further $10,000 to $150,000, the Epworth Building Inc Board had only approved a grant of $50,000, $20,000 less than anticipated by the Budget Task Group (RMC, report, 11 November 1995). However, further analysis of the Fullarton Road rental property accounts had enabled the building owners to propose an additional grant of $18,000 to the Mission and Service Fund for 1996. Thus while the final income budget was approximately $60,000 less than the budget recommended by the Focus Budget Meeting, this reduction was due almost entirely to a decrease in the anticipated income from parishes and, to a lesser extent, a reduction in budgeted income from investments.

Figure 6.5: Final income budget 1996 (presented to the Synod meeting, 18 October 1995)

	1996 budget RMC (4)	1996 budget BTG	1996 budget RMC (3)	1996 budget RMC (2)	1996 budget RMC (1)
Contributions from parishes	**1607,200**	1659,000	1,569,000	1,550,000	1,520,000
Synod investment income	**245,000**	260,000	260,000	260,000	260,000
Institutional levies	**66,000**	68,000	66,000	63,000	63,000
Parkin Mission Grant	**300,000**	300,000	300,000	300,000	300,000
Insurance Agency	**150,000**	140,000	140,000	140,000	140,000
Investment Fund	**50,000**	50,000	50,000	50,000	60,000
Epworth Building Inc	**50,000**	70,000	70,000		
Fullarton Road	**48,000**	30,000	30,000		
TOTAL	**$2516,000**	$2577,000	$2485,000	$2363,000	$2343,000

The final income budget recommended by the RMC to the Synod meeting on 18 October 1995 was adopted without discussion. It was further ratified by the Council of Synod on 1 December 1995 and was thus adopted as the 1996 Income Budget.

6.2.7 Coding categories emerging from the 'income budget estimates' story

The negotiation surrounding the determination of the 1996 income budget facilitates insights into the financial managers' beliefs about the way in which the budget process should function and their rightful role within that process. It also allows an examination of the raison d'etre that underlies the behaviour of the financial managers in this negotiation process. As in Chapter Five, the emerging codes will be indicated in italics.

The preparation of the 1996 income budget was characterised by an ongoing negotiation between the RMC and the Budget Task Group regarding the allocation of responsibility for the determination of the budget detail. The primary responsibility for the preparation of the 1996 income budget was perceived by the financial managers as residing with them (via the RMC). Thus the early drafts of the income budget were prepared by the RMC EO2 in consultation with the RMC EO1 and the financial management volunteers involved with the management of the investment portfolios and income generating properties. However, during the budget process, attempts were made by members of the Budget Task Group to impose upon the historical autonomy with which the financial managers had undertaken this role. Such challenges were eventually overturned, with the responsibility for the preparation of the final income budget and its presentation to Synod for approval being quite clearly directed back to the RMC. The potential for such conflict over responsibilities was facilitated by the *lack of clear definition of authority* for the preparation of the income budget in the formal structures of the Synod.

The financial managers appeared to believe that they were preparing an income budget that was challenging, in terms of seeking innovative sources of income, but at the same time realistic and achievable. As historical experience had shown that actual parish income was likely to be less than that budgeted, the financial managers felt it was in the interests of the Synod to ensure that they commenced the budget process with an 'accurate' budget. Failure to base the budget on an appropriately realistic *(conservative) income figure* was argued to enhance the likelihood of future *erosion of the Synod's resource base* as capital was utilised to fund committed budgeted expenditure. As the financial managers perceived that income from parishes was declining, they actively sought new sources of income, particularly from investments and from associated bodies (*proactive income generation*). The financial managers consistently argued that they were taking all steps possible to ensure they provided a generous, but realistic, income budget to fund the mission activities of the Synod. Such efforts were seen by the financial managers to be both grounded in, and evidence of, their *strong commitment* to the work of the Synod.

The perceptions of realism incorporated into the 1996 income budget were, however, influenced to a significant degree by the *perceived eroding capital base* of the Synod. Again, the financial managers were seen to make reference to a falling level of parish income when negotiating the appropriate figure to include in the budget. They were also seen to express concerns about the potential decline in investment income if the investment base of the Synod was to fall through the redirection of funds to finance further deficits. The outcome of such fears was an argument that the 1996 income budget could not be justifiably increased.

The negotiation of the income budget facilitates some insights into the philosophy of budgeting that appeared to be held by the dominant financial managers. In particular, the financial managers are seen to promote the *primacy of the income budget* in the determination of the overall size of the budget. This philosophy had widespread approval throughout the Synod. For example, the budget process adopted by Focus (see Section 5.2) suggested that the starting point for the formulation of the 1996 budget would be the preparation of the income budget. This budget would then be used to establish the total recurrent funding available to finance the expenditure budgets. The financial managers consistently advocated their perception that if the preliminary income budget was less than the preliminary expenditure budgets (as was historically the case), the Synod should proceed through a process to negotiate a reduction in the 'gap' by seeking to *reduce the expenditure budgets* proposed by the Commissions. When presenting the draft budget to the Focus Budget Meeting, the Budget Task Group attempted to present an alternative perspective in which the expenditure budget was privileged as determining the required amount of income to be generated. However, many budget meeting participants consistently indicated their perception of the primacy of the income budget, first by deciding to address the income budget before discussing the expenditure budgets and second, by frequent references to the need to cut expenditure to meet the proposed income figures. Thus in promoting the primacy of the income budget, the financial managers were encouraging what appeared to be a widely applied, if not always preferred, principle dominating the budgeting process of the Synod.

A consistent image revealed in the 'income budget' narrative is the perception, by both financial managers and other budget participants, of the *conservative estimates of income* provided by the financial managers. While the financial managers acknowledged that they would "prefer to be conservative" (RMC EO2) in the preparation of the income budget, they tended to justify such an approach as necessary to ensure the resultant budget was a "realistic" reflection of probable income (see, for example, RMC EO2 (correspondence, 9 November 1994; correspondence, 9 August 1995) and RMC (report, 18 October 1995)). The conservative calculations were thus justified as being strongly grounded in the positive connotations of accuracy and care.

Despite the frequent references to the 'realism' of their calculations, a consideration of the data suggested that the financial managers were, at times, knowingly understating their income estimates. The initial estimates of income from congregations was found to incorporate a contingency allowance of 8%, not 5% as claimed by the financial managers. Observations of meetings between the financial managers indicated a general acknowledgment that estimates of income from investments were often understated and were probably only accurate in 1996 due to an amount of investment income being erroneously included twice. The financial managers were also seen to resist the inclusion of highly probable additional sources of income (such as the contribution from Epworth Building and the Synod rental property) until such contributions had been formally approved. Thus the financial managers' budget proposals could be seen to be clearly dominated by a preference to provide conservative estimates of income The need for such a perception was consistently argued by the financial managers, even when the non-accounting budget participants interpreted such actions as suggesting that the financial managers were willing to deliberately understate their income estimates in order to present an income budget that was "overly conservative" (Focus EO).

The analysis of the income budget negotiation process indicates that the financial managers were primarily seen to advocate for a conservative income budget on the grounds that it would be 'realistic' and therefore 'achievable'[58].. However, there is also evidence to suggest the existence of a further rationale, namely that of limiting the size of the 1996 expenditure budget. Given that the financial managers were synchronously arguing for a balanced budget (see Section 5.3), the approval of a lower figure for the 1996 income budget would therefore have

[58] Such a preference can be seen as consistent with the principles of conservatism underlying the accounting craft (see, for example, the definition of 'reliability' of accounting information incorporated in the Australian accounting conceptual framework in *Statement of Accounting Concepts 3:Qualitative Characteristics of Financial Information*).

acted to reduce the funds available to the Commissions to finance their 1996 net expenditures. Thus reducing the 1996 income budget would also *reduce the 1996 expenditure budget.* The financial managers were seen to consistently argue that the Commissions needed to reduce their expenditure. While they did actively and successfully seek additional sources of income for the budget, they also argued at the same time that such opportunities were limited and that the only responsible and effective option left for the Synod to respond to the declining resource base of the Church was to cut the net expenditure required to fund the Commissions. The presentation of a conservative income budget would thus act to "keep the pressure on" the Commissions to seek opportunities to reduce costs.

While the attempts made by the Budget Task Group to challenge the income sources and calculations incorporated in the income budget had limited success, such actions were perceived by the financial managers as threatening to limit their scope of responsibility within the Synod (RMC Executive, minutes, 11 September 1995). Challenges to the conservatism of the income budget estimates also generated angry responses from the financial managers. In particular, the financial managers, both staff and volunteers, privately expressed their hurt and disappointment that others within the Synod might feel that they cannot "trust" the financial managers to have managed the Synod's finances to "maximise income" (RMC EO2, interview, 30 November 1995). Thus the financial managers did not appear to accept the attempts to minimise their contribution to the budget process. Nor did they accept the implied criticism of their ability to act in the best interests of the church. Thus while the financial managers felt that other non-financial managers were expressing their *distrust* of the financial managers' actions and trying to *exclude* them from decision making at the interface of the Synod's mission and finance activities, such exclusion was perceived as unnecessary and hurtful. In particular, it was seen as running counter to the financial managers' *expressed commitment* to the Synod and the Uniting Church.

Opposition to the financial managers' budget strategies was again perceived to be driven by a small number of specific individuals. A number of challenges were made to both the income calculations and the policies (strategies) underlying such calculations by, particularly, the Focus EO and a financially knowledgable volunteer. As these two *specific individuals* were members of the Budget Task Group, Focus and the Council of Synod, they were able to maintain pressure on the financial managers throughout the budget process to increase what they saw as "pessimistic" income estimates.

During the negotiation of the income budget, the financial managers were seen to initially dismiss many of the Budget Task Group's sources of increased income. Some proposed increases were argued to be inappropriate as the justifications presented for the proposals did not reflect the underlying financial reality of the Church (eg regarding income from parish contributions). Other proposals were opposed by the financial managers on the grounds that church procedures did not allow Focus to dictate the amount of contributions from agencies and associated bodies. Such arguments and the subsequent reports of the income negotiations in the financial managers' own meetings suggested that the financial managers felt that many of the other budget participants did not really understand the factors that contributed to the income budget and the impact of such on the budget numbers. This perceived *lack of financial understanding* was seen as a further source of frustration for the financial managers in attempting to persuade the other budget participants of the significance of their proposed income budget strategies.

In summary, the above analysis has facilitated a number of insights into the experiences of the financial managers during the 1996 income budget negotiation process. First, the context of the budget process is again shown to be characterised by tensions regarding the appropriate roles for the financial managers (*unclear allocation of budget authority*). Despite believing that they were making every possible attempt to increase the income budget (*proactive income generation)* to ensure the mission work of the Synod would be funded *(strong organisational commitment*), the financial managers again perceived themselves as being unnecessarily *distrusted and excluded* from making their rightful contribution to the budget process. The 'income budget estimates' narrative shows how the financial managers were aiming to combine a widespread perception within the Synod regarding the *primacy of the income budget* with their preference for a *conservative income budget* and thus *reduced expenditure*, to try to minimise the total budget size for 1996. However, such efforts were seen to be threatened by challenges from two other *specific individual* budget participants and by the general failure of budget participants to understand the significance of the arguments being presented by the financial managers (*lack of financial understanding*).

6.3 NEGOTIATING THE INCOME BUDGET - THE INCLUSION OF CAPITAL GAINS

6.3.1 Challenging conventional policy

As noted in the introduction to this Chapter, estimates of capital gains had conventionally not been included as budgeted income in the MSF, although the realised gains were recorded as actual income in the accounts. During the past two years, the realised capital gains on shares[59] had been sufficient to completely offset the 1994 budgeted deficit and offset the majority of the deficit budgeted for 1995. The impact of the realised capital gains on the Mission and Service Fund accounts were noted by the financial managers in their narrative accounting reports to such bodies as the Council of Synod and the Synod, but were generally presented as an example of the successful efforts of the financial managers to "salvage" or overcome the budgeted deficits (eg RMC EO2, report to Council of Synod, 5 June 1995). These reports did not address the likelihood of such monies being available in future years.

A proposal to treat some measure of capital gains as a component of the income budget was first actively mooted by the FKV1 member of the Budget Task Group. Initially, the FKV1 noted that there were likely to be substantial capital gains in 1995 that would offset a large proportion of the deficit budgeted for that year. She argued at the Budget Task Group meeting on 2 August that as a deficit had been approved for 1995, an application could be made for the additional money received from the unbudgeted capital gains to be 'carried forward' and treated as 'income' for the 1996 budget. While that proposal suggested a desire for a change in the current policy for the treatment of capital gains in the budget, the FKV1 did not explicitly acknowledge such an agenda at that time.

The FKV1 continued to raise her arguments regarding the need to consider capital gains in the budget formulation process at the subsequent Budget Task Group meetings. The Financial Management Volunteer member of the Task Group regularly countered these proposals, arguing that it was necessary to "reinvest capital gains" in the investment portfolio of the Synod to "build up a capital base to

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[59] The Synod also periodically realised capital gains on property sales. However, these were not considered in the arguments addressed in this section as they were infrequent and were generally clearly required to contribute the cost of replacement properties.

take pressure off the parishes" by providing an additional source of income to the MSF. However, the FKV1 continued to promote her viewpoint, stating that while she felt it was acceptable to focus on building a capital base in financially sound times, an alternative policy was needed "in difficult times" when the church was experiencing "a crisis".

At the Focus Budget Meeting on 20 August, the FKV1 used her role as the presenter of the income budget to try to convince the wider participants in the Synod budget process of the need to include an estimate of capital gains in the income budget. The FKV1 argued that the investment income of the MSF was made up of three components; interest, dividends and capital gains. She observed that the current practice was to incorporate only interest and dividends in the budget as they were considered "predictable", whereas capital gains were felt to be "unpredictable" and were thus excluded from the budget targets. She then noted that

> if capital gains from investments is taken into account in the years that the Synod has budgeted for a deficit, the actual results could be shown as a surplus, not a deficit (Focus, minutes, 20 August 1995).

The FKV1 thus argued that if an estimate of capital gains were to be somehow included in the budget, the current pressure to cut expenditure budgets would be reduced as the budget participants would be working with a more 'realistic' estimate of actual income for the period and the net budget position for 1996 would appear closer to a balanced outcome. The recommendation presented by the FKV1 (on behalf of the Budget Task Group) to the Focus Budget Meeting incorporated a number of suggestions of how the capital gains might be incorporated into the income budget. These included a proposal that the calculation could be based on the previous years' realised gains, thus enabling a degree of certainty in the figure to be attained.

The capital gains proposal was not well received by the financial managers present at the Focus Budget Meeting. The primary spokesperson opposing the proposal was a Financial Management Volunteer who was a senior financial manager with a significant involvement in the investment industry and in the management of the investment portfolios of the Synod. Consistent with the position taken by the financial managers in previous debates, the Financial Management Volunteer based his argument around concerns that the current policies of MSF deficits and the approval of projects to be funded out of capital had "eroded the investment base of the Synod". He further emphasised that as such it was necessary to "reinvest the capital gain" in order to facilitate "long term growth [in the investment base] to give long term increases in income". By presenting this proposal, the financial managers were not advocating support for the status quo, as capital gains were not being separately identified for 'reinvestment' with the current financial management system, but rather were being used to fund recurrent deficits. Thus the argument appeared to be reflecting the financial managers' preference for a policy change that specified that the Synod must have a balanced budget *before* capital gains and other capital income was considered (see Section 5.3).

It was apparent to those present at the Focus Budget Meeting that the fundamental differences in the perspectives on income policy expressed by the Budget Task Group and the financial managers meant that a consensus on the treatment of capital gains in the budget was not going to be achieved at the 20 August meeting. The Chairperson thus proposed that the issue be directed to the RMC for consideration and comment and that the Focus Budget Work Group work with the RMC to further clarify a way forward (Focus, minutes, 20 August 1995).

The Focus proposal to include capital gains in the income budget was discussed at both the Financial Services Task Group meetings and the RMC meetings in September and October. Again, the proposal was deemed unacceptable, with members vowing that

> We will have to fight hard [to ensure] that capital gains do not get absorbed into the budget (the investment Financial Management Volunteer).

As requested at the Focus Budget Meeting, the Focus Budget Task Group and representatives from the RMC met on 13 October 1995 to discuss the proposed policy for the treatment of capital gains in the budget. Again, the financial managers aggressively argued that capital gains needed to be reinvested rather than treated as income, in either the actual accounts or the budget document.

> You'll have to work hard to convince anyone in the long term care of resources that [treating capital gains as income] is a point that can be raised. Capital gains are there to keep the portfolio up with the ravages of inflation. Although inflation has been low in the last few years,

> increased inflation is on the horizon. If you spend now, it won't be there later. People in the finance game laugh at this proposal. If we use the capital, it is income we won't have in the future. (the investment Financial Management Volunteer)

The response from the Budget Task Group, with the exception of its Financial Management Volunteer member, was twofold. First, the non-financial managers again argued that the church needed to use the income from capital gains, in the short term at least, to support the 1996 expenditure budget and thus to facilitate the provision of the mission activities that the expenditure budget represented. The Focus EO also directly challenged what he saw as the financial managers' perception of the goal of the church, arguing that

> On the one hand we have an economic argument [to reinvest capital gains to build capital]. On the other hand, we have a mission argument [to use capital gains to finance mission]. Which part of the mission do we say we won't do any more? We had reduced the budget as far as possible without removing functions. Now we have to find another way of increasing income...We have to find a way to ensure that the church understands the two options: build capital or build mission.

This was strongly refuted by the financial managers, claiming that

> You are not increasing income. You are just playing with capital. We understand that it is a mission problem. It is a total Church problem - the long term viability of the Church. To achieve this, something might have to be tacked off. Synod doesn't want to grasp the situation and make the harsh decision. (the investment Financial Management Volunteer)

The meeting was unable to resolve this difference of perceptions and no conclusions were thus drawn on this issue.

The members of the Budget Task Group also directed a second response to the repeated claims by the financial managers that the capital base of the Synod was being eroded by the current policy of using capital gains to fund the annual MSF deficits. The FKV1 member reported that her own examination of the financial accounts of the MSF did not support the claims being made by the financial managers, suggesting instead that the capital base of the Synod had in fact *increased* over recent years. She challenged the financial managers to "show" her that the capital base was in fact being eroded. After a lengthy discussion, the financial managers agreed to prepare the necessary figures to facilitate a further examination of this claim. However, they stated that such work would be difficult as there was an historical "lack of information" and discrepancies in the accounting reports. These shortcomings were claimed to be caused by the inconsistent application of accounting principles and the inadequate standards of record keeping by the Synod's previous financial management staff. The meeting also concluded that until the situation regarding the perceived erosion of the capital base could be further clarified, the financial managers were to avoid making such claims at the annual Synod meeting (to be held on 18 October 1995) (see section 5.3.3).

The joint meeting of the Budget Task Group and the RMC was unable to reach any conclusions regarding the treatment of capital gains in the budget. The issue was thus referred back to Focus for further consideration. However, at the time the data collection for this study was concluded, no further proposals had been forthcoming[60].

6.3.2 Coding categories emerging from the 'capital gains' story

The 'capital gains' narrative describes a further debate between the financial managers and the Budget Task Group, this time focusing on a policy issue - whether capital gains should be treated as income in the Mission and Service Fund budget. The codes utilised in understanding this issue are again shown in italics.

The financial managers were seen to perceive themselves as responsible for the definitions of income underlying the budget and thus rejected the Budget Task Group's challenge to their authority. However, the Budget Task Group felt that their responsibilities extended beyond an examination of the budget numbers to incorporate a review of the types of income included in the budget. The *unclear allocation of authority* on the income budget also meant that while the Focus Budget Meeting was able to authorise further consideration of the incorporation of capital gains in the budget, it had to do so in consultation with the RMC and thus the financial managers. In this more focused forum, the financial managers were

[60] The RMC did eventually (and very reluctantly) come up with a proposal for the inclusion of capital gains in the budget. This policy was first implemented for the 1999 budget.

able to exert their strength to prevent, at least for the 1996 budget, the proposed policy change from being approved.

The significance of the *perceived eroding capital base* of the Synod was again raised during the capital gains debate. In particular, the financial managers argued that the reinvestment of capital gains was necessary to bolster the Synod's investment base and thus prevent further deterioration of the Church's resources in the future. In turn, such resources would then be available to earn additional income to supplement the declining parish contributions, thus shoring up the ability of the SA Synod to *facilitate its future sacred mission.*

Interestingly, the perceived financial position of the Synod was also utilised as justification by the non-financial managers in presenting their alternative arguments. However, in this case, it was argued that the declining financial position meant that more resources needed to be spent now to build up the mission activities of the Church, which would in turn generate future revenues as more people came to be part of the Church. The financial managers dismissed this argument as indicative of the *lack of financial understanding* held by the non-financial managers. They thus appeared to believe that if the non-financial managers had a greater knowledge of financial management, they would support the position advocated by the financial managers.

During the capital gains debate, a financially knowledgable member of the Budget Task Group challenged the financial managers' *perception of the eroding resource base* of the Synod, suggesting that the accounts of the Synod presented a more optimistic picture than suggested by the financial managers. This alternative viewpoint was immediately dismissed by the financial managers as reflecting the Budget Task Group member's lack of understanding of the finances of the Synod. While the complexity of the Synod's finances gave this retort some merit, this particular individual was a qualified accountant and had had a long involvement with the management of the Synod. She therefore possessed an unusually high level of knowledge of the financial activities of the Synod for a non-financial manager. The individual's relatively sophisticated *level of financial understanding* of the Synod's activities thus meant that she was able to challenge the conventional perceptions and actions of the financial managers in a unique manner.

The challenge presented by the financially knowledgable member of the Budget Task Group was also perceived by the financial managers as indicating a level of *distrust* of their ability to manage the finances of the Synod in the best interests of the mission of the Church. This distrust was again perceived to be reflected in the Focus EO's statement that the "economic argument" to "build capital" was dichotomous with the ultimate Church goal of "build[ing] mission" for God. As the strategies proposed by the financial managers were aimed at building up the resource base of the Church, the application of this premise was seen to imply that the financial managers themselves were not focusing on the goals of the broader Church and were in fact acting in a manner that prevented the Church's objectives from being achieved. The financial managers found this suggestion quite offensive and hurtful. In subsequent financial management meetings and interviews, the RMC EO2 argued that the financial managers were acting to "maximise the income [to] do the best we can". However she felt that "the mission people do not accept we are trying".

The capital gains debate was characterised by the significant contributions made by a small number of *specific individuals.* The position of the financial managers was primarily argued by one financial management volunteer with extensive industry and church investment experience. While his viewpoints were clearly supported by other staff and members of the RMC, he was deliberately selected by the RMC to speak for them on the capital gains issue at the Budget Meeting and in the subsequent joint meetings with the Budget Task Group. Likewise, the potential for the inclusion of capital gains in the budget was identified and primarily presented by one financially knowledgable non-financial manager. Her highly respected status within the Synod and her positions on Focus and the Budget Task Group enabled her to access the appropriate opportunities to gain support for her views on the capital gains debate.

The financial managers' staunch opposition to the inclusion of an estimate of capital gains in the income budget again indicates their desire for a *conservative approach to the identification of income* to be included in the budget. The inclusion of capital gains in the budget would have no impact on the actual income available to the Synod; rather it would create a perception of an increased income base of about $150,000 per annum within the budget. The financial managers were aware that this in turn would allow the approval of an increased expenditure budget while still adhering to the desired policy of a balanced budget outcome. Such additional expenditure was clearly perceived as undesirable by the financial managers. Instead they argued that the appropriate way forward for the Synod was for selected mission activities to be "tacked off" to *reduce expenditure* rather than for such expenditure to continue to be supported from capital gains (and other capital income), as had been happening for some years.

The narrative surrounding the capital gains debate again shows that underlying the financial managers' preference to reduce the overall size of the budget was the desire to *protect the resource base* of the Synod. If the Synod approved a balanced budget that did not include capital gains, the financial managers would be able to utilise the majority of capital income to build the resource base of the Church. The successful investment of such funds was in turn argued to facilitate the provision of additional income to support the MSF in future years. The financial managers felt that such a strategy was fundamental to facilitating the "long term viability of the Church" (*facilitating the future sacred mission*).

6.4 CONCLUSION

This chapter has considered a further two 'stories' of the participation of the financial managers in the 1996 MSF budget process. These narratives have revealed the financial managers in a protective role and have facilitated the analysis of a number of 'codes' surrounding such behaviour. While the analyses in Chapters Five and Six identifies these codes as distinct elements, it does not give any detailed consideration to the interrelationships between such codes, either within or between the individual narratives. Such matters will thus be further examined in Chapter Seven.

CHAPTER 7 ON BEING A FINANCIAL MANAGER: A FRAMEWORK OF UNDERSTANDING

7.1 INTRODUCTION

So far, Chapters Five and Six have focused on presenting the data derived from the case study and identifying the significant categories emerging from an interactive process of collecting and analysing this data. This analysis parallels the processes of open coding (Strauss and Corbin, 1990) or interim coding (Huberman and Miles, 1994), identifying and labelling the individual "events, activities, functions, relationships, contexts, influences and outcomes" (Parker and Roffey, 1997, p 288) that emerge from the four 'budget' narratives. These data chapters thus provide a list of categories that form the "building blocks" that underpin the development of a framework of understanding about being a financial manager in a church organisation.

Prior to addressing the process by which these "building blocks" will be incorporated into a more integrated framework, it is useful to briefly review the initial objectives of the thesis. As discussed in Chapter One, the purpose of developing a framework of understanding of the experiences of the financial managers of the Uniting Church in Australia - Synod of SA were threefold. First, as little was known about the experiences of financial managers acting in 'hostile' environments, the thesis had as a first aim the exploration of the budget process of a church entity in order to identify the actions and strategies that were adopted by financial managers of such an organisation. Second, as even less was known about why financial managers act as they do in non-profit entities, the second objective was to derive some explanation of the rationality underlying the financial managers' actions and strategies. Third, the thesis aimed to build on the, albeit limited, studies of the use of financial management practices in church entities by providing further insights into the factors influencing the nature of the actions and strategies adopted by the financial managers to achieve their overall goals. This overall framework of understanding would enhance what we know about 'being' a financial manager in a church entity.

In order to move from a series of "building blocks" into an overall framework of understanding that contributes to these research objectives, this chapter will simultaneously present the outcome of two tasks. First, a consolidated set of "higher" categories pertaining to conditions, rationales, context and actions/strategies will be presented. The nature and dimensions of each of these significant categories will be further examined and explicated in order to provide a more complete understanding of each element. It is important to note at this point that the body of evidence presented in support of these categories is derived from two sources. The discussion of the categories pertaining to the strategies and influences is based primarily on the codes identified in Chapters Five and Six. However, while the data presented in these chapters facilitated the initial identification of the categories pertaining to the context, conditions and core rationale, additional observational and documented data such as that presented in the description of the case study background in Chapter Four has been incorporated into the discussion to fully explicate an understanding of these elements.

The second task of this chapter is to identify the relationship(s) between each significant category. The presentation of such relationships will follow the structural framework proposed by Strauss and Corbin (1990). First, the chapter will examine the significant conditions featured within the environment in which the financial managers practiced their craft. The central rationale underlying the financial managers' raison d'etre within the church will then be identified. A consideration of the actions/strategies adopted by the financial managers in order to achieve their core objectives will then be made. Integrated with this will be the identification of the specific context characterising this particular case study that influenced the choice of these actions/strategies. Finally, the chapter will comment on the outcome of these strategies, as perceived by the financial managers, with a consideration also being provided of the major factors that the financial managers considered to have influenced this particular result. In order to provide some early guidance to the reader, a summary of this framework is presented in Figure 7.1. The relationship of the resultant framework of understanding to the broader literature will then be examined in Chapter Eight.

The framework of understanding presented in Figure 7.1 indicates that the central rationale, or core objective, of the financial managers in this case study was to *facilitate the future sacred mission* of their church. This objective was derived from a number of conditional features, with the most significant being an environment of *constrained resources*, an *unclear allocation of budget authority*, and the *strong organisational commitment* of the financial managers. Within this environment, the financial managers were seen to adopt a number of actions to facilitate a strategy of *protecting the resource base.* Such a strategy was seen as necessary to achieve the core objective in this particular case as the organisational context was seen to be dominated by *perceptions of an eroding resource base.* The success of the financial managers in implementing their strategies was influenced by the *dominance of specific individuals* and the *level of financial understanding* held by such persons. These elements combined to drive a perception of *distrust and exclusion* of the financial managers, which further influenced their ability to undertake their desired actions. Overall, the financial managers' perceived that their actions facilitated a *frustrated, but partial, success* in terms of achieving their core objective. Each of these elements will now be discussed in more detail.

7.2 CONDITIONS CHARACTERISING THE STUDY

This study is concerned with an examination of the experiences of being a financial manager within a particular church organisation, the Uniting Church in Australia - Synod of South Australia, during the 1996 budget preparation process. Such experiences will be firmly grounded in the conditions characterising this particular organisational context. Likewise, the financial managers' central rationale will be derived from these conditions and, in this sense, they will also inform the subsequent actions and strategies adopted by the financial managers. The examination of the financial managers' experiences thus commences with a consideration of the conditions revealed as significantly influencing the financial managers' definition of their core purpose in the budget processes of the SA Synod.

The organisational context of the SA Synod naturally contains a myriad of complex elements, many of which impact on the experience of being a financial manager in various ways. However, there appear to be three particular conditions that had a significant influence on the core rationality, and subsequent strategies, exhibited by the financial managers in the 1996 budget process. These conditions will now be discussed in turn.

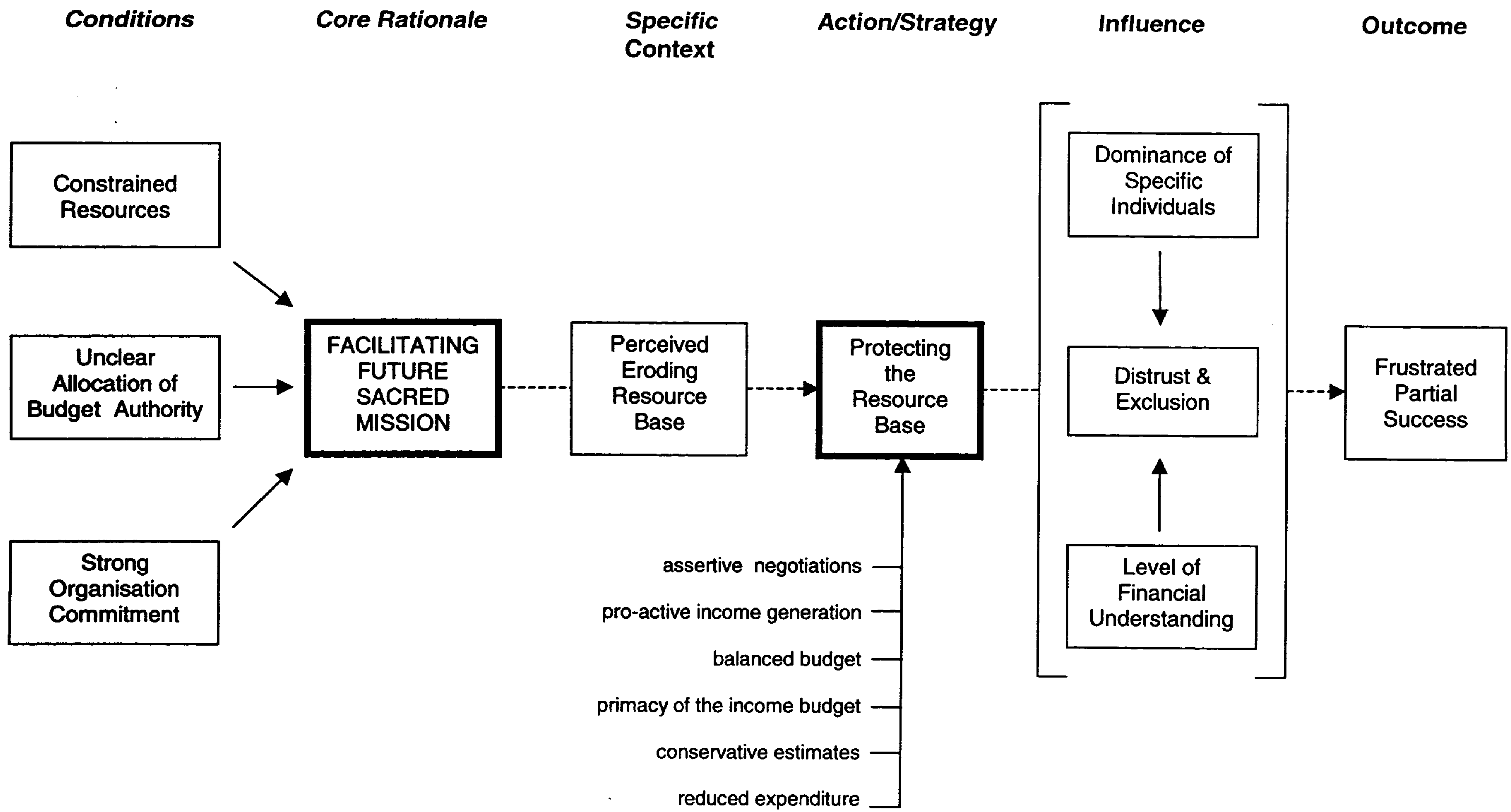

Figure 7.1: A framework of understanding of financial managers' budget experience

7.2.1 Constrained resources

The financial management of the SA Synod was characterised by a consistent awareness of the resource constraints confronting the church. The Synod staff and volunteers were constantly aware of a growing range of needs in the church and the wider community that could be meet by the Synod but which were currently not being addressed. The broad scope of responsibilities held by the Synod bodies meant that such needs ranged from local concerns such as moving ministers between parishes to global issues such as advocating for the reduction of oppression in war torn foreign countries. Likewise, the Synod desired to meet both the spiritual and the administrative needs of its congregations. As societal changes simultaneously raised the need for and the difficulty of providing enhanced spiritual direction to people the demands for such services were growing. Pressures on church administrators as property and tax laws became increasingly onerous for small congregations were also driving an increase in the range of support activities required to be provided by the Synod.

However, at the same time as the demand to increase the range of services provided by the Synod was growing, the Synod was finding it increasingly difficult to generate additional funds from its primary income source - contributions from congregations. For some years, church managers had been arguing that the income received by congregations was in decline. This decline was seen to have resulted from a number of factors, including falling membership numbers, an increasingly aged membership whose personal income was in turn being eroded by falling interest rates, the increasing financial hardship being faced by rural church members, and the trend for church members to direct a portion of their total giving to 'mission' programs other than those provided by the church. At the same time as congregations were experiencing falling income levels, they were incurring increasing costs of maintaining ministers and property. Likewise, in parallel with the Synod, the congregations were also facing local demands to provide an expanding range of services to meet the needs in their own communities. The financial squeeze resulting from demands to spread a tighter income base over an increasing range of services meant that an increasing number of congregations were either forced to or chose to reduce the real value of their contribution to the Synod MSF.

This environment of resource constraint was an important element characterising the context in which the Uniting Church's financial managers worked. The financial managers were aware of the need for "maximising income from all sources" and felt that they were "doing a good job" of this task (RMC EO2). The management of expenditure by the Commissions was also carefully monitored by the financial managers. While the financial managers had little power to control the expenditure once approved in the budget, they pro-actively sought to recommend policies or procedures designed to reduce the overall expenditure requirements of the Synod. Such initiatives also incorporated a number of services that could be utilised by congregations to increase their earnings on investments or to save on their costs of administrative and property management. In summary, the condition of constrained resources was a significant factor underpinning the financial managers' determination of their core rationale and strategies.

7.2.2 Unclear allocation of budget authority

Decision making throughout the 1996 budget process was hampered by arguments pertaining to the appropriate allocation of authority for the final determination of elements of the budget process and policies. Such disagreements were evident in all four narratives presented in Chapters Five and Six, indicating a lack of clarity regarding; the financial managers' right to participate in determining the budget process (section 5.2), the extent to which the financial managers could dictate the overall budget policy (section 5.3), and the degree of autonomy held by the financial managers to determine the income budget numbers (section 6.2) and the income budget policies (section 6.3). This section will examine issues underlying the allocation of authority further.

As noted in Chapter Four, the Uniting Church in Australia is underpinned by a complex, and at times confusing, management structure dominated by a clear preference for a consultative model of decision making. At the Synod level, management tasks are undertaken by a number of interlocking committees. These committees are theoretically equal in status and are thus obliged to consult with one another prior to making decisions that will impact on other bodies within the Church. Such consultation is intended to facilitate the formation of policies and practices that have the consensus of all parties affected by the decision.

While participative decision making has the support of the Church, problems were seen to occur during the 1996 budget process when the strongly held views of particular groups made the achievement of a consensus difficult. Under these circumstances the Synod was seen to revert to a more conventional decision making process, taking votes, imposing committee decisions, and seeking to refer decisions to 'higher' bodies (ie Council of Synod). While such a process was necessary to facilitate an outcome to the budget process, it suggested a lack of clarity regarding the power held by the various bodies of the Synod. This in turn meant there was considerable scope for particular interest groups to attempt to 'use' different committees to seek support for their own agendas, both by trying to build consensus for their perspective within the Commissions and by seeking support of the 'higher' decision making bodies (ie Council of Synod and Synod) to override Commission decisions with which they were not satisfied.

In parallel with this preference for participative decision making has been a tendency in South Australia for the Synod and Council of Synod to give the Commissions considerable scope for developing their own charter, by-laws and other memoranda that specify the scope of responsibility of that Commission. The resultant documents have then been subject to the approval of the Council of Synod. However, despite such approval, there has still been sufficient flexibility in the definition of each Commission's responsibilities to allow some problems in the interpretation of the scope of power of particular Commissions. The major overlap that has impacted on this study was found in the statements made in the Charters[61] of Focus and the RMC regarding their intended respective contributions to the annual budget process. The by-laws of the RMC stated that it was their responsibility to

> prepare a Mission and Service Fund Budget of the Synod to be approved by the Council of Synod and to monitor income and expenditure.

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[61] Each body established by the SA Synod has a Charter which defines, in general terms, the responsibilities of that body.

The equivalent documents for Focus stated that Focus was responsible to

> arrange an annual meeting of the Commissions to enable them to explore together block grant allocations for the following year [ie the detail of the Mission and Service Fund allocations]

Neither of these statements adequately described the roles that the respective bodies were given by Council of Synod in the 1996 budget process; Focus being requested to negotiate the allocation of the expenditure budget and the overall budget document, while the RMC was initially given the task of preparing the income budget and assisting the Commissions with particular elements of their budget calculations. Thus the lack of specificity in the overall distribution of budget authority between the committees facilitated a protracted and, at times, quite assertive negotiation between Focus and the RMC. The lack of clarity regarding appropriate decision making bodies noted above was again seen to have influenced this negotiation, as the Council of Synod seemed quite reluctant to step in and resolve the differences of opinions, preferring instead to encourage the two committees to reach a consensus by themselves.

7.2.3 Strong organisational commitment of the financial managers

An important condition underlying the experiences of the financial managers in the SA Synod was the strong organisational commitment held by this group of people. At the time of the study, the dominant contributors to the financial management of the Synod were two staff members (the RMC EOs) and seven volunteers. The strength of commitment to both the Uniting Church, as an organisation, and the Christian values underlying that organisation, suggested that the financial managers of the SA Synod may have incorporated the goals of their entity into their own rationale in a more explicit manner than those whose working lives are intertwined within a less value-laden organisation.

The RMC EO1 had been employed within the Synod for 9 years, first as a property administration clerk and later as the Executive Officer - Property. Conversations with both volunteers and managers within the Synod and with church people outside the Synod revealed a consistent picture of the RMC EO1 as a hard working and competent manager who had not only delivered excellence in the performance of his primary duties, but had actively sought to voluntarily expand his role where he saw the need for additional services to be provided. The RMC

EO1 was widely acknowledged as providing long hours of service in his role, which incorporated attendance at many 'out of hours' meetings and travel to remote locations as well as giving attention to many more 'routine' matters. Such service was not well rewarded in a financial sense. At the time of this study, the RMC EO1 received a remuneration package well below that payable for an equivalent position in a commercial entity. At the same time as the RMC EO1 was serving the church in his employed capacity, he also gave many hours of voluntary service to his local Uniting Church congregation, both as an active participant in the Christian activities of the church and in other administrative roles.

Like the RMC EO1, the RMC EO2 was also a long term staff member of the Uniting Church, having commenced employment in 1988 as a clerk and later being promoted to the Executive Officer - Finance. Her job also involved long hours, including evening and weekend meetings, and the need to give attention to an ever increasing range of duties. Again, she received a quite low salary package, by private sector standards. While the RMC EO2 was not a confirmed member of the Uniting Church, she was a strongly committed participant in another large Protestant denomination. In addition to her services at the local parish level, the RMC EO2 was also a member of her Synod and was extensively involved in a number of ecumenical projects and endeavours. Both the RMC Executive Officers were regular participants in the Uniting Church prayer groups and bible studies organised for the Synod staff and during the period of this study, the RMC EO2 had taken over the responsibility for organising monthly church services for the Synod staff.

The volunteer financial managers who were members of the RMC and the associated financial management committees of the Property Trust, the Financial Services Task Group and the property management committees had in many cases a long history of involvement with the Uniting Church and its predecessor organisations. For example, the financial management volunteer who was also a member of the Budget Task Group had been serving the Synod financial committees of the Uniting Church since its inception in 1977. Prior to that time, he had been a member of one of the Uniting Church's predecessor churches, the Methodist Connextion. During this period he had also made a substantial contribution to the financial management of his local congregation and had been an active Treasurer of a metropolitan Presbytery. A similar picture can be drawn for many of the other financial management volunteers, most of whom made an active contribution to the financial and spiritual activities of their congregations, as well as serving the Synod in a financial management capacity. While the volunteers were not expected to contribute the hours of the paid RMC Executive Officers, a number were seen to provide considerable labour to their Church; attending meetings, negotiating with other church managers, preparing reports, providing specialist assistance on an unpaid basis, and so on. Many of the financial management volunteers were widely regarded within the Church as strong church people, providing a sound Christian witness in the wider community.

In summary, the financial management staff and volunteers were seen to be strongly committed to the Christian faith and objectives underlying the Uniting Church in Australia. This commitment could thus been seen to be a central condition influencing the development of the rationale underlying the financial managers' activities.

7.3 CORE RATIONALE UNDERLYING THE ACTIONS OF THE FINANCIAL MANAGERS

Section 7.2 has addressed the significant conditions in which the experiences of the financial managers were grounded. These conditions provide the underlying foundation of the rationale developed by the financial managers to explain their perceived purpose or goal of their activities in the Synod of SA. This section will now outline the nature of this core rationale, and will then explain how it is derived from the conditions identified in section 7.2.

This thesis argues that the financial managers wholeheartedly believed that their core raison d'etre within the Synod was *facilitating the future sacred mission* of the church. While the charter of the RMC indicated that the financial managers were clearly charged with responsibility for the oversight of the financial management activities of the Synod, such formal documentation did not specify the raison d'etre underlying such tasks. Thus the flexible nature of the administrative structures of the Synod enabled the financial managers to develop their own interpretation of their role within the entity.

The financial managers' rationale of facilitating the future sacred mission of the church can be seen as containing two significant elements; facilitating mission through finance and facilitating the future. While these two elements are intertwined, an attempt will be made to discuss each separately below.

7.3.1 Facilitating mission through finance

The role of 'facilitating mission through finance' appeared to have two dimensions; first, a commitment to facilitating the mission of the church and, second, a commitment to providing finance for that mission. As discussed in section 7.2.3, the financial managers were strongly committed to the values and goals of the Uniting Church. They saw their Christian ideology and their financial skills as being inextricably intertwined and saw themselves as bringing such a perspective to the Church to assist in the effective achievement of the goals of the Church. To this end, attempts by the Focus EO to distinguish between the goals of the financial managers and the 'mission' of the church was perceived as hurtful, derogatory, and somewhat pointless by the financial managers. Likewise, the financial managers appeared to be angry and frustrated that they should be criticised for their actions on the grounds that they "haven't got the wider view of the church" (senior Synod manager) when they were all long standing Christians committed to providing "service to the church in finance and resources [with] credibility [in an] atmosphere of trust, openness and honesty" (RMC EO1).

While the financial managers contributed to the mission of the Uniting Church in many ways (see section 7.2.3), they were seen to argue that they had a primary role in the ongoing facilitation of such mission by ensuring adequate finances and financial management systems were in place within the Synod. The explicit acknowledgment of this objective was rare, with the clearest statement of this agenda being provided by the RMC EO1's claim at the 1996 Synod meeting that the RMC's core task was seen to be "financing the mission of the church in the future". Such a claim was not an acknowledgment of a role merely restricted to providing funds for the church, but was seen as an active contribution to the mission of the church. This goal was seen by the financial managers to have a high priority at the time of the study, as the Synod was operating in an environment characterised by a continuing resource shortage (see section 7.2.1). In particular, the decline in parish contributions to the Synod was interpreted by the financial managers as highlighting the need for the Synod to develop sources of income that were independent of the congregations and for the Synod to consider a careful prioritising of spending so that the limited resources were used to most effectively promote mission.

7.3.2 Facilitating the future

The actions of the financial managers during the 1996 budget process indicated that their focus was very much on the future, in addition to the immediate budget year. The financial managers thus perceived that they had a responsibility not only to facilitate mission through the current budget, but to manage the finances of the Synod in such a manner as to ensure that there would also be a sufficient asset base available to facilitate mission in the future years. Hence the budget strategies of the financial managers exhibited actions intended to increase both short term and long term income. While the financial managers were aware that some of their strategies for increasing future income may have meant a reduction in funding for mission in the current year, they believed this was an effective trade-off to attempt to ensure the future financial security of the Synod. Again, they were frustrated by the criticisms directed at such practices, unable to understand why other managers did not "accept that we cannot go on funding things" (RMC EO2) without threatening "the long term viability of the church" (Financial Management Volunteer).

7.4 SPECIFIC CONTEXTUAL ELEMENT INFLUENCING THE SELECTED ACTIONS/STRATEGIES

The nature of the actions/strategies selected by the financial managers will be primarily determined by the perceived ability of such actions/strategies to facilitate the achievement of the core rationale or goals of the financial managers. However, while the core rationale underlying the financial managers' actions may be consistent over time, the particular actions utilised may vary as the specific contextual elements influencing the financial management environment change. Thus while the core rationale of facilitating future sacred mission can be seen to underlie the actions and strategies adopted by the financial managers, the exact nature of the strategies utilised at a particular point in time will also be dependent on the specific contextual features perceived to exist within the entity during that period. An understanding of the actions/strategies undertaken by the financial managers will thus also require a consideration of such context and the influence that it will have had on the strategies selected for use at a particular time.

During the 1996 budget process, the actions and strategies adopted by the financial managers were significantly influenced by the perceived erosion of the Synod's financial resource base. The financial managers were clearly concerned about a perceived decline in the asset base in general, and the investment assets in particular, of the Synod. This concern was specifically raised in the context of the 1996 budget as the financial managers feared that the approval of a further budget deficit for 1996 would require the redirection of additional liquid investment funds into financing the recurrent expenditure of the Synod for that year. Such an action would in turn decrease the investment base of the Synod.

The financial managers' concern with the real value of the component of the Synod's capital base available for investment was driven by a desire to maintain the level of investment income that could be earned for the Synod. As noted in Section 7.2.1, the Synod was facing an environment of limited resources, with a particular expectation of a long term reduction in the level of parish contributions. The financial managers clearly believed that the income from parishes was under threat and actively promoted this message during the budget process. As parish contributions were expected to fall, the Synod's managers were being encouraged to actively seek alternative sources of income to supplement the anticipated decline.

At the time of this study, the financial managers controlled a substantial investment portfolio of deposits, equities and property on behalf of the Synod. They had been quite successful over a number of years in earning a substantial rate of return on this portfolio. As a result, investment income was forming an increasingly important component of the income budget of the Synod. Such income was also perceived by the financial managers as an essential component of the long term financing of the Synod as it enabled the Synod to be increasingly self-sufficient in funding its own activities, rather than having to ask for more money from congregations. The financial managers thus perceived that income from investments held by the Synod was likely to become an increasingly important source of revenue for the Synod as it struggled to continue to provide mission services in the future.

However, the provision of investment income for the Synod was highly dependent on having a substantial body of assets available for investment and in maintaining the real value of this so-called resource base. At the time of this study, the financial managers feared that the resource base had been eroded by the requirement to fund a series of annual budget deficits and to make capital gifts to various church associated bodies. This perceived declining resource base was of concern to the financial managers, as it represented a reduced capacity to earn investment income, which was in turn seen as threatening the ability of the Synod to finance future mission independently of the parishes. The development of strategies and actions by the financial managers during the 1996 budget process to achieve their core objective was thus strongly influenced by the perceived erosion of the Synod's resource base.

Interestingly, there was a strong indication in the data that the financial managers' fear of a declining resource base may not have been as strongly grounded in the organisational reality as was indicated by the financial managers' arguments. In their frequent references to the impact of past deficits, the financial managers rarely acknowledged that the budget deficits had generally had a minimal impact on the actual financial position of the Synod. Such 'better than expected' outcomes generally occurred because the Synod often received additional funds from unspecified[62] bequests and capital gains (both realised and unrealised) that were sufficient to substantially offset any resultant actual deficit in recurrent operating income. Thus while the accumulated budgeted deficits from past years appeared significant, the impact of such budgets on the actual financial position of the Synod was somewhat less than indicated by the budget figures.

Regardless of the reality of the changing state of the MSF resource base, the financial managers did appear to quite strongly believe that this source of future funding was being eroded. As noted above, the financial managers feared that such a decline in investment assets could in turn reduce the investment income earning capacity of the Synod. In a environment of declining contributions from parishes, the maintenance of income from investments for the Synod represented

[62] 'Unspecified' bequests could be used for any purpose as directed by the Synod. Minor unspecified bequests were generally incorporated into annual accounts of the Mission and Service Fund, thus forming an additional source of income to the Synod.

a fundamental component of the ability of the Synod to continue to provide sacred mission activities in the future. Thus the perceived declining resource base was seen to represent a significant threat to the financial managers' core objective of facilitating the future sacred mission of the church.

7.5 ACTIONS/STRATEGIES ADOPTED BY THE FINANCIAL MANAGERS

The above analysis has identified that the core rationale of the financial managers in the SA Synod during the 1996 budget process was their desire to facilitate the future sacred mission of the Uniting Church. During this period, the financial managers perceived that their ability to successfully achieve this goal was being threatened by the potential decline in the resource base of the Synod. The actions and strategies adopted by the financial managers in the 1996 budget process can thus be seen as being explicitly directed at attempting to moderate the long term impact of the perceived financial context on their central objective.

The four budget narratives were focused on reflecting the detail of the negotiations underlying the determination of the 1996 budget. As such, they made visible a number of actions and strategies adopted by the financial managers within the budget process. However, further analysis of the actions and strategies identified within the narratives indicated the existence of a global overarching strategy that drove the particular actions identified in the earlier chapters (see Figure 7.1). This section will thus outline, first, the overall primary strategy adopted by the financial managers and, second, the nature of the subsidiary actions/strategies taken to facilitate this primary strategy.

7.5.1 Primary strategy: protecting the capital base

The primary strategy exhibited by the financial managers was the protection of the resource base underlying the Synod's Mission and Service Fund. This strategy was seen to be the financial managers' interpretation of the most appropriate approach to facilitating the future sacred mission of the Synod in the context of a perceived eroding resource base (see Figure 7.1).

The financial managers perceived that the appropriate management of financial resources was integral to facilitating the future sacred mission of the Synod (see section 7.3.1). The ongoing decline in the ability or willingness of the parishes to fund the Synod (see section 7.4) had resulted in the financial managers placing an increased emphasis on the significance of the potential investment earnings of the Synod as the foundation of the future funding for Synodal mission projects. However, as noted in section 7.4, such a strategy was inherently dependent on the Synod maintaining or building up a sufficient pool of resources that were of such a nature that they could be invested to earn the income required to fund the mission of the Synod. At the time of the study, the maintenance of this resource pool was perceived to be being threatened by the need to liquidate resources to fund deficit budgets and un-budgeted expenditure. Therefore, the financial managers perceived that in order to facilitate the future sacred mission of the Synod in the current resource context, they needed to actively seek to adopt a strategy of maintaining or protecting the Synod's investment assets. Such a strategy would allow the financial managers to increase the investment income available to the Synod, which was in turn perceived by the financial managers as essential in facilitating the provision of the 'sacred' mission activities of the Synod in the future. In order to implement such a primary strategy, the financial managers were seen to advocate a number of subsidiary strategies, all of which were seen to contribute to the protection of the resource base by minimising the demands made by the budget on the assets held by the Synod.

7.5.2 Subsidiary strategies

In order to protect the resource base of the Synod, the financial managers were seen to adopt a number of significant subsidiary strategies during the 1996 budget process. First, the financial managers chose to adopt a strategy, perhaps subconsciously, of *assertive negotiations*, both in terms of their right to participate in budget-related decision making and in promoting their viewpoint within the negotiation processes. The financial managers were seen to persistently argue for their right to contribute to the budget development process (section 5.2), for the need for a balanced budget (section 5.3), for the adoption of a conservative income budget (section 6.2) and for the inappropriateness of the inclusion of capital gains in the budget calculations (section 6.3). However, these assertive claims were restricted to the components of the budget process within which the financial managers perceived themselves as having direct jurisdiction, namely the process of formulating the budget and the calculation of the income numbers. The financial managers were not seen to advocate an increased involvement in the budget process beyond these conventional areas of contribution. For example, the financial managers made limited comments regarding the nature of the expenditure budgets of the other Commissions, only making recommendations regarding the calculation of specific items such as motor vehicle allowances. There was thus no attempt to assert a public influence on the mission activities that were reflected in the Commission budgets. In summary, while the financial managers were seen to participate in the budget negotiations in a persistent and assertive manner, such assertiveness was considered to be reserved for the areas of the budget process to which the financial managers felt they had a right to contribute.

Throughout the budget process, the financial managers were seen to make efforts to *proactively generate income* for the MSF. Such income generation efforts focused on increasing the investment earnings on the Synod portfolio and encouraging associated bodies to increase their grants to the MSF. While the financial managers were aware of the potential for increasing income from parish contributions, they felt they lacked the authority to try to persuade parishes to increase their giving. However, the RMC EO2 did make efforts to maintain good relations with parish and presbytery treasurers to encourage them to meet their existing MSF budget commitments.

The third strategy adopted by the financial managers was that of arguing for a Synod policy of approving only *balanced budgets* for the MSF. As noted in Section 5.3, the financial managers believed that the Synod needed to have balanced budgets to avoid the "erosion" of its resource base as liquid investment funds were utilised to finance short term excesses of expenditure over income. The promotion of a balanced budget was thus a critical component of the financial manager's strategy of protecting the capital base.

The manner in which the financial managers envisaged the application of the balanced budget strategy was determined by their perception and promotion of the *primacy of the income budget* in the budget negotiation process. The financial managers felt that the income budget should act as a constraint on the amount of expenditure that could be incorporated into the MSF budget. This perspective contrasted with that of the Focus EO, who felt that a more appropriate approach to budgeting in the Church would be to determine the necessary expenditure for the coming period and then challenge the income providers to meet that target. The financial managers argued that this latter budgeting strategy was unworkable within the Synod as there were only limited sources of income available to the Church.

In parallel with the 'balanced budget' strategy, the financial managers were seen to adopt two further strategies that appeared to have the goal of reducing the overall size of the budget. The dominant position that appeared to be taken by the financial managers regarding the calculation of the income budget was to publicly and openly advocate the need for a *conservative estimates of income*. At times this appeared to contrast other claims by the financial managers that they were actively seeking to maximise the income available to the Synod. However, the evidence derived from the case study suggested that while the financial managers were acting in such a manner as to generate significant returns on investments and to encourage giving from both traditional and innovative sources, they approached the budget negotiations with a desire to effect conservatism in the resultant document.

The financial managers' conservatism was particularly apparent in their advocacy for a reduced budget for income from parishes. This conservatism was argued to be grounded in historical precedence, as actual contributions from parishes had often been less than the initial amount enthusiastically promised by the parishes. The financial managers felt that the current climate in both rural and metropolitan parishes, combined with a preference to direct less funding to the Synod, was unlikely to facilitate a turnaround in such historical trends. They were thus expressing a public concern that 'over-budgeting' for income from parishes would result in budget that was not "realistic".

While such a conservative approach to the calculation of income from parishes in the budget appeared to reflect prudent budgeting practice, a further examination of the data revealed that the financial managers had incorporated into their income budget a more deliberate conservatism. This conservatism was argued by the Synod's non-financial managers to, on occasions, constitute the understatement of income. Examples of such behaviour included; knowingly overstating the contingency allowance in the calculation of parish income (section 6.2.4), the acknowledgment that budgeted income from investments was often understated (section 6.2.6), and the determination to resist the inclusion of highly probably grants from associated bodies until formal notification had been received (section 6.2.5). Further evidence of the preference to minimise the income budget was indicated in the strong resistance evidenced towards the proposed inclusion of an estimate of capital gains in the 1996 budget (section 6.3). Although actual capital gains were already being treated as income in the accounts of the Synod, the financial managers were vehement that such a policy was inappropriate for the church. Reference to the broader investment community was invoked by the financial managers to argue that such an action was poor business practice.

While the preference for conservatism in the income budget was advocated by the financial managers in the name of a realistic and appropriate budget, an analysis of the statements made by the financial managers during the budget negotiations indicated the existence of a 'higher' goal. By conservatively estimating the income available to the budget, the financial managers were able to reduce the total amount of potential actual income approved for expenditure within the Synod. This in turn increased the possibility that the actual 1996 income would be sufficient to cover the approved expenditure obligations of the Commissions, thus reducing the likelihood that the Synod would be required to draw on its resource base to fund a MSF deficit. It thus appeared that the financial managers' conservatism was part of their underlying strategy of protecting the capital base of the church.

Intertwined with the 'balanced budget' agenda and the 'conservative income budget' strategy was another sub-strategy of encouraging *reduced expenditure* by Commissions. The financial managers recognised that there were many areas of need within the church to which the Commissions wished to respond, but couldn't because they were hampered in such initiatives by a lack of resources. To a limited degree, such opportunities had been financed in the past by the use of deficit budgets, a practice now rejected by the financial managers. As the financial managers perceived there was little scope to increase budgeted income (ie the supply of resources), they argued that it would be necessary instead for the Commissions to consider reducing expenditure. Forcing such reductions onto the Commissions was intended to encourage them to identify inefficient or low priority activities that could be removed. The funds 'saved' from such initiatives could then be used to reduce or eliminate a potential MSF deficit, thus again enabling the protection of the resource base from further deficit-driven erosion. The use of conservative income estimates within the income budget, combined with the goal of a balanced budget, was felt to provide a more stringent budget target to which the Commissions could aim, thus facilitating the availability of increased funds to be reinvested in the Synod's resource base.

7.5.3 Summary

The overarching or primary strategy espoused by the financial managers during the 1996 budget process was seen to be the protection of the Synod's resource base. Achieving this strategy was facilitated by the adoption of a number of subsidiary strategies, namely; assertive negotiations, proactive generation of income, balanced budgets, promoting the primacy of the income budget, conservative estimates of income and reduced expenditure. With this understanding of *what* the Synod's financial managers were doing during the 1996 budget process and *why* they were behaving in this way, the analysis now turns to a consideration of the factors influencing the success of such strategies in achieving the financial managers' core objective.

7.6 FACTORS INFLUENCING THE OUTCOME OF THE ACTIONS/STRATEGIES ADOPTED BY THE FINANCIAL MANAGERS

The narratives presented in Chapters Five and Six indicate that the financial managers perceived that the success (or otherwise) of the strategies utilised to protect the resource base, and thus facilitate the future mission of the church, were influenced by a combination of three main factors. First, the financial managers saw their strategies as being influenced by the dominance of specific individuals and the level of financial understanding of the Synod's managers. These factors were in turn perceived by the financial managers to have combined to encourage the exclusion of the financial managers and their policies from a position of influence within the Synod.

7.6.1 Dominance of specific individuals

The four budget narratives each reflect the dominance of specific individuals in the budget negotiations within the Synod. In particular, the negotiations were dominated by two individuals: the RMC EO2 and the Focus EO. However, substantial contributions to the directions and outcomes of the budget debates were also made by a small number of other prominent individuals, including the Focus Chairperson, the General Secretary of the Synod and a financially knowledgable volunteer. The nature of the contribution of each individual will now be summarised, followed by a discussion of the implications of this influencing factor within the framework of understanding the experience of being a financial manager in the Synod of SA.

The RMC EO2 and the Focus EO comprised the primary contributors to the budget negotiations revealed in the budget narratives. Both individuals appeared to be motivated by a passionate belief in the work of the Uniting Church Synod and were highly committed to ensuring a viable future for both their church and the Synod. However each held very different views about how the future goals of the Church could best be achieved by the Synod. This difference in beliefs regarding the appropriate budget strategies for the Synod seemed to underlie much of the tension between the RMC EO2 and the Focus EO.

The Focus EO was an ordained minister and had worked within South Australian parishes prior to accepting a position within the Synod office. He had occupied a number of roles in the Synod, including being responsible for development of the current Synod Commission structures in 1992. At the time of this study, he was employed part time as the Focus EO and part time as the EO of the Chaplaincies Commission. He also sat on the Council of Synod as an elected member and had been appointed to the Focus Budget Task Group. The Focus EO was thus a highly knowledgable and experienced participant in the functioning of the SA Synod who could use his many committee memberships to exert significant influence within the Synod.

Like the RMC EO2, the Focus EO was strongly committed to ensuring the future of the Uniting Church. However, his felt that his perceptions regarding the most appropriate strategy to achieve such an outcome differed from that of the financial managers. As noted in Section 7.3, the financial managers believed that a viable future for the Synod required the assurance of a sound income base to ensure sufficient finance was available to fund such mission activities. As the ability of the church's membership to provide such income was declining, security was seen to lie instead in the eamings derived from the investment of the resource base of the

Synod. The Focus EO, however, believed that the future of the church lay in building the strength of its membership, rather than the strength of its finances. He held that the most effective way to ensure a viable church in the future was to use the existing resources now to finance innovative mission projects to enable lay people to see the Lord at work both in their community and in the broader world. He thus strongly denounced the financial managers "economic" perspective, arguing that the financial managers' strategy of protecting the resource base would mean that "by the end of this century the Church will be incredibly wealthy but it will be a very small and ineffectual group of people". Thus while the two most significant actors in the narratives documented in this study seemed to share their wholehearted desire for the future of their church, there was a fundamental difference in the appropriate strategies advocated by each individual as necessary for achieving that shared goal.

The 1996 budget negotiations indicated that the financial managers perceived that the Focus EO wished to limit the financial managers' scope of responsibilities within the budget process. The financial managers in general, and the RMC EO2 in particular, felt that the Focus EO was of the opinion that the financial managers were failing to adequately provide income for the church, and that he believed that the financial managers were not acting within the true interests of the church. In particular, they perceived that such critiques contained a number of inappropriate accusations, including the Focus EO's insistence that the financial managers were concerned only with the "economic argument". They also believed that the Focus EO, unlike the financial managers, was able to use his memberships of major decision making bodies of the Synod to promote his own policy perspectives over those of the financial managers.

The perceived criticisms of the financial managers were keenly refuted by the RMC staff and volunteers, in general, and the RMC EO2, in particular, in a number of Synod forums. While most of the financial managers appeared to find the Focus EO's behaviour irritating, the RMC EO2 was seen to respond quite aggressively to the Focus EO's comments and actions. She was particularly concerned that the Focus EO was trying to challenge the scope of responsibilities traditionally held by herself (and her EO predecessors) within the budget process and seemed to interpret such actions as directly threatening to her personally, as well as in an occupational sense. The personal and persistent nature of her correspondence with the Focus EO was seen by the RMC EO2 as quite necessary if the financial managers were to adequately defend their perceived rights to contribute to the budget process and therefore make a worthwhile contribution to the Synod.

It thus appeared that the passionate belief in their respective strategies for the church seemed to provide a major impetus for the assertive and determined contribution of both the RMC EO2 and the Focus EO during the budget negotiations. As both individuals occupied senior staff positions within the Synod office, they were able to command an audience for their varying perspectives regarding budget policy. They were also able to take actions that facilitated the likelihood of successful achievement of their respective strategies. However, the behaviour of both individuals indicated that at times they were willing to utilise aggressive strategies, including quite personal critiques, to achieve their desired goals. The aggression exhibited by the Focus EO and the RMC EO2 thus significantly influenced both the nature and the tone of the budget negotiations that took place in the Synod of SA in 1995. Such behaviour was also perceived by the financial managers to have contributed to their success in having their strategies reflected within the final budget document.

The outcome of the financial managers' budget strategies were also influenced by the perspectives and actions of other dominant individuals within the Synod. The financial managers believed that the successful sale or defence of their policies was at least partly dependent on the strategic appointments of respected financial management staff and volunteers to decision making groups. For example, the RMC appointed a volunteer, who was an experienced investment manager, to the Focus Budget Meeting as he was expected to be able to convince other participants of the appropriateness of the financial managers' investment income estimates in the income budget. Likewise, a volunteer lawyer currently employed as a Court Judge was asked to represent the RMC at the Delegation of Responsibilities Task Group, as he was perceived to be a good negotiator on difficult matters and to be able to command the respect of the other Task Group participants. Again, both of these financial management volunteers demonstrated their belief that it was necessary to assertively present and forcefully argue the financial management position in meetings with non-financial Synod managers. The experience and personalities of the individual financial managers who participated in various committees were thus seen to colour the ensuing discussions and decisions.

The financial managers were also aware that particular non-financial individuals were able to exert significant influence over the reception given to the financial managers' policy proposals. In particular, the expectation of support (or lack thereof) from the General Secretary of the Synod and the Focus Chairperson for particular proposals was considered to be highly correlated with the likely outcome of the relevant debates. Certainly the actions and strategies of the financial managers that were seen to have the most successful outcomes were those that had received the patronage of such senior Synod managers.

In addition to the influence of the senior Synod managers, the outcome of the 1996 budget negotiations were also recognised to be influenced by the contribution of one particular volunteer, who while possessed of extensive financial knowledge and experience, was primarily associated with the mission committees. As noted in Chapter Five, this volunteer had a long and respected association with the major decision making bodies of the Church and had held a significant position on the board of one of the larger 'commercial' not-for-profit bodies associated with the Church for many years. She had thus been asked to participate on the Focus Budget Task Group. Given the volunteer's experience, she was able to provide a considered contribution to the nature of the budget process and to the detail of the budget policies and documents that were developed. She was also able to constructively present her ideas and opinions to all persons involved in the budget process, without evidence of the personal aggression of the Focus EO and the RMC EO2. The volunteer's long term involvement with the mission of the Synod meant that her opinions were highly respected and thus engendered the support of a wide range of Synod decision makers. The position of this volunteer within the budget decision making processes of the church was perceived by the financial management staff as a threat, as they knew she would ask difficult questions and would not accept the dismissive answers often given to other church managers. On a number of occasions, the RMC EOs criticised the volunteer's understanding of the financial position of the Synod, claiming she was misreading the Synod's financial statements and was failing to seek appropriate advice from the financial managers themselves regarding particular financial issues. However, despite such criticisms, the volunteer was still able to persuade many other budget participants of her point of view. Thus the persistent inquiry and critique made by this financially knowledgable volunteer towards many of the financial managers' strategies was perceived as having a significant influence on the eventual outcomes of such actions in the budget process.

In summary the outcome of the budget negotiations appeared to be dependent on the actions of a small number of specific individuals. These individuals primarily comprised particular senior staff members of the Synod. However, a number of volunteers were also perceived as having a significant influence on at least components of the budget policy debates. The outcome of the financial managers' strategies was seen to be dependent, to a large extent, on the relative 'strength' of the financial managers to resist the attempts of other managers to reject their proposals. This strength was in turn grounded in elements of both structure (eg membership of committees, ability to gain a place on committee agendas) and personality (eg relationships between significant Synodal actors, personal charisma, etc) and the degree to which individuals were perceived as having the mission of the church at heart.

7.6.2 Level of financial understanding

The financial managers perceived that a further significant factor affecting the outcome of their actions within the 1996 budget process was the level of financial understanding held by the other participants in the budget negotiations. The successful implementation of the strategies proposed by the financial managers to halt the perceived decline in the resources of the Synod was perceived by them to be highly dependent on the ability of other decision makers within the Synod to understand the agenda being promoted by the financial managers. However, the financial managers appeared to hold many doubts regarding the ability of other decision makers to make good financial management decisions, as they were widely seen to have a very limited understanding of the financial management of the Synod.

In terms of the overall budget process, the financial managers felt that the other budget participants did not understand the extent of the financial managers' historical contribution to the budget activities of the Synod. The financial managers were thus forced to assertively promote the expertise of the RMC EO2 in order to gain their eventual opportunity to make comment on both the budget development process and the detail of the expenditure budgets. Likewise, the financial managers perceived that the other Synod participants did not appreciate the contribution made by the financial managers to the overall financial strength of the Church. Again, the financial managers felt they had a hard task of convincing others that they were indeed committed to the mission of the Church and were providing a substantial service to the Synod through their financial management activities. The financial managers thus felt that they were not perceived as making the positive and important contribution to the overall financial, and thus mission, activities of the Synod that they themselves believed they were providing.

The financial managers also believed that the other budget participants lacked sufficient understanding of financial management principles and practices to easily appreciate, and therefore actively support, the strategies promoted by the financial managers during the 1996 budget process. The low level of financial understanding was seen, from the financial managers' perspective, to impact on many dimensions of the budget process. First, this relative ignorance of financial matters was seen to mean that other budget participants were not able to discern the nature of the perceived declining resource base or its significance for the long term viability of the Synod. As this argument was crucial to the strategies proposed by the financial managers for 1996, the financial managers had to devote substantial effort to convincing other participants that there was indeed a significant likelihood of the resource base of the Synod being reduced. When other participants invoked arguments to suggest that the resource base may have been more substantial than suggested by the financial managers, the financial managers were seen to dismiss such opponents as financially ignorant. Likewise, the strategies proposed by the financial managers were also dependent on a belief that a strong resource base was essential to facilitate a viable church into the future. While careful asset management seems fundamental to financial practitioners, this perspective was subject to challenge during the budget process. The primary disagreement came from the mission managers, who proposed the alternative viewpoint that the viability of the church may in fact be more effectively sustained by spending more now to build up the mission work of the church today, and thus attracting new members to the church. Again, the financial managers dismissed reference to this mission-based rationale, perceiving it as based on a poor understanding of financial management.

The level of financial understanding was also perceived by the financial managers as a problem impacting on their ability to convince other budget participants of the appropriateness of the income measurement policies utilised by the financial managers in the preparation of the 1996 income budget. As previously discussed, the financial managers were criticised for basing their calculation of income from parishes on a conservative estimate of income that was likely to be received, rather than incorporating an optimistic income figure to provide a 'mission' challenge to parishes to give more. Likewise, the financial managers had to assertively resist the inclusion of a budgeted figure for capital gains, however measured, in the calculation of operating income. Again, the promotion of budget policies that were seen by the financial managers as totally inappropriate was attributed by the financial managers to the limited understanding of sound financial management practice held by the Synod's non-financial managers.

The financial managers thus perceived that the success of the financial management strategies proposed during the 1996 budget process were potentially threatened by the low level of financial understanding held by the majority of budget participants. While the financial managers saw themselves as taking many opportunities to educate the other managers regarding appropriate financial policy, they still felt this was a substantial difficulty for them.

7.6.3 Distrust and exclusion

The financial managers perceived that their ability to ensure their strategies were implemented within the Synod was further impended by the level of distrust of the financial managers within the Synod and by their exclusion from many of the decision making forums of the Church. To a large degree, these elements of distrust and exclusion were seen as being derived from the other influencing factors ie the dominance of specific individuals and the level of financial understanding of other participants (see Figure 7.1).

The financial managers' perception that they did not enjoy the trust of all of their fellow managers in the Synod was clearly supported by the evidence revealed in the budget narratives. Throughout the budget process, non-financial participants are seen to voice their perception that they felt that, at times, the financial managers could not be trusted to act in the best interests of the church. While this distrust could be seen in many forms, it was primarily expressed in a concern that the financial managers' budget strategies may be harmful to the mission of the church. The financial managers were thus subjected to criticism for their attempts to impose a balanced budget underpinned by a conservative income budget and thus a reduced level of 1996 expenditure in the Synod. Likewise, the budget participants also questioned the reality of the financial managers' claim of a declining resource base and the nature of the policies determining the measurement of income to be included in the income budget. Underlying such challenges was a significant element of doubt that the financial managers were in fact fulfilling their responsibility of generating income that would facilitate the maximum delivery of mission and spiritual services by the Synod. The distrust of the financial managers that was evident during the budget process was also given strong support by the frustration with the financial managers that was expressed during interviews with the significant budget participants.

The financial managers felt that this lack of trust of their motives was intertwined with a tendency to try to exclude the financial managers from significant decision making forums. Frustration was often expressed by the RMC EO1 and EO2 following perceived failures to be given an appropriate opportunity to speak during the budget development process. In particular, the financial managers were concerned that they were blocked from officially expressing their views about the budget deficit at Synod and Council of Synod. In addition to perceiving themselves as being formally excluded from many committees, the financial managers also perceived a tendency within the Synod to ignore their opinions on significant matters.

The financial managers believed that these elements of distrust and exclusion were primarily derived from two sources. First, they saw the primary expressions of distrust of their actions as coming from a number of specific individuals within the Synod. Again, the Focus EO was seen as a major opponent of the perspectives of the financial managers. The financially knowledgable volunteer was also criticised as "belittling" the financial managers and seeking to denigrate their presentations within a number of forums. While the aura of distrust could be seen to have spread well beyond these few individuals, the financial managers saw the actions of these senior managers as failing to support the financial managers' perspectives and thus encouraging further difficulties for the financial managers in generating support for their strategies within the wider Synod. The second source of motivation for the distrust and exclusion of the financial managers was perceived to be the general lack of financial understanding held by both the specific individuals in the Synod and the general body of Synod decision makers. The financial managers felt that although they were trying to serve the Church as they saw best, the Synod decision makers did not understand, and did not want to understand, the implications of 'good' financial management practice within the Church. The members of the Synod and Council of Synod were thus seen to prefer to ignore matters of financial management and, to this end, were felt to act to minimise the financial managers' contributions to their deliberations.

In summary, the perceived environment of distrust and exclusion of the financial managers was seen to make it very difficult for the financial managers to command a sufficient hearing to promote the significance of their budget strategies for the life of the church. Even where such opportunities were granted, the financial managers felt that the other Synod participants could not, or did not want to, understand the implications of what the financial managers were arguing. These factors were thus felt to reduce the likelihood of the successful adoption of the financial managers' recommended budget strategies.

7.7 THE OUTCOME OF THE BUDGET NEGOTIATIONS

By the end of the 1996 budget negotiation process, the financial managers had achieved mixed success regarding the outcomes of their budget strategies. Their determination to assertively pursue all opportunities to participate in the development and negotiation of the budget had earned the financial managers the opportunity to substantially contribute to determining the final budget process that was used to develop the 1996 budget. However, their ability to influence the negotiations of the expenditure budgets was still quite limited. The financial managers had also managed to reduce the budgeted income from parishes proposed by the Focus Budget Task Group back towards the conservative estimate first proposed by the RMC. However, when collated with other additional sources of income, the 1996 budget facilitated a seven percent increase in expenditure. The proposal to incorporate an estimate of capital gains in the budget had been defeated. However, this victory was likely to be temporary, as there was considerable pressure building to treat an estimate of such amounts as income in future budgets. On the other hand, the financial managers had been unable to persuade the Synod to insist on a balanced budget for 1996. Offsetting this, however, was a Council of Synod decision to move to a balanced budget by 1998.

So how was this myriad of outcomes perceived by the financial managers? Overall, the financial managers appeared disappointed with their achievements during the 1996 budget process. Their primary strategy had been to protect the resource base of the Synod to in turn facilitate the future sacred mission of the church. The outcome of the budget process was seen by the financial managers as failing to achieve that strategy. This in turn meant the financial managers perceived that they were failing to achieve their underlying raison d'etre of facilitating the future sacred mission of the church. The deficit budget, combined with the increase in budgeted income, was seen as being likely to require the liquidation of further investment assets to finance the year's activities. However, more significantly, the budget process seemed to reinforce in the financial managers' minds the difficulties they faced in trying to perform what they saw as the essential tasks of financial management within the Synod. Overall, the financial managers appeared frustrated and disappointed with the outcomes of the budget process. They often seemed angry that they were devalued within the entity - that they were not trusted and were not seen as working towards the core goals of the Church. While the financial managers did recognise the times when their subsidiary strategies were achieved, they seemed to feel that such victories were insufficient to achieve either their primary strategy or to satisfy their underlying raison d'etre. However, they were clearly determined to continue to actively seek to achieve the strategies they believed were right for the church. It is thus concluded that the financial managers perceived the outcome of the budget process as that of a frustrated, but partial, success.

7.8 SUMMARY - A FRAMEWORK OF UNDERSTANDING

The preceding sections have provided a detailed description of the elements comprising the framework of understanding the experience of 'being' a financial manager during the 1996 budget process of the Synod of SA. These descriptions have also highlighted many of the links or interrelationships between these elements. This section will conclude the detailed discussion by briefly summarising the framework of understanding introduced in Figure 7.1.

The conditions influencing the environmental in which the financial managers of the SA Synod were practising their craft in 1995 were characterised by three significant features. First, the Synod was facing an ongoing struggle to generate sufficient resources to fund the mission activities deemed essential to the work of the church. While all areas of the Synod were aware of this situation, it had a particular influence on the financial managers as they took upon themselves much of the responsibility for the management of the funds of the church. Second, the organisational structures that facilitated decision making in the SA Synod were dominated by a lack of clarity in the allocation of authority regarding the determination and management of the budget development process. This failure to clearly specify the responsibilities of the individual management bodies within the Synod gave the financial managers considerable latitude for creativity and initiative in determining the nature and extent of their budget participation. However, it also gave similar rights to other management groups, thus providing considerable scope for conflict regarding the appropriate delegation of budget duties.

The third condition identified in the framework was the strong organisational commitment held by the financial managers. The financial managers were seen to be clearly committed to the transcendental spiritual goals of the Uniting Church, both in the performance of their financial management duties and in their personal lives. This strong attachment to the objectives of the organisation in turn influenced the financial managers' own rationale for practicing their craft.

These conditions impacted on the financial managers' interpretation of their core rationale as that of facilitating the future sacred mission of the church. This raison d'etre drove their financial management contributions, both strategically and operationally. The financial managers thus perceived their primary rationale for their actions within the Synod was that of ensuring that there would be sufficient financial resources available in the longer term to facilitate the continued provision of spiritual and mission services in South Australia. However, at the time of this study, the achievement of this core rationale was felt to be under threat from a perceived decline in the resource base of the Synod. The financial managers saw the maintenance of an adequate resource base as critical to their objectives, as a strong and appropriately invested resource base could be used to build a sound income base to provide long term secure funding to the Synod. The need to liquidate resources to fund recurrent deficits was seen by the financial managers as a critical problem that required urgent attention from the Synod management.

To this end, the financial managers adopted a primary strategy during the 1996 budget process of promoting policies that would protect the resource base from further deterioration. Such policies included advocating a balanced budget, underpinned by a conservative estimate of income. This was seen as having the effect of reducing the total finances available for inclusion in the expenditure budget, thus reducing the demand placed by the Synod on the resource base of the Church. Likewise, the financial managers argued that the appropriate way forward to balance the budget was by reducing the expenditure activities of the Synod, rather than by incorporating 'faith' estimates in the income budget. Again, this was seen to have the effect of ensuring a conservative budget, which would in turn reduce the risk of a deficit that would need to be funded from the Synod's existing resources. The financial managers assertively promoted their policies as fundamental to the future success of the Church.

The success of the financial managers in gaining support for their strategies was influenced by a number of factors. First, the existence and actions of a small number of specific individuals had a considerable impact on the promotion of the strategies. The determination and persistence of one of the senior financial managers employed within the Synod did much to keep the financial managers' strategies at the forefront of discussions. However, the financial managers' policies were strongly challenged throughout the budget process by a senior mission staff manager and by a financially knowledgable volunteer. As these two persons were members of the major budget task groups, they were able to exert a significant influence over the budget process and the details of the budget documents. They were also able to gain access to the appropriate forums to ensure their own perspectives on the financial managers' policies were heard and considered. The financial managers perceived that these persons did not trust the motivations underlying the financial managers' contributions to the budget process and were deliberately seeking to discredit and exclude the financial managers from budget decision making forums on the grounds that the financial managers were only interested in economic rationalities, rather than mission solutions.

The financial managers also felt that their ability to promote their strategies within the Synod was seriously hampered by the lack of financial knowledge or interest held by the majority of senior Synod managers and other budget participants. This poor financial understanding was seen to contribute to the difficulties experienced by the financial managers in their efforts to draw attention to the financial crisis that was perceived as looming within the Synod. Likewise it was seen to limit the budget participants' appreciation of the financial managers' argument that a declining resource base would seriously curtail the ability of the Synod to provide mission in the future. Opposition to the financial managers' detailed budget policies was also attributed to the poor financial understanding of those expressing disagreement. The financial managers further perceived that this disinterest exhibited by the budget participants within the Synod resulted in a desire to restrict the opportunities for the financial managers to participate in Synodal decision making forums, as members would prefer to focus on their mission interests and not be interrupted by the presentation of a financial 'reality'.

The conclusion of the 1996 budget process saw the financial managers as partially successful in achieving the policies promoted during the budget negotiations. However, the financial managers felt that these limited achievements were insufficient to constitute an adequate protection of the resource base of the Synod and to thus ensure the facilitation of the long term future sacred mission of the Synod. They also felt that the failure of the Synod to appropriately clarify the nature and scope of their financial management duties was a considerable source of frustration. This frustration was compounded by the perceived continual rejection by specific non-financial individuals of the financial managers' overarching fundamental desire to enable the work of the Lord within the Church. The examination of the experience of 'being' a financial manager in the Synod of SA during the 1996 budget process thus concludes with a strong sense of their frustrated, although partial, success.

CHAPTER 8 IMPLICATIONS FOR EXISTING KNOWLEDGE

8.1 INTRODUCTION

It was noted in Chapter Two that this study would utilise the existing church accounting and financial management literature to sensitise the researcher to elements of potential significance in the current case data. The process will now be reversed, with a consideration of the implications of the findings of the current study to inform the current knowledge of church financial managers revealed in the literature.

The findings of this study both complement and extend the understanding of being a church accountant or financial manager derived from the prior academic, investigative and professional church financial management literature. While the primary focus of this study differed from that of previous studies, the provision of further empirical data concerning the practice of accounting and financial management in a church entity has contributed to the process of building an understanding of such activities. The focus of the study on the perspective of the individual financial managers has also facilitated an extension of the understanding of church financial managers derived from the existing 'skeletal' frameworks.

This study can be clearly differentiated in its focus from each group of literature examined earlier in this thesis. First, the thesis differed from the academic studies in that it focused on gaining an understanding of the experiences and perceptions of the financial managers themselves, rather than on the accounting and financial management systems that they manage. Second, while the investigative literature provides some external commentary on church financial managers' actions, this thesis examines what the financial managers do and why they do it from within their own worldview. Finally, this thesis differs from the professional literature in that it focuses on a large church entity and again tries to study the financial managers as actors from within their own organisational context, rather than simply providing an 'objective' outsiders' interpretation. The findings of this thesis can thus contribute to the existing body of knowledge of church accounting and financial management by providing a greater understanding of what financial managers believe they are doing, the rationale driving such actions, and the factors that are seen by the financial managers as impacting on their experiences. This section will thus utilise the findings of the study to reflect on the major themes emerging from the existing church accounting literature.

8.2 NATURE OF THE BUDGET SYSTEM

Prima facie, the study of the SA Synod reveals a budget process that appears similar to those presented in the academic studies of other large church entities conducted by Booth (1995, 1991), Laughlin (1984) and Parker (1993, 1994a) (see section 3.2.1.1). Like the other churches studied by these authors, the SA Synod had a complex and lengthy budget process that was grounded in the desire for a high degree of participation from both the expenditure bodies and the income providers. In parallel with previous studies, the SA Synod budget was seen to be comprised primarily of fixed costs, with little scope for budget variation within a twelve month period. The SA Synod budget process was also seen, like previous studies, to commence with a substantial 'first draft' deficit which then focused the budget process on options that could be utilised to move the budget deficit downwards. (Booth, 1995, 1991; Laughlin, 1984; Parker, 1993, 1994a)

The focus of the SA Synod's budget process was primarily on the use of the budget to allocate the annual budgeted income among the various competing Synodal activities. In common with Parker's (1994a) observations of the Victorian Synod of the Uniting Church, the budget process was not underpinned by an explicit long term strategic planning agenda. This appears to be a common trend in large church entities, as such an agenda was not clearly evident in the budget descriptions provided by the other academic and investigative authors (see, for example, Booth, 1995; Laughlin, 1984; Lovell, 1997; Tidwell and McKee, 1993). The budget process of the SA Synod, and possibly church organisations more generally, thus seemed to take place without specifically articulated longer term objectives.

8.3 ACTIONS/STRATEGIES OF THE FINANCIAL MANAGERS WITHIN THE BUDGET PROCESS

8.3.1 Nature of actions/strategies

In common with other church entities examined in the literature, the SA Synod was seen to face an ongoing situation of having limited resources to fund its activities. While this study identified that the financial managers were utilising a broader range of budget strategies than suggested in previous studies, it did again indicate that the financial managers believed that the most appropriate way to address the resource restrictions through the reduction of expenditure budgets, rather than by committing themselves to somehow achieve significant increases in income. Likewise, the financial managers were seen to exhibit a preference for a conservative financial management policy of balanced budgets, as noted in previous studies (Booth, 1995; Laughlin, 1984; Irvine, 1996; Lovell, 1997; Tidwell and McKee, 1993). Such actions were coupled with evidence of the financial managers simultaneously defending a strategy of providing conservative income calculations to form the basis of the 1996 budget expenditure. Booth provided some indirect acknowledgment of similar behaviour in his brief observation that the Uniting Church's Queensland Synod's accountants tended to fail to acknowledge during the budget debates the likelihood of additional un-budgeted income being received in the budget year. However, the SA financial managers were seen to adopt a number of measures to persistently and deliberately pursue their 'conservative income budget' agenda.

The studies of the central bodies of established Protestant churches presented in the literature indicate that the accountants and other financial managers had the capacity to exert a varying, but generally substantial, influence over the budget process. While Booth (1991, 1995 and Parker (1994a) noted that their financial managers were able to substantially influence the nature and outcomes of their respective budget processes, Laughlin (1984) identified a much more limited role for his professionals. Within the South Australian context, the financial managers were able to exert some informal and indirect influence over the budget process and the budget outcome. The potential for the financial managers to influence the budget outcome was primarily through their responsibility for determining the content of the income budget. The total budgeted income could in turn be utilised to constrain total expenditure and therefore the extent of church programs that could be undertaken in the coming year. However, as observed by Laughlin (1984), such influence did not extend to being able to determine the nature of the programs funded by the budget. The ability of the SA financial managers to influence the budget process was thus considerably more restricted than that of their colleagues described by Booth (1991, 1995) and Parker (1994a).

In summary, the 1996 budget process observed in the SA Synod was technically similar to those seen in other major church entities. Likewise the financial managers were seen to focus their attention in the detailed budget negotiations on the perceived appropriateness of expenditure reduction as a mechanism for reducing the budgetary pressures. However, clear evidence was found to support the utilisation by the financial managers of a broader range of budget strategies than was identified in previous studies. Despite the active budget participation exhibited by the financial managers, the examination of the budget process, rather than just the calculations, indicated that they perceived that their potential to exert influence over the budget process or the budget outcome was considerably less than indicated in other studies of central church bodies.

8.3.2 Satisfaction of the financial managers with the budget process

While the features of the SA Synod's budget process and the context of its development exhibited many similarities to the budgets examined in the church accounting literature, a fundamental difference was perceived in the attitude of the financial managers towards the budget process. The existing academic studies suggested that the accountants were accepting or tolerant of the nature of the budget process utilised by their church entity and their role within that process (Abdul-Rahman and Goddard, 1998; Booth, 1991, 1995; Irvine, 1996; Laughlin, 1984; Parker, 1993, 1994a). Such an implication was also inherent in much of the investigative literature (see, for example, Gollin, 1971; Tidwell and McKee, 1993). Where this tolerance was explained, it was attributed to the fundamental acceptance by the members of such 'secular' occupational groups of the dominance of the 'sacred' agenda within their entity and thus the secondary or subordinate nature of their accounting expertise in organisational decision making. Interesting, this degree of acceptance was not so evident in the professional literature, where the authors appeared more inclined to challenge church accountants to openly critique their existing budget systems and to actively seek to incorporate more 'business-like' techniques into their entities (eg. Arndt and McCabe, 1986; Burckel and Swindle, 1988; Cunningham and Reemsnyder, 1983; Futcher and Phillips, 1986).

While the SA financial managers were clearly supportive of the fundamental transcendental sacred goals of their church, they did not exhibit an attitude of acceptance towards the budget process, as a whole, nor towards the role that was perceived as being given to them within that process. Instead they were seen to be consistently frustrated by a budget process that was perceived to lack both efficiency and effectiveness. Likewise, they were personally hurt by the perceived reluctance of the Synod decision making bodies to utilise their expertise in the 1996 budget process and by the budget committee's refusal to simply accept, without question, the budget calculations provided by the financial managers. Such experiences were interpreted by the financial managers as indicating a high level of distrust within the Synod of them as professionals and thus a desire to exclude them from the budget allocation processes of the church.

Overall, the financial managers exhibited a fundamental dissatisfaction with the 1996 budget process and the budget outcome. Elements of this desperate unhappiness were not a general theme of the church accounting literature. While some hints of such frustration were indicated in the PTL study (Tidwell and McKee, 1993), the literature tended to suggest that the financial managers were satisfied with their ability to work within the budget systems in place in their church (eg Booth 1991, 1995). Problematising such assumptions of satisfaction may lead to different conclusions to those drawn in the existing church financial management literature.

8.4 CONDITIONAL DETERMINANTS: THE SACRED AND SECULAR DIVIDE

The existing understanding of the underlying rationale and the factors that may influence the financial managers' actions and the outcome of their budget strategies has been presented in Chapter Three using the framework of Booth's (1993) analysis. This section will now consider the implications of the findings of the current study for the application of the primary element identified within Booth's framework; namely, the conditional feature of the sacred and secular divide. The other elements of Booth's framework will be considered later in the chapter.

Booth's (1993) framework theorised that the contextual application of the sacred and secular 'divide' would act to create an environment in which the 'secular' work of the financial managers would be segregated from the activities of the church that were directly contributing to its 'sacred' objectives. Likewise, the divide would function to subordinate 'secular' matters such as financial management beneath considerations of elements of the 'sacred' agenda of the church in organisational decision making. While this concept was explicitly supported by much of the academic literature (Irvine, 1996; Laughlin, 1984; Parker, 1993, 1994a), the impact of the divide on the financial managers themselves was not directly considered.

An extension of Booth's theorisation would suggest that if the financial management craft lacked value in a church entity, so too would the individuals practising that craft. An examination of the detailed case studies of church entities revealed a conflicting picture of the status of financial managers within church organisations - some appearing to be quite influential within their entities (eg Booth, 1991, 1995; Irvine, 1996; Lovell, 1997; Parker, 1993, 1994a) and others being presented in a very subordinate role (eg Gollin, 1971; Laughlin, 1984; Tidwell and McKee, 1997). However, with the exception of Lovell (1997), the researchers consistently argued that the accountants and financial managers were accepting of the sacred agenda of their church entity. Despite such expressions of support, there were a number of observations that suggested that the financial managers might not have been as accepting of the 'divide' as suggested by the researchers. This section will thus undertake a consideration of the financial managers' perceptions of the impact of the sacred and secular divide on their experiences.

8.4.1 The financial managers' rationale

While the rationale underlying the behaviours of financial managers in church entities has received little consideration in the church financial management literature, references to such matters have tended to focus on the financial managers' interpretation of the sacred and secular divide. Abdul-Rahman and Goddard (1998), Irvine (1996), Laughlin (1984) and Parker (1993, 1994a) presented their financial managers as acknowledging the 'sacred' vision of their church. While Laughlin (1984) went no further in his examination of the perceptions of his accountants, Parker (1993) did indicate, albeit indirectly, that his financial managers were not completely satisfied with the position of 'financial' considerations, vis a vis 'mission' viewpoints, within the Victorian Synod. However, he did not give further consideration to this matter. Both Abdul-Rahman and Goddard (1998) and Irvine (1996) identified that their accountants/treasurers saw the spiritual (mission) and financial elements of their organisations as being intertwined, with the organisations being unable to achieve their 'sacred' goals without consideration of the financial aspects of their operations. However, these authors did not consider in any detail how the accountants/treasurers operationalised this integration. Thus while the accountants presented in the church accounting studies appeared to acknowledge the dominant sacred agenda of their entity, they did not necessarily indicate an acceptance of the clear 'divide' proposed by Booth (1993).

A more detailed aside regarding the acceptance of the sacred and secular divide by accountants and the rationale underlying such acceptance was provided by Booth (1991, 1995). He reported that his accountants claimed that they perceived "budgeting as enabling the mission of the church" (Booth, 1991, p 208); that is, that they perceived some inherent integration between the 'secular' budgeting tasks and the 'sacred' goals of the entity. However, Booth dismissed such arguments as having been promoted by the accountants simply to "reduce resistance" by mission managers to the use of a secular accounting tool within the church. He concludes that "it is not clear if accounting was being used as a tool for mission or to dominate it" (Booth, 1991, p 261). Such comments suggested that Booth felt that the perceptions reported by the accountants of a link between accounting and mission merely reflected an underlying rationale of increasing the use of accounting-based 'secular' tools to manage and control the church. Likewise, Lovell (1997) interpreted the focus of the financial managers in the Church of England on income generation as having been due to their desire to increase their power in the entity. These studies thus suggested that the goal of the financial managers was to increase the significance of their 'secular' craft or of themselves, as 'secular' practitioners, within the church entity. Such a conclusion implied a desire by the financial managers to dominate, rather than support, the mission of the church.

As discussed in Chapter Seven, the financial managers in the SA Synod were seen to have adopted a core raison d'etre of facilitating the future sacred mission of the Uniting Church. This objective indicated their acceptance of both the overall sacred agenda of their church and the secular support role into which they were cast in their role as Synod financial managers. However was their focus on the sacred goals of the church simply a form of internal marketing, as Booth (1991) seems to suggest, or empire building, as Lovell (1997) suggests, or was there something more substantial underlying it?

The senior financial managers employed and volunteering with the SA Synod were all seen to be strongly committed Christians and active participants in their own church organisations (see section 7.2.3). These individuals saw themselves in a vocational-type role, accepting low or no payment for their work and devoting large proportions of their personal time to the activities of the church. The decision making activities of the financial managers also reflected their 'sacred' commitment, with meetings commencing with prayer, frequent reference in debates to the significance of alternatives for the mission of the church, and so on. The individual financial managers were also seen to directly contribute to the 'sacred' mission-oriented activities of the church, both within the Synod and in their local congregations. Thus while the primary 'duty statements' of the staff and volunteer financial managers were focused on the 'secular' financial management tasks, the individual financial managers could all be seen to exhibit an active and genuine commitment to the 'sacred' objectives of the Uniting Church. While many of the existing church financial management studies have made brief reference to the possibility of financial managers having an attachment to the sacred agendas of their organisation (Abdul-Rahman and Goddard, 1998; Booth, 1993; Irvine, 1996; Laughlin, 1984; Lovell, 1997), they did not directly identify or acknowledge such depth of organisational commitment as evidenced by the SA Synod's financial managers.

While the SA Synod's financial managers consistently acknowledged and supported the primacy of 'sacred' considerations in the decision making processes of the church, they did not appear to provide support for the type of sacred and secular 'divide' proposed by Booth's framework. Instead they advocated a more integrated evaluation of sacred and secular considerations in many aspects of Synodal decision making. While the financial managers accepted and applied the doctrine of sacred supremacy in all aspects of decision making, they appeared to feel that matters of finance could not be segregated from mission considerations for many of the issues facing the senior Synod committees and managers[63]. They clearly saw themselves as practising their craft in the manner they felt would best serve the work of the Lord and did not perceive their roles as financial managers as being inconsistent with their daily practice of Christian living.

An element of support for the sacred and secular 'divide' appeared to be suggested by the SA Synod's financial managers' indication of support for an environment in which the mission managers did not need to concern themselves with matters of financial management. The financial managers were content to accept responsibility for the financial management tasks of the Synod and, at times, those of the wider church. They appeared to want to protect the church's mission managers from having to become embroiled in daily financial matters. However, the financial managers did not appear to envisage such a role as meaning that matters of financial management were segregated from the daily mission activities of the church. Instead, they felt that they had the insight and ability to examine and advise the Synod decision makers regarding the integration of financial and mission considerations. However, in accepting such a role, they expected the non-financial managers in the Synod to allow them autonomous authority in undertaking such tasks as were delegated to them and to accept the application of their expertise where they considered it appropriate. While such autonomy had been periodically granted (at least by default if not formally) to the financial managers over the years, in 1995 the financial managers were subject to considerable challenge regarding the scope of their financial management authority and the nature of their financial management policies and applications. These challenges were alternatively interpreted by the financial managers as indicating a lack of trust in their intention or ability to appropriately manage the Synod finances or as reflecting the efforts of non-financial individuals to increase their own management power base relative to that of the financial managers.

It thus appeared that the SA Synod's financial managers, in common with other accountants and financial managers observed in the academic church financial management literature (Abdul-Rahman and Goddard, 1998; Booth, 1991, 1995;

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[63] This focus on the necessity of integrating mission and finance, with an acceptance of the supreme significance of the former, closely parallels the perceptions of the fundamental dilemma underlying religious organisations identified in the organisational and sociological literature (Thompson, 1973).

Irvine, 1996; Laughlin, 1984; Parker, 1993, 1994a), accepted the primacy of the sacred agenda in all aspects of church decision making. However, in contrast, they did not see finances as something that should be kept separate from mission, but rather as an element of the corporate church that could be used to pro-actively facilitate the sacred mission of the church (as found by Abdul-Rahman and Goddard, 1998; Irvine, 1996). The expression of such a perception was not mere marketing hype, as proposed by Booth (1991), or power-hungry empire building, as implied by Lovell (1997), but rather appeared to reflect the genuine desire of the financial managers to use their financial management expertise and knowledge along side their other more 'sacred' skills to best facilitate the 'sacred' work of the church. While the financial managers were confident of their own ability to effectively integrate mission and financial considerations and hence to appropriately manage the Synod's finances for the betterment of its sacred agendas, the broader Synod management did not appear to be willing to grant them such authority. Thus the financial managers experienced considerable frustration, not over their own ability to accept or reconcile the sacred and secular 'divide', but over the conflict between their own perceptions of the application of this dichotomy and those of the non-financial managers within the Synod. This conflict was particularly hurtful as the financial managers felt that they shared exactly the same commitment to the long term 'sacred' objectives of the church as did other Synod managers and clearly defined their occupational raison d'etre in terms of the 'sacred'.

Interestingly, while some of the authors of the church financial management literature tended to be dismissive of any element of a sacred perspective in the rationales of the financial managers (eg Booth, 1991, 1995; Lovell, 1997), the descriptions provided of the financial managers in the investigative literature often presented a perspective that paralleled the findings of the South Australian study. While Lovell (1997) focused primarily on the business attributes of the prominent financial managers in the Church of England, his brief biographies included many references to the parish and other church allegiances held by these gentlemen. Descriptions of the senior financial manager who presided over the most significant increase in the asset valuations and income generation of the Church of England in its history included references to the "way he understood the needs of the Church and the spirit of the Synod" and his concern "with the good of the Church, the good of the clergy, and doing what was right in meeting the needs of the time" (Lovell, 1997, p 38-39). Likewise, the financial managers themselves were reported as describing their duty to the Church as being to facilitate the sacred work of the church by doing "all in our power to get the best possible returns from our assets in the interests of the clergy [whose salaries and pension funds were financed by these investment proceeds], past and present" (Lovell, 1997, p 127). A similar picture was presented of the PTL financial managers. Tidwell and McKee (1993) described the Director of Finance as "a devout Christian" (p 132) and reported that at one trial into the failure of the PTL, he claimed that he believed that his Christian faith, and that of the senior clergy, would provide answers to PTL's financial problems - that "God [would] answer prayers...at PTL" (p 132). Gollin (1971) and Pallenberg (1971) also report that the significant financial managers within the Catholic Church held similar commitments to the sacred agendas underpinning the Catholic church.

In summary, the current study has provided a different picture of the application of the sacred and secular divide within a church entity to that presented in previous studies. In particular, the unique focus of the current study on the experiences and perceptions of the financial managers, rather than the nature of their financial management systems, has indicated that the SA Synod's financial managers held a strong commitment to the sacred agendas of their church. While such affiliations were occasionally presented in previous studies, they tended to be either unquestioningly accepted or dismissed, rather than problematised and examined. There is thus a limited understanding provided by the literature regarding how the financial managers see the sacred and secular 'divide'. The presentation and application of the sacred and secular divide in the accounting literature thus appears to reflect primarily the perspective of the clergy, which may well differ from that of the financial managers[64]. Likewise, where the financial managers' interpretation of the relationship between the sacred and the secular does appear to differ from Booth's (1993) framework, there is no attempt to examine how the financial managers might act to operationalise this alternative perspective. As the organisational commitment of the financial managers may significantly impact on

[64] Such exclusive privilege is not uncommon in the accounting literature. For example, critical researchers have noted that for much of the last two hundred years, the voices of women accountants, who generally held subordinate positions in accounting departments, were unheard in studies of accounting and accountants (eg Lehman, 1992; Oakes and Hammon, 1995).

the manner in which they act and rationalise such actions within church entities, their interpretation of their own relationship with the sacred and the secular agendas of the church be problematised and examined, rather than simply dismissed as a 'divide'.

8.4.2 The classification of Synod activities

To a large degree, considerations of the impact of the sacred and secular divide on the nature and use of financial management tools within church entities have been premised on an assumption that the activities of a central church body can be clearly categorised as 'sacred' or 'secular. For example, Booth (1991, p 271) concluded that there was "conflict between [the accountants and the sacred occupational groups] when accounting challenged sacred ends" within the Synod. Such findings tell us that while the work of the accountants or financial managers comprised 'secular' support activities, many other activities of the Synod were directly contributing to the spiritual agenda, or the 'sacred ends', of the Church. However, the findings of this current study question the apparent simplicity of the application of the 'sacred and secular divide' to tasks undertaken within a Uniting Church Synod. This section will thus examine whether the classification of Uniting Church Synodal activities as 'sacred' or 'secular' appeared to be as clear as Booth suggests.

The sacred core of the Uniting Church of Australia is firmly located in the local congregational units of the church (Uniting Church Basis of Union, 1992, paragraph 15(a)). The Synod meeting has "responsibility for the general oversight, direction and administration of the Church's worship, witness and service in the region allotted to it" (Uniting Church Basis of Union, 1992, paragraph 15(d)). At this point it is necessary to revisit the distinction between the Synod, as the regional council of the Uniting Church, and the Synod office, as the administrative body providing regional services to the Presbyteries, Parishes and Congregations within its geographical boundaries (see Chapter Four). While the work of the Synod meeting is couched in spiritual terms and focuses on strategic issues and decisions that affect the core life of the Church, the work of the Synod office is focused on the more immediate administrative issues affecting the running of the Church. The different nature of the primary work undertaken by the Synod meeting and the Synod office means that discussions of the work of the Synod need to clearly identify which aspect of the Synod is being considered. For example, the definition of the functions of the Synod provided by Booth (1991) reflects the role of the Synod meeting. Although his research examined the functioning of the Synod office, he appeared to have utilised the 'sacred' focus of the Synod meeting to define many of the activities of the Synod office as likewise of a 'sacred' nature. However, while it is not the task of this study to question Booth's conclusion in the context of the Queensland Synod, this lack of distinction between the activities of the Synod meeting and the Synod office may have blurred the different nature of the tasks performed by each body.

The Synod officers who form the basis of this study were employed (in either a paid or voluntary capacity) to undertake the work of the Synod in between the Synod meetings. The majority of such positions were focused on providing support to particular areas of the wider Church. Thus the Chaplaincy Commission employees did not provide chaplaincy services direct to the community, but rather facilitated the appointment and support of those who were employed by other Uniting Church organisations as chaplains. Likewise, the primary task of the Education Commission was to provide oversight of the theological training programs in South Australia, rather than to deliver them. Even the Commission for Mission focused much of their attention on providing services to support, rather than to directly provide, the Church's mission programs in its congregations and other fields (eg international programs). Utilising the definitions of 'sacred' and 'secular' adopted by Laughlin (1984) and Booth (1993) (see Section 3.2.2.1), these services had been established to "provide tangible support of the [sacred] centre to allow the sacred work to continue" (Laughlin, 1988, p 26) and thus represented 'secular' management activities.

Applying this analysis suggests that the majority of the work undertaken by the mission departments of the SA Synod (eg the Commission for Mission, the Chaplaincies Commission, and the Ecumenical Commission) can be seen as 'secular', like that of the RMC. However, supporting mission by providing educational resources for Sunday School teachers (so they can concentrate on the children in their classes, rather than developing materials) appears, both in the current study and in Booth's (1991, 1995) and Parker's (1993, 1994a) studies, to take priority within the Synod over supporting mission by taking over the management of ministerial payments (so congregational leaders can concentrate on the people in their congregation, rather than filling in taxation forms). It thus appears that there is a hierarchy of 'sacredness' in church activities, rather than the idealistic clear 'divide'. The position on this hierarchy of many of the activities undertaken by the Synod were not clearly predetermined, but rather were subject to negotiation within the church entity.

The difficulty of classifying particular activities as sacred or secular was also made apparent in the debates in the SA Synod regarding the budget process. In attempting to reduce the involvement of the financial managers with the budget process, the Focus EO argued that the budget was a mission exercise (ie 'sacred') that ought to be therefore undertaken by mission-oriented people. However, the financial managers found this to be an illogical claim as they, like many other Synod mission managers, saw the budget as containing a substantial element of financial (ie 'secular') calculation. Parker's (1993) study of the Victorian Synod's budget process indicated that preparing an appropriate budget required consideration of both mission and financial matters. It thus seems inappropriate and possibly misleading to conduct analysis of the significance of financial management and financial managers in church organisations from the premise that the budget is a 'secular' tool.

8.4.3 The classification of the Synod's occupation groups

Booth's (1991, 1993, 1995) analysis formally incorporated the concept of the 'sacred and secular divide' to classify the primary occupational groups identified in his study. He thus defined the accountants as a 'secular' occupational group, as their primary work was focused on supporting the church. The clergy were identified as the primary 'sacred occupational group' as they were argued to be "the main group directly concerned with the achievement of the transcendental ends of churches and the maintenance of their religious beliefs" (Booth, 1993, p 54). The nature of these occupational groups as 'sacred' or 'secular' is felt to contribute to an understanding of how each group will react to the use of secular management tools, such as those underlying financial management, in church organisations.

While Booth tended to present his conclusions in his thesis and book in terms of the actions of occupational groups, the framework of analysis proposed in his 1993 paper acknowledged, albeit very briefly, the potential for variability in the reactions of individuals within these occupational groups to the use of financial management tools in the church. However he still attributed a primary 'sacred' or 'secular' orientation to the individuals within these occupational groups. This section will provide some observations on the application of this classification scheme within the SA Synod.

An examination of the SA Synod's financial managers from an occupational perspective may well, like Booth's analysis, reveal a group of 'secularly' qualified people with a strong commitment to the use of "accounting and other secular management techniques as a way of "rationally" achieving the ends of the organization" (Booth, 1993, p 54). However, an examination of the personal characteristics of the SA Synod financial managers reveals, as noted in sections 7.2.3 and 8.4.1, people with a strong commitment to the sacred goals of the Uniting Church. As individuals, the financial managers were seen to actively contribute directly to the sacred work of the Church in addition to the provision of their 'sacred support' services as financial managers. These individuals saw themselves as sharing the same goals as their other Synodal colleagues and thus felt that they should be able to put on their 'sacred hat' and contribute both their 'sacred' and 'secular' skills to church debates. Their perceived exclusion from such forums on the grounds that they cared only about "economic rationalism" was seen as totally illogical by the financial managers.

The financial managers' perceptions of their ability and their right to contribute both a 'sacred' and a 'secular' perspective to decision making may be determined, at least in part, by the historical culture of lay participation and leadership within the Uniting Church[65]. The theology of the Uniting Church, in keeping with its predecessor churches, clearly recognises the multi-faceted ministry of lay persons within the Church. The *Basis of Union* (the document on which the union of the Congregational, Methodist and Presbyterian Churches was based[66]) acknowledges the responsibilities and rights of all members as follows.

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[65] Hinings and Foster (1973) argue that the underlying "charter, goals and theology" of each individual church will, at least in part, influence the way in which activities are structured in that particular church.

[66] The Basis of Union underlying the formation of the Uniting Church was prepared in 1971. The 1992 version has been revised for gender inclusive language but the intent of the content remains as in the original.

> The Uniting Church affirms that *every member* of the Church is engaged to confess the faith of Christ crucified and to be his faithful servant. It acknowledges with thanksgiving that the one Spirit has endowed the members of Christ's Church with a diversity of gifts, and that *there is no gift without its corresponding service: all ministries have a part in the ministry of Christ.* The Uniting Church, at the time of union, will recognise and accept the ministries of those who have been called to any task or responsibility in the uniting Churches. The Uniting Church will thereafter provide for the exercise by men and women of the gifts God bestows upon them, and will order its life in response to God's call to enter more fully into mission. (Basis of Union, 1992, para 13) (emphases added)

Likewise, the Basis of Union affirms the position of all members and all councils within the government of the Church.

> The Uniting Church recognises that responsibility for government in the Church belongs to *the people of God* by virtue of the gifts and tasks which God has laid upon them...The Uniting Church acknowledges that Christ alone is supreme in his Church, and that *he may speak to it through any of its councils.* (Basis of Union, 1992, para 15) (emphases added)

Such statements are significant to this discussion in two ways. First, they highlight the right and the responsibility of all members, including lay members, to actively contribute to the sacred agenda of the Church[67]. While the Uniting Church makes provision for individuals to be appointed as ordained ministers, it calls them to "preach the Gospel, administer the sacraments and exercise pastoral care so that all may be equipped for their particular ministries" (Basis of Union, 1992, para 14). This role of facilitating and supporting the sacred work of the lay membership is somewhat different from the assumption in many episcopalian[68] denominations that the ordained are somehow more 'sacred' or set apart from the world.

It is within this context that the financial managers had developed their perceptions of the contribution they wished to make to their Church. In conjunction with the underlying theology of the Uniting Church, they felt that they had both a responsibility and a right to support the sacred agenda using their "diversity of

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[67] Lay people had also played a prominent role in the Uniting Church's predecessor churches, which in many cases had been founded in Australia primarily because of the efforts of their lay members (Cameron, 1987; Hunt, 1985; Scrimgeour, 1986).

[68] Institutionalised churches whose underlying ideology requires the government of the church by a hierarchy of appointed bishops.

gifts", both in aspects of financial management and in aspects of Christian leadership. The theological context of the Uniting Church thus provides no institutionalised reason for the exclusion of the financial managers, as members of the Uniting Church, from participation in decisions affecting the 'sacred' work of the Church.

Second, the *Basis of Union* states that the Uniting Church sees the practice of *all* gifts, including financial management, as part of the ministry of Christ - that is, as part of the sacred work of the Church. Likewise, paragraph 15 observed that discerning the 'sacred' will of God is the domain of *all* councils of the Church, regardless of the occupational status of their membership. The *Basis of Union* thus suggests that systematic discrimination of particular contributions to the Church's ministry as less worthy than others is not an acceptable practice. Thus again, in this institutional context, the financial managers appeared to be entitled to feel that in the application of their gifts, they did not need to see themselves as subordinate to either the ordained clergy or to other lay persons whose abilities lay in other aspects of the support of the mission of the Uniting Church.

In summary, while the primary occupational tasks of the SA Synod's financial managers might be classified as 'secular', the financial managers did not appear to interpret such occupational status (whether as an employee or a volunteer) as a requirement for them to subordinate themselves as individuals within the debates and decision making processes of the Synod office. The desire of the financial managers to contribute their 'sacred' and 'secular' perspectives to the Synod appeared to have institutional support through the *Basis of Union.* Thus while financial management, as an occupation, might be perceived as 'secular', it is difficult to conclude that the SA Synod financial managers, as individuals, were driven solely by such a 'secular' ideology. Such analysis also calls into question Booth's assumption that the accountants in his study of the Queensland Synod of the Uniting Church necessarily comprised a 'secular' occupational group that should therefore be subordinated within the church.

8.4.4 Financial managers balancing mission and financial agendas

The arguments presented in the church literature generally attributed the financial managers with providing the financial (or 'secular') perspective in a church context (eg Booth, 1991, 1993, 1995; Lovell, 1997; Tidwell and McKee, 1993). However, it has been argued above that the SA Synod financial managers held a strong commitment to both the sacred agenda of their church and to the formal rationality of their financial management craft. They further saw themselves as able to incorporate considerations of the mission of the church into their debates when developing appropriate financial policies for the Synod. However, the nature of the sacred and secular 'divide' proposed in the literature suggested that such a reconciliation may be somewhat problematic. This section will therefore consider in more depth how the financial managers perceived the potential inner conflict between matters of mission and matters of money.

The church financial management literature frequently expressed the essential desire for the activities of the church to be dictated by the mission needs of the church, rather than its financial status (Abdul-Rahman and Goddard, 1998; Anonymous, 1995; Daniel, 1959; Gollin, 1971; Irvine, 1996; Laughlin, 1984; Lovell, 1997; Pallenberg, 1971; Parker, 1993, 1994a; Powers, 1965). While such an ideological position represents the foundation of Christian theology, it is somewhat more difficult to operationalise in the daily life of a church entity (Vallet and Zech, 1995; Wuthnow, 1997). Hence an essential function within the SA Synod was the task of balancing mission and money. The SA Synod's financial managers felt that much of the stress involved in reconciling the demands of mission with the availability of money fell on them in their role as income generators for the Synod. While the financial managers expressed their desire "to finance every project" proposed by the mission managers, they also demanded that the mission managers accept the financial managers' belief that the "reality" of the Synod's financial position meant "we cannot go on funding things" (RMC EO2). The financial managers felt that other managers within the Synod were not actively seeking to balance considerations of mission and money, thus leaving the financial managers with sole responsibility for imposing such a rationality on the Synod. Even some members of the Focus task group appointed to formulate the 1996 MSF budget sought to avoid such a task, instead expressing their preference to adopt the significant budget deficit first proposed by the Commissions and "send it to Synod...to decide".

The structures and formal allocation of authority within the Synod were also perceived to delegate much of the responsibility for balancing the mission and financial agendas to the RMC. The financial managers were charged with the effective management of the Synods' assets. However, the lack of clear strategic policies for the management of such assets within the Synod meant that there were no objective grounds for the RMC to determine the extent to which funds should be utilised to finance current mission projects or should be invested to provide for the long term security of the church. The RMC responded to this lack of guidance by making it their role to take the initiative on this matter and to apply their own rationale(s) to the financial management practices of the Synod. The financial managers were also seen to be caught in a 'catch 22' as they attempted to determine appropriate financial policy for the church. If they took the initiative to develop such policy (without imposing on the sacred elements of the church), they were at risk of being seen as trying to dominate mission. However, efforts to seek guidance from the Council of Synod or the Synod meeting were likely to be interpreted by the non-financial managers as the financial managers trying to impose a financial rationality on the organisation. Again, the senior managers of the Synod provided no assistance to the financial managers in resolving this dilemma.

The difficulties of determining appropriate financial management policy for a church entity were illustrated, if not acknowledged, throughout the church financial management literature (eg Lovell, 1997; Parker, 1994a; Powers, 1965; Tidwell and McKee, 1993). As noted in Chapter Three, the struggle to allocate funds to the support of the spiritual programs of today while still making adequate provision for the future financial obligations of the church was a common theme expressed by the church financial managers in the investigative literature (Gollin, 1971; Lovell, 1997; Tidwell and McKee, 1993). Likewise, the professional literature often acknowledged the need to balance issues of church ideology with 'good' financial practice (Anonymous, 1995; Arndt and McCabe, 1986; Cunningham and Reemsnyder, 1983; Daniel, 1959; Futcher and Phillips, 1986; Keister, 1974; Prentice, 1981). However, the financial management literature rarely commented on the impact of this struggle being perceived as the province of the financial managers, rather than as an issue that should be addressed in a strategic fashion by the major decision making bodies of the respective churches. For example, Lovell (1997, p 35) reported that while the Archbishop of the Church of England recognised the "central conflict the Commissioners[69] faced in deciding between maximum profit and social needs", he claimed that he was unable to provide guidance on such a dilemma. Parker (1994a) noted that this dilemma was put back to the financial managers to resolve within the Uniting Church's Victorian Synod, as the mission managers lacked the necessary strategic planning expertise to attempt to develop workable solutions themselves. It seems totally inconsistent with the thesis of the 'sacred and secular divide' that resolving such a "central conflict" should be forced on to the 'secular' financial managers, rather than being dictated from a more perceivably 'sacred' body. While it is beyond the scope of this thesis to offer answers to this paradox, it does raise further questions about the feasibility of operationalising the sacred and secular divide within the context of central church bodies.

8.5 FACTORS INFLUENCING THE FINANCIAL MANAGERS' EXPERIENCES

Booth's (1993) framework proposed that the conflict between the occupational groups in a church entity would influence the significance of the accountants and their craft. He also suggested that the existence of financial crises may also be a determining factor regarding the acceptability or tolerance of an accounting or financial perspective within church decision making. This section utilises the findings of the framework of understanding developed in the SA Synod study to reflect on each of these proposals.

8.5.1 Occupational groups

Booth's (1993) model proposes that the position of accounting will also be influenced by the nature and roles of the occupational groups within the church entity. The occupational groups identified by Booth were defined in terms of the formal training required to become a member of each group. As noted above, Booth argued that the clergy, as the dominant 'sacred' occupational group, could be expected to support the sacred and secular divide and to seek to promote the 'sacred' dimension of matters and to subordinate 'secular' considerations. However as discussed in section 8.4.1, the perspective of 'secular' occupational

[69] This quote refers to the Church Commissioners, who were the body responsible for the investment management within the Church of England.

groups, such as accountants and financial managers, was not so clear. The literature claimed that such occupational groups accepted their subordinate position within the church but at the same time argued that accountants and financial managers would promote 'secular' issues that incorporated their own profane expertise in order to increase their significance within the organisation (Booth, 1991, 1993, 1995; Lovell, 1997). Irrespective of this lack of clarity regarding the role desired by the financial managers, Booth's framework hypothesised that the actions of the competing occupational groups would be a major determinant in the use of accounting in a church entity. It could thus be expected that the experiences of the financial managers, as the major 'secular' occupational group within the Synod, would be influenced by the actions or strategies of the major 'sacred' occupational group, namely the clergy. This section will thus comment on the findings of this study regarding the influence of the competing occupational groups within the SA Synod.

8.5.1.1 Supporting evidence from the case?

Prima facie, Booth's (1993) typology was apparent in the SA Synod. The financial managers were seen to consistently promote elements of conventional financial management as appropriate for meeting the long term objectives of the Synod. Likewise, the non-financial managers were seen to reject the financial managers' claims, often by arguing that such actions would represent "pastoral insensitivity" (Focus Chairperson) or the dominance of an "economic rationale" (Focus EO) that was in conflict with the 'sacred' agendas of the church. However, the closer examination of these arguments that was facilitated by the micro-perspective utilised in this study revealed that such arguments were not occupationally based, but rather represented the viewpoints of the dominant individuals within the Synod. The actions of and rationales promoted by such individuals appeared to be more closely aligned with the type of management position held within the Synod, rather than with the persons' formal training or qualifications, as suggested by Booth (1993).

8.5.1.2 The dominance of individuals

Throughout the study, individuals were seen to play a significant role in the story of the financial managers in the SA Synod. The actions and rationales of the financial managers appeared to be strongly influenced primarily by the two staff members, but also by the perspectives of a small number of volunteers. Likewise the voices supporting or opposing the financial managers were those of individuals, rather than occupational groups. In particular, much of the conflict observed in the 1996 budget process was driven by the belief systems and consequent actions of four persons - two financial staff members, one 'mission' staff member and one volunteer, who while herself an accountant, was a member of a 'mission' Commission. These persons had a long history of holding prominent positions within the Synod and were able, in a diversity of ways, to exert a considerable influence on the budget proceedings.

The financial managers perceived that the outcome of the budget process was in a large part determined by the relative power held by these individuals. In particular, the financial managers felt that they were disadvantaged, as they had limited membership access to the major decision making forums of the church. The other two significant individuals were felt to have greater formal power through such memberships. However, the ability of the two financial managers to persuade others to support their perspectives was also dependent on elements of persona, in terms of their persuasive ability and general 'popularity' within the Synod offices and committees[70]. Likewise, perceptions of the 'sacred' commitment of individuals was also seen as an important determinant of influence. This element was particularly reflected in the extent to which others perceived the financial managers as supporting the broader agendas of the church and the closeness of their relationships with the senior Synod managers. The degree to which the senior Synod managers accepted the application of financial management concepts within the Church and their views regarding the integration of such concepts within the decision making processes of the church also influenced the outcome of the financial managers' actions.

The significant contribution to church financial management played by a small number of individuals identified in the SA Synod reflected a similar picture to the studies presented in the investigative literature. In particular, many of the events and happenings described by Lovell (1997) and Tidwell and McKee (1993) were

[70] Thompson's (1973) discussion of the nature of religious organisations from a sociological perspective supported this observation, suggesting that the legitimacy necessary to command authority in a religious organisation could be "rooted in tradition, lay [or formal organisational structures] or the charismatic qualities of the leader" themselves (Thompson, 1973, p 23).

attributed to particular individuals. Within both churches, the financial management policies were described as being driven by particular people, rather than occupational or task oriented groups. While the 'high risk' investment decisions of the Church of England were attributed to a small number of property and finance 'experts' on the Assets Committee (Lovell, 1997), the financial problems of the PTL were attributed to the dominance of Jim Bakker, a clergyman, over his entity's financial decision making. Interestingly, both authors indicated that opposition to their respective churches' financial strategies came from financially qualified individual church members. The impact of individuals on the financial management of various bodies within the Catholic Church was also noted by Gollin (1971) and Pallenberg (1971). Likewise, Irvine (1996) suggested that the high level of organisational acceptance of the integration of matters of finance and mission found in her study appeared to be largely due to the acceptance of such a position by the minister in charge of the church.

The significance of the actions of specific individuals within the Uniting Church - SA Synod and in other church entities thus suggests that future studies of church accounting and financial management should pay greater attention to the individuals who are interacting with such systems. Consideration of the individual(s), in terms of their actions and rationales, may contribute much to an understanding of the variability in the functioning of accounting and financial management in such entities.

8.5.1.3 Affiliation to role, not training

As noted in section 8.5.1, Booth (1993) identified members of church occupational groups on the basis of the formal training they had undertaken. A consideration of the nature of the occupational association and qualifications held by the four prominent players identified in the SA study suggested that Booth's definitions of occupational groups may need further clarification.

The dominant financial manager in the SA Synod, the RMC EO2, was a qualified accountant, holding membership of the National Institute of Accountants. As noted in Section 7.2.3, she had held clerical and financial positions in the Synod for many years. The RMC EO2 thus fit into Booth's occupational typology. However, the other dominant financial manager, the RMC EO1 held no formal qualifications at all. Rather his financial and business management acumen had been derived from years of management experience, both within the church and in his former small businesses. His self-identification as a financial manager was derived from his employment status, rather than from any formalised external awards or associations.

Likewise, an apparent dichotomy existed regarding the qualifications of the significant mission-oriented budget participants. The major contributor, the Focus EO, was an ordained minister. While he was seen to utilise the language and arguments of the 'sacred' to justify his perceived agenda of limiting the role of the financial managers in the budget process, he also appeared to harbour an intent to increase his own role in a number of aspects of the financial management processes of the church. Prima facie, such behaviour appeared to be inconsistent with his classification as a member of a 'sacred' oriented occupational group. However, unlike many clergy, the Focus EO had a substantial background in small business management. This experience had equipped him with both expertise and interest in the financial management policies of the church and in the interactions between the resource and the mission considerations within the Synod. He had also been employed in a number of management roles within the Synod over a number of years, which would have further enhanced his 'secular' management knowledge. Despite such 'secular' expertise, however, the Focus EO appeared to perceive himself as primarily focused on the sacred agendas of the Synod.

The challenges presented to the financial managers during the budget process were also substantially driven by a volunteer member of the Commission for Mission, who was a qualified accountant with many years of experience in business, the Uniting Church and other non-profit organisations. While the volunteer's training was explicitly 'secular', she did not suffer the 'secular' label attached to the financial managers associated with the RMC, being seen instead as promoting the interests of the mission bodies of the Synod. This perception appeared to parallel the position being held by the volunteer on the Commission for Mission in the Synod at the time of the study.

In summary, Booth's classification of occupational groups and their membership by the 'sacred' or 'secular' orientation of their formal training was not supported by the empirical data derived from the current study. While a commentary on the appropriateness of such a classification for the majority of financial managers and clergy participating in the Uniting Church cannot be made, it was apparent that the perceptions of the 'sacred' or 'secular' orientation of the dominant individuals seen to be driving the 1996 budget process was determined more by the primary positions they held within the Synod rather than their occupational qualifications, associations or experiences.

While such a dis-association between financial managers' training and roles undertaken had not received any formal attention in the church literature, a number of asides and indirect observations provided some support for this concept. Gollin (1971) noted a common tendency for lay Catholic businessmen to leave behind their business acumen when participating in church decision making. One bishop reported that he felt his lay financial advisers were "too deferential...I always worry that they're telling me only what they think I want to hear" (Gollin, 1971, p 190). However, he also observed that a small number of Catholic priests were highly skilled innovative financial managers who had made a significant contribution to property and investment management for the Church (see also Pallenberg, 1971). Although Parker (1993, 1994a) did not discuss the backgrounds of the financial managers observed in his study, conversations with him revealed that the senior financial manager in his study had a long history of involvement with 'sacred' church work in the aboriginal missions and in the Victorian Presbyteries. This financial manager was widely regarded throughout the Uniting Church as a deeply spiritual man, as well as an effective financial manager.

Thus although the literature had not directly considered the relationship between the 'sacred' or 'secular' training of individuals and the nature of the roles undertaken by them within church organisations, there did appear to be evidence of the existence of a dichotomy in the relationship between such roles. Again, an understanding of financial management in church entities may be enhanced by problematising such relationships, rather than simply assuming that an individual's training will determine the 'sacred' or 'secular' nature of the work undertaken or the person's orientation to their work.

8.5.1.4 Personal distrust

The literature often presented empirical evidence indicating a varying degree of conflict between various parties within central church bodies. Booth (1993) presented such conflict as being grounded in the 'sacred and secular' affiliation of various occupational groups. While the primary conflict observed in this thesis was between two individuals (and their respective supporters), it is still worth considering indications of the apparent foundation of such conflict in this analysis.

Prima facie, the occupational perspectives of the Focus EO and the RMC EO2 can be seen to have contributed substantially to the conflict observed during the 1996 budget process. As noted in Section 8.4.2.1, the Focus EO frequently attempted to denigrate the RMC EO2's arguments by claiming that she was overly focused on the secular - that she was driven by an "economic" rationality and was focused on "build[ing] up the resources of the Church and the investments of the Church" rather than on the mission of the Church. Similar observations were reported by other senior Church managers. On the other hand, the RMC EO2 consistently expressed her frustration at the reluctance of the mission managers to recognise that financial considerations were an integral part of providing an efficient and effective service to the wider Church community. It thus appears that the conflict between the mission and financial managers did reflect, to some degree, the occupational interpretation of at least the Focus EO and the RMC EO2.

However, further consideration of the financial managers' own opinions of the factors driving the conflict underlying the budget process indicated that they felt the conflict reflected more than the interpretations of the 'sacred and secular divide' held by individuals or occupational groups. In particular, they perceived that the Focus EO and other mission managers held a strong level of distrust of the actions being taken by financial managers and the strategies underlying such actions. This distrust appeared, as discussed in Section 7.6.3, to be primarily of the intent of the financial managers to practise their financial management craft in a manner congruent with the overall goals of the Synod. While the financial managers tended to attribute such a lack of trust to the personal ambitions of the Focus EO and to the inability of the majority of mission managers to understand the complexities of the Synod's financial management practices, a separate study of the financial managers' behaviour over a number of years did indicate that there was some evidence to substantiate the claims being made (Lightbody, forthcoming). In particular, this study suggested that the financial managers were deliberately trying to 'shield' resources from the view of the mission managers in order to build up the resource base of the Synod. Observations of such behaviour had led some mission managers to question whether the financial managers were making all possible income available to the budget or whether they "had funds hidden away in little accounts" that only they knew about (Financially Knowledgable Volunteer). While these actions were interpreted by the mission managers as harming the mission of the church, the financial managers maintained that they were in fact supporting the mission of the church by ensuring that adequate sources of independent income would be available in future years to fund mission initiatives. It thus appeared that the conflict that was theorised by past studies to be present in church entities over the appropriate strategies for achieving the goals of the church had developed into a significant level of distrust and antagonism between the individuals dominating the budget process.

The church financial management literature indicates varying levels of distrust of the actions and strategies adopted by the financial managers. While distrust was not expressed as a general feature of the academic literature, Parker (1994a) observed the existence of a "mutual suspicion" between financial and mission managers in his subject organisation, with the financial managers tending to feel that the mission managers were wasting resources and the mission managers tending to suspect that the financial managers were hoarding resources. Distrust, however, formed a much more significant element in Lovell's (1997) and Tidwell and McKee's (1993) investigative studies. While Lovell did not give an indication of the feelings of the equivalent of the 'mission managers' in the Church of England towards the financial managers, his own language clearly expressed his own perception that many of the financial managers could not be trusted to incorporate consideration of the mission of the Church into their own "ruthless", "worldly" and "self-serving" decisions. While Tidwell and McKee (1993) presented a more sympathetic picture of the PTL's financial managers, they noted that the senior clergy perceived the financial managers as overly conservative and as lacking faith in the vision of the church. However the financial managers in both church entities were, like their SA Synod associates, seen to argue that they were acting in the best interests of the 'sacred' agenda of the church, although from within a different strategic orientation.

An interesting variation on the themes of distrust outlined above was the observations provided by Irvine (1996) regarding the treasurer in a local church congregation. Irvine noted that if a treasurer was "liked, respected and valued" by church members and seen "as someone who shared their religious beliefs", the church members were more likely to accept the treasurer's decisions and "to value the role that accounting [and presumably the treasurer] played in the management of the church" (Irvine, 1996, p 14). While Irvine provided a different picture of trust in a financial manager than seen in the studies outlined above, the significance of trust in determining the experiences of the financial managers was again brought into the fore.

The evidence presented in this thesis, coupled with an examination of the church financial management literature, has thus suggested that financial managers in centralised church organisations may often experience distrust of their motives. While this distrust is generally expressed as a distrust of the 'secular' intent of the financial managers, it often appeared to be an expression of frustration with the different means-end promoted by the financial managers. However, this was rarely acknowledged. Instead, the financial managers felt that they were being personally criticised for lacking a 'sacred' orientation, when they in fact saw their actions as supporting the same organisational goals as the clergy or other mission managers. Thus while Booth (1993) had proposed the analysis of 'occupational' conflict on the basis of the application of the 'sacred and secular divide' dominating church ideology, it may also be constructively examined as reflecting differences in the organisational strategies derived from the ideological interpretation of various dominant individuals. This would in turn suggest that an examination of the experiences of financial managers in church entities needs to consider not only the belief systems and actions of individuals (or occupational groups) but also the impact of the degree of respect held for the financial managers' interpretation of appropriate organisational strategy. The degree of trust held by the non-financial managers in the ability of the financial managers to incorporate considerations of the sacred agenda into decision making may be a greater determinant of the significance of the financial managers within a church entity than their occupational allegiances.

8.5.2 Financial crises

Booth (1993) argued that while the position of accounting or financial management in a church was dependent on the balancing of the sacred and secular within an entity, the occurrence of a crisis might disturb the status quo and hence influence the use of accounting or its significance within the church. However, the evidence supporting the impact of particular crises on the position of financial management or the financial managers was quite tentative and did not present a clear picture of the likely impact of such events. This section will thus utilise the empirical evidence derived from the church studies to give further consideration to issues surrounding the definition and interpretation of crises in churches.

8.5.2.1 A financial crisis or the usual lack of money?

Much of Booth's (1993) theorisation regarding 'crises' was derived from his own study of the Uniting Church's Queensland Synod (Booth, 1991, 1995). In this study he identified the existence of a "financial crisis", which he classified as a "secular crisis", as a resource shortage was seen as threatening the means of supporting the sacred activities of the church (Booth, 1993). Booth argued that the Queensland Synod was experiencing an "extreme" financial crisis as the ongoing struggles to balance the annual budget indicated that "there were insufficient resources to support all sacred functions" (Booth, 1991, p 323). Likewise, Parker (1993, 1994a) claimed that the Victorian Synod was also experiencing a financial crisis as it had "an insufficient level of resources for its effective operation" (1993, p 12).

The SA Synod was seen, like its interstate counterparts, to be engaged in a continuous struggle to meet the costs of the ever increasing demands on its services (see Section 7.2.1). This struggle was reflected in the large preliminary budget deficits that had been faced by the Synod for a number of years. However, this thesis will now argue that the existence of such deficits did not in itself mean that the Synod was experiencing a 'financial crisis'.

Throughout the church financial management literature, examples were presented of church entities seeking to somehow attain a balance between the many opportunities they saw before them and the limited funds available to finance such activities (eg Armacost and Schneider, 1991; Gollin, 1971; Gray, 1995; Lovell, 1997; Vallet and Zech, 1995). This continuous financial struggle was also a regular theme throughout studies and commentaries on the broader nonprofit sector (eg, Drucker, 1990; Gelatt, 1992; Laughlin et al., 1994b). The widespread and recurrent nature of resource struggles in church entities did not appear to fit into the perceptions of a 'crisis' presented in the general management literature. For example, Pearson and Clair (1998, p 60) summarised the research examining organisational crises to define a crisis as follows:

> An organizational crisis is a low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly.

Given the widespread nature of the churches' financial experience, which was rarely perceived as something that had to be quickly addressed if the church was to have a future, it may be argued that this type of resource shortage is not of the nature of a 'crisis', but rather is a contextual feature of nonprofit organisations in general, and church entities in particular.

The impact of a resource shortage, as an ongoing environmental feature, on the significance of financial management and the experiences of the financial managers may well differ from the impact of a more extreme 'crisis'. While Booth has considered the possible implications of a financial crisis, no attention has been directed in his model to the impact of operating in a context of ongoing resource shortages. However, the existing literature does occasionally indicate that such an environment can contribute substantially to tensions within church organisations (Bolton, 1980; Cunningham and Reemsnyder, 1983; Gollin, 1971). An examination of resource shortages as either context or crises may thus facilitate an enhanced clarity in our understandings of the impact of such conditions of possibility in church entities.

8.5.2.2 Negotiating the identification of a 'crisis'

The discussion of financial crises in the church financial management literature did not problematise the process of recognising such crises. Instead the literature tended to present the existence of a crisis as a 'fact'. The study of the SA Synod suggested that the identification of a 'financial crisis' may be subject to a greater degree of negotiation than was apparent in the existing literature.

The SA Synod's financial managers perceived that the SA Synod was facing a financial crisis. This crisis was defined in terms of their own rationale for the financial management practices of the Synod - namely that the capital base of the Synod was being eroded by the practice of allowing annual expenditure to exceed available income. However, an examination of the financial accounts of the church by the financially knowledge volunteer (FKV1) led her to reach a different conclusion. She felt that the investment policies of the Synod were in fact building the resource base of the church, not eroding it[71]. The budget negotiations outlined in Chapters Five and Six indicated that the FKV1's perceptions of resource sufficiency were to eventually prevail, resulting in the financial managers being pressured to make available a higher level of resources to fund the immediate activities of the church. The dominance of this perspective was not determined by the 'facts' underlying the financial position of the Synod, but rather by the ability of the individual to engender support for her viewpoint (see Section 8.4.2.4)[72].

The identification of financial crises in the investigative literature also appeared to be largely determined by the relative power of individuals or occupational groups within the particular church organisations to promote their own agendas. While Lovell (1997) blamed the financial managers for the Church of England's declining asset balances and criticised them for failing to recognise the significance of such financial decline, he reported the financial managers as claiming that pressure from the 'sacred' bodies of the Church forced them to continue to distribute income in excess of earnings to avoid causing "real hardship and damage in the parishes" (p 186). Thus Lovell on the one hand suggested the financial managers ignored evidence of a looming financial crisis, but on the other indicated that they were aware of the deteriorating financial position but felt unable to do anything about it because of pressure to maximise support for the sacred bodies of the church. A similar story is presented by Tidwell and McKee (1993). Again the financial managers of the PTL were shown to be aware of the mismanagement of the church's funds and the eventual rapid decline in available resources. However,

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[71] The alternative perceptions of the changes in the equity (resource base) of the Synod were based on differing interpretations of the application of various accounting policies and their impact on the calculations provided in the annual MSF accounts.

[72] The significance of "the comparative power of ... different groups [or individuals] to have their perspective heard" was noted to be an important determining factor in the outcome of the change process of a religious order examined in the organisational literature (Bartunek, 1984, p 365).

attempts to promote their concerns were silenced by the dominant clergy, who described the financial managers' reports as "bad news" and ignored them. The existence of a financial crisis within a church organisation may thus be a matter of perspective and negotiation, rather than a factual, objectively identifiable event. Evidence in the literature and the current study also indicated that financial managers may often appear to be unable or unwilling to impose their own perceptions of a financial crisis on the 'sacred' agenda of their church.

8.6 Summary

The findings of this study have variously supported and challenged the understanding of church financial managers and financial management incorporated in existing 'skeletal frameworks'. The nature of the budget process examined in the SA Synod appeared to be fundamentally similar to those described in other church studies. Although the study of the SA Synod identified a wider range of budget strategies than previous studies, the financial managers were again seen to advocate a budget approach that focused on attaining a balanced budget through expenditure reductions.

While the nature of the SA Synod's 1996 budget process and the actions of the financial managers within that process were not dissimilar to the findings of the prior literature, the focus of the study on the experiences of the financial managers themselves within this process facilitated a number of unique insights. First, the study showed that the application of the 'sacred and secular divide' might not be as straightforward as suggested by previous authors. The strong Christian commitment of the Synod's financial managers was seen to influence their definition of their role-based rationale such that they saw themselves as seeking to use the secular in order to promote the sacred mission of the Church, rather than simply contributing a 'secular' viewpoint to Church decisions. They were thus seen to promote a greater integration of the sacred and the secular, rather than accepting their to be a practically operational 'divide' between them. In consequence, attempts by other organisational members to classify the financial managers as 'secular' individuals were seen to be deeply upsetting for the financial managers. Likewise, the study showed that Booth's (1991) classification of the specific activities of the Synod as sacred or secular was also problematic. As the majority of the Synod's tasks were 'secular' in that they were directed at the support of sacred activities conducted elsewhere in the Church, the study concluded that an understanding of the prioritisation of church activities might be better achieved if such activities were thought of as distributed along a 'hierarchy' of sacredness, rather than in a polarised 'divide'.

Booth's (1993) 'skeletal framework' of factors influencing the significance of accounting (and financial management) in church entities theorised that the primary determinants of such a position would be the nature of the conflict between the church's occupational groups and the existence of financial crises. The findings of the study of the SA Synod suggested that the relative power, persona and persuasive abilities of individuals, rather than occupational groups, may be a primary determinant in the extent to which a financial management agenda was tolerated within the church entity. Such individuals were seen to be more strongly affiliated with their church roles, rather than to their occupational training. While the relative strength of occupational groups may be expected to vary across church entities with differing theological underpinnings (eg Booth, 1993; Hinings, 1973), such an explanation would not be valid in a comparison of Booth's study (1991, 1995) with the current thesis as both studies addressed the same national church organisation.

Negotiations between individuals regarding appropriate strategies for the financial management of the Synod often seemed to reflect a strong distrust of the financial managers' agendas. However, such distrust seemed to have stemmed more from a lack of understanding or acceptance of the ideological means-ends promoted by the dominant financial managers than from the financial managers' efforts to 'market' an occupationally oriented 'secular' viewpoint.

Finally, the study questioned Booth's (1993) process for defining and identifying a financial crisis within a church entity. The study argued that since many church organisations face an ongoing struggle to balance increasing expenditure against limited income, the impact of such a situation of constrained resources may well be of a contextual nature rather than representing a 'crisis'. The study also noted that the identification of a 'crisis' within an organisation may be somewhat subjective, with particular individuals possibly interpreting the financial situation differently in accordance with their particular role orientation or to suit their own agendas. An understanding of the impact of financial shortages on financial management and financial managers in church organisations may be greatly assisted if researchers were able to clearly define whether they were examining ongoing ‘context’ or a particular ‘crisis’.

CHAPTER 9 CONCLUSION

9.1 INTRODUCTION

This thesis has focused on an explication of how financial managers act within a church environment and the nature of the rationale(s) that underlie such behaviours. As noted in Chapter One, the accounting and management literature has tended to assume a significant role for financial managers within both private and public entities. The failure to adequately problematise this presentation means that little is known of the experiences of financial managers in entities where the rationale of their discipline is seen as conflicting with the organisation's dominant ideology.

The existing literature on accounting and financial management within church entities suggests that such a conflict may be both significant and visible within church organisations, due to the perceived divergence between the transcendental nature of the inherent organisational ideology and the economic rationality underlying financial management practice. However, while the impact of such incongruity on the use of financial management practices in church entities has received at least limited attention, the impact on the working lives of the people primarily responsible for financial management tasks has not been directly considered. To begin to address this lacunae, this thesis has sought to examine the experiences of 'being' a financial manager from the perspective of the financial managers of one church entity during their annual budget negotiation process. The findings of the thesis have thus provided insights into how financial managers act and rationalise their actions within an organisation with a strongly non-financial ideology.

As the existing literature on church accounting and financial management had facilitated few insights into the working lives of the people responsible for such functions, the thesis utilised a field-based case study as the basis of the study. To facilitate the collection of an appropriate depth of data, the case study utilised in this thesis was focused on an examination of the financial managers' perspectives of the activities that occurred during the 1996 budget negotiation process of the South Australian Synod of the Uniting Church in Australia. As the case study has been comprehensively detailed in Chapters Four, Five and Six, this section will simply address a brief reminder of the purpose of this focus.

The thesis initially focused on the Uniting Church in Australia as it had a similar theological and ideological base to the organisations examined in the existing major church studies and was of sufficient size to require a significant financial management function. Within the Uniting Church, the study focused its attention on the Synod of South Australia. While this particular administrative body was one of a number of sites that could have constituted an appropriate base for the study, it was selected for study as it was geographically located in the same state as the researcher, thus enabling the researcher to make the frequent visits to the site that were necessary to collect the data required for the study. The budget formulation process was selected as the central focus of the study as it was considered, both within the existing church literature and by the researcher's own prior experience with the organisation, to be a time when the nature and roles of the church's financial management practices were most open to examination and question. Such debates were particularly visible during the 1996 budget process as the managers of the Church struggled to find a way forward in a climate on continuing financial and spiritual decline. The details of the budget events comprising the case study have been presented as a series of narrative 'stories' in Chapter Five and Six.

Within this study of the 1996 budget negotiation process, the thesis focused particularly on the events occurring during the budget process from the perspective of the financial managers themselves. It was necessary to develop a clear understanding of the organisational 'reality' as perceived by the financial managers, as this was argued to form the basis of the factors or context influencing the actions of the financial managers (see Chapter One). Such an emic approach enabled the use of multiple research methods to build rich (detailed) descriptions of *what* the financial managers were doing during the budget process, *why* they were taking such actions and how they saw other factors within the organisation impacting on the success of their strategies. The resultant framework of understanding derived from the study (see Chapter Seven) thus provides a basis for the examination of 'being' a financial manager within the non-profit context. These findings were then reflected back on the existing church accounting and financial management literature to identify the contribution of the findings as supporting or challenging existing knowledge (see Chapter Eight).

To conclude this thesis, this chapter will undertake a number of tasks. First, a summary of the major findings of this thesis in terms of the initial research questions will be presented. Second, the potential of the findings of the current study to inform the existing literature will then be reviewed. Finally, some implications for future research directions for the examination of being a financial manager in non-profit entities will be discussed.

9.2 MAJOR FINDINGS

The central research questions raised in the thesis asked:

> *How do financial managers act and rationalise their actions in an organisation with a strongly non-financial ideology?*

In order to adequately address the primary research consideration underlying this thesis, Chapter One identified three subsidiary questions relating to the major components of the central research issue. The thesis thus sought to determine first, *the actions and/or strategies adopted by the financial managers in a church entity.* The understanding of such actions then required a consideration of *the rationality(ies) underlying the actions and strategies exhibited by the financial managers.* Finally, to fully explicate the outcome of the financial managers' actions, the thesis examined the *factors that influenced the success of the actions/strategies in achieving the purpose desired by the financial managers.* This section will now summarise the findings inherent in the framework of understanding presented in Chapter Seven to provide some responses to these considerations.

9.2.1 The actions/strategies adopted by the financial managers

An examination of the 1996 budget negotiation process, while only a small component of the total financial management functions of the Synod, revealed that the financial managers were promoting a pattern of inter-related actions which were directed at the achievement of a primary overarching strategy. Throughout the budget process, the financial managers assertively advocated the preparation of a balanced budget with the size of the budget determined by the amount of budgeted income, rather than the more common Synod practice of approving a deficit budget and hoping additional income would be earned or sources of savings would be identified to ensure a more positive actual outcome. While the financial managers proactively sought additional income for the annual budget, they also undertook a number of actions designed to ensure that the 1996 budget numbers reflected a conservative estimate of income. In order for the Synod to achieve a balanced budget with a conservative estimate of income, the financial managers further consistently advocated the need for the Commissions to reduce their expenditure to reduce the demands on the Synod's Mission and Service Fund budget.

The actions of the financial managers identified in this study suggest an aura of assertive conservatism in the financial management of the SA Synod. While this could be attributed to the typical behaviour expected of an accountant or financial manager, as was often seen in the church financial management literature, such simplistic generalisation does not reflect the strategy that the SA Synod financial managers saw themselves as pursuing through their actions. The 'deep' examination facilitated by the nature of this thesis found that underlying these actions was the overriding desire of the financial managers to ensure that the financial resource base would not be 'eroded' by the requirement to draw on existing investment funds to finance the Synod's budgeted activities. It was thus concluded that the financial managers felt that their strategies and actions in the 1996 budget process were focused on using conventional management accounting principles and practices to 'protect' the resource base of the Synod.

9.2.2 The rationale underlying the financial managers' actions/strategies

The actions of the Uniting Church's financial managers during the 1996 budget process did not appear dissimilar to those that might be expected of accountants or other financial managers employed in other types of organisations. However, the rationale underlying the work of the financial manager in a business context is expected to be dominated by concerns for profit and economic wealth. Such values are generally a reflection of those of their employer. What interpretive scheme was seen to dominate the work of the financial manager in an organisation with a strongly non-financial ethos?

The investigation found that the financial managers clearly saw their purpose in the Synod as being to contribute to facilitating the future sacred mission of the church. The financial managers felt that they had a significant responsibility to facilitate mission activities by maximising the income available to the Synod, both in the immediate budget period and in future years. This objective was becoming increasingly difficult to achieve, as the main income providers, the parishes, were seen as becoming less able and/or more reluctant to redirect their own limited funds to the work of the Synod. Hence the financial managers perceived a need to develop the ability of the Synod to generate its own funds independently of the parishes. The primary opportunity for such income generation was felt to be through the judicious use of the Synod's assets to earn income for the Synod.

To ensure the effective facilitation of the mission of the church, the financial managers had a particular concern to balance the provision of funds in the current year with the need to ensure that sufficient resources were reinvested so as to maximise the potential income available to the Synod in the longer term. Thus while the financial managers proactively sought to increase actual available income through careful investment projects and advocacy to raise grants from associated bodies, they also sought to restrict the income declared in the annual budget. Such efforts were intended to protect the investment base of the Synod by minimising the probability of having to fund an actual operating deficit and by ensuring that at least some income would be available for reinvestment to boost the resource base, and thus the future income, of the Synod. The financial managers believed that this strategy and associated actions would allow them to achieve their overall objective - facilitating the future sacred mission of the Synod. In summary, the rationale of the financial managers in the SA Synod was clearly aligned with the 'sacred' ideology and goals of the Church. The financial managers believed that the means for achieving such sacred goals needed to incorporate a consideration of both the mission and financial agendas of the church.

9.2.3 Influencing factors

The nature of the financial managers' interpretive scheme and their actions and strategies were seen by the financial managers to have been influenced by a number of significant factors. These factors have been identified under three main headings: conditions relating to the general organisational environment in which the financial managers were working and to the personal belief systems of the financial managers themselves; specific contextual features existing at the particular time of the case study; and influencing factors that were seen by the financial managers to have impacted on their ability to successfully achieve their desired outcomes. A discussion of these factors is significant for two reasons. First, these elements comprise a fundamental component of the framework of understanding 'being' a financial manager in the 1996 Synod budget process. However, the identification of these factors is also essential as they provide the 'deep' contextual descriptors necessary to enable future researchers to establish the fittingness or potential for generalisation of the findings of the current study to their own work (see Chapter Two).

The rationale underlying the financial managers actions within the 1996 budget process was strongly influenced by three particular factors derived from the organisational context in which the financial managers were working. First, the Synod was operating in an environment characterised by a perceived lack of resources to meet the growing demands being placed on the organisation. This situation became particularly evident during the annual budget process as those responsible for the final budget struggled to match the limited pool of income with the increasing expenditure required to support existing, let alone new, Synod activities. As members of the body responsible for both the income budget and a significant administrative expenditure budget, the financial managers saw themselves as under pressure to both increase Synodal income and to reduce the costs of providing their own services, which were perceived by other Synod managers as unimportant to the overall goals of the church. Their consequent rationale and actions were thus strongly influenced by the need to stabilise the resourcing of the Synod to enable the Synod to continue to provide valuable services to the broader Uniting Church community in the longer term.

The second contextual feature of the financial managers' organisational setting was the lack of clarity in the allocation of authority, particularly regarding the budget process. The decision making processes of the Uniting Church were characterised by a complex arrangement of interlocking and often overlapping committees and other church bodies, each of which was obliged to consult with other interested parties on many issues coming before them for resolution. While there was a hierarchy of decision making power within the Synod bodies, the application of such powers was interspersed with a preference for the use of a consensus process of arriving at solutions. The combination of these elements thus resulted in a management structure that often lacked clarity regarding the particular responsibilities and decision making powers of individual bodies. As the authority of individual bodies or positions was often not clearly specified, the individuals occupying particular Synodal positions or being members of particular committees were left to identify for themselves much of the purpose of their work and the scope of responsibilities it would address. To this end, the financial managers were seen to develop a focus on managing the financial assets of the Synod in a manner that they saw as enabling the future mission of the church to be effectively financed and thus facilitated. Likewise, the financial managers had been given relative autonomy to determine the strategies and actions that they felt were most appropriate to managing the financial resources of the Synod. However, the unclear allocation of budget authority meant that there was scope for other Synod bodies to challenge the financial managers' perceptions of their budget responsibilities and to propose their own interpretations of appropriate financial management policies to the Synod decision making bodies.

A further influence on the financial managers' beliefs and actions exhibited during the budget process was the personal attitudes of the individual financial managers toward the Uniting Church. The financial management staff and volunteers forming the focus of this thesis were all deeply committed Christians and active members of their respective Protestant churches. They were thus strong supporters of the transcendental ideology underlying the Uniting Church. This strong organisational commitment in turn influenced the financial managers' raison d'etre and subsequent actions, with the sacred agenda of the church being clearly reflected in the financial managers' own work.

While the organisation conditions outlined above could be seen to influence the financial managers' rationale and thus their actions, the strategies and actions undertaken by the financial managers during the 1996 budget process were also seen to be a response to a specific significant contextual feature perceived to exist at the time of the study. By 1995, the financial managers believed that the investment base of the Synod had for some years been in danger of being 'eroded' or reduced as capital funds were drawn down to finance operating deficits and expenditure on items not included in the budget. This generated a particular concern for the financial managers, as they were using the increasing levels of income generated from their investment portfolio to supplement the declining income from other sources in the annual Synod budget. The financial managers' actions to protect the Synod's resources were thus deemed particularly necessary in the 1996 budget process to try to prevent the resource base from further erosion and to give some protection to the income anticipated to be earned from this source in future years.

The final category of influencing factors identified in the study were those that were seen by the financial managers to have impacted on their ability to successfully implement their desired actions and thus to achieve their central underlying objective. First, the financial managers perceived that their ability to implement their strategies was dependent, to a large degree, on the actions of a small number of specific individuals within the Synod. The position of the financial managers was primarily advocated by the two senior staff members of the Resources for Mission Commission. Prominent support was also demonstrated in joint meetings and debates by particular financial management volunteers. To a large degree, the financial managers perceived that the promotion of their proposals was dependent on the ability of these specific individuals to convince others within the Synod of the merit of those proposals for the financial management of the Synod.

In the same way, the financial managers perceived that the challenges directed towards their proposals came from a small number of individual non-financial managers. Particularly, the Focus EO and a financially-knowledgable volunteer were seen to provide a substantial obstacle to the achievement of the financial managers' goals. The strength of these individuals' opposition was seen to be grounded in their ability to dominate the discussion of financial management issues in the significant church committees as they, unlike the financial managers, were generally long-term office holders or members of such bodies and thus held quite a high profile within the church. Some other senior non-financial managers (eg the General Synod of the Secretary and the Focus Chairperson) were also seen to exert an influence on the acceptance of the financial managers' policies. While such persons appeared to contribute little to the budget debates, the financial managers' successes did appear to be highly correlated with the degree of support evidenced from these top managers.

The second factor perceived by the financial managers as influencing the success of their actions was the level of financial understanding held by the other budget participants. The acceptance of the financial managers' arguments was dependent on other decision makers sharing the financial managers' beliefs that a strong resource base was essential for the future of the church, that this resource base was under threat and that the actions advocated by the financial managers would enable that resource base to be adequately strengthened. While the financial managers worked hard to convince others of the latter two points, the first assumption received little acknowledgment or attention. When other decision makers indicated that they did not wholeheartedly support this view, the financial managers argued that this was due to ignorance regarding the "true" financial position of the Synod.

Third, the financial managers felt that the outcome of the budget process was in part due to the lack of trust exhibited towards the financial managers and their subsequent exclusion from many decision making forums. The financial managers had frequently expressed their frustration at the reluctance of other budget participants to trust the financial managers to autonomously use their considerable knowledge of finances and church matters to proactively contribute to the achievement of the goals of the church. Intertwined with this was the perception that the financial managers were being deliberately excluded from expressing their views at many decision making forums. This perceived desire on the part of the broader Synod management to minimise the impact of the financial managers' views was felt to be in part driven by the dominance of specific non-financial individuals within the Synod and by the lack of understanding of the perceived need to incorporate financial matters into church decision making.

9.2.4 Summary

The examination of financial managers practising their craft in an organisation with a strongly non-financial ideology has revealed an insightful picture of a small group of specific individuals sharing a high commitment to their entity who were actively seeking to use all elements of their knowledge and skills to pursue the long term goals of that organisation. While the financial managers saw themselves as totally focused on the best outcome for their entity, they were constantly frustrated by other individuals who did not share their definition or understanding of how to go about achieving this. The ability of the financial managers to promote their own strategies was highly dependent on their skills in using the organisational structures to their own ends and on their personal skills of charismatic persuasion.

9.3 IMPLICATIONS FOR THE EXISTING KNOWLEDGE BASE

The primary goal of this thesis was to specifically focus, for the first time, on the experiences of financial managers practising their craft in a church organisation. The consequent findings thus represent a different perspective to those of previous church accounting and financial management studies. However, the high degree of 'fittingness' (see section 2.2.5.2) between the context of the current study and that from which Booth (1993) derived his 'skeletal framework' of factors influencing the significance of accounting in church organisations means that the findings of the current study can be used to reflect on the theorisation emanating from the previous literature. This section will thus summarise the comparatives addressed in Chapter Eight.

Booth's (1993) framework proposed that the significance of accounting and accountants in a church organisation would be influenced by the operation of the sacred and secular divide, conflict between the dominant occupational groups and the existence of financial crises. If such factors were indeed the primary determinants of the nature and extent of influence held by church accountants, it could be expected that they would be identified by the SA Synod financial managers in the current study.

The primary finding of the current study was that the financial managers, while accepting the primacy of the sacred in the Uniting Church, did not see themselves as 'second class citizens' subordinated beneath the 'sacred and secular divide' within the decision making structures of the Synod. They did not support attempts within the organisation to classify them as 'secularly' oriented and as bringing only an 'economic rationality' to Church debates. Instead the financial managers presented themselves as committed Christians who shared wholeheartedly in the sacred agendas of the Church. Within this Christian framework, they sought to integrate the mission objectives of the Synod with the financial perspective of their defined Synodal role. In this way the financial managers appeared to be actively, and in their opinion successfully, making a holistic contribution to the work of the Church. The financial managers thus did not appear to accept the role claimed for them by Booth (1993) within concept of the sacred and secular 'divide'.

Likewise, the use of the concept of the 'sacred and secular divide' to classify tasks and occupational groups within the SA Synod was seen to be somewhat problematic. As noted above, the financial managers, as an occupational group, did not see themselves as primarily 'secular', but rather as bringing their financial management skills to the Synod as a gift to be used in the mission of the Church. Although the focus of this study was not on the non-financial managers and task groups, the perceptions held by the financial managers regarding such groups were insightful at this point. The financial managers did not attribute a 'sacred' aura to many of the Synods' clergy trained 'mission' managers. An examination of the nature of the work of such persons revealed that they, like the financial managers, were often occupied with the provision of support services to enable the 'sacred' activities of some other Church body to take place unhindered by administrative concerns. Booth's attempts to refine a framework based on the classification of Synodal tasks as 'sacred' and 'secular' thus appears somewhat tenuous.

Second, as discussed in section 9.2.3, the study of the SA Synod concluded that the outcomes of the financial managers' budget strategies were substantially influenced by the actions of a small number of specific individuals. The role of the Synod's major occupational groups was not seen to be as significant as suggested by Booth's (1993) theorisation. In addition, the significant individuals did not clearly align with particular occupational groups in the manner suggested by Booth. Instead the individuals supporting the financial managers' strategies were seen to comprise qualified accountants, unqualified lay persons, and, on occasions, clergy. Likewise the primary opposition to the financial managers strategies came from a minister, as expected, but also from a qualified accountant. Again, the findings of this thesis suggest the need to give further attention to the assumptions regarding the behaviour and influence of individuals, as opposed to occupational groups.

Finally, while Booth theorised the significance of a financial crisis on the use of accounting in a church entity, he was unable to draw any consistent conclusions from the existing church literature regarding the nature and extent of such an impact. The findings of the current study suggest that this may be due to a failure to careful examine what might constitute a 'financial crisis' in a church organisation. The SA Synod, like many church organisations, was seen to face an ongoing struggle to balance necessary expenditure against its limited income. While previous studies have identified such a situation as a 'financial crisis', this study argued that ongoing constrained resources may well be a contextual feature of a church entity, rather than an organisational crisis requiring some immediate and directed reaction. Likewise, the current study also revealed that the definition of a crisis may at times be less a clear identification of an objective reality and more the outcome of individual perceptions regarding resource sufficiency within their entity. Where the existence of a crisis is a matter of perceptions, the relative power of individuals to persuade others of their point of view may be a greater determinant of the organisation's reaction than any measurements of financial data.

In summary, a comparison of the findings of the current study to the primary framework of understanding of accounting and financial management in church entities proposed in the existing literature identifies a number of areas in which this 'skeletal framework' needs further elaboration. In particular, the micro level of financial management activity in church entities deserves greater consideration in future church studies, including explicit acknowledgment of the micro perspectives already generated within the existing church literature (eg those provided within the investigative literature, which has been ignored to date in academic studies). Such a focus on the 'dark side' (MacIntosh, 1994a, 1994,b, 1994c) of the financial managers' working lives will facilitate a move beyond the picture of orderly accounting systems into a deeper understanding of the rationales and behaviours influencing the application of the accounting and financial management crafts in these 'hostile' environments.

9.4 IMPLICATIONS FOR FUTURE RESEARCH

While this study has provided an initial foray into the lived world of church financial managers, an understanding of the experiences of practising the financial management craft in a 'hostile' environment would benefit from a future research agenda incorporating a number of particular considerations. A number of recommendations have emerged from the process of considering the implications of the current findings for the framework of understanding proposed in the existing literature (section 9.3). However, it is appropriate at this point to conclude with some more general suggestions.

First, the current study has focused only on the experiences of financial managers during the budget process. While this was argued to be appropriate for the current study as the financial managers were particularly visible in organisational debates during this time, future studies may increase the understanding of being a financial manager by considering a broader range of the financial managers' activities. Looking at the financial managers' actions, rationales, and influencing factors in other financial management tasks, such as recording transactions and providing financial reports to committees, will facilitate a more comprehensive picture of how financial managers act and rationalise such actions within a church entity.

Second, the study has clearly highlighted the complex paradox of integrating mission with money. In the SA Synod, the financial managers perceived this task as part of their daily role. Likewise, previous investigative church financial management studies had identified (but dismissed) the financial managers as proactively seeking to strategically balance these various needs. However, the academic studies tended to ignore the nature and impact of the financial managers' attempts to integrate, within themselves, both the spiritual and financial agendas of the church. This important consideration has also received little attention in the broader nonprofit literature. One significant exception is provided by Rosenberg et al.'s (1982) study of accountants in local government service departments. Rosenberg et al. indicated that the accountants within such entities commonly developed a significant loyalty to the non-financial values and objectives (eg social care) underlying their entities. They concluded that such observations may have indicated

> the emergence of a new segment of the accounting profession with a new set of loyalties as well as a significant segment ideology and identity [which] could then have long term implications for the relationships between (and sometimes dominance of) financial professionals over non-finance professionals (Rosenberg et al, 1982, p 135).

Accordingly, there may be much to be gained by future research agendas formally problematising and examining the manner in which financial managers in nonprofit organisations identify the relationship between themselves and the ideology of their entity. It is also important to consider the impact that this relationship may have on the way in which the financial managers practise their craft in such entities.

Finally, the current study has focused on an explication of the financial managers' perceptions of their experiences in the SA Synod. The study has thus provided limited comments regarding the realism of the financial managers' claims or their appropriateness for achieving the goals of either the financial managers or the broader church. While it was not the intention of the thesis to do so, it does create an interesting 'gap' between much of the prior church financial management research and this study. Prior studies have often presented a critique of the actions of financial managers without a consideration of why they might be taking such actions. This thesis examines the what *and* the why - the actions and the rationale behind them - but does not provide the element of critique. The understanding of being a financial manager in a church entity may thus benefit from an examination of not only what church financial managers are doing and why they are doing it, but also the sensibilities of such actions. A more critical agenda could thus contribute to considerations such as whether the objectives expressed by the financial managers are indeed appropriate in a church context or whether they are appropriate, but are poorly understood.

9.5 CONCLUDING COMMENT

This study has focused on an examination of the experiences of the financial managers in a church entity in order to gain a greater understanding of *what* financial managers do, but more importantly, *why* they take such actions in an environment characterised by a fundamental hostility towards the ideology of their craft. By explicating the financial managers' own perspectives of their experiences, this study has facilitated a number of unique contributions to the existing understanding of financial management in church entities. It has also identified many concepts and dimensions of the existing assumptions about such practices that require further problematisation in future studies.

While it is recognised that the findings of this study are somewhat embryonic, the framework provided in this thesis forms a 'skeletal' foundation that can be used to both build the existing frameworks of knowledge and to establish new dimensions that require further exploration. As the study was grounded in an entity dominated by a non-financial ideology, the findings may also be useful in the broader international context of non-profit sector entities such as schools, government departments, and charities.

Finally, the study has attempted to utilise a focus and a presentation style that is relatively rare in the accounting and financial management literature. It is hoped that by providing an example of the insights to be gained by focusing on a study of the individual financial manager, rather than systems for which they are responsible, the study will encourage other researchers to seek to understand *why* individual financial managers believe that they behave as they do. Likewise, it is hoped that the demonstration of the communicative power of the narrative in both presenting and analysing qualitative data will lead future academics to make greater use of this informative style of research and writing.

GLOSSARY

Executive Officer (EO)

The senior administrative manager(s) of a Commission

Financially knowledgably volunteer (FKV)

Volunteer with a high level of knowledge of general organisational financial management who is occupied in a primary role that does not include the financial management of the Synod

Financial managers

Persons occupied in either a paid (staff) or voluntary capacity with a primary responsibility for the financial management functions of the Synod

Focus

The body appointed by the Council of Synod and delegated a primary responsibility for strategic planning on behalf of the Synod

Focus Executive Officer

Senior staff member in charge of the administration of the functions of the Focus Planning Committee

General Secretary of the Synod

The person charged with oversight of the administrative functions of the SA Synod (equivalent to a 'chief executive officer')

Mission and Service Fund (MSF)

The operating budget of the administrative structures of the SA Synod

Moderator

The pastoral leader of the Synod in the Uniting Church.

National Church Life Survey (NCLS)

An extensive survey of Anglican/Protestant church attenders in Australia conducted in 1991 and 1996

Non-financial manager

Persons occupied in either a paid (staff) or voluntary capacity with a primary responsibility for the management of elements of the mission or spiritual functions of the Synod

Resources for Mission Commission (RMC)

The body appointed by the Council of Synod and delegated with responsibility for the oversight and management of the Synod funds and property

Resources for Mission Commission Executive Officers (RMC EOs)

Senior staff members in charge of the provision of financial management services within the Resources for Mission Commission office

SA Synod

The Uniting Church administrative structures for an area approximately represented by the boundaries of South Australia

Staff member

Persons employed in a paid capacity within the Synod

Volunteer

Person providing their services to the Synod in a voluntary capacity

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