

THE IMPACT OF ACCOUNTING PRACTICES ON THE DEVELOPMENT OF RELIGIOUS ORGANIZATIONS.

(A CASE STUDY OF THE NIGERIAN BAPTIST CHURCH, OGBOMOSO)

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Abstract

Accounting is a service activity that functions to provide quantitative information primarily financial in nature about economic activities that is useful in making economic decisions. The church is a non-profit organization, whose main source of funding comes from members tithe, offering, special donation, levies and special offering collected. Therefore, religious organizations like churches are required to make financial reports to be accountable in front of her members, on resources received and expenses incurred. Hence, the study examined impact of accounting practices on the development of religious organizations. It specifically examined the influence of accounting practice on the development of Baptist churches and identified the factors influencing the adoption of accounting practice in Baptist churches. This research was embarked on in Ogbomoso, Oyo State, Nigeria, focusing on the Nigeria Baptist Church. The study population was 495 out of which fifty were selected randomly. Primary data was used. Percentage frequency and bar chart were employed. While multiple regression analysis was employed to test objective one. It was uncovered that accounting practice influence religious organization development (Baptist churches) ($f = 21.836$, $p = 0.000 < 0.05$). With $R^2 = 0.537$, extent predicting variables (types of accounting basis, method of fund collection and concepts and conventions of accounting practice) explained the variation in the dependent variable (population growth trend of the church) was 53.7 percent. Affirmatively church policies, convention rules, religious belief and revenue volume are the factors that influenced adoption of accounting practice in Baptist churches.

Keywords: Accounting Practice, Religious Organizations, Nigerian Baptist Church

1. INTRODUCTION

Accounting has evolved and emerged, as there are medicine, law, and most other fields of human profession, in response to the social and economic needs of the society. Bookkeeping and Accounting appeared not as a chance phenomenon, but distinctly in response to the world need

(Jawahar, 2017). Accounting is a service activity (stewardship). Her function is to provide quantitative information primarily financial in nature about economic activities that is intended to be useful in making economic decisions (Jawahar, 2017). The church is a non-profit organization, whose main source of funding comes from members' tithe, offering, special donations, levies and special offering collected. Therefore, religious organizations like churches are required to make financial reports to be accountable in front of her members, on the resources received and the expenses incurred. (Kiet, Iwan, Unti and Ni Ketut 2015).

Accounting has been given credit in religious books, such as the Christian Holy Bible in 1st Chronicles 29:1-9 where the gift giving to King David and his son Solomon for supporting them in the building of the temple of God was accounted for as each head of the family gives and also in Mat. 25: 14-30 (*the parable of the talents*) where their master gives 5, 2 and 1 talents respectively to his servants according to their abilities and ask them to give account of how they used those talents when he later returned from his long journey. Religion is an important contextual factor which defines and deeply affects the behavior of its members within societies, especially in religious nations like Nigeria. But the studies on the relationship between religion and accounting practice gained less attention from academics than practitioners, and there have been rather limited scholarly papers, from both historical perspective and contemporary angle.

Church accounting is founded on the belief for proper record keeping and accountability as a basis of x-raying the integrity of the Christian character (1Corinthians 4:1-2). Research about religion, accounting practice and their relationship is in short supply. According to Carmona and Ezzamel (2006) opined that there is insufficient study on accounting and religion. This study was set out to identify core accounting practices in Baptist churches within Ogbomosho and the impacts accounting practices have on the churches.

Against this background, two research questions were raised, which are; Does accounting practice in Baptist churches influence development and what are the factors influencing accounting practice adopted in the Baptist churches? The main objective of the study is to investigate the significance of accounting practices in Baptist churches in Ogbomosho within the context of the accountability dynamics of the Baptist churches. It set out to specifically examine the influence of accounting practice on the development of Baptist churches and identify the factors influencing the adoption of accounting practice in Baptist churches. Furthermore it hypothesized that, Accounting Practice has no significance influence in religious organizations development (Baptist churches).

2. LITERATURE REVIEW

Concept of Accounting Practice in Baptist Churches

There are different accounting methods that companies can choose to use, and there are principles that companies must abide by. Generally accepted accounting principles (GAAP) refer to a common set of accounting principles, standards, and procedures issued by the Financial Accounting Standards Board (FASB). GAAP is a combination of authoritative standards (set by policy boards) and the commonly accepted ways of recording and reporting accounting information (Jawahar and Lal. 2017). GAAP aims to improve the clarity, consistency, and comparability of financial information.

The Nigerian Baptist Churches has been in existence more than a decades whose establishment had been since 1914. While the first Baptist church that emerge in Ogbomosho (Okelerin Baptist Church) was founded in that same year. They follow some of the examples of GAAP principles like the Revenue Recognition Principle, the Historical Cost Principle, Matching Principle, Full Disclosure Principle and Objectivity Principle in their accounting practice. Also, they follow the cash basis of recording transactions where revenue and expenditure are recorded only when cash

is received and when cash is paid irrespective of the accounting period in which the service was rendered or benefit derived (Oladejo, 2019).

The main sources of fund in the Baptist churches can be categorized into 3 main groups, namely tithes and offering of the members, special donations and levies and special offerings. There exist a finance committee in all the Baptist churches which constitute the Church Pastor as the ex-officio member, the treasurer as the chairman of the committee, the financial secretary, the church general secretary, head of personnel and 2 other members from the church units head like Women Missionary Union President, Men Missionary Union President and Youth President. Literally, the committee consist of majorly seven (7) members. (Source: interview with Stadium Baptist Church, Ogbomosho under shepherd).

The expenditure of the church can also be grouped into 3 aspects, payments of church workers' salaries, special church projects and mission enterprises. Apart from the finance committee, there are other two (2) groups of members who are involved in the accounting practice of the church. They have the ushers who goes around during service programs to collect offerings from the members in attendance while the counters who sat in the vestry were given the mandate to count and record in the church ledger each service fund received. Thereafter the financial secretary and treasurer will confirm the fund received, signed against each ledger page where it were recorded into. The financial secretary will record the total of each service fund in the church book of account while the treasurer makes lodgment into the church bank account the next morning.

The church statement of financial reports is being presented in three (3) phases. Monthly statements of financial reports which will be presented by the finance committee to the church executive for perusal and approval in the first week of another month. Quarterly statements of financial reports will be presented to the entire church congregation at the end of a quarter during the church in conference meeting for perusal and approval and lastly the annual statement of financial reports which will be presented to both the church executives and the church congregation at large at the end of calendar year which is also the church financial year.

Empirical Review

Some surveys of accounting practices in churches have given a limited insight into the penetration of accounting practices in the sense that they report the categories of practices used. However, they provide no information on the details of the practices used, how, when and for what activities they are used, and the existence of any resistance to their use. In other words, insight is provided only on the existence or nonexistence of accounting practices and not their impacts. Imtiaz, Frode and Konstantin, (2013) in the work titled, Accounting from a Religious Perspective describe and analyze the role of religion (Islam) in the development of accounting at the central government in Islamic Republic of Pakistan and also discovered after his findings that the role of religion in the development of accounting practice in Pakistan is minimal or virtually non-existent.

Another researcher Małgorzata, (2018) whose journal titled the Influence of Religious Principles on the Formation of the Accounting System discuss the impact of Christianity, Islam and Confucianism on accounting systems and practices based on literature studies while this study seeks to find out the impact of accounting practice itself on religious organizations. Booth (1992), also develops arguments through a case study of the uses of accounting in the Queensland Synod of the Uniting Church in Australia in his work titled The Sacred and the Secular: The Variable Significance of Accounting in a Religious Organization and examine the level(s) of significance of accounting within the Queensland Synod but this study looks into the uses of accounting practice in Nigeria Baptist churches in Ogbomosho.

3. METHODOLOGY

This work was done in Ogbomosho, Oyo State, Nigeria, with focus on the Nigeria Baptist Churches. The total number of the Nigerian Baptist Churches in Ogbomosho is 495 (Ogbomosho Baptist Conference, 2020). The research design adopted in this work was descriptive survey research design. Primary data was adopted. The primary data was collected using questionnaire. Systematic random sampling techniques was used to select fifty (50) Baptist churches out of the total population. Primary data was administered directly on the respondents to elicit the needed data for the study. Both descriptive and inferential statistics was used to test for the objectives and hypothesis of the study.

4. RESULT AND DISCUSSION

Socio-economic characteristic of respondents

Percentage frequency was employed to analyze the socio-economic characteristics of the respondents. This was presented in table1. The status of the respondents shows that church pastor had 21 percent, church secretary had 17 percent, church treasurer had 28 percent, financial secretary had 24 percent and other church member had 10 percent. Furthermore, 75 percent and 25 percent of the sampled respondents accounted for male and female respectively. In similar manner, the age of the respondents shows that 31-40 years had 37 percent, 41-50 years had 33 percent while 51 years and above had 30 percent. Following similar trend, the educational level of the respondents sampled revealed that 7 percent and 93 percent of the respondent had secondary and tertiary education respectively. It was deduced that majority of the sampled respondents were in accounting department of the church, educated and energetic youth of the masculine gender.

Table1. Socio-economic characteristic of respondents

Variables	Measure	Frequency	Percent
Status			
	Church Pastor	21	21.0
	Church Secretary	17	17.0
	Church Treasurer	28	28.0
	Financial Secretary	24	24.0
	Other Church Member	10	10.0
	Total	100	100.0
Gender			
	Male	75	75.0
	Female	25	25.0
		100	100.0
Educational Level			
	Secondary Education	7	7.0
	Tertiary Education	93	93.0
		100.0	100.0
Age			

	31- 40 years	37	37
	41-50 years	33	33
	50 years and above	30	30
	Total	100	100

Source; Researcher’s Field Survey (2021)

To examine the influence of accounting practice on the development of Baptist churches.

In order to examine the influence of accounting practice on the development of Baptist churches in Ogbomoso area of Oyo State, regression analysis was employed and presented in table2, table3 and table4. Accounting practice was proxy with; types of accounting basis (Q2), method of fund collection (Q3), and concepts and conventions of accounting practice (historical cost concepts, full disclosure principle and revenue recognition principle). While development was proxy by the population growth trend of the church (Q5). The coefficient of determinant obtained was 0.537 which implied that the extent the predicting variables (types of accounting basis (Q2), method of fund collection (Q3), and concepts and conventions of accounting practice (historical cost concepts, full disclosure principle and revenue recognition principle) explained the variation in the dependent variable (population growth trend of the church (Q5) was 53.7 percent. Furthermore, the multiple correlation coefficient was 0.733 which implied that the combined relationship between the explaining variables and the dependent variable was moderate. The Durbin-Watson value of 1.720 suggested that the distribution is free from auto correlation challenges. Validating the pre-set hypothesis of the study, the f-ratio value was 21.836 while the critical p value was 0.000 which was lower than the 0.05 level of significant. The golden rule state that when critical p- value is lower than 0.05 level of statistical significant reject null hypothesis and accept the implied alternative hypothesis. Hence the null hypothesis which was that accounting practice has no significance influence in religious organizations development (Baptist churches) was rejected. The alternative hypothesis that accounting practice has significance influence in religious organizations development (Baptist churches) was accepted. As such it was inferred that accounting practice influence religious organization development (Baptist churches).

Table2. Model summary to examine the influence of accounting practice on the development of Baptist churches.

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.733 ^a	.537	.513	.44475	1.720

a. Predictors: (Constant), REVRECOG, FUNDCOLLECTION, HISTORICAL, ACCTGBASIS, FULLDISCLOSURE

b. Dependent Variable: POPUTREND

Source; Researcher’s computation (2021)

Table3. ANOVA to examine the influence of accounting practice on the development of Baptist churches.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	21.596	5	4.319	21.836	.000 ^a
	Residual	18.594	94	.198		
	Total	40.190	99			

a. Predictors: (Constant), REVRECOG, FUNDCOLLECTION, HISTORICAL, ACCTGBASIS, FULLDISCLOSURE

b. Dependent Variable: POPUTREND

Source; Researcher’s computation (2021)

Table4. Coefficients to examine the influence of accounting practice on the development of Baptist churches

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.806	.262		10.702	.000
	ACCTGBASIS	.263	.063	.329	4.154	.000
	FUNDCOLLECTION	-.502	.053	-.713	-9.517	.000
	HISTORICAL	-.082	.083	-.079	-.983	.328
	FULLDISCLOSURE	.280	.107	.211	2.630	.010
	REVRECOG	.198	.113	.147	1.758	.082

a. Dependent Variable: POPUTREND

Source; Researcher’s computation (2021)

To identify the factors influencing the adoption of accounting practice in Baptist churches.

Bar Chart was employed and presented in Figure1 to identify the factors influencing the adoption of accounting practice in Baptist churches. It was observed that church policies had 60 percent strongly agreed and 40 percent agreed, convention rules had 30 percent strongly agreed, 56percent agreed, 6 percent indifference and 8 percent disagreed. Also, government policies had 12 percent agreed, 64 percent indifference, 20 percent disagreed and 4 percent strongly disagreed. Furthermore, religious belief had 4 percent strongly agreed, 59 percent agreed, 12 percent indifference and 25 percent disagreed. Lastly, revenue volume had 17 percent strongly agreed, 62 percent agreed, 15 percent indifference and 6 percent disagreed. The chart shows that church policies, convention rules, religious belief and revenue volume influence the adoption of accounting practice in Baptist churches.

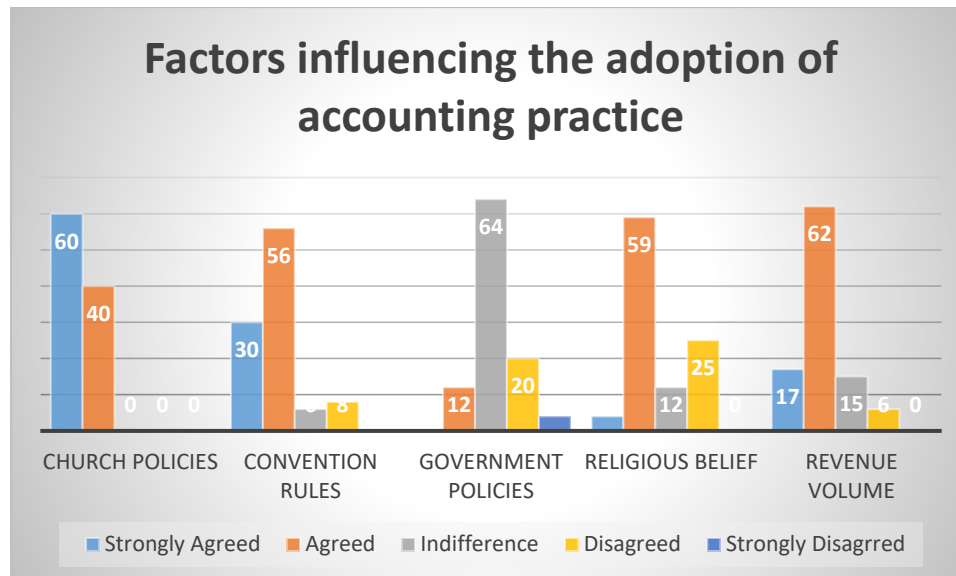


Fig.1 Factors influencing the adoption of accounting practice in Baptist churches.

Source: Researcher’s field computation (2021)

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

The establishment of appropriate and adequate accounting practices adopted in Baptist churches has a significant influences in the development of the church. Therefore, the work assessed the impact of accounting practice on the development of religious organization. Specifically it examined the accounting practices existing in the Nigerian Baptist Churches, ascertained the core accounting principles in use in the Baptist Churches, evaluated the impact of accounting practices on Baptist churches development and also identified the factors influencing the adoption of the accounting practice adopted in Baptist churches.

This was done in Baptist Churches in Ogbomosho. The population of this study consists of the total number of the Nigerian Baptist Churches in Ogbomosho which is 495 out of which 50 churches was sampled and 100 questionnaire were completely filled and retrieved. Primary data was employed for the study. Collected data was analyzed by both descriptive and inferential statistics with the aid of statistical tools which are percentage frequencies and bar chart. The inferential statistical tool used was multiple regression analysis.

Findings revealed that, majority of the sampled respondents were educated and energetic youth of the masculine gender. While the core accounting practices available in the study area were; accounting basis (cash basis), concepts and conventions (historical cost concepts, full disclosure principle and revenue recognition principle) and cash and e-transfer method of fund collection. Furthermore, the factors that influence the adoption of accounting practice in Ogbomosho Baptist churches identified were church policies, convention rules, religious belief and revenue volume. Further analysis unveiled that accounting practice had statistically significant impact on the development of Ogbomosho Baptist churches.

The coefficient of determinant obtained was 0.537 which implied that the extent the predicting variables (types of accounting basis (Q2), method of fund collection (Q3), and concepts and conventions of accounting practice (historical cost concepts, full disclosure principle and revenue

recognition principle) explained the variation in the dependent variable (population growth trend of the church (Q5) was 53.7 percent. Furthermore, multiple correlation coefficient was 0.733 which implied that the combined relationship between the explaining variables and the dependent variable was moderate.

Validating the pre-set hypothesis of the study, the f-ratio value was 21.836 while the critical p value was 0.000 which was lower than the 0.05 level of significant. Hence, accounting practice influence religious organization development.

Conclusion

Based on the findings of the work, it became unavoidable to conclude that the core accounting principles available in Ogbomoso Baptist Churches were; cash accounting basis, historical cost concepts, full disclosure principle and revenue recognition principle. Also, cash and e-transfer is the method of fund collection identified. Similarly, church policies, convention rules, religious belief and revenue volume are the factors that influence the adoption of accounting practice in the church. Affirmatively, accounting practice have statistical significant impact on the development of Ogbomoso Baptist Churches.

Recommendations

This work recommended that, standard accounting practice should be embraced by churches and other religious bodies to support their development. Furthermore, compliance to government policy and standard on accounting practice should not be compromised by religious organizations and leaders. Further researchers could further explore topics on religious body expenditure practice and accounting practice.

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QUESTIONNAIRE

This work is interested in examining the impact of accounting practice on religious organizations. A Case Study of the Nigerian Baptist Churches in Ogbomoso, Oyo State, Nigeria. Your consent on the questions raised will be of high contribution to the success of this work. The questionnaire is strictly for academic purpose.

Thanks for your cooperation.

SECTION A: Socio-Demographic Character

Name of the Church _____

Position in the Church (A) Church Pastor (B) Church Secretary (C) Church Treasurer
(D) Financial Secretary (E) Other Church Member

Gender (A) Male (B) Female

Educational Level (A) Primary Education (B) Secondary Education (C) Tertiary Education

Age (A) Below 30 years (B) 31 – 40 years (C) 41 – 50 years
(D) 50 years and above

SECTION B: Accounting Practice types, Method of fund collection and Church development.

1. Is account department available in the church? (A) Yes (B) No
2. Which type of accounting basis is available in the church? (A) Cash Basis
(B) Accrual Basis (C) Modified Cash Basis (D) Commitment Basis
3. Method of fund collection in the church is (A) Cash (B) Cheque
(C) E-Transaction (D) Cash and E-Transaction
4. How many baby churches had the church produced? _____
5. What is the trend of church population growth in the last 5 years? _____

SECTION C: Concepts and Conventions of Accounting Practice

Please note that SA stands for Strongly Agree, A for Agree, I for Indifference, D for Disagree and SD for Strongly Disagree.

VARIABLE	SA	A	I	D	SD
Historical cost principle of accounting is applicable in the church account record keeping procedure					
Full disclosure principle of accounting is applicable in the church account record keeping procedure					
Revenue recognition principle of accounting is applicable in the church account record keeping procedure					

SECTION D: Factors influencing the adoption of accounting practice

VARIABLE	SA	A	I	D	SD
Church Policies influence the adoption of accounting practice in the church					
Convention rules and regulations influence the adoption of accounting practice in the church					
Government Policies influence the adoption of accounting practice in the church					
Religious belief influence the adoption of accounting practice in the church					
Revenue volume influence the adoption of accounting practice in the church					

14. What other factors do you think influence the adoption of accounting practice in the church? _____

