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Accountabililty and accounting in a religious organisation: an interpretive ethnographic study of the Pentecostal Church of Indonesia

David Paul Elia Saerang
University of Wollongong

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**ACCOUNTABILITY AND ACCOUNTING IN A RELIGIOUS
ORGANISATION:
AN INTERPRETIVE ETHNOGRAPHIC STUDY OF THE
PENTECOSTAL CHURCH OF INDONESIA**

A thesis submitted in fulfillment of the requirements for the award of the degree

DOCTOR OF PHILOSOPHY

from

UNIVERSITY OF WOLLONGONG

by

DAVID PAUL ELIA SAERANG

**B. Econ. (Management, Sam Ratulangi University, Indonesia)
M.Com (Honours) (Accountancy, University of Wollongong)**

**School of Accounting and Finance
June, 2003**

CERTIFICATE

I, David Paul Elia Saerang, declare that this thesis, submitted in fulfillment of the requirements for the award of Doctor of Philosophy, in the Department of Accounting and Finance, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

Signed:

David Paul Elia Saerang

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This thesis would not be completed without the supervision and guidance of Professor Michael J R Gaffikin and Associate Professor Robert B Williams. I am grateful and proud of their help, suggestions and constructive criticisms during the completion of this thesis.

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Finally, the sacrifice of my wife, Jouke, daughters, Regina and Gracia, has been beyond words. Their constant support, encouragement and prayer has motivated and guided me along the difficult times of my struggle. To all of these, I salute and thank.

DEDICATION

This thesis is dedicated to
my Father who passed away a few months after I completed my first degree, and
who I miss so much at this time of excitement and pleasure in my academic
achievement.

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List of Abbreviations

- PCI** : The Pentecostal Church of Indonesia
- NSRB** : The North Sulawesi Regional Board
- CB** : The Central Board
- LC** : The Local Church
- CF** : The Condolence Fund

ABSTRACT

This thesis is an investigation of accountability and accounting practices in a Pentecostal Church in Indonesia. The church is an Indonesian-based organisation with an international operation. With approximately 8200 local churches scattered around the country as well as overseas and two million members, the church is currently regarded as one of the biggest Indonesian-based church organisations. To cope with increasing organisational needs, a multilevel organization structure is inescapable. In general, there are three major financial and organizational levels in this church, namely Central Board, Regional Boards, and Local Churches.

For the purpose of this study, three units of interest representing these three levels of the organisation units are selected as the researched sites. These units are the Central Board (CB), the North Sulawesi Regional Board (NSRB), and the Local Church of Bahu. Since accounting practices are related to and located with the financial elements of the organisation, the financially related issues of the researched units become the focus of investigation in this study. As a result, six different systems of funds, namely the tithe, offering, church reserve, condolence, regional board, and central board funds, are identified at the researched units. The first four involve the financial systems at the Local Church level.

Using an interpretive methodology coupled with an ethnographic research method to investigate, it is revealed that the accountability dynamics of these funds vary and are influenced by the religious belief system as well as the social and organizational dynamics of the church. These, in turn, implicate the role of accounting information and accounting practices in administering these funds. To analyse these phenomena, a model of accountability proposed by Laughlin (1996) is used as the theoretical model. This model which recognises the role of the 'higher principal' in the accountability relationship is used to analyse and provide explanation on the nature of the accountability dynamics of these funds as well as explanation on the how and why accounting is practised in the researched units of the organization.

Based on the determinants underlying the dynamics of the accountability relationship of the church's funds it is concluded that the need for the accountability to these funds varies from ex-post communal to ex-ante contractual forms of accountability. For the funds requiring an ex-post, communal account, the role of accounting information is not evident and, therefore, the need for accounting practices is very minimal. The tithe and offering funds belong to this category. For the funds requiring an ex-ante, contractual account of accountability, on the other hand, the role of accounting information is evident. Therefore, the need for accounting practices is significant. The Central Board, Regional Board, and the Condolence funds belong to this group.

Key Words: Accounting, Accountability, Church, Ethnography, Ex-ante and Ex-post forms of Reporting, Communal and Contractual forms of Account, Religious Belief System, Religious Organisation, Secularisation Process, Professional Autonomy, Economic Reason, Principal, Agent, Higher Principal.

CHAPTER ONE

INTRODUCTION

1.1. Introduction

One of the least researched aspects of modern life is the financial affairs of religious institutions; yet, religious organisations are among the oldest human institutions. Also, religious organisations in general have a much longer life than business firms and possess an abundance of historical data. With regard to human resources, Nelson (1993) argues that "churches are big business, one of the biggest, if one considers the number of employees and members of religious organisations" (p. 655). To reinforce the above argument, Booth (1995) notes that...

(C)hurches have a large number of the population as adherents, they are channels for large sums of financial and other resources, and they provide significant proportion of health and welfare services through a wide range of church affiliated agencies (p. 20).

Several studies have been undertaken of religious institutions but have been of either mainstream or western organisations. The lack of investigation into non-western, non-mainstream religious institutions motivates this study. It investigates the accountability and accounting practices in a Pentecostal Church in Indonesia. Doctrinally, this church is not a western mainstream church, neither geographically nor culturally. This study investigates the significance of accounting and accounting practices in the church within the context of the accountability dynamics of the church. In order to achieve these goals, an accountability model was used for the analysis. The use of an accountability model as a theoretical framework for the study was based on the claim that accounting and accountability, particularly financial accountability, are related (Laughlin, 1990).

1.2. Highlights of the Study

This thesis consists of ten chapters, each of which is discussed briefly in this section. A number of questions are raised as to the corner stone of this study. These research questions, together with methodology, method, and the theoretical model underlying this study, are discussed in Chapter Two.

In Chapter Three, existing studies of the organisational aspects of religious organisations are reviewed. The core of this chapter is the review of the research undertaken into the accounting and financial matters of religious organisations. This literature review is not limited to only the studies undertaken in Christian religious organisations, but also extends to the studies of similar matters in other religious contexts. The review of the studies undertaken in other religious organisations was intended to provide a broad overview of the existing studies in this particular area. Basically, this literature review was carried out in order to investigate the extent to which such a study has been explored and to find a lacuna for the undertaking of this research.

The methodological ground is the issue of concern in Chapter Four. Realising there exists a number of paradigms underlying a research enquiry; this chapter tries to explore this issue thoroughly as the major section of the chapter. The discussion of this matter was intended to indicate the awareness of the researcher to the availability of multi-paradigmatic science in undertaking any research. As a result, three methodological approaches are identified and then discussed in depth. These three approaches are known as mainstream, interpretive, and critical perspectives. The discussion of these three approaches has been done in order to provide the basis for developing the most appropriate methodological ground for this study. For the purpose

of this study, an interpretive perspective or approach has been selected as the methodological tenet. The rationalisation of the choice as well as the nature of this methodological tenet is then discussed in the final section of this chapter.

Chapter Five discusses the research method of this study. It is realised that there are many research methods available for a research enquiry. These methods may range from a purely qualitative to a purely quantitative one. The selection of a research method is dependent on the methodology underlying the research, so in order to accommodate this an ethnographic method has been chosen as the method of research. This method is believed to be the most suitable and relevant to the nature of the interpretive methodology underlying the study. The chapter focuses on the discussion of the nature of the ethnographic method and various aspects of it.

A theoretical framework or model is essential to this study. In order to understand the theoretical model used in this study, Chapter Six discusses the nature of the model in detail. Since this study is concerned with the investigation of accounting practices from the perspective of the accountability dynamics of the church, the theoretical model adopted is a model of accountability introduced by Laughlin (1996). This model is suitable because it recognises the role of the so-called 'higher principal', which is simply regarded as 'God', in the accountability relationship. The model is also enriched by the ideas of 'economic reason', 'professional autonomy' and 'secularisation process' in the discussion of the accountability dynamics of the church.

In Chapter Seven, the historical development of the researched organisation, the Pentecostal Church of Indonesia, is reviewed. The chapter begins with a discussion of the international movement of Pentecostalism. This is followed by an overview of the development of Pentecostalism, particularly the Pentecostal Church of Indonesia, in Indonesia. The review of the history of the organisation has been important in order to

gain insight into how the Local churches, Regional Board, Central Board, and other institutions of the Church have developed and now relate to each other. This review also highlights the size as well as the growth of the membership of the organisation. The historical aspect of the organisation is an important variable to be considered because it plays a role in the formation of the culture shared by the organisation's participants.

Because the concern of this study is accountability and accounting practices in the researched organisation, it is important to have an in-depth discussion of the financial arrangements of the organisation. This discussion is vital in order to provide the information and data necessary for the discussion and analysis component of this study. For this purpose, Chapter Eight discusses a wide range of issues related to the financial arrangements of the organisation. It begins with the discussion of the biblical basis for the administration of funds in the church, particularly at the Local Church level. This is followed by a discussion of a number of fund systems available in all the researched units of the organisation, namely the Local Church, the Regional Board, and the Central Board levels. Overall, there are six systems of funds available in these units of the organisation. These systems of funds are called the tithe, the offering, the church reserve, the condolence, the Regional Board, and the Central Board funds. The first four systems of funds are the financial arrangements found at the Local church level. The other two are the financial arrangement at the regional and Central Board levels. Because the nature and basis of the administration of the funds differ one to another, the implications for the role of accounting and accounting practices is assumed to vary as well. However, this is analysed in the study.

Following the discussion of the research method, the theoretical model, and the presentation of the data, an analysis of the accountability and accounting practices in the researched units of the church organisation is presented in Chapter Nine. For the

purposes of analysis, an accountability model was used to analyse the role of accounting and the significance of accounting practices in all six systems of funds in the researched units of the organisation. The discussion involves the analysis of the accountability dynamics of each fund in the light of the values and rules prevailing in the organisation. Some main determinants of the accountability dynamics of the funds are then investigated. It was found that the religious belief system of the church was the main determinant for the accountability dynamics at the Local church, whereas the church constitution and policy was the main determinant for the accountability dynamics at the Regional and Central Board levels. Using the model of accountability to analyse the financial accountability relationships of the six funds, a number of findings with regard to the forms of accounts, forms of reporting, and the role of accounting as well as the significance of accounting practices in the administration of funds are revealed. The summary of the analysis and the presentation of the main findings are presented in figures 9.4 and 9.5 of this study.

The conclusions of this study are drawn in and presented in the closing chapter. Chapter Ten provides the main findings as well as the general conclusion of this study. It also recognises the limitation possessed by the study and highlights the possibility of future research that may be carried out in this area.

CHAPTER TWO

RATIONALISATION OF THE STUDY

2.1. Introduction

Even though religious organisations, particularly churches, are considered to be one of the oldest organisations with a significant role in society, research on accounting in religious organisations has been relatively sparse. A number of authors have commented on the lack of studies into accounting in Christian religious organisations (see Booth, 1993, 1995; Laughlin, 1984, 1988, 1990; Irvine, 1998). A similar stance is also evident among those who have studied the Islamic institutions (Karim, 1990; Abdul-Rachman and Goddard, 1998).

This lack of research is in contrast to the fact that religious organisations are significant organisations, on the grounds that they have a large proportion of the population as their members and they are channels for large amounts of financial and other resources. Churches also play a significant role in providing health and other services, either directly or indirectly, to their members and society in general (Kaldor 1987; Booth 1995).

An extensive overview of studies in church accounting has been done by Booth (1993). From the existing studies on accounting in churches, Booth (1995) argues that only very few of them have critically analysed the notion of “accounting in action” within an organisation. Most of the studies uncritically seek to prescribe sound, “appropriate” accounting practices for churches or analyse the uses of accounting practices by particular churches or sects through traditional historical analyses.

The overview of the study of accounting in churches conducted by Booth (1993) also indicates that research on this particular issue has been so far undertaken and

focused on the practice of accounting in the western-mainstream churches. The western-mainstream churches are interpreted as churches that are located in western countries, such as the USA, UK, and Australia and those that have a long history of origin and tradition, such as the Roman Catholic and Protestant churches.

The above overview indicates that accounting as practised by those in non-western and non-mainstream churches have been generally unexplored. This, in turn, provides a lacuna for undertaking a particular study in a non-western and non-mainstream church. This phenomenon has, in fact, becomes the trigger for the researcher to undertake this study that is trying to investigate accounting and accountability practice in a Pentecostal church in Indonesia.

This study represents an attempt to add to the research on accounting in religious organisations. It will try to explain and understand how accounting is practised in a church organisation in relation to various organisational and social aspects, particularly the religious belief system held by the church. To explain the relationship, a model of accountability is adopted. The adoption of such a model is based on the belief that accounting and accountability are interrelated. An attempt to understand the use of accounting through an accountability mechanism is done by tracing relevant Scriptures in the Bible as well as organisational norms that govern the belief and actions of the church's members in relation to accounting practices.

For the purpose of this study, the operational definition of accounting proposed by Laughlin (1984) is adopted. According to Laughlin, organisational accounting is a

..formal system which expresses in fundamentally numerical terms past, present and future financial actions of such an enterprise (1984, p. 8).

In order to guide the process of analysis, the following research questions have been raised:

- How are the funds in the researched units of the church administered?
- How do the church's religious belief system and constitution shape the financial administration of the church's funds?
- How do the dynamics of the financial accountability of the church affect the roles and practices of accounting in the researched units of the church?

2.2. The Subject Organisation

The organisation chosen to be the subject of this study is the Pentecostal Church of Indonesia, which is hereafter refer to as the PCI. This church organisation has been claimed to be one of the biggest amongst the Pentecostal denominations in Indonesia (Mandey, 1998). The measures used for this claim are the number of members and the number of local churches possessed.

Historically, the church organisation began its mission over 80 years ago initiated by two missionaries from the United States. The first missionary activities took place in Bali and gradually spread across the country. This was claimed to be the first Pentecostal movement in Indonesia (Sumual 1981 and Van den End and Weitjens 1999). Recently, the church has developed some local churches overseas in the USA, Australia, Singapore, Malaysia, and the Netherlands.

The PCI as a structure was founded in 1921 by the formation of the church's Central Board. The organisation then expanded, in terms of size and membership, over time. It is an Indonesian-based church organisation operating across the nation and overseas. The history of the church is discussed in chapter Seven.

In line with the expansion of size and membership, the organisation structure has become more formal. Figure 2.1 reflects the current structure of the organisation.

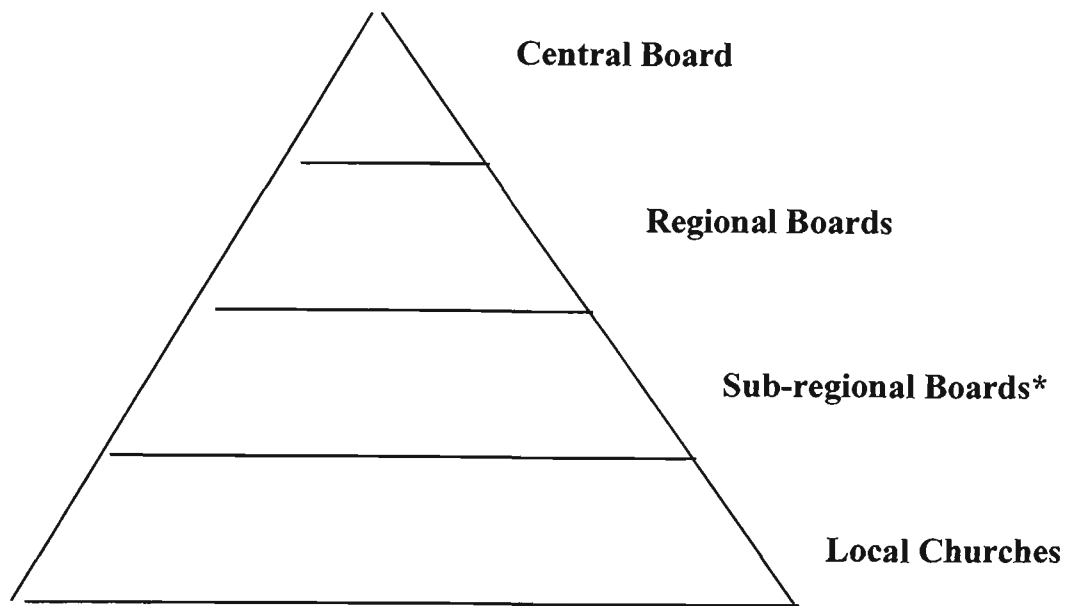


Figure 2.1. Organisation Structure of the PCI

(* Applies only to certain regions, which have a large concentration of local churches.)

The Central Board (CB) is the highest regulatory body of the organisation that controls and governs the whole activity of the PCI; the Regional Boards (RBs) are the regulatory bodies formed in some church's regional areas and assigned to control and co-ordinate the activities of the Sub-regional Boards or local churches under the regions; the Sub-regional Boards (SRBs), are the regulatory bodies formed in some sub-regions of regional areas and assigned to co-ordinate activities of local churches in the sub-regions. This structure applies only to some regional areas whereby many local churches are concentrated; and Local Churches (LCs) are the units of the church that perform the church ministerial services for the congregational members of the church.

To cover all the sites of the organisation would be difficult, given the reality that the organisation is geographically dispersed throughout the Indonesian archipelago as well as overseas. Therefore, this study is only focused on three sites or levels of the church organisation. These sites are a local church for Local Church accounting; a

regional board for Regional Board accounting; and the Central Board for Central Board accounting.

The Local Church selected was the Church of Bahu, which is situated in Manado, the capital city of the Province of North Sulawesi, Indonesia. This Local Church was chosen because it is one of the middle-size local churches with a congregation of more than 400 members. In relation to the history of local church growth of the PCI, it was found that the practice of accounting is more evident in the middle-size local churches compared to those of smaller size. This is probably due to the increasing complexity of the church administration in relation to the needs of the congregation.

The North Sulawesi Regional Board, which is hereafter refer to as the NSRB, which governs and supervises sub-regional boards and local churches in the North Sulawesi territory, was selected as a site to study Regional Board accounting. The North Sulawesi Regional Board currently controls 84 Sub-regional Boards and more than 1000 local churches. This means that about one-seventh of the total local churches in the PCI are in the territory of the NSRB. The Church of Bahu is one of the local churches situated in the NSRB territory.

The headquarters of the PCI in Jakarta provided an opportunity to examine Central Board accounting. Because the incumbents of the Central Board are scattered around the country, it was not sufficient to just visit the Central Board's headquarters for the investigation. This is because apart from their membership in the Central Board, the incumbents are also pastors in their local churches. However, the administrative activities are performed, and meetings are normally held in the Central Board's headquarters in Jakarta.

With regard to accounting activities and compared to those of business organisations, it appears that the Pentecostal Church of Indonesia has a relatively poor system for the administration of most funds and in most units of the organisation. This is not because of the lack of money generated from church activities, but merely because there are not many members of the church concerned about money management. The religious belief system of the church seems to play a very important role in the administrative process of the church's funds, particularly at the Local Church level. Therefore, it is assumed that by understanding the religious belief systems underlying the accountability dynamics of the church, a sufficient explanation of the accounting practices in the researched units of the church can be developed.

2.3. Indonesian Culture

According to Anonymous (2003), the total population of Indonesia in 2001 was 228.437.870 spread over 6000 inhabited islands. This makes Indonesia the fourth most populous nation in the world. It was then argued that most Indonesians are of Malay or Polynesian descent, although the country's history has produced populations from India, China, Arabia, and Persia, as well as those various European origins including Portugal, Holland, Spain, and England. The population is divided into numerous ethnic groups and minorities. Of these ethnic groups, the Javanese constitute the largest group with 45 percent of the population, followed respectively by Sundanese, 14 percent, Maduranese, 7.5 percent, and coastal Malay, 7.5 percent. The remaining 26 percent is made up of minorities.

Based on the above, it can be argued that Indonesia's social and geographical environment is one of the most complex and varied in the world. It is estimated that there are at least 669 distinct languages and over 1100 dialects are spoken. In addition,

every world religion, as well as a multitude of community religions, is represented throughout the nation (Anonymous, 2003). Given this, it is perceived that one's identity as an Indonesian is very much interwoven with one's family, regional, and ethnic heritage. For these reasons, there is no single or dominant culture, but it instead is best characterised by its incredible diversity. This is supported by Gafoor (1998), who argued that because of the diversity of Indonesian cultures Indonesian lifestyle was dependant largely on the group or clan to which an individual belonged.

With regard to the issue of western-non-western and mainstream-non-mainstream church it is suggested that the role of Indonesian national culture in the financial accountability relationship and accounting practices of the PCI is inconclusive. This is because Indonesians, as a nation, are made up of hundreds of ethnic groups with distinct local cultures. Even though the Javanese represent the majority of the population, this does not necessarily mean that the Javanese culture represents the national culture of Indonesia (Rambe and Lay, 1994). From the review of literature on Indonesian culture it was found that all of the studies in this area were only focused on issues of local rather than national culture.

There seems to be two common cultural characteristics shared by members of the PCI: obedience and receptivity. From the observation during the data collection process, it was recognised that they tend to be obedient to their leaders as well as receptive to the teaching delivered by their leaders. Whether these cultural characteristics were influenced by the "national culture" or by the church's belief system remains unclear.

2.4. The Researcher and the Researched

The selection of the PCI as a research site cannot be separated from the belief and faith identity of the researcher. This interdependence was a trigger for this research in addition to the dearth of accounting research undertaken in this field. The researcher has been a member of the PCI for more than thirty years as well as having the experience of holding a few organisational posts at Local Church and Regional Board levels. As Smith et al. suggest, in doing a research project, particularly using a case-study method, the “researchers’ actions in the present are informed and defined by the past” (1988, p. 96). In this instance the researcher is equipped with a close knowledge of the organisation.

The researcher was born into a family where the parents were both pastors. When his father passed away in 1986, his mother was appointed by the church organisation to succeed in the ministry of the Local Church as the senior pastor. A post she held until March 2001 when she was succeeded by one of her other sons. In addition, five of the researcher’s brothers and sisters are also pastors in five different local churches within the PCI.

In early 1978, the researcher began to be actively involved in ministerial activities. The first post held was as vice-chairman of the youth ministry in a local church. The researcher was then promoted three years later to the position of the chairmanship of the same ministerial post. The researcher remained in this post for over 6 years.

In 1994, another position, as deputy pastor, in a different local church was entrusted to the researcher. This was followed by his appointment as the chairman of the youth ministry in the same local church a year later. This position was held until mid-1997 and was relinquished due to the requirement to study-abroad by the institution where the researcher works as a full time employee. At the Regional Board level, the

researcher, in 1996, was appointed the secretary general of the youth council in the North Sulawesi Regional Board. Similar to the post at local church level, this post was relinquished due to the overseas assignment in 1997.

Given the above reality it is assumed that the meaning and understanding of the knowledge related to the context of analysis has been present in the mind of the researcher in some degree. However, this knowledge had to be extended because of the need for more enrichment and confirmation through a process of observing what 'people' do in regard to the subject matter as well as by conducting a discursive process to discover their feelings about accounting and accountability, and reaching of a consensus between the researcher and the researched was regarded as of paramount importance.

In order to achieve the 'best results' in the discursive process, some individuals were selected for interview from the researched organisation. The selection was undertaken in all researched units: Local Church, Regional Board, and Central Board levels. In-depth interviews were then undertaken with those selected individuals. These interviewees are referred to as "key informants" (Jacob, 1987, p. 15). The selection was done on the basis of their holding a key position in the unit of interest, their understanding and knowledge with respect to the accounting practices, and their grounding knowledge and insight into the Pentecostal Church of Indonesia as a whole, and in particular the religious belief system of the church.

Those selected include the secretary general and the deputy treasurer of the Central Board; the chairperson and treasurer of the North Sulawesi Regional Board; a key member of the financial auditing board of the PCI; and the pastor and Local Church treasurer of the church of Bahu. In addition to these, a number of notable bible teachers of the PCI and local church members were also interviewed.

2.5. The Selection of the Sites

In previous sections of this chapter, the subject organisation and the identity of the researcher have been described. It is clearly acknowledged that the researcher has been, and still is, culturally a part of the researched organisation. This is indicated by the faith of the researcher as well as the involvement of the researcher in the activities of the organisation. In the Church of Bahu, for example, the researcher used to be the chairman of youth ministry as well as a deputy pastor for a few years. A similar involvement also took place with the North Sulawesi Regional Board (NSRB) when the researcher was appointed to be the secretary general of the youth ministry council of the board. This interrelationship, in fact, has played a major role in the selection of the researched sites.

The above organisational involvement and experience lead the researcher to the selection of this church organisation to be the subject of this study. Thus, the selection of these researched sites is based on the so-called "opportunity and convenience" (Jorgenson, 1989 and Lightbody 2000). This refers to the ease in which the researcher has accessed necessary data from the researched organisation. This easiness of data accessibility is crucial for the purpose of any research and this study is no exception. It is acknowledged, however, that this study is confined only to these sites and its findings belong also to these particular components of the PCI.

2.6. Research Methodology

The determination of a research methodology cannot be separated from what the researcher believes is the nature of reality. Accounting has so far been considered by

most mainstream research as objective knowledge. As a consequence, accounting research has tended to focus narrowly upon the technical features of accounting systems, to the neglect of their social and organisational features, construction, application, and consequences. As a result, the use of the so-called “scientific approach” has dominated research in the accounting domain for many years.

Because the selection of a research methodology cannot be separated from what the researcher believes is the reality or from the “ontological assumption” (Creswell, 1998, p. 75) held by the researcher, it is important for any researcher to first establish this belief on reality, because the philosophical assumption will have implications on the research practices. This is consistent with the assertion that “in accounting writing, ontological arguments have been brought to bear on methodological issues” (Arthur, 1993, p. 210), and therefore, the expression of the researcher’s philosophical assumption of reality is necessary to precede the selection of the preferred methodology.

Departing from the aim of this study, which is to seek an explanation of accounting practices in the light of a church’s belief systems and other organisational and social settings, it is postulated that accounting is not an independent entity within the church organisation. Accounting is only a sub-system, which interacts and is interrelated with other systems and sub-systems in the organisation. The creation of it is also dependent on the value shared by people in the organisation. Thus, accounting as practised by the church members is based on values and beliefs, which regulate the ideas as well as the actions of the participants of the church. Based on the above view, accounting is seen as a socially constructed reality, because “accounting-in-action” in such an organisation is dependent on the “broader social, organisational, political and *cultural* consequences of the craft” (Hopwood, 1985, p.18).

The subjective nature of accounting reality, as postulated in this study, leads the researcher to reject the use of the so-called “scientific paradigm” for this study. This is because the use of the scientific paradigm or methodology is not compatible with the nature of knowledge or reality as is believed by the researcher. Accounting is seen as subjective and not value-free. The use of experimentation and empirical testability for the confirmation and verification of truth is not accepted.

As an alternative, the use of the so-called “naturalistic” or “interpretive” paradigm is preferable. This paradigm is appropriate on the grounds that accounting in action in the subject organisation can only be explained and understood by the physical presence of the researcher and the researcher-researched interaction in the field of study. The naturalistic paradigm, according to Guba and Lincoln, as

relying on field study as a fundamental technique, which views truth as ineluctable, that is, as ultimately inescapable. Sufficient immersion in and experience with a phenomenological field yields inevitable conclusions about what is important, dynamic, and pervasive in that field. Ethnography is a typical instance. (1981, p. 55).

The choice of the naturalistic paradigm is justified because of the basic assumptions of such a paradigm on reality, inquirer/subject relationships, and the nature of truth statements that are appropriate to this study. Reality is assumed by the naturalistic paradigm as multiple, divergent and interrelated. The relationship between the inquirer and subject is assumed to be not independent but interrelated. And finally, the nature of truth statements, based on the previous assumptions of reality and inquirer/subject relationships, tends to avoid generalisations in favour of “thick descriptions” (Geertz, 1973) and “working hypotheses” (Cronbach, 1975).

For the purpose of this study, the naturalistic paradigm that is discussed in this chapter refers to the interpretive methodology (see chapter 4). This is because these two terms have been used interchangeably in the literature (see Denzin and Lincoln, 1994

and Lincoln, 1990). In a general sense, according to Baker and Bettner (1997, p.293) "interpretive research attempts to describe, understand and interpret the meanings that human actors apply to the symbols and structures of the settings in which they find themselves". Since interpretive research refers to a methodological perspective (Baker and Bettner (1997), this study can be considered as an interpretive research.

2.7. Research Method

It is realised that in doing any research, there are a number of methods available. In the field of management accounting alone, a variety of methods have so far been adopted. The methods range from the adoption of theoretical models, such as agency theory and contingency theory to the use of behavioural experiments, field studies, and empirical tests of theoretical models.

Since the purpose of this study is to search for an explanation of how the belief systems and other organisational and social aspects of a church affect the accounting practices in that church, the use of the ethnographic method is preferable. The choice of the ethnographic method is justified on the grounds that it is suitable for a research investigating the interaction between accounting and accountability practices and the culture shared by members of a group of people or an organisation. This choice is also consistent with the methodology utilised for this study.

In addition, the choice of the ethnographic method cannot be separated from the identity relationship between the researcher and the researched organisation. The faith background as well as the organisational membership and roles of the researcher in the researched organisation have been the catalyst for this choice. It is believed that such a reality can provide a significant contribution for the 'validity' of this study. This is because the purpose of ethnographic research is to "*to understand* a culture, group, or

institution from the insider's view and *to describe* culture as an integrated whole" (Jacob, 1987, p.16). Given this and, as far as the purpose of this study is concerned, the background identity of the researcher as a long-time member of the organisation being investigated is advantageous. However, this does not necessarily mean that the 'interpretation' of the culture: the patterns of behaviour and the patterns for behaviour of the people in the organisation investigated, is based solely on the judgment of the researcher. To avoid the 'subjectivity' of the researcher, observation, interviews and artefact collections are necessary. Such efforts are to be undertaken in order to avoid personal bias from the researcher's own value system.

2.8. Data collection

In order to support the analysis process, data was collected during the time periods of the field research. Since the researcher has been a lifetime member of the subject organisation, the process of familiarisation with the organisation was not a big concern. This also meant that the observation process was carried out unconsciously for a long time before the field research was actually initiated. The primary concern in this data collection process has been to focus research activities on the issue of accounting in the light of the church's belief systems. In doing so, observations, interviews, collecting official documents, etc. were the ways used to gather this data.

Observations have been made in three sites of the church organisation: the Local Church of Bahu, the office of the North Sulawesi Regional Board, and the headquarters of the Central Board of the PCI. In addition to these, the researcher attended church services, meetings, and conferences of the church at all levels during the period of investigation, and these included the four-year regional conference of the NSRB in March 1999 and the four-year national conference of the PCI in February 2000.

Interviews have also been conducted with a number of 'key persons' or 'key informants' in all three sites of the organisation. Such interviews were recorded for the purpose of this study. The selection of the key informants was based on their positions and knowledge on the subject concerned in this study. In addition to observation and interviews, the researcher also collected documents related to this investigation. These documents include the history of the church, conference or meeting agenda and results, the Church of Bahu's time table and financial reports, the North Sulawesi Regional Board's financial reports, the Central Board's financial reports, and the financial auditing board guidelines.

2.9. Contribution of the Study

As described in the opening section of this chapter, this study is expected to contribute to accounting research in religious organisations, particularly church organisations. Because this study was undertaken in a non-mainstream and non-western church organisation, it will contribute to the lack of accounting research in such an organisation. The Pentecostal denomination, which was first developed in the early 19th century in the USA, is regarded as a non-mainstream church (see chapter Seven). This is because they categorise themselves as a 'full-gospel' movement. It means that other related Christian denominations are regarded by the PCI as 'non full-gospel' churches. Given this, it is possible that they have a different theology or belief system from other mainstream churches. With regard to the non-western church, the PCI is considered as a non-western church organisation because it is located in Indonesia, a non-western country.

CHAPTER THREE

REVIEW OF ORGANISATIONAL STUDIES IN RELIGIOUS ORGANISATIONS

3.1. Introduction

This chapter intends to review a number of studies of organisational practices, particularly accounting practices, in religious organisations. It begins with the identification of the characteristics of religious organisations. This is followed by a review of the literature concerning the organisational dimensions of religious organisations. Finally, studies of the financial and accounting aspects of church organisations will be discussed. A summary will then be provided to sum up the discussion.

Literature on organisational studies indicates that religious organisations are among the oldest of human institutions. It follows that membership of the clergy is membership of one of the oldest professions (Laughlin, 1984 and Thompson, 1975). Even though religious organisations have been around for centuries, research into the management and accounting practices conducted in this arena is still relatively limited (Thompson, 1975; Nelson, 1993; Booth 1995; and Abdul-Rahman and Goddard, 1998). There are at least two reasons identified by Jeavons (1993), for this lack: firstly, most religious organisations are considered to be 'trivial organisations' by many scholars; and secondly, the discussion of religious matters is not 'rational' for many academics. As a result, academics and researchers in the field of management and organisation have, instead, focused their studies on exploring issues in business and governmental organisations.

In contrast to the above view, those concerned with the study of religious institutions consider religious organisations to be a rich arena to be studied. This is

based on the claims that such organisations possess at least three strengths compared to organisations such as business firms (Thompson, 1975). First, religious organisations in general have a longer life than business firms and possess abundant historical data. Secondly, more than the majority of organisations, religious institutions have a strong ideological commitment and concern that extends to the point where even the rationality, with which they evaluate their organisation, may stress criteria of symbolic-appropriateness rather than of calculable efficiency. Lastly, the strong ideological concern with the promulgation and propagation of certain values has produced a superabundance of conflict within and between religious groups. In order to investigate the recent development of research in religious organisations, a review of the research undertaken in religious organisations is undertaken in the next section and it is limited to the studies of the organisational aspects of such organisations.

3.2. Characteristics of Religious Organisations

Institutions labelled 'religious organisations', in general, may range from "small congregations to multimillion dollar hospitals; from elite preparatory schools to threadbare shelters for the homeless; from huge, businesslike, international media operations to tiny, primarily voluntary, ecumenical service groups" Jeavons (1993, p 3). The common feature of these organisations is that they identify themselves or are identified by others as religious organisations. With regard to the definition of religious organisation, however, this self or others' identification can mean very little. Indeed, it may be the source of significant misunderstanding, confusion or even deception.

An attempt to develop a definition for religious organisations was initiated by Jeavons (1993). However, when confronted by the complex nature of such organisations, this effort was eventually unsuccessful, due, in part to the fact that even

the search for the definition of religion itself is still problematic (Spiro, 1966). As a result, Jeavons could only recognise ways to identify organisations as 'religious'. The identification is based on the religious-secular spectrum with respect to the nature and function of the organisations. The three possible ways to identify organisations as religious, according to Jeavons (1993), are by first, considering their primary purposes or activities; second, recognising the organisation's self-identity; and third, identifying the organisation's values and commitment.

Regarding the organisation's identity, Jeavons (1993) then suggests that the main reason religious organisations exist is to provide opportunities for societies, particularly their members, to worship God. Other activities can be the promulgation of a particular faith and religious education. In order to recognise the organisation's self-identity it is necessary to go beyond the organisation's name and to observe more closely how it works and the manner of its operation. An organisation that identifies itself as a religious organisation must be committed to work in a field that is typically and appropriately associated with religious matters and it must work in ways that clearly reflect the religious values it affirms. Finally, for an organisation to be identified as religious it should be devoted to what may be regarded as religious purposes and conduct itself in ways that seem to reflect religious values and commitments.

Based on the above criteria, Jeavons then argues that congregations or churches could be recognised as religious organisations. This is because congregations or churches possess particular characteristics that satisfy the above underlying criteria. According to Jeavons' viewpoint, congregations or churches are religious organisations since their main purpose is sacerdotal in nature and this is at the heart of their reason for existing. They exist, in most cases, in order to provide opportunities for the community to worship their God(s). In addition, congregations or churches identify their character

as self-evidently religious and are committed to work in a field that is appropriately religious. All their activities are based on religious values and commitment.

Religious organisations, particularly churches and charities can be distinguished from other institutions for at least two reasons: their membership commitment and their source of funding (Booth, 1995). The membership of such organisations is basically voluntary and committed to the goals of the organisations. Most of the members realise that they become the members of the organisation just “because they want to be...” (Handy, 1988, p. 2). Therefore, to be involved in the organisation’s activities, they do not expect material rewards. In other words, the process of rationalisation, which commonly dominates the discourse in capitalist firms, is largely ignored in religious organisations. A similar non-rational correlation also appears in the relationship between the providers of funds and the receivers of the outputs of the organisations. The relationship between these two parties is indirect in the sense that those who receive the outputs of the organisations may not necessarily be the parties who provide the funds. This reality questions the applicability of the money-based nature of the means-ends relations in such organisations.

Since this study is concerned with a church, in particular the Pentecostal Church of Indonesia, the discussion of religious organisations in this section will focus on the study of a Christian church organisation. However, comparison with other religious beliefs in regard to accounting practices may extend the discussion further.

3.3. Research in Religious Organisations

Most of the research based on religious organisations in recent decades has been focused on the study of the organisational aspects of such institutions. The majority of these studies, especially those published in the western journals, deal with the

organisational realities of Christian organisations such as churches and charitable agencies. Such research is often labelled as a study in ‘voluntary’ or ‘normative’ organisations (e.g. Handy, 1988; Leat, 1988; Poulton, 1988; Booth, 1995; and Harris, 1969). Only a few inquiries have explored the issues in other religious organisations. (e.g. Karim, 1990; Cunningham, 1994; Abdul-Rahman and Goddard, 1998)

It is apparent that resistance to the process of rationalisation has become the distinctive feature of religious organisations with respect to other forms of organisations. This, in turn, has driven some scholars to conduct research on religious organisations where the main intention has been to find out the explanation of such a ‘distinction’. The research has been, so far, dominated by issues of organisational dimensions such as the authority, structure, size, and other administrative components (see Goldner (1979); Hinings (1979); Hinings and Foster (1973); Baturnek (1984); Hinings and Bryman (1974); Nelson (1993); and Zaleski and Zech (1995)) of such organisations. Some other issues which have recently emerged, are concerned with the financial aspects, particularly accounting, of such organisations (see Laughlin (1984, 1988, 1990); Booth (1991, 1993, 1995); Irvine (1996, 1998); and Abdul-Rahman and Goddard (1998)).

3.3.1. Research in Organisational Dimensions of Religious Organisations

It appears that most research in religious organisations, particularly those concerned with the organisational dimensions of the organisations, has recognised that the role of religious belief systems is significant in studying the reality of these organisations. It can be said that it is the religious belief systems that distinguish religious organisations from other institutions. As argued by Harris, “a distinguishing feature of religious organisations is their explicit derivation of organisational forms (or

their lack of them) from the organisation's belief system" (1969, p.170). He further argues that the ends and means of an organisation may be redefined but the legitimating values, which are derived from the belief system, remain constant. This was clarified in his assertion that the, "... choices between both ends and means are made in terms of values embodied in the system of belief" (Harris, 1969, p.167). For this reason, he claims that any analysis of organisational structure as well as the activities of the members of organisation should be referenced to the 'legitimizing system of belief' held by the organisation. In a response to Etzioni's work on organisation typology, particularly to the distinction between 'utilitarian' and 'normative' organisations, Harris criticises Etzioni for his failure to take into consideration the belief system element in his analysis. As Harris notes, "Etzioni omits the place of legitimising systems of belief in organisational structure as an element in his typology, and this omission is closely related to his failure to discuss the relation of his different types of organisation to their conditions of actions" (1969, p.168).

The importance of the belief system is also recognised by Hinings and Bryman (1974) in their analysis of the relationship between size and the administrative component in two different churches. Their finding indicates that the ratio of ministers to members or population and new staff allocations tends to be based on 'rules of thumb' which contradict the general proposition that organisational size is related to the proportion of staff personnel. Some previous research in this context, undertaken in voluntary associations, (e.g. Raphael, 1967; Tsouderos, 1955; and Campbell and Akers, 1970) provides a similar result. This is also supported by the finding of Hinings (1979) in his study about the division of labour, the authority system, and the procedural system in churches and local government. It can be argued that the notion of rationality, with respect to the discussion of size and administrative component, is likely to be more

important for industrial organisations than for religious ones. To conclude, Hinings and Bryman assert that, “voluntary associations (in particular) may operate within constraints over which they have little or no control, and with belief systems that do not put a great stress on ‘rationality’ or ‘efficiency’” (1974, p. 474).

In an attempt to compare the internal belief systems and ideologies of the organisational structure of the Catholic Church and industry, Goldner (1979) maintains a similar perception to those discussed previously about the primacy of belief systems in churches. This was revealed in his claim that “beliefs should play an important part in churches as compared to business or industrial organisations. Beliefs are one of the main products of religious organisations” (Goldner, 1979, p.124). In comparing organisational dimensions of churches with local government, Hinings (1979) places the supremacy of belief systems over the rational requisites. This is indicated in his assertion that “churches...would be unlikely to be subject to functional requisites, but shaped by their belief systems” (Hinings, 1979, p.145). The strong influence of belief systems on the behaviour of members of religious organisations has created an image that such organisations are ‘unique’. Thompson (1975) describes the uniqueness of religious organisations with regard to the notion of rationality when he states that

religious groups are probably unique in the extent to which their basic character causes them to favour the rationality of symbolic-appropriateness over one of logico-experimental type (p. 10).

Nelson (1993) conducted a study to investigate the relationship between authority and churches, in the context of three Weberian types of authority: rational-legal, traditional, and charismatic authority. Three different ‘multinational churches’: the Christian Congregations (CCs), the Assemblies of God (AG), and the Church of Jesus Christ of Latter Day Saints (LDS or Mormon), were used as the subject

organisations for this study. The findings demonstrate that those three ‘multinational churches’ have adopted the three different types of authorities noted above. The AG was described as implementing the ‘charismatic authority’, the CCs adopt the ‘traditional one’, and the LDS is largely practising the ‘rational-legal authority’. The explanation of these findings is based on Weber’s ‘detailed and systematic portrait’ of the authority typology with respect to the relevant characteristics of the studied organisations. One of the main objectives of this study was achieved, according to Nelson (1993), because both ‘traditional’ and ‘charismatic’ authorities, which have been so far neglected by management and organisational scholars, have been found to exist in concrete organisational forms even “in a highly rationalised, capitalistic societies like the U.S.” (Nelson, 1993, p. 674). The findings also counter the affirmation of institutional theorists that organisational fields tend to be homogenous bodies populated by similar organisational forms (e.g. Meyer and Rowan, 1977; DiMaggio and Powell, 1983, 1991). Generally, the assumption held by most researchers in organisation studies that rational-legalism is the principal foundation of most organisations is questioned. Even though Nelson did not explicitly mention the element of belief system in his approach, he did believe in the notion of the “exercise of legitimate authority to be of central importance” (1993, p. 655) in religious organisations. The “legitimate authority”, in his understanding, is something that is outside the “utilitarian motives”. Thus, it might be inferred that the existence of ‘traditional’ and ‘charismatic’ authorities in the churches is partly a reflection of the belief systems held by the members of the churches.

The primacy of belief systems in directing the various aspects of churches such as the operational goals, membership, size, resource position, and organisation structure, had been demonstrated by Hinings and Foster (1973). In doing so, they developed a model showing how these belief systems guide or determine most aspects of a church’s

life. This model, they argue, was developed from the sociology of religion rather than from the sociology of organisations. Therefore, they stress beliefs rather than resources. The creation of this model is based on the assumption that “the beliefs and values of members ... have a direct impact on the structural characteristics of the church” (Hinings and Foster, 1973, p.99). Such a model, called “a model of organisational development for churches”, is expressed in figure 3.1 below.

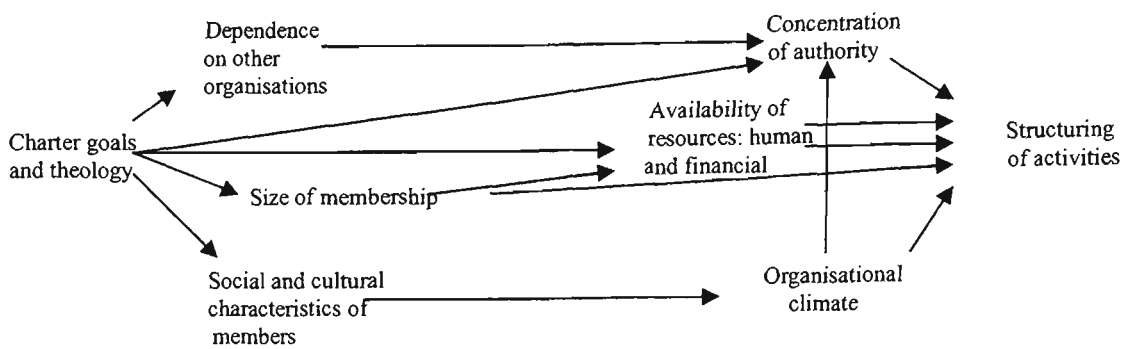


Figure 3.1. A model of organisational development for churches (adopted from C.R. Hinings and B.D. Foster, 1973, p.102)

The belief systems contained in this model are the substance of the theology from which flow the kind and size of membership that a church will have and also the extent to which it will be linked to other organisations. It is regarded that the belief system is the primary causal variable with all else flowing from it. The model stresses that churches are organisations that are actively concerned with the production and manipulation of values and beliefs. The role of belief systems in this model is described by Hinings and Foster as

...a theology which emphasises the transmission of beliefs through a priestly hierarchy will produce local units that are dependent upon each other, whereas a theology which emphasises the religious inspirations of the individual, such as in the doctrine of ‘soul competency’ of the Baptists, will result in autonomous local units. Similarly, a theology that emphasises the need for church involvement in the social problems of the world will attract a different kind of member from that which stresses the gap between church and society. (1973, p. 102)

Regarding the applicability of this model, it is argued that the model “is valid for the analysis of overall national units, or at a regional level directly below this – for example, Diocese, District, Area where local units are grouped for organisational purposes” (Hinings and Foster, 1973, p. 104). On this point, it appears that research into the organisational and social aspects of religious organisations has recognised the substance of belief systems in shaping the ‘culture’ shared by members in an organisation. The investigation of the influence of religious belief systems and

organisational norms on the financial and accounting arrangements in an organisation is another concern of this study. To gain insight into this matter, the following section reviews the existing studies.

3.3.2. Research into the Financial and Accounting Aspects of Religious Organisations

Research into the financial and accounting aspects of religious organisations has become more apparent recently. An attempt to review, extensively, the existing research in this arena, particularly in church organisations, was undertaken by Booth (1993); Irvine (1998); and Lightbody (1999). A similar study, into Islamic institutions, has also been carried out by Abdul-Rachman and Goddard (1998).

Based on his intensive research on church organisations, Booth (1993) found that the accounting literature relating to churches has been particularly concerned with the practices of accounting in Western mainstream churches. He also argues that instead of trying to explain the accounting practice in use, most of the studies have been focused on “prescribing ‘good’ accounting practices” based on the criteria of accounting practices in commercial organisations. In the last part of his study, Booth develops a skeletal framework of ideas for further research on accounting in churches.

As a whole, Booth (1993) identifies three main themes in the professional literature of this area. The first theme belongs to those concerned with the inferiority of accounting practices in the churches. This group of researchers asserts that churches have primitive accounting systems, poor internal control, and a lack of expertise in financial administration. The second group, contrary to the first one, finds that there are good accounting practices in particular churches even though this is not the case for the majority. Both groups utilise a similar measurement in judging the fairness of

accounting practices in the churches, that of commercial accounting standards. The third group, utilising a more prescriptive approach, recognises the role of the so-called “secular” and “non-secular” aspects in the practice of accounting in churches. Such aspects are considered to play an important role in the design of any accounting system in the church. Accounting, according to their findings, belongs to the secular world, and has to serve the spiritual or divine goals of the organisations. Therefore, this group questions the appropriateness of ‘commercial practices’ that are translated into and adopted by churches’ accounting systems.

Regarding the ways in which accounting practices in churches have been investigated, Booth (1993) classifies them into three categories namely; surveys, historical analyses, and detailed case studies. Surveys were undertaken in particular domains of practices. Booth cites several of these types of studies, including Rowe and Girox (1986) and Zietlow (1989). Historical analyses were performed with regard to the practices of accounting in particular organisations. Booth cites some studies of these types, including Faircloth (1988) and Kreiser and Dare (1986). Detailed case studies of accounting practices within one church have also been undertaken (e.g. Laughlin, 1984; and Booth, 1991).

Rowe and Girox (1986) conducted a study into the financial reporting practices of Roman Catholic dioceses in the United States. In this survey, undertaken in the early 1980s, the financial reporting practices were determined by the annual reports and assessed against criteria developed from the pronouncements of the accounting profession and the Roman Catholic Church’s guides to reporting practices. Their findings indicate that, in general, the reporting practices are relatively good even though some weaknesses have been found in funds statements and footnotes to the accounts. In addition, the reports audited by CPA firms have been of a relatively high quality. It is

also apparent that a very general agency theory rationale was utilised in this study for the financial reporting in churches and the reporting practices across the dioceses.

Another type of survey namely a phone survey was undertaken by Zietlow (1989). The focus of this study was on capital and operating budget practices in independent religious mission institutions. The choice of the institutions was based on their strong reliance on donation. These institutions were then regarded in this study as "pure non-profit organisations". The study aimed to investigate the level of sophistication in the use of capital and operating budgets in such institutions. To determine the level of sophistication, the concepts suggested by finance theory and other not-for profit accounting literature were employed. The finding in this study suggests that the use of sophisticated capital or operating budgeting practices is minimal in these institutions. The variations found across the institutions are reportedly due to the differences in age, size and training of the financial staff.

In Booth's (1993) view, these two surveys provide very little insight into the actual use of accounting practices in churches and related organisations. What has been provided is only information about the categories of accounting practices in such organisations. These studies fail to provide detailed information on how, when and for what activities accounting is practised as well as any presence of resistance to their use. Most specifically, Booth continues, these studies fail to provide an explanation of how a particular form of belief system in a religious organisation affects accounting practices. As a whole, it is claimed that the survey approach can offer very little to the study of accounting in the context of organisationally situated practices within church organisations.

Departing from his intensive research, Booth (1993) argues that most of the studies of accounting in churches have been historically based. The two studies

conducted by Faircloth (1988) and Kreiser and Dare (1986) focus on studying accounting practices in the United Society of Believers or Shakers during the 1800s. It was found that the Shakers had demonstrated a relatively sophisticated accounting practice in the sense that detailed transaction records, calculations of members' efforts and profits as well as the use of basic management accounting type analyses were present. Apparently, these practices are related to the efforts of the sect in improving their efficiency. This finding demonstrates that accounting can occupy an important position within a religious organisation and face no resistance from the spiritual basis or religious belief of that organisation. This finding seems to contradict the results of most studies of accounting in churches. According to Booth, however, one thing to be noted in this respect is that the Shakers' religious belief considered industry and economy as proper activities. This reality may provide the explanation of why accounting practices within the Shakers is more sophisticated than that in other church organisations reviewed previously.

In his response to the achievements of the historical approach in the study of accounting, Booth (1993) notes that some indication of the interaction between accounting practices and the spiritual dimensions of religious organisations has indeed been demonstrated. This finding, however, could not provide a sufficient explanation of "how accounting was actually used within the organisations; about what actions it informed or did not inform; and about who used it and who did not. In other words, Booth said they tell us little about accounting as situated practice (Booth, 1993, p. 43). For this reason he then claims that both survey and historical approaches have provided insufficient explanation of the actual use of accounting in religious organisations and particularly of the interaction between accounting practices and religious belief systems.

Given this, a detailed case study is regarded as an alternative research approach that can provide a better explanation of those matters.

A detailed case study to investigate accounting in use in relation to the particular nature of religious belief systems was undertaken by Laughlin (1984, 1988). This study demonstrates how accounting practices interact with religious belief systems held by the participants of the Church of England in England. To analyse the data collected from three major units of the organisation: parish, diocese and central levels, Laughlin adopted a Habermasian Critical theory approach (Laughlin 1984, 1988). In order to understand the uses of accounting, particular attention was paid to the historical aspects and the specific nature of the church organisation.

This study was initiated by the desire of the author to understand the technical practices of accounting in the social contexts in which they operate. The stated and presumed relationship between accounting practices and the social was questioned and then analysed. To do so, an extensive and detailed case study was then performed.

Laughlin (1988) began the analysis by introducing the financial arrangements of the organisation. This is because, in Laughlin's view, accounting practices are closely related to the financial elements of such an organisation. Four major units of the organisation, which are financially interrelated, are identified. These are Parishes, Dioceses, Central Board, and Church Commissioners. The total income and expenditure and some other financial information of the church in 1983 was summarised by Laughlin and is depicted in table 3.1.

It is indicated by this table that most of the income was generated from the giving of the congregations at parishes, while over 50 percent of expenditure goes to 'pastoral care', primarily the payment of the future, current and past full-time staff. This

indicated that the parishes reportedly totalling 13.395 in 1983, are the primary units of the Church.

	Income in £million			Total	
	Investment Income	Giving	other		
Church					
Commissioners	76.4		1.2	77.6	
Central Board	0.7			0.7	
Dioceses	11.3	1.0		12.3	
Parishes	16.0	138.7	9.4	164.1	
	104.4	139.7	10.6	254.7	
	41.0%	54.8%	4.2%	100%	
	Expenditures in £million				Total
	Ministry	Worship and Buildings	Other	Gifts and Donations	
Church					
Commissioners	97.7	1.5	6.9		106.1
Central Board	3.7		2.9		6.6
Dioceses	20.8		12.2		33.0
Parishes	14.9	76.5	5.8	12.0	109.0
	137.1	77.8	27.8	12.0	254.7
	53.8%	30.6%	10.9%	4.7%	100%

Table 3.1. Income and Expenditure for 1983 in Church of England
Source: Laughlin (1988, p. 22)

With regard to the church's history, Laughlin argues that even though the development of dioceses had its origin in the "Roman mission" of the fifth century (Laughlin, 1984, p. 218), the embryo of the current financial and accounting arrangements are traceable to the early 18th century. This financial and accounting arrangement was then established in its current form in the 19th century. This finding demonstrates that accounting as a supporting element for financial administration is of relatively recent origin in terms of the total history of that church (Laughlin, 1988).

Regarding the accounting systems in the four major units of the church, Laughlin (1988) finds that each unit is unique. The design in each unit is partly determined by the financial arrangements in the unit in which the accounting systems are located. This

finding shows that there are at least four different types of accounting system in such an organisation. Laughlin (1988) claims that this reality indicates that accounting practices are moulded by social factors.

In order to find an explanation for the above claim, Laughlin (1988) then continues to explore the central dynamics of religious organisations by adopting a Durkheimian understanding about the nature of religious beliefs which is popularly known as the “profane and sacred divide”. In the Durkheimian perspective, all religious thoughts are characterised by two distinctive traits: profane and sacred. In order to operationalise this notion to the Church of England, Laughlin (1988) applies the concepts provided by Mercia Eliade who gave a more meaningful understanding of how these two distinctive traits work in religious organisations. By performing a historical survey of the development of the church and its social environment, Laughlin finally produced some insights into how the profane and sacred aspects work and influence accounting practices in this particular church.

Some of the findings of this study show that because the church is dominated by the sacred, accounting is seen as belonging to the profane domain and is regarded as subservient to other church matters. In other words, there has been a strong resistance by the church to the intrusion of secular systems, such as accounting, within the church's sacred world. It has also been found that the clergy, who have the authority to determine how the sacred and secular divide is played out, hold the most important role compared to other occupational groups within the Church. Another finding of this study indicates that some organisational factors such as the need for secular support systems and the degree of financial problems can become potential mediating factors for the acceptance of accounting in the church arena. In conclusion, this study demonstrates how a detailed

case study enables a researcher to provide a rich insight into the how, who, when and why of accounting practices in a church.

Similar to Laughlin (1984), Booth (1991) conducted a study of accounting in the Northern Division of a Mainstream Church in Australia. This study was a single case study where an embedded multiple unit of analysis was performed. Similar to the previous studies of Laughlin (1984; 1988), a critical theory was used as the theoretical framework for analysis in this study. Since the main concern of this study was to explore the issue of management control systems in the context of the role of contesting occupational groups, mainly accountants and the clergy, to gain dominance within the management of the Church, a critical structuralist theory was applied. In addition, the sacred-profane divide concept as used by Laughlin (1984; 1988) was also integrated into the theoretical framework.

The use of the critical structuralist theory in this study was rationalised by arguing that such a theory can explain the social and historical aspects of the importance of accounting in organisations and its relationship to the actions of accountants and the accounting profession in general. Even though this theory had been used to analyse phenomena in industrial organisations (e.g. Armstrong 1984, 1985, 1986, 1987), it was believed that it could be adapted to the various types of management control in voluntary organisations and more specifically churches.

To analyse the importance of accounting in what he calls 'voluntary organisations', Booth proposes three main propositions for guidance. The first proposes that the rationalisation process in churches may lead to a better appreciation of accounting. However, since churches are dominated by a sacred atmosphere, it is expected that such a process would be confronted by resistance. The second proposition was developed in relation to the above argument. In the second proposition Booth

claims that there would be a possibility of conflict in the use of accounting in churches between groups, which promote the sacred primacy, particularly the clergy, on the one hand, and those belonging to the profane world, particularly accountants, on the other hand. The third proposition was related to the effects of both secular and sacred crises on the relevance of accounting. It was asserted in this third proposition that financial crises or sacred crises which have secular effects will promote the importance of accounting and thereby provide a more spacious room for accountants to advance their solutions to the churches' concerns. These solutions may lessen the resistance promoted by 'sacred groups' if they are perceived to support sacred interests. On the contrary, sacred crises may possess a contradictory set of effects.

In order to gain insights into these phenomena, Booth begins his investigation by doing an in-depth analysis of the technical and historical aspects of accounting systems. This is done by exploring the official and formal accounting systems of the organisation. This is intended to discover the significance of accounting in the subject organisation. It is then followed by the analysis of the role of accountants in promoting the importance of accounting as well as the efforts of 'sacred occupational groups' in resisting the use of accounting within the organisation. Based on the analyses in these two preceding parts, Booth recognises that budgeting systems have become the "central arena where sacred ends and accounting come into direct conflict, and thereby where accounting has potential to have a significant impact upon the Division" (Booth, 1995, p.187). This leads him to focus the analysis into investigating more deeply the importance of the Budgeting System as well as its impact upon the organisation. In tracing the trends of the budgeting process in the subject organisation, a historical approach is used

With regard to the propositions discussed previously, the findings in this study indicated that the dominance of the sacred and secular divide is evident in all aspects of

the subject organisation. As a consequence, the use of accounting as a management control strategy in the church has faced a strong resistance from the sacred occupational groups of the church. This, in turn, demonstrates that the level of significance of accounting and accountants in such a religious organisation is minimal. This finding supports the finding of Laughlin (1984) that accounting, as a rational management instrument, is subservient to sacred matters in a church organisation.

Regarding the conflict between accountants and sacred professional groups, it has been found that the clergy and other sacred professional groups actively advance the primacy of sacred functions and continuously emphasise the subordination of accounting. In other words, sacred solutions are in favour relative to accounting ones in the management of the Division. The resistance by the sacred professional groups to the intrusion of accounting has been found to be even stronger during the budgeting process. This is evident by the presence of conflict between these two groups over the use of accounting solutions to balance the budget.

Concerning the effects of crises on control problems and solutions, it has been found that a secular crisis with a financial dimension legitimates the application of accounting solutions and therefore provides room for accountants to promote the greater significance of accounting. This financial crisis, however, must be perceived as 'extreme' in the sense that there are not enough resources to support all the sacred functions needed to initiate solutions. The potential sacred crises, however, are always part of the sacred control problem and considered privileged within the Division and Parish. As a whole, it has been found that both sacred and secular crises affect the significance of accounting within the Northern Division of the Church.

The two detailed case studies of accounting in churches reviewed above (Laughlin, 1988 and Booth, 1991) demonstrates that a rich insight into how accounting

practices interact with belief systems in church organisations can be gained by utilising an appropriate research approach. This approach, a detailed case study, has been able to overcome the shortcomings possessed by both survey and historical-based approaches in exploring the organisationally situated practices of accounting in religious organisations. It is indicated in these studies that resistance to the intrusion of accounting into the churches' administrative domain has been initiated by the sacred occupational group, particularly the clergy, who have the authority to play out the sacred rules which are deeply rooted in the belief systems of the churches. The main reason for this resistance is because accounting is regarded as a rational control system that belongs to the secular world. Since the sacred control systems in the churches are more important than any other control systems, accounting practices are seen as only support activities that have to serve sacred matters. This reality leads to the fact that the significance of accounting in the churches is minimal, while the position of sacred matters is of paramount importance. As a whole, these two studies have been able to provide a rich insight into the role of belief systems within religious organisations in explaining the use of accounting.

The findings of Laughlin (1984) and Booth (1991), regarding the claim of the forced secularisation nature of accounting in the church, is, however, challenged by Jacobs and Walker (2000). In their study of the ecumenical Christian community of Iona, Jacobs and Walker (2000) find that the sacred-secular distinction is not supported in the study of accounting and accountability practices in this community. Jacobs and Walker seemingly agree with the findings of Faircloth (1988) and Kreiser and Dare (1986), on their studies of accounting of the Shakers, that accounting can be highly prominent within churches and meet little apparent resistance from the spiritual basis of belief. Using the so-called "socialising accountability", Jacobs and Walker (2000) find

that "accounting served to support the 'sacred' practices and spirituality of individual members through a process of socialising accountability" in the Iona Christian ecumenical community. These conflicting findings may be due to the different nature of the subjects investigated. In addition, Iona is only a very small Christian community and does not have the organisational problems of larger church organisations.

As mentioned previously, studies of accounting in religious organisations are not confined to Christian organisations. Some other studies have, in fact, been undertaken in other religious organisations, including Islam. In order to have some insight into how accounting and accountability is practised, the following section will review these studies of other religious organisations, particularly the Islamic ones.

With regard to the investigation of accounting practices in Islamic religious organisations, Abdul-Rahman and Goddard (1998) conducted in-depth case studies of State Religious Council (SRC) organisations in Malaysia. This research aims to study accounting practices by employing a type of interpretive research approach. Similar to the previous case studies in churches, this study also claims to be studying accounting as an organisationally situated practice. Unlike the Christian church organisations, the dichotomy of the sacred and secular world is not applicable to the cultural mechanisms of Islamic religious organisations. This is because Islam does not concede such a dichotomy at all (Al Attas, 1995). This makes the problem of the sacred-secular divide more complicated. As a consequence, to emphasise the support activities of the non-sacred elements in the study of Islamic religious organisations is both irrelevant and questionable. However, this study adopts this dichotomy in the conceptualisation of its initial problem focus.

The findings of the study indicate that the use of sophisticated accounting techniques is minimal in the Islamic religious organisation. Similar to the finding of the

previous two studies in churches, accounting is also regarded here as a support activity. This, however, does not necessarily mean that accounting is a secular matter since the dichotomy of sacred and secular is not recognised in Islam. In the Muslim theology, the secular is a part of or included within the sacred domain. One of the explanations for this, according to Abdul-Rahman and Goddard (1998) is because in the Islamic faith accountability is to God. It is claimed that, for such a relationship, accounting could not contribute anything. They argued that the role of accountants in these organisations is meaningful only as an organisational practice but does not assist accountability. Even though the sacred and the secular are inseparable, the sacred aspect is ultimately and finally the most significant according to Islamic belief.

Such studies of Islamic religious organisations have indicated that the interaction between religious belief systems and accounting practices exist. Similar to the findings of other research into religious organisations, religious belief systems have a dominant role in organisational practices within Islamic religious organisations. Tomkins and Karim (1987) demonstrate in their study that Islamic precepts affect business behaviour and they highlight the differences between Islamic and Western business practices. Karim (1990), in his study of the independence of religious and external auditors in Islamic banks, asserts, "the distinctive feature of Islamic banks is that Islamic precepts govern their financial transactions" (p. 35). A similar view is also shared by Cunningham (1994) who claims, "Islamic finance is based on the strict enforcement of the Koran's prohibition on paying or receiving interest" (p. 34). These studies demonstrated that the belief system is the central factor that determines the level of significance of any aspect of organisational practices, including accounting practice, within a religious organisation. They also show that the significance of a religious belief system is consistent both in Islamic and Christian religious organisations.

3.4. Churches and Organisational Resources

Since the focus of this study is on accounting practices in a church organisation, the following section reviews existing studies of churches and their organisational resources. Booth (1993) suggests that the study of accounting practices in a church is contingent on a number of factors, including the organisational resources of the church. Two of the organisational resources that may affect these dynamics are "membership size" and "financial resources" (Booth, 1993, p.55). As religious organisations, churches have been regarded as significant organisations in terms of the resources they hold. To comment on this, Nelson notes that "churches are big business, one of the biggest, if one considers the number of employees and members of religious organisations" (1993, p. 655). In addition, Jacquet and Jones (1991) claim that in the United States alone, an average Sunday finds some 80,000,000 Americans in church. Overall, Booth (1995) citing Kaldor (1987) argues that

churches have a large number of the population as adherents, they are channels for large sums of financial and other resources, and they provide significant proportion of health and welfare services through a wide range of church affiliated agencies (Booth, 1995, p. 20).

The significance of organisational resources, particularly the number of members, in a church organisation has been found to be critical to the ways in which the organisation may be organised. Such a membership size also has implications for other resources, such as facilities and money, required by the church organisation (e.g. Hinings and Foster, 1973, Hinings and Bryman, 1974, and Hinings, 1979). Such an implication may be revealed in a situation where problems emerge in membership size and the structures of the organisation are affected.

Regarding the interaction between the membership size of a church and accounting practices, Laughlin (1984) indicates that changes in the membership stages such as growth, stagnation or decline can become a significant condition for argument over the necessity of accounting and other secular management practices within the church organisation. To some degree, a crisis in membership size could be regarded as a sacred organisational crisis. This situation provides room for accounting to play a role as a secular solution to the problem and, in turn, promotes the significance of accounting practices in the organisation. This study demonstrated that problems in membership affect the way people see accounting practices within the church.

With regard to the interaction between financial resources and accounting practices within church organisations, it is proposed that the level of resistance to accounting maybe affected by the availability of money for financing the operation of a church's activities. As found by Laughlin (1984), similar to the effect of membership-size crises on accounting practices, financial stress has also become a significant condition of possibility of reducing the extent of resistance to the use of accounting for certain purposes within the Church of England.

In the organisational literature, churches have been considered to be one of the 'giant' businesses as far as financial resources are concerned. Churches have even been equated with multinational businesses and were probably the first multinationals (Nelson, 1993). The annual income and assets of a particular church was even more than many Fortune 500 corporations. The Mormon Church, a medium-sized denomination by Baptist or Catholic standards, according to Heinerman and Shupe (1985), has an approximate annual income of around US\$2 billion and held close to US\$8 billion in assets

3.5. Summary

This chapter provides a review of the research undertaken in religious organisations, particularly church organisations. Since the search for a definition of religious organisation has been unsuccessful, the only way to recognise organisations as religious is by identifying the characteristics of such organisations. This identification is based on the religious-secular spectrum with respect to the nature and function of the organisations. Using the three criteria developed by Jeavons (1993), a church can be categorised as one of the religious organisations.

Even though churches are one of the oldest institutions, research into these organisations is relatively limited due to the 'simplicity' of such organisations in the perception of many scholars in the organisation and management fields. The lack of interest in undertaking research in church organisations has also been evident in the fields of accounting and finance. The amount of research undertaken by accounting and finance scholars in religious organisations is limited relative to that undertaken in business and governmental institutions.

It appears that most studies into the organisational dimensions of religious organisations have recognised the significant role of religious belief systems in such organisations. It has even been claimed that religious belief systems are factors that distinguish religious organisations from other organisations. Hinings and Foster (1973), in a model of organisational development for churches, place religious belief systems as a variable which determines various aspects of churches such as operational goals, membership, size, resource position, and the organisation structure.

A number of accounting studies of religious organisations have also recognised the importance of religious belief systems in gaining insight into how and why accounting is practised within the organisations. It is indicated by the recognition of the

"sacred-profane divide metaphor" as a theoretical model to explain the position of accounting within a spectrum of organisational practices of a church (Laughlin 1984, 1988 and Booth 1991, 1995). A similar result is also evident in Islamic religious organisations where the interaction between religious belief systems and accounting practices exist (Abdul-Rahman and Goddard, 1998). In the two studies of Laughlin (1984, 1988) and of Booth (1991, 1995), it is argued that since churches are dominated by a sacred atmosphere, accounting, believed as belonging to the secular world, is subservient to sacred needs. As a consequence, resistance to the use of accounting is very strong in the church arena. This, in turn, influences the level of significance of accounting and accountants relative to other organisational processes and occupational groups, mainly sacred occupational groups, in the church. This finding is, however, contrary to the finding of Jacobs and Walker (2000) who suggest that accounting is needed to serve the spirituality of individual members in a Christian community of Iona via a process of socialising accountability. What is obvious up to this point is that there is an interaction between religious belief systems and accounting and accountability practices in religious organisations or communities.

Although previous studies of accounting in churches have recognised the presence of religious belief in their studies, the form as well as the content of religious belief systems themselves have not been clearly defined. The meaning of sacred itself even to Durkheim, who introduces the concept, is seemingly vague. Durkheim (1954) argues that the sacred is whatever it is that a society deems to be sacred. With regard to religion, he argued that the 'sacred' is the essential nature of religion.

As a consequence of the vagueness of the meaning and the content of the sacred, the previous studies of accounting in churches fail to identify particular substances of the 'sacred' influencing the mind and behaviour of the church members that make them

so resistant to accounting. The ability to identify the essence as well as the details of the 'sacred' is crucial to understanding how and why accounting is used in a religious organisation. This perceived shortcoming of the previous studies has become a major motive for this research.

It is believed that the perception of church's members within a wide range of organisational practices, including accounting practices, is based on their religious belief systems. Such belief systems, in particular churches, are clear and operational. It is not just in the mind and spirit of the believers. To them, their belief systems are wholly based on the scriptures as written in the Bible. Therefore, to understand the Bible is the prerequisite for one to be able to explain how and why organisational practices are seen and treated as they are in Christian organisations. Accounting is no exception.

CHAPTER FOUR

METHODOLOGICAL GROUND

4.1. Introduction

In order to gain insights into the variety of methodologies currently employed in the doing of research, particularly accounting research, a discussion on this matter will be undertaken in this chapter. To determine and develop a most suitable methodology for this study is the main purpose of this chapter, and it begins with a discussion on the diversity of paradigms available for a research inquiry.

4.2. Awareness of A Paradigm Diversity

A number of paradigms (models, prototypes) or perspectives (Chua, 1986a), in conducting research has been indicated by many scholars (Guba and Lincoln, 1981; Burrell and Morgan, 1979; Chua, 1986a; Guba, 1990; Lincoln, 1990; Guba and Lincoln, 1994; Laughlin, 1995) to mention just a few. A paradigm, according to Gioia and Pitre (1990), “ is a general perspective or way of thinking that reflects fundamental beliefs and assumptions about the nature of a *field of inquiry* “ (p. 585). With regard to the four paradigms in social theory, Burrell and Morgan define paradigm when they state “we regard our paradigms as being defined by very basic meta-theoretical assumptions which underwrite the frame of reference, mode of theorising and *modus operandi* of the social theorists who operate within them.” (1979, p. 23). In discussing competing paradigms in qualitative research, Guba and Lincoln define paradigm "as the basic belief system or worldview that guides the investigator, not only in choices of method but in ontologically and epistemologically fundamental ways"(1994, p. 105).

Guba and Lincoln (1981) identify seven different paradigms that have been adopted in a variety of fields of inquiry. They describe these paradigms as logical, scientific, naturalistic, judgemental, adversarial, modus operandi, and demographic. They classify these paradigms as being based on three major dimensions: disciplinary fitness, fundamental techniques, and view of truth. The availability of multi-paradigms in underpinning the conduct of research is perceived to have a logical consequence on the building of theory. To comment on this, Giaio and Pitre (1990) argue that since different paradigms are based on fundamentally different assumptions, they accordingly produce markedly different ways of approaching the building of theory.

Each paradigm has been claimed as the “best” method, if not the only method, for doing research by their proponents. For this reason these paradigms are regarded as contestable (Guba and Lincoln, 1981). Although there is no definitive answers on which of these competing paradigms can provide the best guidance for the conduct of an inquiry, it appears that two of them are the most widely used. They are the scientific and the naturalistic ones. The former “has been the traditional method of the ‘hard’ sciences and the life sciences...and believed to be ‘the’ method that it has acquired a patina of orthodoxy”, while the latter “ is an emergent paradigm that has begun seriously to challenge that orthodoxy” (Guba and Lincoln, 1981, pp 55-56).

An attempt to distinguish the scientific paradigm from its naturalistic counterpart has been undertaken in detail by Guba and Lincoln (1981) on the basis of their assumptions of reality, of inquirer/subject relationship, and of the nature of truth statements. While the scientific paradigm believes that reality is singular, convergent and fragmental, the naturalistic paradigm holds the view that reality is multiple, divergent, and interrelated. Regarding the inquirer/subject relationship, the former believes that they are independent; on the contrary, the latter assumes them as inter-

related to each other. Finally, in respect to the nature of truth statements, the scientific believes in the notion of generalisations, nomothetic statements and similarities, the naturalistic, on the other hand, believes in the notion of working hypothesis, idiographic statements, and differences.

A similar view has been shared by Chua (1986a) in her discussion of perspective classifications in accounting. Using Burrell and Morgan's (1979) four paradigms for the analysis of social theory, Chua discusses the implications of three perspectives, namely mainstream, interpretative, and critical, to accounting research. A similar framework has also been used by Giaio and Pitre (1990) in analysing the multiparadigm perspectives in organisational study and by Laughlin (1995); Hopper and Powell (1985); and Laughlin and Lowe (1990) in discussing methodological themes in accounting research.

To analyse the philosophical differences of those three perspectives, Chua (1986a) uses three sets of assumptions, which she argues can delineate a way of seeing and researching the world if collectively implemented. These three sets of assumptions appear to be modified from Burrell and Morgan's (1979) assumptions about the nature of social science. The first assumption is concerned with beliefs about knowledge, which are then sub-divided into two related sets of epistemological and methodological assumptions. The second pertains to the object of study or beliefs about physical and social reality. With respect to this, the discussion stressed the notion of ontology, human purpose, and societal relations. The third assumption is about the relationship between knowledge (theory) and the empirical world (practice).

In order to provide more understanding regarding the nature of these sets of assumptions, it would be fruitful to review the main assumptions of social science as discussed by Burrell and Morgan (1979). According to Burrell and Morgan, "all social

scientists approach their subject via explicit or implicit assumptions about the nature of the social world and the way in which it may be investigated” (1979, p. 1). Based on this, they then classify four main sets of assumptions with regard to social science conceptualisation. Those are “ontology”, “epistemology”, “human nature”, and “methodology”. Ontology is concerned with the very essence of the phenomena under investigation. An example of a basic ontological assumption is “...whether reality is a given out there in the world, or the product of one’s mind” (Burrell and Morgan, 1979, p. 1). The second set of assumptions, epistemology, is concerned with the “grounds of knowledge”. This, according to Burrell and Morgan is “about how one might begin to understand the world and communicate this as knowledge to fellow human beings” (1979, p. 1). It is a view about the nature of knowledge itself, whether it is hard, real and capable of being transmitted in tangible form, or of a softer, more subjective, spiritual or even transcendental form, based on experience and insight of a unique and essentially personal nature. The assumptions of human nature, even though conceptually separate from the first two sets of assumptions, are related to ontological and epistemological issues. It is, especially, about the relationship between human beings and their environment, and whether human beings respond to their external world mechanistically or even deterministically, in a more creative and free-willed role, or voluntarily. The fourth set of assumptions, methodology, is the implication of the three sets of assumptions outlined above. As argued by Burrell and Morgan, “each one has important consequences for the way in which one attempts to investigate and obtain ‘knowledge’ about the social world. Different ontology, epistemologies, and models of human nature are likely to incline social scientists towards different methodologies” (1979, 2). In order to analyse the four sets of assumptions with regard to the nature of

social science, Burrell and Morgan (1979) summarise them as can be shown in figure 4.1.

Based on the three sets of assumptions outlined previously Chua then provides a relatively exhaustive analysis. Chua eventually recognises that the mainstream perspective, in accounting, is mainly “positivistic” in nature since accounting researchers adopting such a perspective believe in the “objectivity and neutrality” of accounting knowledge and “in the empirical testability of scientific theories” (1986a, p. 607). The other two, the interpretive and critical perspectives, are categorised as subjective since the researchers adopting such perspectives believe in the notion of the subjective and social construction of accounting knowledge. The difference between the two, lies partly on their assumptions of the nature of society. While the interpretive perspective assumes “social order” or “stability”, the critical one assumes “conflicts” in society.

The subjective – objective dimension

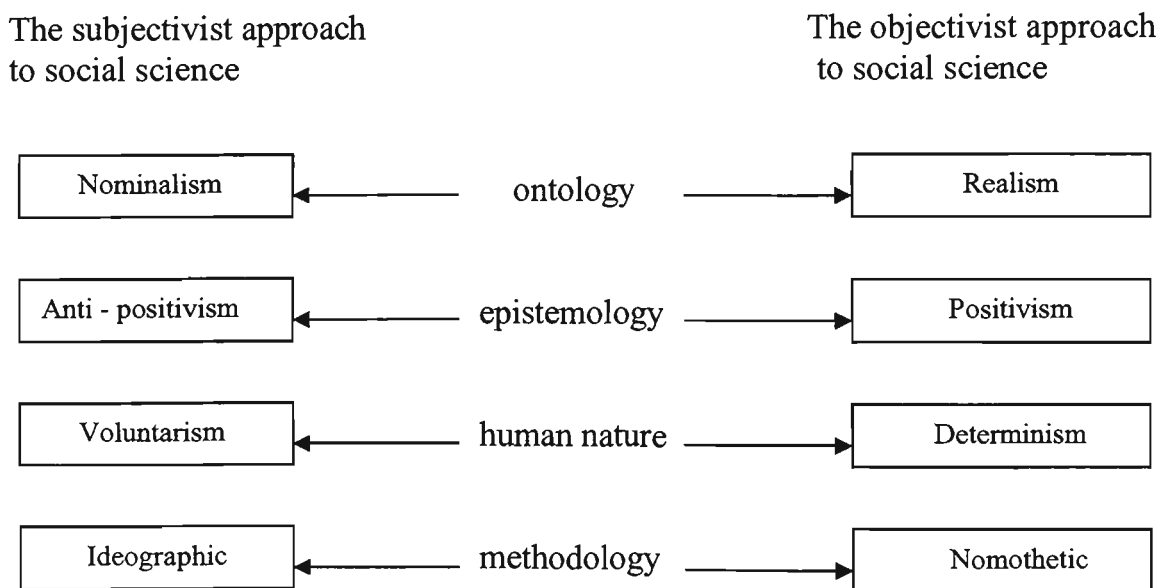


Figure 4.1. A Scheme for analysing assumptions about the nature of social science. (adopted from Burrell, G., and G. Morgan, *Sociological Paradigms and Organisational Analysis*, Heinemann, 1979, p. 3).

The classifications of perspective provided by Chua (1986a) would be best understood by considering the so-called “two-by-two-matrix” for the analysis of social theory provided by Burrell and Morgan (1979). This ‘medium’ is used by them to analyse the four sets of assumptions discussed previously. The assumptions about the nature of science is then conceptualised into a continuum of the ‘subjective – objective dimension’, and the assumptions about the nature of society are organised in terms of a ‘regulation – radical change dimension’. Burrell and Morgan (1979) develop a coherent scheme for the analysis of social theory based on the relationships between these two dimensions: subjective – objective dimension of science and regulation – radical change dimension of society, as depicted in figure 4.2 below.

THE SOCIOLOGY OF RADICAL CHANGE

SUBJECTIVE OBJECTIVE	'Radical humanist'	'Radical structuralist'
	'Interpretive'	'Functionalist'

THE SOCIOLOGY OF REGULATION

Figure 4.2. Four Paradigms for the analysis of social theory (adopted from G. Burrell and G. Morgan, *Sociology Paradigms and Organisational Analysis*, Heinemann, 1979, p. 22).

The results of the relationships between the two dimensions are four distinct sociological paradigms that, according to Burrell and Morgan (1979), can be used to analyse a wide range of social theories. These paradigms also define four views of the social world based upon different meta-theoretical assumptions with regard to the nature of science and of society. These paradigms are 'radical humanist', 'radical structuralist', 'interpretive', and 'functionalist'. These paradigms are seen as 'contiguous' but 'separate'. They are "contiguous because of shared characteristics, but separate because the differentiation is of sufficient importance to warrant treatment of the paradigms as four distinct entities" (Burrell and Morgan, 1979, p. 23). It is also emphasised that these paradigms are "mutually exclusive" and offer "different ways of seeing". Therefore, to synthesise them is impossible since they are contradictory in their pure forms, and because they are based on at least one set of opposing meta-theoretical assumptions. If

we accept the assumptions of one, we oppose the assumptions of all the others. In short, the “two-by-two matrix” provides a tool for mapping intellectual journeys in social theory.

The functionalist paradigm, according to Burrell and Morgan (1979), has dominated the conduct of academic sociology and the study of organisations for many years. They describe the functionalist paradigm as follows:

It is characterised by a concern for providing explanations of *the status quo, social order, consensus, social integration, solidarity, need satisfaction, and actuality*. It approaches these general sociological concerns from a standpoint which tends to be *realist, positivist, determinist, and nomothetic* (Burrell and Morgan, 1979, p. 26).

Regarding the interpretive paradigm, even though it adopts the notion of the so-called sociology of regulation, its link with sociology is often implicit rather than explicit due to its subjectivist approach to the analysis of the world. Burrell and Morgan describe the interpretive paradigm as being...

...informed by a concern to understand the world as it is, to understand the fundamental nature of the social world at the level of subjective experience. It seeks explanation within the realm of individual consciousness and subjectivity, within the frame of reference of the participants as opposed to the observer of action. In its approach to social science it tends to be *nominalist, anti-positivist, voluntarist, and ideographic*. (1979, p. 28).

The radical humanist paradigm, in terms of its approach to social science, according to Burrell and Morgan (1979), has many similarities with that of the interpretive one. The perspective of the social world in the sight of this paradigm tends to be *nominalist, anti-positivist, voluntarist, and ideographic*. It also holds the subjectivist standpoint in developing sociology of radical change. The difference resides in the notion that the radical humanist stresses the significance of overthrowing or transcending the limitations of existing social arrangement. As noted by Burrell and Morgan, “the radical humanist places most emphasis upon radical change, modes of

domination, emancipation, deprivation and potentiality” (1979, p. 32). The difference between the radical structuralist and the radical humanist paradigms lies in the notion of their view towards the sociology of radical change. Whereas the former advocates the objectivist standpoint, the latter holds the subjectivist position.

In spite of being criticised for its simplicity (Willmott, 1990; Chua 1986a), Burrell and Morgan’s (1979) “two-by-two matrix” is argued to be capable of isolating many, if not most, of the domains of choice (Laughlin, 1995). With regard to this, Laughlin (1995) isolates the choice into three broad dimensions namely “theory”, “methodology”, and “change”. The choice of ‘theory’ involves the ontological and epistemological assumptions. The former is concerned with the view about the nature of the world or the nature of reality (Creswell, 1998), the latter is concerned with what constitutes knowledge either past or present and how it relates to the current focus of investigation. The choice of ‘methodology’ involves deciding about human nature and methodological assumptions. The human nature assumption is concerned with the nature and role of the observer in the discovery process, while the methodological assumption is about the theoretical formality in defining the nature of the discovery methods. Finally, the choice of ‘change’ relates to the assumption of society, that is, whether or not there is an intention to make change in the phenomena being investigated.

With regard to perspective diversity, Laughlin (1995) then classifies three perspectives: positivism, interpretive, and critical according to three different scales ranging from high to low with respect to the three domains of choice described previously. This refers to high to low levels of usage of prior theorizing before undertaking any research for the ‘theory’, high to low levels of theoretical closure on the methods of research for the ‘methodology’, and high to low levels of critique with regard to status quo for the ‘change’. Applying this to the three major perspectives,

Laughlin (1995) indicates that positivism possesses a high level of both theory and methodology, but a low level of change. The critical, generally, possess a medium level of both theory and methodology, but a range of high to low level of change, and finally, the interpretive has a low level of the three dimensions.

In explaining the emergence of various approaches to empirical research in accounting, Laughlin (1995), in addition to Chua's (1986a) discussion, refers back to three major streams of empirical investigative efforts initiated by Auguste Comte, Immanuel Kant/Georg Hegel, and Immanuel Kant/Johann Fichte in the late 17th and 18th centuries. Comte was connected with the notion of "positivism", while Kant was identified with the notion of "idealism". These two main streams of thought seem to be traceable to the emergence of "rationalism" and "empiricism" in the early 17th century. In order to get more insight into these, the following sections will discuss the substance of rationalism and empiricism.

4.2.1. Rationalism versus Empiricism

Debates about the nature of knowledge and how we acquire that knowledge are still subjects of controversy. Rationalism represents the idea that certain knowledge (i.e., true knowledge) can only be obtained through the use of reason. As Laughlin, citing Scruton (1982), states that the rationalist maintains that it is possible through reason to obtain an "...absolute description of the world uncontaminated by the experience of any observer"(1995, p. 70). Rationalism stresses the power of logic and mathematics in deciding the truth of competing theoretical arguments and asserts that real truths about the world cannot be discerned by observation alone but by reason.

Empiricism, on the other hand, develops its idea from the notion that true knowledge can only be acquired through observations and that the only route to certain

knowledge is through experience via perception. Laughlin then, citing Brown (1969), continues “empirists, on the other hand, ...argued that we have no ideas at all other than those which come to us via our senses” therefore...”true and false *of any statements can be known only* by testing them in experience” (1995, p. 71). This philosophical tradition views logic and mathematics only as tools for exploring the implications of observed knowledge. The battle of these two major streams, according to Laughlin, was eventually resolved by Kant’s combination and critique of both streams and latter on by Comte’s moderate approach in coupling these conflicting views.

4.2.2. Idealism versus Positivism

Immanuel Kant has been regarded as one of the most influential scholars of idealism (Laughlin, 1995; Ryan et. al., 1992). The core argument of idealism is that there is no mind-independent reality. Kant, according to Laughlin (1995), criticises both “rationalists” and “empirists” on the ground that the former generates form without content, while the latter derives content without form. Laughlin then continues, “to Kant, all insights are inevitably subjective because no knowledge is generated distinct from the observer whose reasoning and experiential powers are not uniform or determined” (1995, p. 71). In addition, Kant, to Ryan et al., “accepted (along with the empiricists) that perception is an important basis of knowledge but argued that knowledge is only created through the action of the mind exercising the faculty of reason” (1992, p. 7).

Kant’s thought has eventually contributed to the understanding of the diversity of perspectives. It was demonstrated by some of his followers, especially his two most notable students: Georg Hegel and Johann Fichte, who latter developed his original thought. Hegel and Fichte have differing interpretations of Kant’s thought since there

appear two significant areas of ambivalence inherent in it. Laughlin (1995) discusses these two areas by saying that the

...first is related to the ontological question concerning a material existence. If all insights are mediated through experience then to what degree is reality, real, tangible and distinct from our mental images? The second relates to critique and change in the subjective interpretation of observers. Are there any conditions in which it is possible to say interpretation X by individual Y is incorrect? (1995, p. 72).

As a matter of fact, neither of these questions was sufficiently developed by Kant in his writings. As a consequence,

Hegel interpreted Kant's thinking in such a way as to give emphasis to a material world which could be understood and misunderstood. He also gives emphasis to an ideal to which we should be aiming. These emphases, together, introduced notions of critique and change into understanding and action. Fichte, on the other hand, emphasised the highly subjective side of the ambivalences in Kantian thought. Everything to Fichte was a projection of our minds thus making a material existence uncertain. Put simply, if everything is a projection of our minds what right has anybody to question and challenge another person's projections?" (Laughlin, 1995, p. 72)

When thinking of the contribution of these two schools of thought to paradigm diversity, it is clear that both are "subjective" in the notion of epistemology. They, however, differ in their perspective stance. Whereas the Kant/Hegelian stream tends to be "critical", using the Chua's (1986a) classification of perspectives, the Kant/Fichtean stream tends to be "interpretive". This is indicated by Laughlin's (1995) classification of streams in which the derivatives of Kant/Hegelian fall under the 'critical streams' such as "Marxism", "German critical theory," and "French critical theory", whereas the 'interpretive streams such as "Pragmatism", "Structuration", "Symbolic interactionism", and "Ethnomethodology" descend from Kant/Fichtean thought.

Auguste Comte is different from Kant in the notion that he provides a more conservative view of a mixture of the "rationalist" and "empirist". In other words, he takes a position of being less critical towards the mixture of these two schools of thought. What was necessary to Comte, according to Laughlin (1995),

was not abandonment to subjectivism but a balanced amalgamation of rationalism and empiricism into a new method (which he called “positivism”) which would allow absolute descriptions of the empirical world to be made distinct from any observer bias and clearly separated from any attitude concerning the need for change in the observable referent. Critique and a desire for change was value driven and not part of positivism and therefore was forcibly excluded (p. 73)

Given the above explanation, it is clear that there is no room for subjectivity, values, and bias in the make-up of positivism. Comte’s positivism has been described as a strictly defined rational, deductive process joined with similarly clear rules on how to observe the empirical world. The positivist position can be described by the following principles:

- there is a mind-independent reality which can be described by an objective observation language. By this we mean that it is possible to talk (or write) in a meaningfully true way about the things we experience. It is this ‘observation language’ which forms the foundation of logical positivism.
- statements are only meaningful if they are synthetic (representing contingent or empirical truths) or analytic (representing formal truths). ‘The price of gold is \$425 per ounce’ is a statement that could be classified in positivist terms as ‘synthetic’ in that its truth can (presumably) be checked by recourse to a broker in that commodity. On the other hand, ‘all chartered accountants are professionally qualified’ is an analytic statement in that its truth can be determined formally by the nature of terms employed. The fact that it is a rather uninteresting statement is neither here nor there – it is meaningful given the usual interpretation of the terms involved.
- Synthetic statements cannot be known a priori. This is a key empiricist proposition and stands opposed to the position proposed by Kant, for example, that synthetic statements can be demonstrated to be true purely by the exercise of reason alone.
- All metaphysical statements (which contain statements of value or non-observable reality) are meaningless.
- For verification principle, the meaning of statement is derived from the method of its verification. If in some way or other, and maybe only in principle, a means can be shown by which a statement can be verified as true then that statement is meaningful. (Ryan et al., 1992, pp. 9-10)

Comtean thought has contributed to the diversity of schools indicated by the advent of “positivism”, “realism”, “instrumentalism”, and “conventionalism” (Laughlin

1995). Positivism, according to Laughlin (1995, p. 74) is recognised by “its tight definition of explicans and explicandums”. Realism “allows more freedom with regard to the definition of explicans” and is considered as an outgrowth of positivism but has not abandoned its Comtean roots. Instrumentalism and conventionalism are, however, regarded as deviant members of this group. Laughlin describes them as “the former gives away the birthright of Comtean thought by maintaining that theories are only ever instruments for prediction – they have no explanatory power. Conventionalism, which normally includes the thinking of Lakatos, Kuhn, and Feyerabend, with Kuhn’s scientific paradigms predominating, is the more sociological end of Comtean thought” (1995, p. 74). With regard to Chua’s (1986a) classification of perspectives, positivism represents the mainstream wing since it holds the belief that reality is neutral and objective.

The discussions in this section have demonstrated that the choice of paradigm is subject to some major assumptions underlying the nature of the world and the way in which it may be investigated. It indicates that the difference in assumptions held will consequently lead to differentiation in paradigm choices. With regard to methodological choice, it is apparent that an understanding of the ontological, epistemological, and human nature assumptions is necessary in order to determine the appropriate methodological ground for a study. As noted by Gaffikin, “...methodology is derived from epistemology which is in turn determined by ontology” (1988, p. 31). The following sections of this study will investigate how this framework influences research in the accounting domain.

4.3. Paradigm Diversity in Accounting

The impact of the diversity of paradigms on research in the accounting domain has recently become apparent as illustrated in the previous section. The view that accounting is a “multi-paradigm science” has been shared by a number of authors (e.g. American Accounting Association, 1977 and Belkaoui, 1981). Humphrey and Scapens (1996) even argue that one of the problems facing accounting research is that “there is too much theory” (p. 89). (See also Macintosh and Scapens, 1990)). The following section will discuss the extent to which accounting researchers have adopted multiple paradigms within their research.

The use of a variety of paradigms or approaches in accounting research is necessary since it can enrich the understanding of accounting in a broader context. As Gioia and Pitre (1990) argue, “the use of any single research paradigm produces too narrow a view to reflect the multifaceted nature of organizational reality” (p. 584). (See also Burrell and Morgan (1979) and Frost (1980)). In relation to the accounting context, Humphrey and Scapens argue that

... it can be said that studying accounting in its broader economic, social and political contexts has served to reveal the contingent nature of accounting and the multifarious roles it can serve, and has provided a richer and more informed basis for understanding the ways in which accounting is embedded in the processes of organisational change (1996, 89).

Another reason in favour of the use of multi paradigms in the accounting domain is the belief that there is no single universal theory which can effectively explain and predict “all of the social, cultural, and ethical differences observed in our natural and fabricated worlds” (Baker and Bettner, 1997, p. 305). As a result, some accounting scholars have identified, either in textbooks or journal articles, the adoption of a variety of approaches in the process of accounting theorising. See Henderson and Peirson,

1978; Chua, 1986a, Gaffikin, 1988; Ryan et al., 1992, Mathews and Perera, 1996, Baker and Bettner, 1997 to mention only a few. The foci of these studies has ranged from identifying the existence of various schools within a single paradigm to comparing and contrasting the nature of each major paradigm in relation to accounting knowledge.

4.3.1. The Mainstream Paradigm

In their survey of accounting research of the past 500 years, Henderson and Peirson (1978) note that prior to 1800, no research had been undertaken in the accounting domain. This argument is derived from the assertion given by Peragallo (1938) who states that “no theory of accounting was devised from the time of Pacioli down to the opening of the 19th century” (p. 2). The rationale used by Henderson and Peirson to come to their conclusion is simply that “because a theory only results when a hypothesis is confirmed or validated by research” (Henderson and Peirson, 1978, p. 26).

In the light of the paradigm diversity discussed previously, it is indicated that Henderson and Peirson anchor their assertion on the so-called mainstream paradigm or approach. The mainstream approach in accounting is described by Chua (1986a) as one which presumes that "there is a world of observation that is separate from that of theory, and the former maybe used to attest to the scientific validity of the latter" (p. 107). This belief in empirical testability is the stance held by positivism. As noted by Chua (1986a), who cites Hempel (1966) that..."in the positivist's belief... there exists a theory-independent set of observation statements that could be used to confirm or verify the truth of a theory" (p. 607). It reveals that the positivistic approach, guided by Hempel's (1965) hypothetico-deductive account of what constitutes a “scientific explanation”, has been largely accepted by accounting research for years (Parker and Roffey, 1997).

The move towards the positive approach in accounting became obvious in the 1970s. This move, according to some of the positivistic pioneers in accounting, was mainly due to the unscientific nature of the normative approach, which was popular in prior decades. They argue that prior efforts to construct accounting theories have been unscientific because they have been prescriptive/normative rather than descriptive/positive in nature (e.g. Watts and Zimmerman, 1978; and Zimmerman, 1979).

Positivism or modernism (e.g. Lukka and Kasanen, 1995; Klamer and McColoskey, 1992; McColoskey, 1985), or instrumentalism (Baker and Bettner, 1997) has become the basis of mainstream accounting research today. According to the accounting literature, the call for the development of positive accounting theory was pioneered by academics from Rochester and Chicago (e.g. Laughlin, 1995). To Jensen (1976), one of its main proponents, a positive accounting theory “will explain why accounting is what it is, why accountants do what they do, and what effects these phenomena have on people and resource utilization” (p.13).

In spite of widespread criticisms of the use of the positivistic approach in accounting (Chua, 1986a; Gaffikin, 1988; Lukka and Kasanen, 1995; Mouck, 1989), accounting researchers still adopt the ideas of positivism as a matter of routine. Examples of research in positivistic accounting are diverse in their contexts and include the principal-agent literature (Baiman, 1982; Hemmer, 1996, Feltham and Xie, 1994), the contingency theory of management accounting (Govindarajan, 1984; Hayes, 1977), efficient capital markets research (Das, et. al., 1998; Rangan and Sloan, 1998; Vafeas, 1997; Baiman and Verrecchia, 1996), multi-cue probability learning studies (Hoskins, 1983; Kessler and Ashton, 1981), and participative budgeting and performance

evaluation (Nouri and Parker, 1998; Shields and Shields, 1998; O'Connor, 1995; Dunk, 1993).

Until recently, the use of the positivistic approach dominated research in the accounting domain. By reviewing research papers published in some accounting journals, reportedly the ten highest ranking journals based on the Brown and Huefner's Survey, Baker and Bettner (1997) indicate that, if the Accounting, Organizations and Society Journal is excluded, 99% of the research is basically mainstream. Only 1% of the research published in the remaining journals was considered interpretive or critical. This review is based on the publications in those related journals during 1995.

4.3.2. The Critical Paradigm

Alternative paradigms to the 'mainstream' approach in accounting research have been around since the early 1980s. As Laughlin argues, "...the 1980s generated a wide range of empirical studies in accounting from various theoretical and methodological approaches" (1995, p. 64). One of the alternatives is generally known as the 'critical' approach. According to Lodh and Gaffikin (1997), one of the major concerns of the critical approach is "the need to develop a more self-reflexive and contextualised accounting literature which recognises the interconnections between society, history, organisations and accounting theory and practice." (p. 433)

It appears that the move towards alternative perspectives, particularly a critical approach, in accounting was triggered by an increasing awareness of "how little we know about the actual functioning of accounting systems in organisations." (Hopwood, 1979, p. 145, cf. Burchell et. al., 1980; Laughlin, 1987). Accounting research under the mainstream perspective has isolated the nature of accounting to only a technical phenomenon and, therefore, ignores its social aspects. In other words, the analysis of

accounting has, according to the opponents of mainstream research, so far, restricted the nature of discovery to the technical and more tangible aspects of accounting systems. As a resolution to this ignorance, fundamental changes to the methodological approach were necessary (e.g. Hopwood, 1983; Tomkins and Groves, 1983; Roberts and Scapens, 1985). These scholars argue that there is a need to abandon the more “scientific” approach in accounting, which utilises a particular structured methodological approach to generate objective generalisations. As an alternative, a case for a more subjective understanding about truth and knowledge of accounting has been proposed.

The work on critical theory was initiated by some members of the Institute of Social Research founded in Frankfurt in 1923. Some of the most prominent figures in this school of thought are Max Horkheimer, Theodor Adorno, Herbert Marcuse and Jurgen Habermas. Since it was built upon different individuals with different sets of insights, the nature of critical theory itself is a diverse, and to some extent, separated set of ideas. This diversity, however, does not necessarily mean that their general characteristics cannot be identified. Laughlin (1987), citing Held (1980), summarises the key elements of critical theory as follows:

At a general level it may be said that the founders of critical theory preserved many of the concerns of German idealist thought – concerns, for example, with the nature of reason, truth and beauty – but reformulated the way in which these had been previously understood. They placed history at the centre of their approach to philosophy and society. Yet the issues they addressed went beyond a focus on the past and embraced future possibilities. Following Marx, they were preoccupied, especially in their early work, with the forces which moved (and might be guided to move) society towards rational institutions – institutions which would ensure a true, free and just life. But they were aware of the many obstacles to radical change and sought to analyse and expose these. They were thus concerned both with interpretation and transformation (1987, p. 482)

In relation to accounting, Laughlin (1987) identifies three major reasons for critical theory to be relevant to accounting research. These reasons are: “firstly, critical

theory proposes dynamically linking theory to practice...secondly, critical theory sees critique, change and development as vitally necessary components of the practically based research endeavour...thirdly, critical theory views organisations in an historical and societal context. The concern is to identify the often hidden meanings which reside in these contexts.” (Laughlin, 1987, pp. 483-484).

Using a critical approach, it is argued that information produced by accountants through information systems is not neutral or free from bias. Therefore, neither accounting nor organisations can be separated from the social context in which they operate. In other words, the substance of accounting can be best understood via comprehending its impact upon people, organisations, and societies. As a matter of fact, a wide range of research in accounting adopting a critical research approach has appeared. It uses different alternative theoretical approaches such as Derrida’s deconstructionism (Tinker and Neimark, 1987; Arrington and Francis, 1989); critical structuralist (Armstrong, 1991; Booth, 1991); Giddens’s structuration theory (Roberts and Scapens, 1985; Chew, 1992); Gramsci’s concept of hegemony (Richardson, 1987); Habermasian critical theory (Laughlin, 1991; Chua and Degeling, 1993); a Foucauldian approach (Hopwood, 1987; Hopper et al., 1990); and social constructionists (Chua, 1986b; Hines, 1988).

4.3.3. The Interpretive Paradigm

The emergence of the interpretive perspective in accounting was driven by a similar force to that of the critical one. These two perspectives shared the call towards a more subjective view of accounting knowledge. In comparison with the mainstream paradigm, the interpretive it has been argued, enables the investigators to assess the metaphorical aspects of accounting, a phenomenon that is largely ignored by

mainstream accounting research (e.g. Hopwood, 1987; Power and Laughlin, 1992). The difference between the interpretive and the critical paradigms is identified by Baker and Bettner as follows:

Critical research can also be interpretive, but critical research adopts a particular point of view regarding the research question, whereas interpretive research purports to take a 'neutral' stance (1997, p. 293).

The interpretive paradigm emphasises its concern about the use of language, interpretation and understanding in the social sciences. This is because the interpretive paradigm views that "people socially and symbolically construct and sustain their own realities." (Gioia and Pitre, 1990, p. 588). Therefore, the aim of interpretive research is to enrich understanding of the underlying meanings of people's actions. Consequently, a mutual communication and influence is necessary in the process of understanding. As described by Parker and Roffey (1997), "interpretive knowledge seeks to identify what the participants in any organisation, grouping or interchange are doing when they act and speak in their normal course of interaction." (p. 216)

The interpretive, since it shares a common set of assumptions with the critical, as has been discussed in the previous section, is often interchangeably referred to as the critical one. It also often refers to the constructivist or naturalistic (see. Denzin and Lincoln, 1994; Lincoln, 1990). To adopt such a perspective in accounting, Roslender (1996) comments that there needs to be

a concern with meaning rather than function, process rather than structure, action rather than system, understanding rather than prediction, and with case studies rather than testing theories (or laws) characterised the social constructionist perspective in accounting (p. 540).

Recent trends in accounting literature indicate that even though the interest of doing research under an interpretive paradigm increases from time to time, the research under the mainstream perspective still dominates the literature, especially in the leading

mainstream accounting journals in the U.S. The explanation of this phenomenon is provided by Baker and Bettner (1997) using “an actor-systems dynamics” model. Based on this model they argue that it is because “at the meso-level... those who control the power structure have a vested interest in maintaining the status quo”(p. 301). Citing Lee (1995), they then continue that “at this level, powerful forces act to: (1) institute social rules and procedures for scholarly research; (2) control interaction opportunities and create barriers to intellectual interchange; (3) utilise the university reward structure to maintain control” (p.301). In the light of such a restriction, however, some interpretive accounting research has revealed and demonstrated that by utilising an interpretive approach the role of accounting in constructing corporate culture can be explored. By investigating accounting via ceremonies, rituals, symbols, and metaphors, a more comprehensive knowledge of the ability of accounting to reproduce culture such as values, norms, and ideologies in organisation is gained (e.g. Mills and Bettner, 1992; Czariawska-Joerges and Jacobsson, 1989; Thomas, 1989). Other roles of accounting, e.g. to control and regulate organisational life through the pressure of structure have also been studied (e.g. Dillard and Nehmer, 1990; Bettner and Mills, 1989).

4.4. Quantitative versus Qualitative Research

Both quantitative and qualitative research has been used in accounting research so far. The nature of the research methods used, as has been previously discussed, is the consequence of the choice of epistemological and ontological assumptions. Even though it is an error to equate quantitative research with the scientific or positivistic paradigm and qualitative research with the interpretive and critical paradigms, there is a strong indication in practice that the former lean most heavily on quantitative research, whereas the latter lean most heavily on qualitative methods.

It has been noted in the previous section of this study that the mainstream paradigm in accounting believes in the objectivity or neutrality of the accounting reality. As a consequence, the implementation of the scientific approach in the doing of accounting research is justified. As a result, the research method used in natural science is adopted. In adopting such an approach, a researcher is prompted to follow a sequence of steps, known as a 'research program', in doing his/her research. Such a research program is identified by Gaffikin (1988), citing Abdel-Khalik and Ajinkya (1979), as follows:

1. Identify the research problem.
2. Develop the conceptual and theoretical structure, including causal links and chains
3. Operationalize the theoretical constructs and relationship and state the specific hypotheses to be tested.
4. Construct the research design.
5. Implement this design by sampling and gathering data.
6. Analyse observations in order to test hypotheses.
7. Evaluate the results.
8. Consider and specify limitations and constraints. (p. 25).

The above 'research program' indicates that quantitative research in accounting is based on research problem(s) or 'research question(s)'. This research question is then answered by the testing of a statistical hypothesis or set of hypotheses. It is argued that if a 'good' research question can be designed, more valid conclusions or inferences may be drawn from the research. Basically, the general concern of this type of research is to establish the relationships between variables. The variables are then dichotomised as independent and dependent variables. The former is the variable manipulated by the researcher, whereas the latter will measure the response to the manipulation of the former. The relationships can be expressed (as hypotheses) in functional form. For example, $y = f(x)$, in which x is the independent variable and y is the dependent variable. The purpose of describing their relationships is primarily for prediction and control.

With respect to theory validity, it is believed that when enough hypotheses deriving from a particular 'a priori' theory have been verified, the theory itself is believed to have validity.

Contrary to quantitative research, qualitative research has no single universally accepted structure or way of doing research even though in many ways the format is to follow the traditional research approach. This, however, does not necessarily mean that they are different in degree, maturity, or state of development. Basically, they only differ in the kind of basic assumptions and perspective. Whereas the use of quantitative research is justified by the assumptions that reality is singular and fragmentable many justify qualitative research on the notion that 'reality' is multiple, divergent, and interrelated. In addition, while the quantitative method is based on the assumption that the relationship between inquirer and subject is independent, the qualitative method believes that they are inter-related. Creswell (1998), citing Ragin (1987), best describes their difference as follows:

Quantitative researchers work with a few variables and many cases, whereas qualitative researchers rely on a few cases and many variables (pp. 15-16).

Some definitions on qualitative research have been proposed in the literature. For the purpose of this study, two of the most cited ones are provided. The first definition was proposed by Denzin and Lincoln (1994). They define qualitative research as follows:

Qualitative research is multimethod in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them. Qualitative research involves the studied use and collection of a variety of empirical materials – case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts – that describe routine and problematic moments and meanings in individuals' lives. Accordingly, qualitative researchers deploy a wide range of interconnected methods, hoping

always to get a better fix on the subject matter at hand. (Denzin and Lincoln, 1994, p. 2)

In this definition, it is recognised that in doing a qualitative research a number of research programmes may be used by researchers. It also emphasises the use of interpretation to understand meanings in the individuals' life. Another definition of qualitative research was proposed by Creswell (1998) as follows:

Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducts the study in a natural setting. (p. 15)

Both these definitions indicate that a qualitative research method is suitable for the study in a naturalistic setting. They also identify the notion of interpretation of human actions. They basically tell the researcher, who is going to adopt this research tradition, to collect data from various sources, mainly words and pictures, and by various other ways. The role of the researcher is seen as the key instrument of data collection. Given all these features of qualitative research, it is apparent that a strong commitment is demanded from a researcher to undertake such a research as it inevitably involves a sacrifice of a considerable period of time and resources. For consideration, the following comments with respect to the 'commitment' of doing a qualitative research is provided by Creswell (1998) who suggests that "qualitative inquiry is for the researcher" who is willing to do the following:

- commit to extensive time in the field...
- engage in the complex, time-consuming process of data analysis – the ambitious task of sorting through large amounts of data and reducing them to a few themes or categories...
- Write long passages, because the evidence must substantiate claims and the writer needs to show multiple perspectives...
- Participative in a form of social and human science research that does not have firm guidelines or specific procedures and is evolving and changing constantly...(pp. 16-17).

4.5. The Nature of the Study and the Choice of Methodology

Up to this point, a variety of existing paradigms have been discussed which are underpinning the doing of research, especially in the social science tradition. Then follows the discussion of the implementation of these paradigms to the accounting domain, and the main features of the two main research traditions: qualitative and quantitative research, are then reviewed. In the following section, an analysis of the methodological ground with respect to the nature of this study will be presented.

As has been argued by some scholars (e.g. Gaffikin, 1988; Chua, 1986a; Burrell and Morgan, 1979; Llewellyn, 1993), the determination of methodology cannot be separated from the ontological and epistemological assumptions held by a researcher. In departing from this view, it is important to understand how the researcher makes assumptions about reality and what that relationship is between the researcher and that being researched. As a starting point, it is important to consider the objective of this study, or and what it is hoped will be achieved.

The main objective is to investigate the practices of accounting in the Pentecostal Church of Indonesia (PCI), and to understand how these practices relate to the belief system held by the church as well as other societal and organisational aspects of the church. The belief systems in this regard refer to the Bible which guides the inspirations, thoughts, concepts, values, and behaviours of the church's members. It is believed that the practice of accounting in the church is not 'value free'. This is because the practices of accounting reflect the concepts and values prevailing in the church, which are driven by the church's religious belief system. Simultaneously, a similar 'driving force' affects other organisational practices and societal conduct in the church. In short, the church's religious belief system is the basis of the culture of the church.

Some authors in the literature of culture recognise 'belief systems' as part of culture (eg. Goodenough, 1981; Geertz, 1973; Spiro, 1966). In his discussion of religious beliefs, Spiro (1966) notes that "it is a belief system because the propositions are believed to be true; and it is 'culturally constituted' because the propositions are acquired from this culturally provided religious system" (p. 101). The definition of culture proposed by Goodenough (1981) is considered appropriate to be adopted in this study. Goodenough, citing Goodenough (1963), defines culture as consisting "of standards for deciding what is, standards for deciding what can be, standards for deciding what one feels about it, standards for deciding what to do about it, and standards for deciding how to go about doing it." (1981, p. 62).

Viewing a belief system as a cultural aspect that can function as a standard for deciding what is 'right', accounting as practised by people in the PCI is seen as a socially and culturally constructed phenomenon, because its creation and function are based on the culture shared by the church's members. In this respect, accounting is seen neither as a technical or objective artefact, nor as functionally or dysfunctionally fitted to the organisation systems as assumed by many conventional accounting researchers, but as a reflection of culture via the daily activities of the members of the organisation. As a consequence, to investigate its existence with respect to the belief system, an interaction between the researcher and that being researched is necessary. In short, it can be said that this study is concerned with accounting as a situated practice (Chua, 1988).

Since the interaction between the researcher and that being researched is the most appropriate way through which the knowledge in this study may be gained and analysed, the presence of the researcher in the subject organisation is recommended. This refers to what Denzin (1983) calls "directly lived experience" (p.132). By doing this, the interaction between the researcher and those being researched can be developed

via means such as in-depth interviews and observations. This “directly lived experience” is aimed at comprehending actualities, social realities, and human perceptions that exist, untainted by the obtrusiveness of formal measurement or preconceived questions. To realise this, with regard to the type of research inquiry, a qualitative research method is more preferable than a quantitative one.

Qualitative research or qualitative method is suitable for this study for a number of reasons, the first being because the research questions are concerned with “how” accounting is practised. It is argued that the research question starting with a ‘how’, or a ‘what’ is appropriate in a qualitative research inquiry (Creswell, 1998). Second, the study needs to provide a detailed view of the topic, because a distant shot will not be sufficient to provide an answer to the problems. Third, the study involves the observation of individuals in their natural setting. Finally, the researcher will take an active role as an active learner who will tell story from the participants’ view.

With regard to qualitative research, a number of ‘traditions’ are available in the literature. Wolcott (1992), for example, proposed nearly two dozens strategies organised according to preferred styles of collecting data. This is displayed via a literal ‘tree’ based on four main strategies called: “non-participant observation strategies”, “participant observation strategies”, “interview strategies”, and “archival strategies.” This classification then turns around methods. Jacob (1987), based on three dimensions of “assumptions about human nature and society”, the “focus”, and “methodology”, identifies what she called “five contemporary qualitative traditions” namely “ecological psychology”, “holistic ethnography”, “cognitive anthropology”, “ethnography of communication”, and “symbolic interactionism”. In addition to these, some other methods such as “case study”, “grounded theory”, “phenomenology”, “hermeneutics”,

and “historical” are also identified in the literature. (e.g. Creswell, 1998; Denzin and Lincoln, 1994; Lancy, 1993; Moustakas, 1994).

Given the above multitude of methods available in the qualitative research tradition, for the purpose of this study “holistic ethnography” as proposed by Jacob (1987) or simply 'ethnography' will be adopted as the research method. One of the main foci of this method, according to Jacob (1987), is “...ethnographers seek to describe and analyse all or part of a culture or community by describing the beliefs and practices of the group studied and showing how the various parts contribute to the culture as a unified, consistent whole” (p. 10). It is also argued that ethnography is based on the assumption that certain aspects of human culture are central for understanding human life in all societies such as “religious practices and beliefs,... “symbolic rituals”, ...and “ceremonial behaviour” (Pelto, 1970, p. 18). Since the aim of this study is to observe how religious belief systems and other organisational norms affect accounting practices in a religious organisation, it is suitable to adopt the ethnographic method as the research method for this study.

4.6. Conclusion

The methodological ground of this study has been discussed thoroughly in this chapter. The chapter begins with the researcher’s awareness of the diversity of paradigms in research inquiries. The consciousness of this reality is important for the researcher to understand that there is no single and universal paradigm that can be adopted in doing research. As a matter of fact, accounting researchers themselves have adopted multi-paradigms in their research endeavours. In general, the paradigms revealed and employed in accounting research can be classified into three categories, namely “mainstream”, “interpretive”, and “critical”. The classification was based on sets

of basic assumptions underlying the nature of reality, the relationship between the researcher and that being researched, and the human nature or the nature of society. It is believed that the choice of methodology cannot be separated from the three main sets of assumptions highlighted above. In other words, these assumptions determine the choice of a particular methodology.

Confronted with a number of paradigm alternatives, the choice of paradigm that defines the nature of methodology for this study was undertaken. Given that the nature of this study is to investigate cultural phenomena in a religious organisation, the naturalistic or interpretive methodology is considered suitable by the researcher to be employed in this study. This is in accordance with the characteristics of the interpretive paradigm or methodology highlighted in this chapter.

In relation to the nature of the research, it is obvious that this study falls under a qualitative research category. This categorisation then influences or determines the choice of the research method. This choice of method is based on the nature of the study with regard to the main assumption held by the researcher about the ontology and epistemology. Based on the selected methodology and the nature of the research, an ethnographic method is considered as the one most suitable for this study. For further understanding of the ethnographic method, the following chapter will highlight various aspects of this method.

CHAPTER FIVE

RESEARCH METHOD

5.1. Introduction

This study uses an ethnographical approach for the collection of data. The selection of 'ethnography' over other research methods, for example, case study, symbolic interactionism, and cognitive anthropology (see Jacob (1987) for details), is justified on the ground that the nature of this study is to explore an issue in the cultural arena of a religious organisation. As has been stressed in previous sections, the substance of this study is to provide an interpretation of the belief system of a church in regard to its influences and impacts on the practices of accountability and accounting in that church. An ethnographic method is regarded as being suitable because the main objective of ethnographic research "is to discover and describe the culture of a people or an organisation" (Dobbert, 1982, 39). It is also because the concept of culture is central to the ethnographic study (Willis and Trondman, 2000). In addition, the definition of ethnography is always associated with the cultural concept (Goetz and Hansen 1974; Wolcott 1975).

Another reason influencing the selection of an ethnographic method for this study is that this study is methodologically naturalistic or interpretive in nature. The notion of a naturalistic or interpretive methodology, as discussed in the previous chapter, is believed to be in agreement with the nature of the ethnographic method. The following sections will discuss some important features of the ethnographic method.

Jacob (1987) provides a relatively good description of ethnography. Instead of using method, she uses the term 'tradition' in her discussion. Other authors use the term "research model" for a similar purpose (Goetz and LeCompte, 1984). The term is even

interchangeably used with terms such as field research, case study research, naturalistic research, qualitative research, or anthropological research (Smith 1979; Ferreira and Merchant, 1992). The researcher considers ethnography as a research method because it has been claimed and used as a research method by a number of researchers (Dobbert, 1982; Ferreira and Merchant 1992; Kaidonis 1996; Mir, 1998 and Willis and Trondman, 2000).

5.2. Origin and Meaning of Ethnography

Most researchers using an ethnographic approach in their studies agree that ethnography was developed and used largely by anthropologists and sociologists (Agar, 1980; Goetz and LeCompte, 1984; Jacob, 1987 and Willis and Trondman, 2000). Also this method has been widely used in educational research in recent decades (e.g., Comitas and Dolgin, 1978; Gearing and Tindall, 1973 and Hansen, 1979). It is, according to Willis and Trondman (2000, 3), an appropriate method for research in the "social sciences and the humanities, especially to: sociology in all its branches, anthropology, history and human geography, linguistics, education and pedagogy, the arts, health studies, media and cultural studies". Recently, such a method has also been adopted in accounting research (Kaidonis, 1996 and Mir, 1998). The concept of ethnography was developed primarily from the study of Franz Boas in the U.S. and Bronislaw Malinowski in England (Jacob, 1987). The origin of the method, however, has its roots in ancient history as poets, historians, travelers, and later, missionaries wrote detailed observations of the customs and behaviours of the strange-seeming peoples who lived far from their own nations borders (see Dobbert, 1982 and Hodgen, 1964).

Ethnographies, according to Goetz and LeCompte (1984), citing Spradley and McCurdy (1972), "are analytic descriptions or reconstructions of intact cultural scenes and groups" (p.2). Goetz and LeCompte (1984) then continue

ethnographies recreate for the reader the shared beliefs, practices, artifacts, folk knowledge, and behaviour of some group of people. Consequently, the ethnographic researcher begins by examining even very commonplace groups or processes in a fresh and different way, as if they were exceptional and unique; this allows investigators to discern the detail and the generality that are necessary for credible description (p.2).

Departing from the above description of ethnography, Jacob (1987) describes the purpose of ethnographic researchers as

seeking to describe and analyse all or part of a culture or community by describing the beliefs and practices of the group studied and showing how the various parts contribute to the culture as a unified, consistent whole (p.10).

5.3. Characteristics of Ethnography

A number of characteristics possessed by ethnography are highlighted by Willis and Trondman (2000) in their work. They recognise four main characteristics of ethnography namely: the recognition of the role of theory; the centrality of culture; a critical focus in research and writing; and an interest in cultural policy and cultural politics (Willis and Trondman, 2000, pp.3-7).

Theory, according to Willis and Trondman (2000), can play a role as a pre-cursor, medium and result of an ethnographic study and writing. Such a theory must be useful and helpful in providing an understanding of social phenomena in relation to ethnographic evidence. The multiple roles of theory in ethnographic research are also discussed by Goetz and LeCompte (1984). In their review of ethnographic research, it is indicated that theory plays a variety of roles in ethnographic studies. According to Goetz and LeCompte, some researchers use theory in the formulation of initial

questions in their research design. Others use ethnographic data to generate theory. A number of the studies use theory as an integral part to the process of designing, implementing, and reporting ethnographic research projects. With regard to the levels of theories: grand theory, formal or middle-range theory, and substantive theory¹, Goetz and LeCompte argue that

Applications of grand theory to ethnographic research design are inappropriate. However, theoretical models or conceptual frameworks - related to grand theory - may structure strongly the questions a researcher asks and the means chosen to answer them (1984, p. 37).

They then continue

Most ethnographers remain close to substantive theory in daily research activity; the impact of the theoretical perspectives and middle-range theory is more subtle, operating on latent levels of assumption and premise. Many ethnographers restrict their manifest use of theoretical perspectives and middle-range theory to shaping initial research questions and formulating conclusions, or to comparing several ethnographic products (Goetz and LeCompte, 1984, p. 38).

With regard to the role of theory in influencing the research design and implementation process of ethnographic studies, Goetz and LeCompte argue that

...research designs are improved radically - in applicability and generalisability, in credibility and validity, and in precision and reliability - by explicit attention to the influence of theory throughout the design and implementation process (2000, p. 40).

It is also believed that theories can influence the formulation of research problems and questions. As argued by Goetz and LeCompte (1984), even though research questions are explicitly or implicitly influenced by the personal experiences and

¹ **Grand theories or theoretical paradigms** (Kuhn 1970) are systems of tightly interrelated propositions and abstract concepts that comprehensively describe, predict, or explain large categories of phenomena non-probabilistically. **Theoretical models or perspectives** are a loosely interrelated set of assumptions, concepts, and propositions that constitute a view of the world. **Formal and middle-range theories** are interrelated propositions designed to explain some abstract class of human behaviour. They are more limited in scope than either grand theory or theoretical perspectives. **Substantive theories** are interrelated propositions or concepts lodged in particular aspects of populations, settings, or times. They are restricted to features of populations, settings, and times that can be identified concretely. (Goetz and LeCompte, 1984, pp. 36-38).

philosophies of the researcher, such a formulation may also be informed by the theories held by the researcher.

The second characteristic: the *centrality of culture* indicates that an ethnographic researcher, who is also often called an ethnographer, considers that the concept of culture is central to the study undertaken. In fact, the concept of culture is complex. The term can be defined in different ways. Keesing and Keesing (1971) argue that most definitions of culture refer to all that humans learn, in contrast to that which is genetically endowed. They then continue by suggesting that what is learned is divided into patterns *of* behaviour and patterns *for* behaviour. Patterns *of* behaviour are observable and frequently are referred to as social structure or social organisation (see Keesing and Keesing, 1971, pp. 20-25). Meanwhile patterns *for* behaviour are considered to be mentalistic phenomena. Culture as a pattern for behaviour is described by Goodenough as systems of "standards for deciding what is, standards for deciding what can be, standards for deciding how one feels about it, standards for deciding what to do about it, and standards for deciding how to go about doing it" (1963, pp. 258-259.)

With regard to ethnographic studies, both patterns of behaviour and patterns for behaviour are important aspects to be considered. Even though the distinction between the two elements of culture above is widely shared by most ethnographic researchers, all disagree with the relative importance of them.

In response to the centrality of culture in ethnographic studies, Jacob (1987) claimed that

When applying the broadest definition of culture to the focus on a particular group, holistic ethnographers assume that certain aspects of human culture are central for understanding human life in all societies. These include areas such as social organisation, economics, family structure, **religious practices and beliefs**, political relationships, symbolic rituals, enculturation patterns, and ceremonial behaviour (1987, p. 11).

A *critical focus* in research and writing is regarded as the third characteristic of ethnography. According to Willis and Trondman (2000), this should not be interpreted in a narrowly Marxist or Frankfurt School manner. It must, instead, be understood

in the broadest sense of recording and understanding lived social relations, in part at least, from the point of view of how they embody, mediate and enact the operations and results of unequal power.... Important, too, is the ethnographic and theoretical tracing of responses to power and of how the interests and views of the powerful are often finally secured within processes and practices which may seem to oppose dominant interests (Willis and Trondman, 2000, p. 6).

Fourthly, ethnographic study has an interest in *cultural policy* and *cultural politics*. With regard to this characteristic, Willis and Trondman comment that it ...

is broadly conceived, again, as the politics, interventions, institutional practices, writing and other cultural productions of within 'public spheres', or capable of opening up new ones, that bear on the possibilities of ordinary meaning-making especially in relation to emergent cultures and to human practices involved in making sense of, as creatively living through, profound structural and cultural change (2000, p. 6).

5.4. Ethnography as a Product as well as a Process

Ethnography can be seen as both a product and a process of a study. The product of an ethnographic study is "usually a book" (Agar, 1980, p.1). It is, however, not just a 'book'. Such a 'book' almost always focuses on some social group, though any number of theories and methods may guide it. The quality of this product or 'book' is evaluated by the extent to which it capitulates the cultural scene studied so that readers envision the same scene as was witnessed by the researcher (Wolcott, 1975 and Goetz and LeCompte, 1984). In other words, Dobbert (1982) describes that "a good ethnography, then, conveys a well-rounded view from the inside.... (p. 7).

As a 'book', an ethnographic writing is different from a novelistic one. To distinguish the difference, Dobbert (1982) comments that

A novel attempts to reveal some general truths about the human heart and spirit through a detailed examination of the thoughts and actions of a number of

individual characters. An ethnography attempts to reveal some general facts about social, cultural, or institutional organisation through observation of groups of individuals (p. 8).

As a process, ethnography is seen as "a way of studying human life" (Goetz and LeCompte, 1984, p. 3). In this sense, the process of "doing ethnography" is "fieldwork" (Agar, 1980, p.2). To do this, a number of investigatory strategies conducive to cultural reconstruction are necessary. Four strategies appropriate for an ethnographic research were outlined by Goetz and LeCompte (1984) as follows:

First, the strategies used elicit phenomenological data; they represent the world view of the participants being investigated, and participants constructs are used to structure the research. Second, ethnographic research strategies are empirical and naturalistic. Participant and non-participant observation are used to acquire firsthand, sensory accounts of phenomena as they occur in real-world settings, and investigators take care to avoid purposive manipulation of variables in the study. Third, ethnographic research is holistic. Ethnographers seek to construct descriptions of total phenomena within their various contexts and to generate from these descriptions the complex interrelationships of causes and consequences that affect human behaviour toward, and belief about, the phenomena. Finally, ethnography is multimodal or eclectic; ethnographic researchers use a variety of research techniques to amass their data (p.3).

The above strategies proposed by Goetz and LeCompte (1984) seem to be the most common strategies used in sociology and anthropology. These are regarded suitable for ethnographic research because the main goal of such a research is to produce a picture of someone else's or a group of people's way of life that is not biased by judgments based on the value system of the researcher.

5.5. Methodological Tenets of Ethnographic Method

Similar to any other research methods, the ethnographic method also holds some methodological tenets² as part of its legacy. Jacob (1987) highlights a number of methodological tenets possessed by the ethnographic method based on the work of

² A set of values and principles that have been adapted and modified according to the specific personal styles and theoretical approaches of the ethnographer (Jacob, 1987, p. 14).

Malinowski (1961). The four basic tenets of the ethnographic method are described by Jacob as:

(a) it is crucial for researchers to gather empirical evidence directly themselves through fieldwork in the culture they are studying; (b) ethnographers should document the native's point of view - "his vision of his world"; (c) it is important to have verbatim statements from natives in order to get their views of their world; and (d) the ethnographer should collect a wide range of data using a wide range of methods (1987, p 14).

5.6. Techniques for Data Collection

Similar to any other research method, the ethnographic method also possesses a number of techniques for collecting data from the field. Most of the techniques are also utilised in other research methods, particularly those that fall under the notion of qualitative research. The following section will discuss a number of ways or techniques used in the ethnographic method to collect data.

Goetz and LeCompte (1984) identify what they call "the most common categories of data-collection strategies" used by ethnographic researchers in their research. These "strategies" or techniques are "observation, interviewing, researcher-designed instruments, and content analysis of human artefacts" (pp. 107). Each of these techniques has its advantages and they are complementary in nature.

5.6.1. Participant Observation

Participant observation is one technique of observation which has been regarded as the primary technique used by ethnographic researchers in accessing data (see Goetz and LeCompte, 1984; Jacob, 1987; Dobbert, 1982). This technique refers to the necessity of the presence of the researcher in the field and the significance of his/her interaction with the people investigated. Goetz and LeCompte describe the participant observation technique as when...

...the investigator or *researcher* lives as much as possible with and in the same manner as the individuals being investigated. Researchers take part in the daily activities of people, reconstructing their interactions and activities in field notes taken on the spot or as soon as possible after their occurrence. Included in the field notes are interpretive comments based on researcher perceptions; these are affected by the social role taken by the researcher within the group and by the way people react as a consequence of that role (1984, p. 109).

The participant observation technique is intended by the researcher to gain from the people their perception or definition of reality and an idea of the organising constructs of their world. Since all of these are expressed via linguistic patterns, it is crucial for the researcher to be familiar with the language variations used by participants. One of the problems that may be encountered by the researcher using this technique is that participant responses concerning their activities and beliefs often are discrepant with their observed behaviour. This problem can, however, be resolved through a verification process. The participant observation technique enables the researcher to verify that individuals are doing what they or the researcher thinks they are doing.

As a practical guideline for the participant observation technique, Goetz and LeCompte suggest that researchers should "watch what people do, listen to what people say, and interact with participants such that they become learners to be socialised into the group under investigation" (1984, p.112).

This technique has been one of the primary techniques used by the researcher in collecting data for this study. Six months staying in the field and visiting a number of sites, including attending church services and organisational meetings and seminars, enables the researcher to interact with the church members and key persons and collect most of the necessary data for this research.

5.6.2. Interviewing

The second technique for data collection in ethnographic research is interviewing. Basically, the interview itself can be categorised into a number of types. Denzin (1978) classifies interviews into three categories: the scheduled standardised interview, the nonscheduled standardised interview, and the nonstandardised interview.

In a scheduled standardised interview, all respondents are asked the same questions in the same order orally. If probes are anticipated, they are also standardised. In a nonscheduled standardised interview, the same questions and probes as in the scheduled standardised interview are used for all respondents, but the order may be changed to follow the reaction of individuals. The non-standardised interview refers to an interview guide, in which general questions to be addressed and specific information desired by the researcher are anticipated, but may be addressed during the interview informally in whatever order or context they happen to arise. However, regardless of the types of interview, according to Goetz and LeCompte (1984) they will include the following specialised forms: "key-informant interviewing, career or life histories, and surveys" (p.119).

5.6.2.1. Key-Informant Interviewing

Key informants are important sources of data in doing ethnographic research. Key informants, according to Dobbert (1982), have a strategic place in regard to the central purposes of the study. Jacob (1987, 15) refers to these key informants as "selected individuals" in an in-depth discussion. To be more specific, Goetz and LeCompte (1984) referred to key informants to as ...

...individuals who possess special knowledge, status, or communicative skills and who are willing to share that knowledge and skill with the researcher. They frequently are chosen because they have access - in time, space, or perspective - to observations denied the ethnographer (p. 119).

Based on the above description, key informants can be people who have been long-time residents of a community or group, participants in key community institutions, or knowledgeable of cultural ideas. The choice of these key informants must be done with care in order to ensure that representativeness among a group is achieved. It was argued that data provided by key informants might add material to baseline data, especially data inaccessible to the researcher due to the time constraint of the study (Goetz and LeCompte, 1984). They also may contribute insights to the process variables not evident to the researcher.

Interviewing a number of key informants was one of the techniques used during the data collection process for this study. These key informants include a number of people in all three level of researched organisation, such as Local Church of Bahu , the North Sulawesi Regional Board, and the Central Board of the PCI. The selection of these key informants was based on their status and special knowledge about the issue of concern.

5.6.2.2. Career or Life-History Interviewing

Another data-collection technique used in the ethnographic method is known as life-history interviewing. It sounds like a type of biography, but it is not. Such a technique is used by most anthropologists in their research projects. This technique refers to "the elicitation of the life narratives of participants, which are then used to formulate questions or inferences about the culture of a people" (Goetz and LeCompte, 1984, p. 120). The individual from whom the history is taken serves as a representative of the culture. The questions must be designed to find out both what individuals did in their life or career and how representative this was of a common pattern within the

culture. Similar to key informants, the data provided by life-history interviewing can also supply significant baseline data and provide a source for inferences regarding the value contrasts in the group investigated.

5.6.3. Researched-Designed Instruments or Surveys

In ethnographic research, surveys are based on information first gathered through the preceding less-formal and more-formal unstructured methods. Once this background work has been done, construction of survey instruments can begin. These instruments can be one of three forms: "confirmation instruments, participant-construct instruments, and projective devices" (Goetz and LeCompte, 1984, 121).

The confirmation survey, according to Goetz and LeCompte (1984) are "structured interviews or questionnaires verifying the applicability of key-informant and other data to the overall study group" (p.121). The purpose of this survey is to examine the extent to which participants hold similar beliefs, share specific constructs, or execute comparable behaviours. The participant construct instruments, according to Goetz and LeCompte (1984) "are used to measure the strength of feeling people have about phenomena or to elicit the categories into which people classify items in their social and physical worlds" (p.122). Projective techniques refer to the use of alternative media as the substitution to the actual stimulus or context in gaining the participants' reaction. These can be photographs, drawings, or games (Goetz and LeCompte, 1984).

Survey is also one of the techniques used in collecting the data for this study. Of the three instruments mentioned above, only the first two: confirmation instruments and participant-construct instruments were used. This was done in order to examine the consistency of the participants' view on a particular cultural issue.

5.6.4. Content Analysis of Human Artefacts

Artefact collection is regarded as less reactive or obtrusive than interactive techniques such as participant observation and interviewing in that the researcher is less likely to influence participant responses. However, the sufficiency of data collected by this technique is always a problem. The need for the artefact collection technique in ethnographic research is based on the thought that in addition to what people say and how they behave, human beings make and use things. In other words, human activities produce artefacts constituting "data that may indicate their sensations, experiences, and knowledge and that connote opinions, values, and feelings. Such artefacts provide evidence for the topics and questions ethnographers address because they are material manifestations of the beliefs and behaviours that constitute a culture" (Goetz and LeCompte, 1984, p. 153). In collecting and examining artefacts in qualitative research, there are four steps to be followed. These steps are "locating artefacts, identifying the material, analysing it, and evaluating it" (Goetz and LeCompte, 1984, p. 155).

5.7. Sampling

The ethnographic method, similar to other research methods, is also concerned with sampling procedure. In ethnography, sampling is concerned with events, time and people (Agar, 1980, pp. 125-126 and Whiting and Whiting, 1973). In participant observation and interviewing techniques, for example, ethnographers always use the non probability sampling method (judgment or opportunistic samples) for sampling people (Honigmann, 1973). This is based on the assumption that "a common culture is reflected in practically every person, event, and artifact belonging to a common system" (Honigmann, 1973, p. 271). This sampling procedure: events, time and people has been adopted by this study.

5.8. Reliability and Validity

Similar to other research methods, issues of reliability and validity are also present in the ethnographic research method. These two components are normally used as the measure for credibility of any research. Whereas reliability is concerned with the replicability of the research or scientific results, validity is concerned with the accuracy of research or scientific findings. To be more specific reliability can be divided into external reliability³ and internal reliability⁴, and similarly, validity construct can be divided into internal validity⁵ and external validity⁶.

Even though reliability and validity seem to be easily measurable in quantitative research methods, many believe that absolute validity and reliability cannot be obtained in any science (Dobbert, 1982; Goetz and LeCompte, 1984). As with other research methods, the problems of reliability and validity are also shared by the ethnographic method. Given that the nature of an ethnographic study is to discover patterns and to understand a situation as it is seen by the participants being studied, ethnographic researchers, who employ an anthropological paradigm, are generally more concerned with validity than reliability. It is argued that while reliability is a major threat to the credibility of much ethnographic work, validity may be its major strength (Goetz and LeCompte, 1984). This claim of high validity is based on the techniques of data collection and analysis used by ethnographers.

³ Addresses the issue of whether independent researchers would discover the same phenomena or generate the same constructs in the same or similar settings (Goetz and LeCompte, 1984, p. 210).

⁴ Refers to the degree to which other researchers, given a set of previously generated constructs, would match them with data in the same way as did the original research (Goetz and LeCompte, 1984, p. 210).

⁵ Refers to the extent to which scientific observations and measurements are authentic representations of some reality (Goetz and LeCompte, 1984, p. 210).

⁶ Refers to the degree to which such representations can be compared legitimately across groups (Goetz and LeCompte, 1984, p. 210).

With regard to the above claim, Goetz and LeCompte (1984) identify four reasons underlying the high validity of ethnographic research as follows:

First, the ethnographer's common practice of living among participants and collecting data for long periods provides opportunities for continual data analysis and comparison to refine constructs and to ensure the match between scientific categories and participant reality. Second, informant interviews, a major ethnographic data source, necessarily must be phrased close to the empirical categories or participants and are less abstract than many instruments used in other research designs. Third, participant observation - the ethnographic second data source, is conducted in natural settings that reflect the reality of the life experiences of participants more accurately than do more contrived or laboratory settings. Finally, ethnographic analysis incorporates a process of researcher self-monitoring, termed disciplined subjectivity, that exposes all phases of the research activity to continual questioning and reevaluation (p. 221).

5.9. Conclusion

A description of the ethnographic research method has been provided by this chapter. This description is intended to provide a background and an understanding of the research process used by this study. As has been mentioned throughout previous chapters this study is natural and interpretive in nature and intends to provide an interpretation of how accounting is practised in the light of the belief systems and other organisational aspects of the church.

Given the various aspects of the ethnographic research method and given the researcher's relationship with the PCI, it is clear that the use of this method for this study is appropriate and justifiable. It is believed that ethnography is the most appropriate form of investigation to yield insights into the functions and processes of the various levels of the PCI. It will provide a rich insight into how the church belief system and other institutional aspects interplay with the practices of accounting.

CHAPTER SIX

A THEORETICAL MODEL OF THE ACCOUNTABILITY RELATIONSHIP

6.1. Introduction

This chapter will discuss various aspects of the concept of accountability. This needs to be done because it is believed that the accountability mechanism in the church is the main factor influencing the relationship between accounting practices and other religious and institutional aspects of the church. For this reason, an understanding of the accountability concept in general is a prerequisite for further analysis. The purpose of this chapter is to discover the most suitable model of accountability that will become the theoretical framework for the analysis of this study.

The literature has suggested that the notion of accountability can be traced back to around 2000BC when Hammurabi, King of Babylonia, promulgated his legal code. It suggests that he paid considerable attention to the accountability of those who were entrusted with resources belonging to others (Bird, 1973). For this reason, it is argued that the history of accountability is as old as the history of civilization (Gray and Jenkins, 1993). However, research in the domain of accountability is of much more recent origin than research in other related areas, such as accounting (Laughlin, 1990).

Nowadays, the concept of accountability has been the subject of concern in disciplines such as accounting, behavioural science, public administration, education, medicine, and political science. The concept, in general, shows a relationship between two parties in which one party (individual, group, company, government, organisation, etc.) is directly or indirectly accountable to another party for something, an action, process, output, or outcome. Nevertheless, the precise meaning and implications of this concept still remains vague. In some cases accountability is interpreted as being limited

to a literal accounting or reporting activity, in other cases it also includes an explanation or justification of the actions. To some authors, the concept has something to do with a variety of sanctions and rewards. Others, however, do not consider sanctions and rewards as necessary. The concept is sometimes related to the presence of a contractual relationship between two parties for particular actions, at other times, the accountability relationship is not so clear.

The concept of accountability has also been described in a number of ways. Degeling et al. (1996), for example, identifies a variety of meanings attached to the concept in the public accounting and public administration literature. Their findings demonstrate that the concept of accountability may have different meanings for different authors with different contexts. The concept has been depicted as a statutory obligation (Normanton, 1966); a legitimating requirement (Stewart, 1984); an emergent obligation (Thynne and Goldring, 1987); an emergent system of control (Birkett, 1988); central to the functions of financial reporting (Glynn, 1987); embodying the relationship between principal and agent (Mayston, 1993); at the core of accountable management (Humphrey et al., 1993); and the key to responsible government (Day and Klein, 1987).

Given the complex nature of the idea of accountability, a spacious room seems necessary for a comprehensive overview and discussion of such a concept. For the purpose of this study, the discussion in the following sections will cover various aspects of accountability and be specifically focused on the implications of the concept to the organisational practices of non-profit organisations, particularly religious organisations. The main objective of this chapter is to discuss and develop an accountability model that can be used as the theoretical model underpinning this study.

6.2. Meanings and Definitions

As previously asserted, accountability may have different meanings for different people depending on the context of concern. This complexity leads to difficulty in defining accountability itself. Munro and Mouritsen (1996) suggest that accountability is being pressed into all aspects of our life and, therefore, different forms of accountability are permeating our relationships. To understand the different forms of accountability resulting from the presence of new and old technologies of managing, Munro and Mouritsen (1996) explore the issue by dividing it into such topics as self, network, local communities, and large or small organisations.

Munro and Mouritsen (1996) also identify accountability as not only the study of “ethos”, but also the study of a “massive struggle over power” (p.3). To general managers of companies, accountability is regarded as outcomes, that is something the company needs to achieve rather than something people have already done. With this notion, the focus of accountability is mainly on the measurement of individual performance. Accordingly, the role of accounting is significant and even obligatory. In this respect, accountability has been variously defined as simply a literal accounting/reporting function implying explanation or justification of actions (Patton, 1992).

Some authors have also described accountability in legalistic terms. Others however, regard it as a rather vague concept lacking a clear definition (Sinclair, 1995). Roberts (1991), for example, describes accountability as a social relation that has both a moral and a strategic dimension and could be understood as something a person feels. Accountability has also been viewed as the product of authoritarian relationship in which the lines of conduct are carefully drawn. Its definition has been claimed to depend on the ‘ideologies, motifs and language’ of our times and to have discipline-

specific meanings and therefore “the more definitive we attempt to render the concept, the more murky it becomes” (Sinclair, 1995, p. 221).

A broader version of accountability, in literature, has been proposed by psychologists and sociologists, which consider accountability as the capacity to give an account, explanation, or reason. In other words, accountability simply refers to the giving and demanding of reasons for conduct in which people are required to explain and take responsibility for their actions (Roberts and Scapens, 1985; Sinclair, 1995). This view of accountability seems to encompass an endless process of giving explanations and reasons for our conduct. It may include our daily activities such as what we say and what we do. The explanations and reasons that we give during a discourse are accounts. Things such these can be exchanged many times every day. This broad view of accountability is shared by Willmott (1996) who notes that

Accountability is a widespread phenomenon that occurs whenever people strive to account for their experience-in-the-world. Accountabilities arise in relation to diverse discourse, including those relating to age, gender, ethnicity and employment. These accountabilities operate to position us in terms of being, for example, middle age, male, white and unemployed. (p. 24).

However, accountability in this version is not just limited to the study of sociologists and psychologists of expressions as those circulated in discourse. It is also concerned with an analysis of the **methods** by which participants engage in accountability relationships. Alongside with the methods, another important aspect arising from the sociology literature, which is equally important in understanding accountability, is **membership**. As proposed by Garfinkel (1967), members of the same grouping have methods by which they sanction other members' conduct.

Despite some variability in definitions of accountability as indicated above, Parker and Gould (1999) claim that, in general, there are two key elements involved in these definitions. These elements are first, the account and the holding to account, and

second, two parties – the accountor (or ‘agent’ or ‘one who accounts and is held to account’) and the accountee (or ‘principal’ or ‘one who holds to account’). In a similar stream, Stewart (1984) considers the accountability relationship as a "bond linking the one who accounts and is held to account, to the one who holds to account" (p.16). These two parties, according to Stewart (1984) can be persons or institutions. Gray and Jenkins (1993) describe the relationship between the two parties as one of stewardship where the accountor takes on this trusteeship in return for some rewards that must satisfy the accountee as to the execution of the stewardship.

Since stewardship and accountability are regarded by some as similar and interchangeable, it is important to discuss the nature of these two related concepts. Such a discussion is useful to provide insights on the extent to which these ‘concepts’ are related or different. For this purpose, the following section attempts to extend discussion on this matter.

6.3. Stewardship

The substance of accountability is an obligation to present an account of and answer for the accomplishment of responsibilities to those who entrust these responsibilities and upon this depends the allocation of praise and blame or reward and sanction. It is argued that “accountability is intrinsically linked to stewardship” (Gray and Jenkins, 1985, p. 138). In other words, stewardship lies at the heart of the accountability relationship (Gray and Jenkins, 1993). This claim indicates that any discussion of the accountability concept cannot ignore the significance of the stewardship element.

It is suggested by the literature that stewardship itself, similar to accountability, is an old concept with a strong religious, particularly Christian, implication (Chen,

1975). In a further elaboration, Chen (1975) indicates that in the view of Christian theologians, things or resources were created by God and then were given to all men in common. The essence of things falls under the power of God and man has only the right to use these things.

In order to use them, a possession of the things becomes necessary. This leads to the emergence of the concept of property and human ownership. Because all things have been given by God for common use, and a possession of things denies the right of others to use them, human ownership is contingent on the fulfillment of man's duty to use and administer it (the property) not exclusively for his own purposes, but to serve the needs of the whole society. This relationship is regarded as a communal stewardship because social responsibility is specified as the primary stewardship responsibility. In this notion, man is viewed as the steward of God. It is regarded as primary because this is the origin of the stewardship responsibility - to use the possessed communal resources for social interests.

As social relationships became more complex, the stewardship concept developed over time. In line with such a development, two types of stewardship responsibility emerged - the responsibility for the attainment of social welfare or social responsibility and the responsibility for the pursuit of the immediate owner's interest. The former is regarded as 'primary stewardship' and the later as 'secondary' (Chen, 1975).

With regard to the practice of accounting, the development of the stewardship concept can be traced back to the medieval period, either the "feudal" or the "manorial" system (Littleton and Zimmerman, 1962, pp. 23-24). Chen (1975), citing Veblen (1904) and Clough et al (1964), described these two types of stewardship concepts as follows

Feudalism was a system of government encompassing a group of nobles. Among the various nobilities, a distinct hierarchy existed with the king at the

apex. From the king, a chain of lord-vassal relationships extended down to the lowest vassal class. These relationships were defined by a definite understanding of right and obligation. The vassal was held accountable to the lord for discharging the obligation, while the king was ultimate recipient of all legal obligations and the owner of all lands held in chief... From the top, the king granted the land to lords, who were tenants-in-chief. The tenants-in-chief, in turn, had the power to grant their land to their vassals, who were subtenants. This process extended downward, from lords to those vassals at the bottom of the feudal system. Based on these political and land systems, ownership was essentially a stewardship associated with a responsibility to fulfill the obligations to the king or to the overlord who gave the grant... The manorial system may be conceived as either the subsystem or the counterpart of feudalism during the medieval period. The manor was the basic unit of the society, combining political, social, and economic affairs into one integrated system. At the center of the manor was the lord, also called the landlord, who acted as ruler and entrepreneur at the same time. The land of a manor was the portion of the granted land retained by the landlord. In charge of this retained land were the landlord's agents, the steward and or the bailiff. These agents, who also kept accounts, might find themselves in positions of administrative responsibility and possessors of considerable political power for they cared for the lord's business as well as his person... They were held responsible only to their landlord for the latter's interest, i.e. the secondary stewardship responsibility, while the primary stewardship responsibility was retained in the hands of the landlords (pp. 535-536).

The above concept of medieval stewardship indicates that both the owner's and society's interests are to be served. However, the development of capitalism caused this notion - to serve both owner's and society's interest, to erode from time-to-time. It was Adam Smith (1780) who re-emphasised the natural right of an individual to possess and to use property. He claimed that social welfare would be maximised if each person were allowed to promote his/her self-interest. Consequently, this doctrine justified the rejection of the fulfillment of social responsibilities by either the owner or the user of property. This new doctrine stimulated the growth of business and the development of business institutions.

Up to the beginning of the twentieth century, the size of a corporation was typically small and managers were thought of as a group of agents running a business for a set of owners to whom they were strictly accountable. A small business is characterised by a limited amount of invested capital and a small number of owners. If

the owners are few in numbers, the power to control the business is very likely concentrated in the hands of the owners. Managers, who are no more than a group of hired employees, are held responsible solely for the owner's interest. The stewardship concept of this type, i.e. the secondary stewardship responsibility, is assumed by the agents to their owners, while the primary one is assumed by neither of these two parties. The above concept, according to Chen (1975), reflects the "classical business ideology" and, therefore, promotes a stewardship concept called the "classical stewardship concept" (p. 537).

Since corporations or businesses continuously grew in size, a further refinement of the natural right of property emerged. As Spencer, cited by Dietz (1971), asserts, the right of possessing and using property must not be restricted by any means. The only function of the state is to ensure that everyone is free to do as he/she pleases, as long as he/she does not interfere with the equal right of others. This concept was supported by the Darwinian doctrine of the survival of the fittest, which can mean that only those who are most fit can expect to rise to the top of the social economic and political arena. For the big businessmen, this philosophy becomes the justification for their endeavor to expand their businesses.

This development, according to Chen (1975), has influenced the stewardship concept in two stages. In the first stage, reportedly before the 1930 depression, some managers of big companies considered themselves to be too professional to be responsible to any party. This is indicated in Kaysen's (1975, p. 316) statements "management today does define its own responsibilities". In this stage, a stewardship crisis arose where the professional management tended to disregard its stewardship role. They assume no stewardship responsibility either to the owners or to the public. After the 1930 depression, however, the development of the stewardship concept reached its

second stage indicated by the emergence of the so-called 'new business ideology'. This concept was based on the significance of social responsibility and social consciousness. It was based on the belief that the use of one's property increasingly affects one's neighbor. As a result of such a belief, much property loses its individuality and becomes socialised. Consequently, property is subject to reasonable limitations in the interest of society, once it is socialised (Reigh, 1964).

The above development in business culture characterised a new business ideology named "the managerial business ideology" (Chen, 1975). Some characteristics of this ideology are that "human behaviour may not be rational; social welfare and individual self-interest may be in conflict; and the market is at best imperfect" (Chen, 1975, p. 539). Theoretically, an imperfect market is characterised by the presence of certain large business entities. In such big corporations, ownership is highly diffused and the management of the companies has more control of the ownership. In this situation, management becomes not only the steward of its owners, but also the steward of the employees, customers, and society as a whole. In other words, management becomes a public steward. Consequently, management is not only held accountable to the owners of the business, but also accountable to the community for the achievement of social goals. This business 'ideology' has reshaped the stewardship concept from the previously 'classical' to one that is called "the managerial stewardship concept" (Chen, 1975, p. 539).

The discussion of the stewardship concept in this section has demonstrated that the concept, in relation to business activities, has evolved overtime. It is noted that the concept has its origin in Christian theology, which then influences the stewardship concepts of business entities that is practised currently. The stewardship concept originates in property rights - the right to possess and the right to use. Stewardship

involves two parties: a steward or accountor, i.e. the party to whom the stewardship or responsibility is given and who is obliged to present an account of the execution of the stewardship, and the principal or accountee, i.e. the party entrusting the responsibility to the steward and to whom the account must be presented. The earliest form of stewardship is the "communal stewardship concept" which is "primary" in nature. In line with the increasing complexity of human relationships, the "secondary" stewardship responsibility emerged. The primary stewardship responsibility is concerned with the attainment of social objectives and the secondary stewardship responsibility deals with the immediate owner's interest.

6.4. Codes of Accountability

It is noted in the previous section that stewardship is a very important element in an accountability relationship. It involves two parties known as the steward or accountor and the principal or accountee. To make the relationship meaningful, however, a third element is necessary. The third element, according to Gray and Jenkins (1985), are the "codes on the basis of which the relationship is struck and by which it is maintained and adjudicated" (p.138). In other words, these codes underpin the relationship and delimit the nature of the accountability and the presentation of the account. In practice, codes are often explicit but most are implicit.

Within these codes there are expectations of the principal from the agent about the resources and responsibilities transferred to the agent. The terms of an accountability relationship were basically determined by such expectations. Laughlin (1990) considers these expectations as complex and can be either "unwritten and implicit or written and explicit" (p. 96). The written and explicit expectations refer to the notion of "contracts" (e.g. Gray, 1983; Tricker, 1983; Stewart, 1984; and Gray et.

al., 1987). However, to say that accountability only exists when contracts are present is a gross simplification of the accountability relationship, rather it is because both written and unwritten agreements may form an accountability relationship. To clarify this, Laughlin (1990) then dichotomises the expectations into what he calls "contractual" and "communal". The contractual expectation "refers to a more formal context resulting in written forms of recording and defining expectations. Communal encompasses the less formal context and less structured expressing of these expectations" (p. 97).

Codes have, at least, three separate but related meanings. Firstly, a code can be understood as a system of symbols to advance messages. Secondly, this system can be used to restrict the understanding of the messages to a limited number of receivers. Thirdly, a code can be a convention or an established rule that regulates behaviour (Gray, 1984). In relation to the accountability relationship, it is the third meaning to which codes of accountability refer. However, it does not necessarily mean that the other two have no substance in the accountability relationship since they can support the communication process between the parties involved. The third meaning is very essential since their codes provide the guidelines for the conduct of the stewardship.

Departing from the above understanding, Gray and Jenkins define a code of accountability as "a system of signals, meanings and customs which binds the principal and steward in the establishment, execution and adjudication of their relationship" (1993, p. 55). A code of accountability is important since it defines three important elements of accountability relationships: the nature of the relationship between steward and principal; the content and manner of the execution of the specified responsibilities; and the terms in which the account of the execution is presented and evaluated. Given this, it is understood that different codes of accountability may be revealed. Different

codes affect different patterns of accountability. The scope of accountability depends on the nature of the codes underpinning those accountability relationships.

Gray and Jenkins (1985, 1986) argue that the variation of accountability systems results from the combinations of "rationalities" which form the codes of individual accountability systems. What is meant by "rationalities" are the interpretative frames by which meaning and significance is assigned and action is evaluated. The five rationalities underpinning the codes of accountability systems proposed by Gray and Jenkins (1985; 1986) are legal; economic; technical; social; and political. The legal rationality sets out the fundamental rules that are to be used in promoting order; assigning responsibility; regulating difference; and containing conflict. Economic rationality specifies the economic calculus by which alternative ends and/or means are compared. Technical rationality stipulates the expert/knowledge-based criteria by which means are selected in relation to ends. Social rationality establishes conditions, which have to be met if social integration is to be maintained. Finally, political rationality sets out the pragmatic requirements for sustaining the integration of decision-making structures and processes.

In relation to the public sector arena, Gray and Jenkins (1993) note that even though some codes of accountability seem to embody one substantive rationality to the exclusion of others, in practice, most codes comprise combinations, even amalgamation, of these rationalities. The three codes of accountability actually in use in public management are identified as "financial; professional; and managerial"(Gray and Jenkins, 1993). Each of these codes combines different rationalities and, in so doing, produces its own definition of the scope of an agent's accountability and the methods by which this will be realised. A financial code of accountability, by drawing on economic and legal rationalities, emphasises the agent's accountability for probity, the adequacy of

internal controls and for economy and efficiency. Managerial codes, alternatively, bring together aspects of legal, economic and technical rationalities and emphasise the agent's accountability for organisational integration, for regularity and consistency in service provision and for economy and efficiency. Professional codes, in contrast, draw on the social rationalities that are embodied in the norms and conventions associated with professions and combine these with elements of legal and technical rationality.

6.5. Scope of Accounts

In the previous sections, two important elements of the accountability relationship, namely the stewardship concept and the codes of accountability, have been outlined. The discussion has led to the emergence of another aspect of the accountability relationship. This component is called the "content of account" (Goddard and Powell, 1994), or the "bases of account" (Stewart, 1984), or the "scopes of account" (Degeling et al., 1996; Parker and Gould, 1999). This is regarded as the basis of an adjudication of evidence to ascertain how far a steward has fulfilled his or her responsibility. In this stage of an accountability process, the emphasis is placed on ensuring that an account is provided, that it is appropriate to the responsibilities of the steward, and that it facilitates an assessment by the principal.

As noted in the previous discussion, an agent's scope of accountability was determined by codes of accountability. Consistent with this, Stewart (1984) indicates that the purpose of the account and hence the bases of accountability may vary between each activity. In the same stream, Degeling et al (1996) argue, "the scope of the accounts that agents are required to provide vary" (p. 32). Similarly, Paton (1992) believes that the nature of the relationship between the accountant and accountee can be expected to affect the information demanded or given and the resultant pursuit of

accountability for different things may lead to preferences for different types of information presented in the account. In short, codes of accountability specify the outcomes as provided in an account.

A number of bases or scopes of account have been identified in the literature, particularly in the context of public accountability (e.g. Robinson, 1971; Cutt, 1978; Day and Klein, 1987; Stewart, 1984; Clarke, 1984; Pollitt, 1986). Robinson (1971), for example, distinguishes three bases of account. These are programme accountability, process accountability, and fiscal accountability. In a similar vein, Day and Klein (1987) recognise fiscal regularity; process efficiency; and programme effectiveness as modes of accountability. Cutt (1978) suggests three scopes of account with ascending complexity. They are identified as accountability for fiduciary procedures; economy and efficiency; and effectiveness. A wider range of information required from a steward is proposed by Clarke (1984) and Pollitt (1986). These may include service availability, user awareness, user satisfaction, service quality, equity and fairness of treatment, the predicability of the service, and the degree of client control that prevailing approaches to service organisation allow.

An effort to accommodate and synthesise the variety of proposed scopes of account has been done by Stewart (1984). As an outcome, these alternative bases of account are arranged in such a way and become the so-called "ladder of accountability". This ladder indicates that the types of account can be ranged from accountability by standards to accountability by judgement. The ladder of accountability proposed by Stewart (1984, pp. 17-18) is as follows:

- Accountability for probity and legality
- Process accountability
- Performance accountability

- Programme accountability
- Policy accountability

Accountability for probity and legality is concerned with the avoidance of malfeasance and illegality. It is to ensure that financial resources are used properly and the powers provided by the law are not exceeded. Process accountability is concerned with ensuring adequate procedures and efficiency in performing the job. Performance accountability is concerned with the achievement of the required standards. Programme accountability is concerned with the achievement of goals. Finally, Policy accountability is necessary when the goals and processes are undefined and uncertain. It is concerned with presenting the account in broad policy terms in relation to the goals.

6.6. Theoretical Model of the Accountability Relationship

A number of important aspects in an accountability relationship have been outlined in the previous sections of this chapter. In this section, a theoretical model of accountability relationship will be developed. In so doing, those aspects discussed previously will become the basis for the theoretical construction. Theoretical models proposed by some authors (e.g., Gray et. al., 1996 and Laughlin, 1990, 1996) are important references and are the starting point for the discussion.

A simple model of accountability has been proposed by Gray et al., (1996). An almost similar model was also proposed by Williams and Funnell (1996). This model as shown in figure 6.1, according to the Gray et al., can be generalised to apply to all relationships and rights to information even though it is a trivial model. They believe that this simplified model can be used to explore most complex situations. For such a reason, they called it "a generalised accountability model" (Gray et. al., 1996, p. 39).

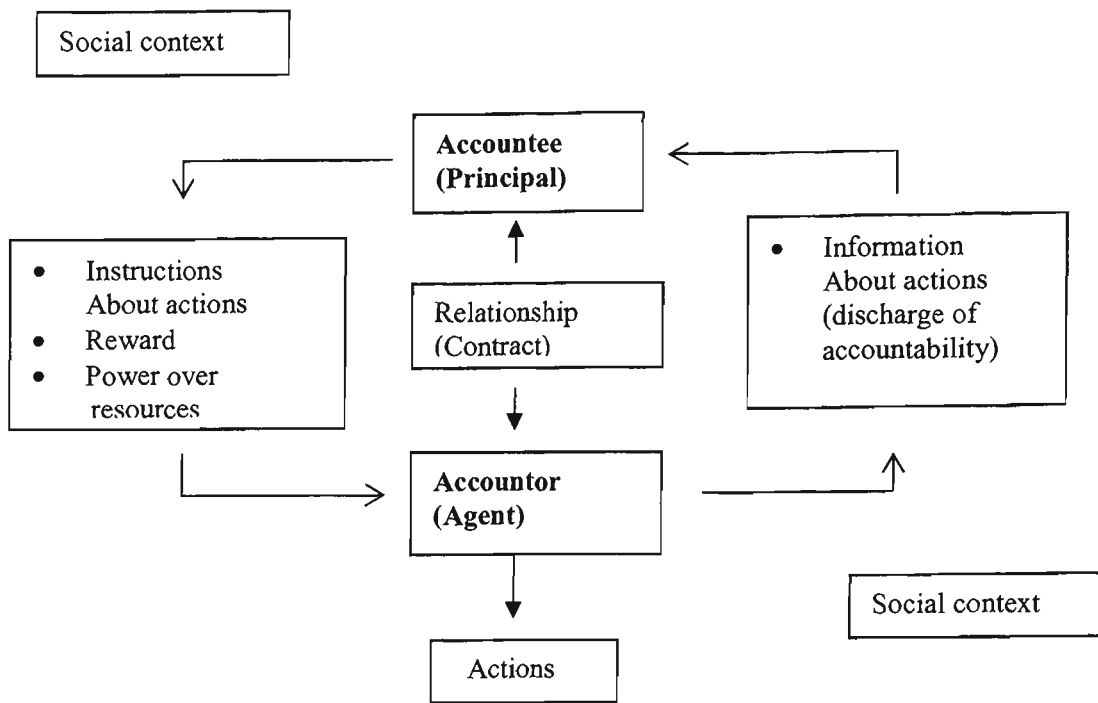


Figure 6.1. A Generalised Accountability Model.

(Gray, R., D. Owen, and C. Adams, *Accounting and Accountability: Changes and Challenges in Corporate Social and Environmental Reporting*, Prentice Hall, 1996, p. 39).

This accountability model assumes a simple two-way relationship between the two parties known as the accountee or principal and the accountor or agent. In conventional financial accounting, the principal would be the shareholder and the agent would be a company's manager. The 'contract' is regarded as the terms that govern the relationship between the two parties. This contract, in conventional financial accounting, is based on the Companies Acts. It will, in turn, become the reflection of the social context of the relationship. It is the contract that determines the rights and responsibilities of the parties in relation to the information flows. Because this contract determines the accountability relationship, how the contract is made becomes a central issue in this model.

The above model is able to describe the essence of the accountability relationship. To make it more meaningful, however, some underlying aspects need to be included. These aspects, according to Laughlin (1990, 1996) are the "context" and "bases" of accountability. To introduce those aspects into an accountability model,

Laughlin (1990, 1996) provides a theoretical insight into an accountability model as depicted in figure 6.2.

This model is basically an extension of the model introduced by Gray et al (1996). As mentioned previously, Laughlin (1990, 1996) attempts to 'add some more flesh' into the framework in order to make it more meaningful. This has been done by considering some other factors (marked broadly as 'context' and 'bases'), which mould the nature of the accountability relationship.

Most of the elements in this model have been discussed in the previous sections of this chapter. In order to avoid repetition, those aspects, which have not been discussed yet, will be the focus of the next section. Under the 'context' of the accountability relationship, Laughlin notes three additional aspects which he calls signification, legitimation, and domination. These refer to Giddens' "structuration theory" which was adopted by Roberts and Scapens (1985) and Macintosh and Scapens (1990) in exploring issues in accountability relationships. Giddens suggests that systems of accountability could be analysed in terms of individuals utilising and reproducing specific structures of signification (meaning), legitimation (morality) and domination (power). Relating to this model, Laughlin (1996) explains that

the important point being made here is that in each system of accountability there is a moral relationship involved, whereby an individual or small group is exercising domination over another to ensure that something, meaningfully defined, is done by that person or persons (p. 229).

In addition to Stewart's five levels of the "ladder of accountability" discussed previously, Laughlin, in this model, notes the *ex ante* and *ex post* information provided by an agent to his/her principal. *Ex ante* refers to what the agent is going to do, while *ex post* refers to what the agent has done (cf. Heald, 1983; Birkett, 1988; Laughlin, 1996). In relation to control purposes, it is more likely that the principal would prefer *ex ante* reporting to the *ex post* reporting. Because with an *ex ante* reporting the principal has

been informed about what the agent is going to do prior to the actions being taken. In this situation, the principal can exercise some control over the anticipated behaviours of the agent that are contrary to the wishes of the principal. On the other hand, ex post reporting provides an unclear direction over the behaviour of 'agents'. Based on the nature of these two types of reporting mechanism, it appears that ex ante reports of the five levels in Stewart's ladder may provide a significant set of 'control technologies' (Munro, 1993) that can ensure that the agent's actions or activities meet the requirements set by the principal.

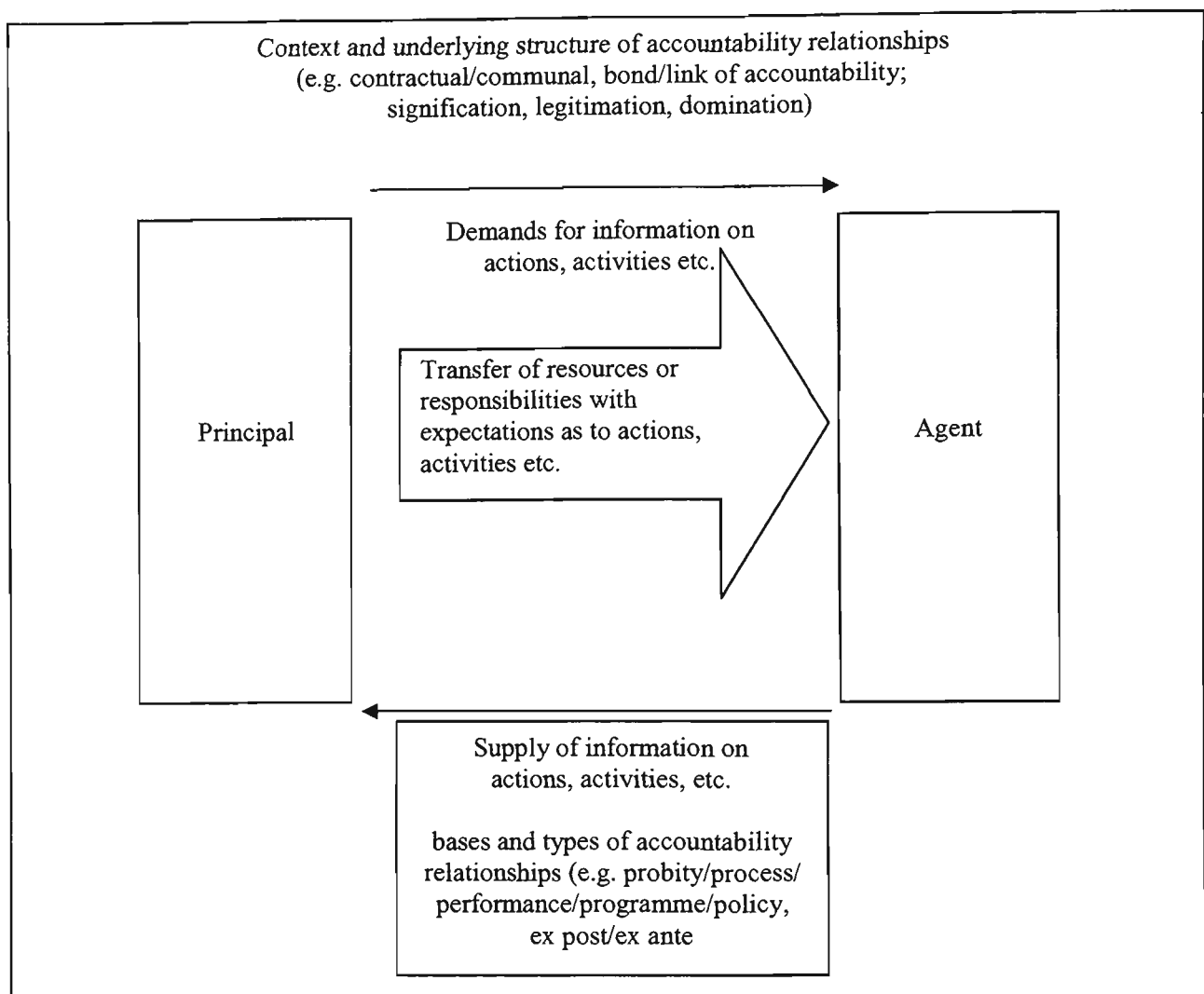


Figure 6.2. Accountability Relationships: A Summarized Picture of Theoretical Insights. (adopted from Laughlin, R. "A Model of Financial Accountability and the Church of England", *Financial, Accountability and Management*, 6 (2), 1990, p.95).

The two models of accountability relationships presented above assume that the principal has the authoritative right to exercise control over the behaviour of the agent. It was expressed in short by Broadbent et al. (1996) as "he/she who pays the piper calls the tune" (p. 274). This assumption was, however, recently questioned by Laughlin (1996) and Broadbent et al. (1996). As claimed by Broadbent et al., "the (frequently implicit) assumptions which underpin *Principal-Agent* (PA) theory constrain the extent to which the model is generally relevant. In short, it is not that PA theory is in some sense wrong, but rather that there may be difficulties in its universal applications across all social contexts" (p. 271). It is also argued that the use of economic contracts or, more generally, economic reasons may lead to value clashes between agents and principals. Laughlin extends his critiques toward the model in figure 6.2 by claiming that even though ideological and moral issues have been involved, this model "remains very static. Nothing in the above suggests why, in certain cases, contractual, as distinct from communal, forms of accountability emerge" (1996, p. 229). With regard to the notion of privilege, Laughlin argues that such a model "is not only biased in that it privileges the values of principals, it leaves this privileging implicit. Secondly, the above says nothing about the preferred accountability relationships of rebelling agents." (1996, p. 233). This is especially a case in what Laughlin called the "caring professions" (cf. Gorz, 1989). In order to gain more insights into this matter, the following section is going to focus the discussion on this issue. It shows that such a discussion will lead to the construction of an alternative accountability model for this particular study.

6.7. Trust and Value Conflicts in Accountability Relationship

The issue of 'value clash' or 'value conflict' between the expectations of principals and those of agents in accountability contexts was introduced by Laughlin

(1996) and Broadbent et al., (1996). They claim that, in the accountability relationship, the notion of value clash is more sensible than the so-called "self-seeking behaviour" of agents as, so far, assumed in PA theory. This claim can be analysed by taking into account an important element in the accountability relationship, namely 'trust'.

6.7.1. Trust

It is believed that trust can create in the agent a positive attitude towards the interests of the principal. The significance of trust in an accountability relationship has been described as the fact that the agents may respond spontaneously according to a principal's interests rather than responding to contractual obligation and incentive. The issue of trust in contractual relationships has been on the literature agenda, to some extent, for more than two decades (e.g. Arrow, 1974; Fox, 1974; Amstrong, 1991; Laughlin, 1996; Broadbent et al., 1996). Fox (1974), for example, recognises what he calls "low trust" and "high trust" between the parties. With regard to control systems, it is assumed that where the level of trust is low the principal will tend to exercise greater control over the agent's behaviour.

In relation to the use of forms of account, it is likely that the presence of high trust will lead to the use of "communal" forms of account. In these circumstances, the principal expectations are ill-defined and ex-post probity and legality forms of reporting are likely to be acceptable. On the contrary, the contractual forms of account will be preferred in the presence of low trust. With regard to the principal's expectations, they are likely to be expressed in more specified terms, where necessary, in measurable form. In addition, ex-ante reports are more acceptable with the operationalisation of all levels of Stewart's "ladder of accountability" (Broadbent, et al., 1996).

Regarding the significance of trust in relation to value conflict, it is assumed that the value conflict will be high when the level of trust is low. In this situation, a more sophisticated control system, from the viewpoint of the principals, will be apparently necessary. On the other hand, the value conflict will be low when the level of trust is high. Consequently, a looser control system can be considered in such a case. In terms of the level of freedom, it is apparent that a greater freedom will be experienced by an agent in the latter case as compared with the former one. These postulated relationships are depicted in figure 6.3.

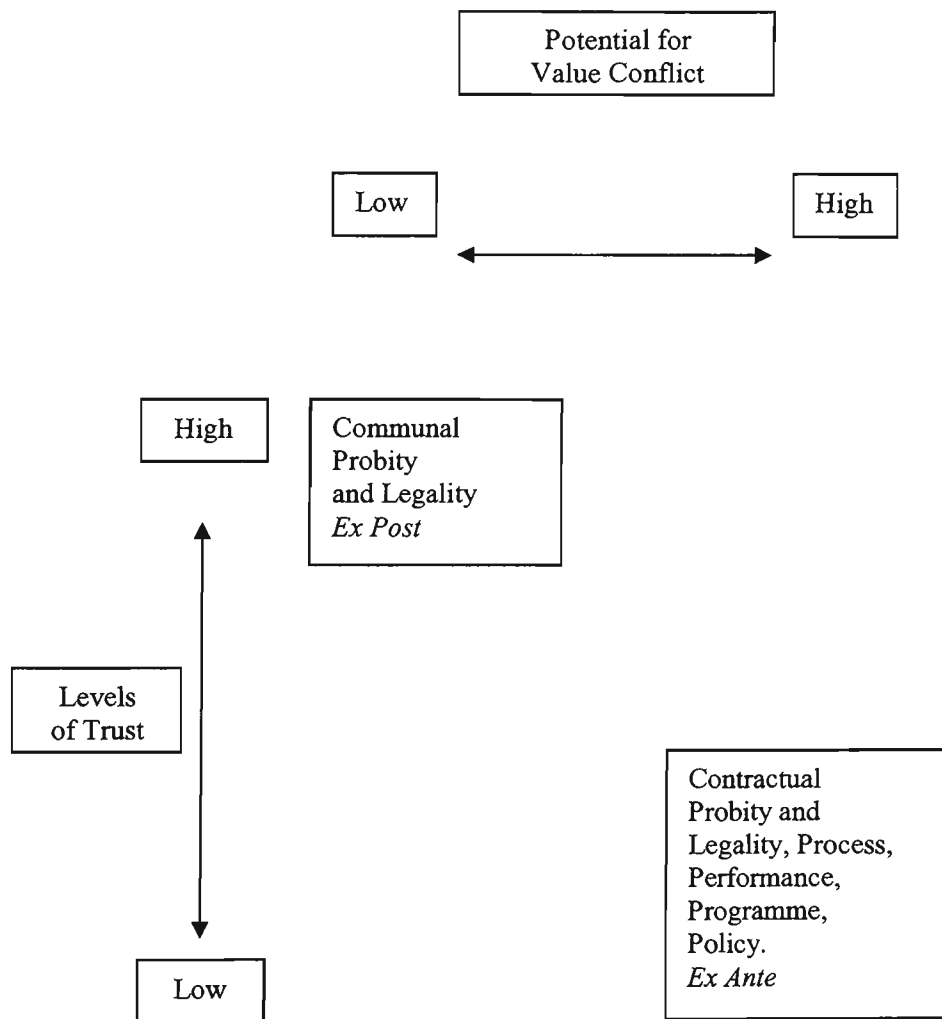


Figure 6.3. Accountability Models, Trust & Value conflict: Tracing Inter-relationship (adopted from R. Laughlin, "Principals and higher principals: accounting for accountability in the caring professions" in Munro, R and J. Mouritsen (Eds), *Accountability: Power, Ethos & the Technologies of Managing*, International Thompson Business Press, 1996, p. 231).

This model indicates that in a high trust situation, a communal accountability provides room for freedom to the agent in determining how best to proceed. In some cases, however, freedoms are given with very real implicit expectations. In such cases, the abuse of freedoms, if realised by the principal, will lead to the exercise of increased formal controls by the principal. As an implication, the modeling turns away from high to low trust and composites change in the accountability processes. When tighter control is in place, the agent will be asked to do things that are set up in precise, measurable terms by the principal. The agent can even become slavish at the lowest extreme end of the trust line. In this situation, when the level of trust is low, the potential for value clash or conflict is likely to emerge.

6.7.2. Value Conflict Between Agents and Principals

The notion of value conflict has emerged in the discussion prior to this section. It shows that "trust" is not the single factor leading to the presence of potential value conflict in accountability relationships. In fact, there are some other factors recognised in the literature. To explain the reasons behind the emergence of value conflict, Broadbent et al., (1996) identifies at least three factors namely 'professional autonomy', 'economic reason', and 'secularisation process'.

Professional autonomy has been claimed to be one of the main reasons for the potential conflict of values emerging in an accountability relationship. An effort to distinguish one profession from other occupational groups has been the main theme of the modern theory of professions as well as the challenge for many occupational groups. Such an effort is marked by "the control over the content and terms of work" (Friedsen, 1970, p. 136) or "monopoly of competence" (Larson, 1977) or "occupational control" (Johnson, 1972). For those successful, the creation of their own professional societies

becomes their subsequent goals. These professional societies will then become the guiding authority for determining the values and code of conduct for the professions. With regard to the economic principal discussed previously, it is potential that a conflict of values can emerge in a situation where the expectations of the principal are contrary to the professional norms of the agent. As Broadbent et al., (1996) comments, "such conflict will occur when strategic orientation of principal and professional diverge and a problem of who might be privileged in such circumstance arises" (p. 276).

The problem of privilege is sensible because from the viewpoint of professionals there is a belief that the substance of a profession lies with the fact that their conduct has some level of indetermination as well as some technical content (Jamous and Peloille, 1970). The notion of indetermination is significant since it relates to what Broadbent et al., (1996) classifies as "tacit knowledge". This refers to the knowledge that is 'not communicable' in the sense that the agent may always have more information regarding some tasks he undertakes than the principal. The problem emerges when the methods of accountability imposed are those that have to recognise the impossibility of making tacit knowledge objectively available to the principal.

The second factor which may lead to a potential value clash in an accountability relationship is the presence of the so-called "economic reason" (Broadbent et al., 1996). This term was introduced by Gorz (1989) to describe the rationale, guiding the economic principal, which is always based on the cost and benefit rationality. This "economic reason" principle has been widely used over time yet is "unaware of how narrow its proper limits are" (Gorz, 1989, p. 2). This means that "economic reason" has occupied domains where it is unnecessarily applicable. Therefore, what needs answering is "...which activities can be subordinated to economic rationality without losing their meaning and for which activities economic rationalisation would be a

perversion or a negation of the meaning inherent in them" (Gorz, 1989, pp. 132-133). Given this, it appears that a value clash has potential to happen in a situation when economic reason is exercised in areas where the central "meanings" of the agent's professional activities are undermined by the principal. This is especially possible when the element of 'indetermination' is involved.

The third element which leads to a potential value conflict between parties in the accountability relationship, according to Broadbent et al., (1996), is "the fear of a secularisation process" (p. 276-277). For this purpose, the "sacred" and the "profane" concept (cf. Eliade, 1959; Durkheim, 1976; Laughlin, 1990; Laughlin and Broadbent, 1991, 1993) is adopted. With regard to the accountability relationship, using the "sacred" and the "profane" concept, it is assumed that

certain individuals (for our purposes certain agents) have a clear view about what is important and central in the way of values and activities (which can be typecast as "sacred"), as well as what is unimportant and peripheral (the "secular" or the "profane"). Where what is deemed to be "secular" attempts to infiltrate, colonise or control the "sacred" then this is a "secularisation process" which must be resisted to prevent the "sacred" being compromised (Broadbent et al., 1996, p. 277).

Broadbent et al., (1996) notes the infiltration of "economic reason", discussed previously, as a simple example of the secularisation process of the general process at work. The general concern here is to stress that, in some cases, the expectations of principals may be in a real conflict with the fundamental values held by the agents. To some extent, these fundamental values are similar to religious beliefs as held by religious followers. To confront such situations, "agents justify their rebellion through appeal to "higher principals" which, if we were using the religious symbolism in a literal sense would be God but could just easily be professional societies or even personal conscience." (Broadbent et al., 1996, p. 277).

This section has discussed how it is doubtful that the main assumption underlying the principal-agent theory will be implemented in certain accountability relationships. The "economic reason" rationality emphasising the superiority of "principals' rights" over "agents" in all circumstances of accountability relationships are questioned. As the resolution, two aspects: trust and value conflict, are recognised in modeling the accountability relationship. It is postulated that the levels of trust will determine the levels of value conflict; the forms of control systems; and the forms of accounts. The levels of value conflict will range from high to low; the forms of control systems will range from formal to less formal; and the forms of accounts will range from "well-defined" or contractual to "ill-defined" or communal. Three driving forces toward the value clashes or conflicts have also been identified. These are professional autonomy, economic reason and the fear of the secularisation process. As discussed previously, the level of value conflicts will be determined by the presence of these three factors in the mind of the agent. This gives rise to the issues of "rebellious agent" and "higher principal". It is suggested that such issues will be more apparent in the so-called "caring professions". For this reason, the following section will discuss some insights concerning aspects of the "caring professions".

6.8. Caring Professions and Higher Principals

The term "caring professions", introduced by Gorz (1989), cited by Broadbent et al., (1996) and Laughlin (1996), refers to those who are devoted to "caring activities" such as doctors, teachers, nurses and professionals in other caring services. These professions are different to others especially with regard to the notion of efficiency, Gorz argues that "the efficiency of such activities is impossible to quantify... It is possible for the efficiency of carers to be in inverse proportion to their visible

quantifiable output" (1989, 143). It is because the service they provide "cannot be defined in itself independently of the people whose individual needs they cater for... in other words, it depends on a person-to-person relationship, not on the execution of predetermined, quantifiable actions" (Gorz, 1989, p. 143).

Based on the above arguments, Gorz (1989) suggests that the use of "economic reason" is not appropriate for such activities. In other words, an attempt to introduce "economic reason" into these professions can be considered to be the infiltration of the "secularisation process". Therefore, it needs to be resisted. It is mainly because "the relationship between doctors and patients or between teachers and pupils or between carers and those being cared for is distinct from their commercial relationship and is presented as quite independent of it." (Gorz, 1989, p. 144).

Using the Church of England as the case in his study, Laughlin (1996) demonstrates how the model in figure 6.3 was adopted to analyse the accountability, particularly the financial accountability, relationship in this church. For this purpose, Laughlin considers the church to be a caring institution, and hence the activities undertaken in the church, are regarded as caring activities. In this regard, Laughlin demonstrates the presence of what he calls the "higher principal" in the accountability, particularly the financial accountability, process practised in the church.

Some of the findings in this study indicate that the expectations of all principals with regard to the transfer of resources are "very ill-defined". In addition, the nature of accountability is communal and the form of reporting is ex post largely devoted to issues concerning "probity and legality". It is also found that agents, in all cases, have much freedom to determine their activities without explicit direction from the "principals".

In his analysis, Laughlin (1996) notes that the absence of formal controls is understood and accepted by all the participants of the church because they are aware of the underlying values, which regulate the church's activities. This is to indicate that the notion of the sacred - secular concept distinguishing the primary from the secondary values in the church is present. With regard to this, Laughlin argues that it is ...

... the foundational example of Eliade's model of sacristy. God is the principal, to those who adhere to this value system, before whom all participants must look for guidance and direction. Institutionally this involves setting aside certain individuals (primarily the clergy) to be the mediators for understanding the wishes of God. They need to be free - autonomous using professional jargon - to perform this function in the way they deem appropriate (1996, p. 235).

The implication of this fundamental value system for the role of the financial system is obvious in that "finance is not there to direct, determine and control, but to enable this independence" (Laughlin, 1996, p. 236). The assumption that the paid 'agent' can be programmed and the understanding of the wishes of God can be determined, as used in a controlling mode, is not appropriate. Instead, it is believed that finance "is needed to allow these individuals space and time to discover the will of God. It is needed, therefore, for this enabling purpose and only for this" (Laughlin, 1996, p. 236).

In relation to the accountability process, it is concluded that the clergy are accountable to God as well as to the congregation under their own ways without any intervention, especially those in conflict with their belief, from other administrators. The impact of this on money management is that funds are regarded as an enabler of freedom rather than a variable directing the activities of agents. With regard to the notion of 'higher principal', it is concluded that, "agents are encouraged to be free to determine their own way forward under the direction and guidance of higher principal. Value conflicts with the principals are minimised, even though, on occasion, some short term discomfort may be experienced" (Laughlin, 1996, p. 236).

6.9. Conclusion

Various aspects of the accountability relationship have been discussed throughout this chapter. The discussions include definitions and a number of meanings attached to the term accountability; some important aspects of accountability such as stewardship, codes, and scopes of accountability; and some existing theoretical models of accountability relationships. In spite of the broad nature of the accountability relationship, this study has focused its concern on an accountability concept appropriate for issues in not-for-profit organisations, particularly church institutions, as this study was basically designed to investigate the practices of accounting in a church.

Having discussed these aspects, it reveals that the model of accountability introduced by Broadbent et al., (1996) and Laughlin (1996) is appropriate for adoption as the theoretical model for this study. Using this model, it is believed that the richness as well as the real picture of accounting practices for accountability in the subject organisation can be investigated and explained. The recognition of the presence of "higher principal", which in the case of a church can be "God", has made this model distinct from the common models of accountability and hence, it becomes most appropriate to be used in this study.

CHAPTER SEVEN

THE HISTORICAL DEVELOPMENT OF THE PENTECOSTAL CHURCH OF INDONESIA

7.1. Introduction

Before proceeding any further, it is important to get insight into the historical development of the subject organisation; the Pentecostal Church of Indonesia, which is hereafter referred to as the PCI. This chapter will cover the history of the church from its inception until the present. The main section will be the review of the church's history in three respects. It begins with the history of the church as a nation-wide organisation. It is then followed respectively by a review of the historical development of the central board, the regional boards, and the local churches. Having reviewed the history of the church, it is believed that the significance of the belief systems in guiding the church's ideologies and practices will be revealed. As accountability and accounting practices are parts of the church organisational practices, the significance of the church religious belief system is presumably reflected in these organisational practices.

7.2. The PCI and the International Pentecostal Movement

The history of the PCI, according to Sumual (1981), cannot be separated from the rebirth of the Pentecostal movement, within the Christian tradition, in the early 20th century in the United States. Placing emphasis on further spiritual experiences after conversion (Ferguson & Wright 1996) the first 'Pentecostals' in the modern sense appeared on the scene in 1901 in the city of Topeka, Kansas in a Bible school conducted by Charles Fox Parham, a holiness teacher and former Methodist pastor. Synan (1997) argued that it was not until 1906, however, that Pentecostalism achieved worldwide

attention through the Azusa Street revival in Los Angeles led by the African-American preacher William Joseph Seymour. Parham and Seymour were then claimed as "co-founders" of world Pentecostalism.

It was claimed that the Pentecostal movement is by far the largest and most important religious movement to originate in the United States. Beginning in 1901 with only a handful of students in a Bible School in Topeka, Kansas, the number of Pentecostals increased steadily throughout the world during the twentieth century, until by 1993 they had become the largest group of Protestants in the world (Synan, 1997).

7.3. The PCI: the Seed of the Bethel Temple

According to Sumual (1981), the Pentecostal movement in Indonesia, particularly the PCI, can trace its roots to the Pentecostal Congregation of "Bethel Temple" in Seattle, USA. It was noted that 1919 was a historic year for hundreds of Pentecostals in "Bethel Temple" when they initiated the spread of the Pentecostal teaching outside the Green Lake city, Seattle, USA. (Sumual, 1981).

Sumual argued that the Groesbeek's and the Van Klaveren's, members of the Bethel Temple congregation, had decided to go to Indonesia to introduce the Pentecostal teaching to Indonesians. To realise their commitment, they left Seattle for Jakarta, on January 4th, 1921 on a Japanese ship named "Suwamaru". They reportedly arrived at Jakarta (or more properly Batavia, the name given to Jakarta by the Dutch as Indonesia was a Dutch colony at the time) in early March 1921 and then continued their journey to Bali via Banyuwangi. A few days later they then arrived in Denpasar, the capital city of Bali. It was in this city they began to introduce the Pentecostal teaching to Indonesians. This was then claimed by the PCI as the beginning of the PCI in Indonesia (Sumual, 1981).

Sumual (1981) continues that realising they were called to minister to the Indonesians, The Groesbeek's and the Van Klaveren's went to Surabaya, in Java, and began to preach the Pentecostal teaching there. After staying in Surabaya for a while, the van Klaveren's decided to move to a nearby city of Lawang and preaching there for a couple of months before moving to Jakarta. Unlike the van Klaveren's, the Grosbeek's stayed and preached for quite a long time in Surabaya. The Grosbeek's, afterwards, moved to the city of Cepu and continued their ministry for about one year. As a result, according to Sumual (1981) a congregation was established in Cepu. This was believed to be the result of their ministerial efforts. In early 1923, the Grosbeek's went back to Surabaya. Their followers then spread the Pentecostal doctrine to other cities in Indonesia. The Pentecostal movement finally visited most parts of Indonesia (Sumual, 1981). Van Klaveren and Grosbeek were then claimed to be the founders of the PCI.

7.4. The Growth

Mandey (1998) noted that at the 1996 national meeting of the PCI's leaders in Jakarta, it was decided that 1921 was to be the official year of birth of the PCI. Mandey says that the main reason for this recognition was simply because 1921 was the beginning of the effort to preach the Pentecostal teaching in Indonesia initiated by Van Klaveren and Grosbeek.

Legal recognition of the PCI was granted by the Nederlandsch Indie government in 1927 under the so-called "De Pinksterkerk in Nederlandsch Indie" (Mandey and Kastanya, 1995, 1). Following this it was suggested that as the PCI grew and became a nationwide organisation, there would be a need for a central board to coordinate and organise the activities of the organisation.

7.4.1. The Central Board

The first central board of the PCI was formed in 1923. The members of the board were Weenink van Loon as the chairperson, Paulus as the secretary, Zuster Annie Leeftang as the treasurer, and Van Gessel as the commissioner (Sumual, 1981).

The composition of the central board indicates that three out of four incumbents of the board were Dutch. In addition, the name of the church organisation was in Dutch and legalised under the *Nederlandsch Indie* law as promulgated by the Dutch administrators. The name of the organisation was then converted into *Gereja Pantekosta di Indonesia* or the Pentecostal Church of Indonesia (PCI) in the early 1940s after the Dutch had ceased to have much influence.

Currently, the PCI is claimed to be one of the biggest Christian organisations in Indonesia. In 1998 it had approximately two million members and 8200 local churches spread throughout the country and overseas (Mandey, 1998, p. 6). The PCI also has 22 local churches operating in overseas countries, such as in Australia, the United States, Singapore, the Netherlands, Malaysia, and Germany. The list of the overseas local churches can be seen in table 7.2 in the appendix. The foreign operation of local churches is allowed by the church constitution. Therefore, the national boundary is not regarded as a constraint for the church to exercise its missionary purposes.

7.4.2. Formation of the Central Board

According to the Church constitution, the members of the central board are appointed for a four-year term at a 'national conference' of the PCI and the number of incumbents of the board should not exceed twenty-four personnel. It is required by the constitution that three of the incumbents are elected and others are appointed. The

candidate who gets the most votes automatically becomes the chairperson of the board. Most of the appointed personnel are assigned to chair departments formed according to the needs of the regional board. In addition to this, an advisory board also needs to be established. Members of this advisory board are, normally, selected from the most senior and respected pastors in the PCI. This is done because the main task of the advisory board is to provide advice to the incumbents of the central board if necessary. In the last four-yearly national conference of the PCI held in Jakarta in February 2000, the selection of the central board's incumbents for the 2000 - 2004 was performed. The composition of the board's personnel can be seen in table 7.3 in the appendix.

Based on the observation and the documents available, the central board has a number of supporting councils which function to assist the board to organise specific ministerial tasks such as ladies, men, youth, children, and intellectuals and businessmen ministries. For organisational development, a special board called the research and development board was also set up. In order to achieve better financial administration, a board called the 'financial auditing board' was also formed. The main function of this auditing board is to audit the financial reports of regional boards and other central-board related institutions.

7.4.3. Rights and Obligations of the Central Board

The rights and responsibilities of the Central Board have been determined by the church's constitution in section 10:16.1 as follows:

1. To represent the PCI for all foreign affairs.
2. To discuss, certify, and maintain the purity and the standard of the PCI's doctrine as well as to maintain unity and order in the PCI.
3. To execute all decisions made in the national conference of the church.

4. To solve problems facing regional boards.
5. To strengthen fellowship and to consolidate the organisation.
6. To issue or to withdraw decrees of appointments and to activate or to freeze councils within the PCI.
7. To set up the date of and to chair the great conference.
8. To reschedule the great or the national conference if necessary.
9. To conduct a plenary meeting at least once in one year.
10. To ordain pastors at the great or the national conference.

The right to issue or to withdraw decrees of pastor's appointment gives every pastor, within the PCI, no choice but to submit to the decisions and policies made by the Central Board. Thus the clergy is under the direct authority of the Central Board and subject to its control.

7.4.4. Educational Activities

In order to maintain the uniformity of the doctrine taught within the PCI, the Central Board has established a number of Bible Colleges around the country. Some of these colleges offer a nine-month programme to provide basic knowledge of the church's doctrine to students. Others offer a three-year programme. Students in the three-year program proceed to the second and third year level after acting as a 'servant' or 'trained pastor' for at least one year in a local church. This process is regarded as a 'practising field' for those who have committed to be a pastor. Other schools, offering a three- to -four-year programme, provide a broader knowledge, in addition to the church doctrine and including general knowledge, to the students. The ones offering the basic knowledge of the church's doctrine are generally referred to as 'Bible Colleges' and the other offering a more broader knowledge are referred to as 'Institutes of Theology'.

The educational background of candidates eligible to join a 'Bible College' is not specified. This is based on the belief that, the emphasis in the process of studying in a Bible College is not based on 'the understanding of knowledge' per se, but on 'a willingness to serve God' and being 'annointed by the Holy Spirit'. Therefore, the main purpose of the education in the Bible College is not to produce intellectuals as in a secular sense, but to create servants of God. This type of education is believed to be the main pillar underpinning the development of the PCI so far. It is believed that the church can only grow if those anointed by the Holy Spirit develop it. For this reason, the constitution of the church has prescribed that any one who wants to become a pastor in the PCI should have a certificate from a Bible College within the PCI.

In order to become a student in an Institute of Theology, one should have, at least, graduated from a high school. In addition, applicants with a Bible College's certificate may be exempted from some subjects. A high school certificate is necessary for enrolling in an Institute of Theology because the nature of education provided in the Institute is regarded as being equal to university level. The difference is only in the content of the curriculum. Whereas university provides education for general purposes and tends to be 'secular', the Institutes of Theology provide education for the special purposes of the PCI which tends to be more spiritual and Biblical. As previously noted, the education offered in this institute is broader than that offered in the Bible Colleges because it is not limited only to the study of the doctrine of the PCI. Some subjects such as Anthropology and Evangelism, Holistic Ministry, Hinduism, Sects, Church Administration, Liturgics, Hermeneutics, and Christian Philosophy, for example, are taught in the Institute of Theology, but not in the Bible College. In essence, the emergence of the Institute of Theology in the PCI is mainly driven by the need of the dedicated ministries of the PCI to have a higher level of education among their staff.

The knowledge gained is believed to be essential for dealing with 'outward ministerial tasks'. Table 7.4 in the appendix provides the description of Bible Colleges and the Institute of Theology operating under the PCI.

7.4.5. Status of Ministry

According to the church's constitution, the status of ministry in the PCI is not a profession but rather a Calling. The term Calling, as believed by the PCI, refers to the belief that the pastors receive the divine call of God to enter the ministry. This notion creates the image that the nature of the status held by a minister in the PCI is extraordinary. As they feel they have been called by God to do the work of a pastor they feel that they work for God, and not for a human master. This, in turn, influences their motivation, morale, and discipline in doing the job. It is generally believed that faith plays an important role in such a process.

The constitution of the church requires that those eligible to be ordained as pastors in the PCI must be members of the PCI who have experienced things, such as being 'born again', being 'anointed by the Holy Spirit' and the having received the 'Call of God'. To meet these requirements, a person must, of course be able to demonstrate that they have experienced these extraordinary processes believed by the church. The church in this sense refers to the 'body of Christ' or the group of believers in general.

The status of a pastor in the PCI, according to the church constitution, has three levels. These are respectively called 'assistant pastor', 'junior pastor', and 'pastor'. Those who are eligible to be ordained as a pastor must fulfil one of the following requirements and be:

- a. a minister of a congregation who has held the certificate of a junior pastor for at least two years; or
- b. a full time evangelist who has held the certificate of a junior pastor for at least two years; or

- c. a teacher of a Bible College or Institute of Theology who has held the certificate of a junior pastor for at least two years.

The constitution also requires that to get the certificate of a 'junior pastor', a person must have become an 'assistant pastor' for at least two years, whereas to get a certificate of an assistant pastor, someone must have a reference from a pastor of a local church. In addition to this, a wife or a husband of a pastor may be ordained to be an assistant pastor, a junior pastor or a pastor after he/she receives a special reference from the Central Board.

Regarding the income of a pastor of a local church, the constitution clearly mentions that a pastor, a junior pastor, or an assistant pastor satisfies his/her livelihood by preaching the Gospel. This means that the source of income of a pastor is basically from the giving of the congregation or the believers he/she ministers to. Again, faith is a crucial factor in this regard. Based on the interviews it was noted that sometimes, a pastor of a congregation might have no food to eat because he/she has no money to purchase it. From the viewpoint of the belief system of the PCI, there is nothing wrong with this phenomenon because fasting is regarded as being part of the church belief system. It is considered to be God's purpose to let it happen in order to review/test the loyalty of His servant in undertaking his/her Divine Call.

7.5. The Regional Board

According to the interview with the church's leaders the, the PCI is currently made up of twenty-two regional boards as it is shown in table 7.1. Historically, the initiative to establish a regional board was driven by the growing number of the local churches in a territory. Because Indonesia is a country with 27 provinces, the approach used by the PCI in determining the territory of a regional board is provincially based. This provincial base applies, however, only to territories where many local churches are

concentrated. For the territories with only a few local churches, the approach used is to merge the provincial base. The merger takes place between or among adjacent provinces. It was noted that among the twenty-two regional boards, eighteen were developed using a province based approach whereas the other four were formed according to a merged-provincial base.

7.5.1. Membership of the Regional Board

The members of a regional board are appointed for a four-year term at a regional four-yearly conference. These incumbents must be pastors tending to congregations within the territory of the regional board. According to the constitution of the church, once in four years, a regional board should conduct a regional conference in order to elect the members of the board. The election of the board's incumbents is the main agenda of this conference. Those who hold the right to vote on the election, according to the church constitution, are pastors of local churches, representatives of evangelists, and representatives of Bible teachers ministering to and teaching in the territory. The number of the board's incumbents, according to the church constitution, may range from six to twelve personnel depending on the size of the regional board. Of those, only three are elected at the conference. These elected members are then granted the right to appoint the rest of the Board. Since the number of local churches becomes the determinant of the size of a regional board, the greater the number of local churches operating in a territory, the bigger the size of the regional board. This size, in turn, influences the number of members of the board.

Table 7.1
The List of Regional Boards of the PCI

No	Name	Provinces	Number of parishes	Number of Board members
1	Regional Board I	North Sumatera and Aceh	742	12
2	Regional Board II	Riau	200	9
3	Regional Board III	South Sumatera, Jambi and Bengkulu	362	12
4	Regional Board IV	Lampung	290	9
5	Regional Board V	Special Territory of Jakarta		
6	Regional Board VI	West Jawa	554	12
7	Regional Board VII	Central Jawa	888	12
8	Regional Board VIII	East Jawa	806	12
9	Regional Board IX	Bali and West Nusa Tenggara	34	
10	Regional Board X	East Nusa Tenggara and East Timor	186	11
11	Regional Board XI	West Kalimantan	293	
12	Regional Board XII	Central Kalimantan	224	9
13	Regional Board XIII	East Kalimantan	214	9
14	Regional Board XIV	South Sulawesi	276	9
15	Regional Board XV	South East Sulawesi	60	7
16	Regional Board XVI	Central Sulawesi	467	12
17	Regional Board XVII	North Sulawesi	1131	16
18	Regional Board XVIII	Maluku	305	
19	Regional Board XIX	Irian Jaya (Papua)	250	
20	Regional Board XX	Special Territory of Jogyakarta	92	
21	Regional Board XXI	South Kalimantan	101	6
22	Regional Board XXII	West Sumatera	52	6

According to the church constitution every pastor of a local church has the right to vote and to be elected. The composition of a regional board is made up of three elements, namely the advisory board, the executive board, and bureaus. The advisory

board has a maximum of three members and they are appointed by the three-elected members of the regional board. The main task of the advisory board is to provide advice to the regional board members if it is needed. The executive board has a maximum of six members including the three elected members of the regional board. These six members will occupy the positions as chairperson, deputy chairperson, secretary, deputy secretary, treasurer, and deputy treasurer. The rest of the members will be appointed as chairpersons of bureaus. The number and forms of bureaus vary depending on the size of the regional board. However, the forms of bureaus are normally adjusted with or derived from the structure of the Central Board. This is done to facilitate organisational consistency and coordination.

7.5.2. Rights and Obligations of the Regional Board

The rights and obligation of the of regional boards have been prescribed by the constitution of the church in section 10:16.2 as follows

- a. To represent the PCI in all matters within or outside the regional territory.
- b. To control the purity and homogeneity of the church's doctrine taught within the territory.
- c. To execute the jobs given by the Central Board and to control the execution of the decisions made in the regional four-yearly conference.
- d. To set up schedule of and to lead the regional four-yearly conference and other meetings in the territory
- e. To prescribe the job descriptions of the board incumbents according to the needs of the territory.
- f. To conduct a plenary meeting of the board at least once in six months.
- g. To initiate fellowships in the territory if necessary.
- h. To visit local churches in the territory for promoting solidarity and oneness.

- i. To issue or to withdraw the letter of a pastor's appointment.
- j. To ordain junior pastors at the regional four-yearly conference.

The above rights and obligations of regional boards indicate that a regional board has power over local churches in its territory. This, however, does not necessarily mean that a regional board can intervene in all internal affairs of a local church. One of the functions of a regional board is to safeguard the purity and homogeneity of the church's doctrines as practiced in local churches. Once a deviation is detected, the board can take any action necessary for the best interest of the PCI.

7.6. The Development of Local Churches

Based on observation in the field it was revealed that the development of local churches in the PCI follow a number of patterns. There are three main patterns normally exercised. The first one is called the 'church planting' pattern. This pattern is exercised by the majority of the founders of local churches in the PCI. The second one is the 'splitting pattern'. This pattern has been exercised in the last two decades as one of the consequences of the rapid growth of members of congregation in a local church. The third one, which is unpopular, is the 'forced separation' pattern. The following section will elaborate each of these three patterns of the local church development respectively.

It was suggested that most local churches in the Pentecostal Church of Indonesia were established using the church-planting pattern. According to this pattern, a 'trained pastor' must voluntarily initiate the development of a new local church. This effort should be undertaken regardless of the availability of financial support from any party, including the PCI. A 'trained pastor' refers to someone who has graduated from a Bible College of the PCI and is being assigned as a trained pastor in a local church. The development of a new local church begins with a handful of people as members of

congregation. In some cases, the first members of the congregation are the wife and children of the pastor if he/she is married. According to the belief systems of the PCI the main motivation of a pastor to do his/her ministerial tasks is in order to satisfy his/her Call from God. There is a belief shared by all pastors in the PCI that without the "Calling", one will never succeed in doing ministry jobs. Given this, it is understood that the tasks they do are neither for satisfying the organisation, nor for pleasing a group of people. The tasks are, instead, performed in order to please and glorify God. Hence, the pastors think that they are only held accountable to God for all of their work.

A local church can be created by splitting from another established local church. This normally happens in circumstances where the congregation is growing so fast that a single local church is insufficient to accommodate it. It is even more likely to happen when the domiciles of the congregation members are widely scattered across the city where the local church is located. In most cases, the pastor of the established local church initiates the splitting policy. Once it is made, the pastor of the established local church normally appoints one of his/her 'trained pastors' to become pastor of the the new local church. In some cases, however, the regional board initiates the appointment of pastor for the new local church.

A local church can also emerge as a result of a separation from a particular local church initiated by a number of congregation members. This pattern is rare in the PCI. This separation is mainly driven by a dissatisfaction of a number of congregation members towards the ministry of the local church's pastor. It can also be due to other reasons such as a disharmony amongst the congregation and a dispute about a particular congregational policy. The initiative to develop a new local church, in this case, comes from the separating group. This group also tends to nominate a pastor for their new local

church. This nomination is, however, subject to the approval from the Regional Board. Otherwise, the Regional Board can appoint another pastor as an alternative.

Of the three patterns mentioned above, the church-planting pattern is the most common practice by the PCI. This is because the nature of the church movement is missionary. This means that the church planting method is performed by 'converting' unbelievers into members and is believed to be the best implementation of the church's purpose. The other two methods are a consequence of church growth. As the number of congregation members increase, the complexity of managing them increases as well. This, in turn, often leads to more conflicts amongst the members of the congregation as well as between the members and the pastor.

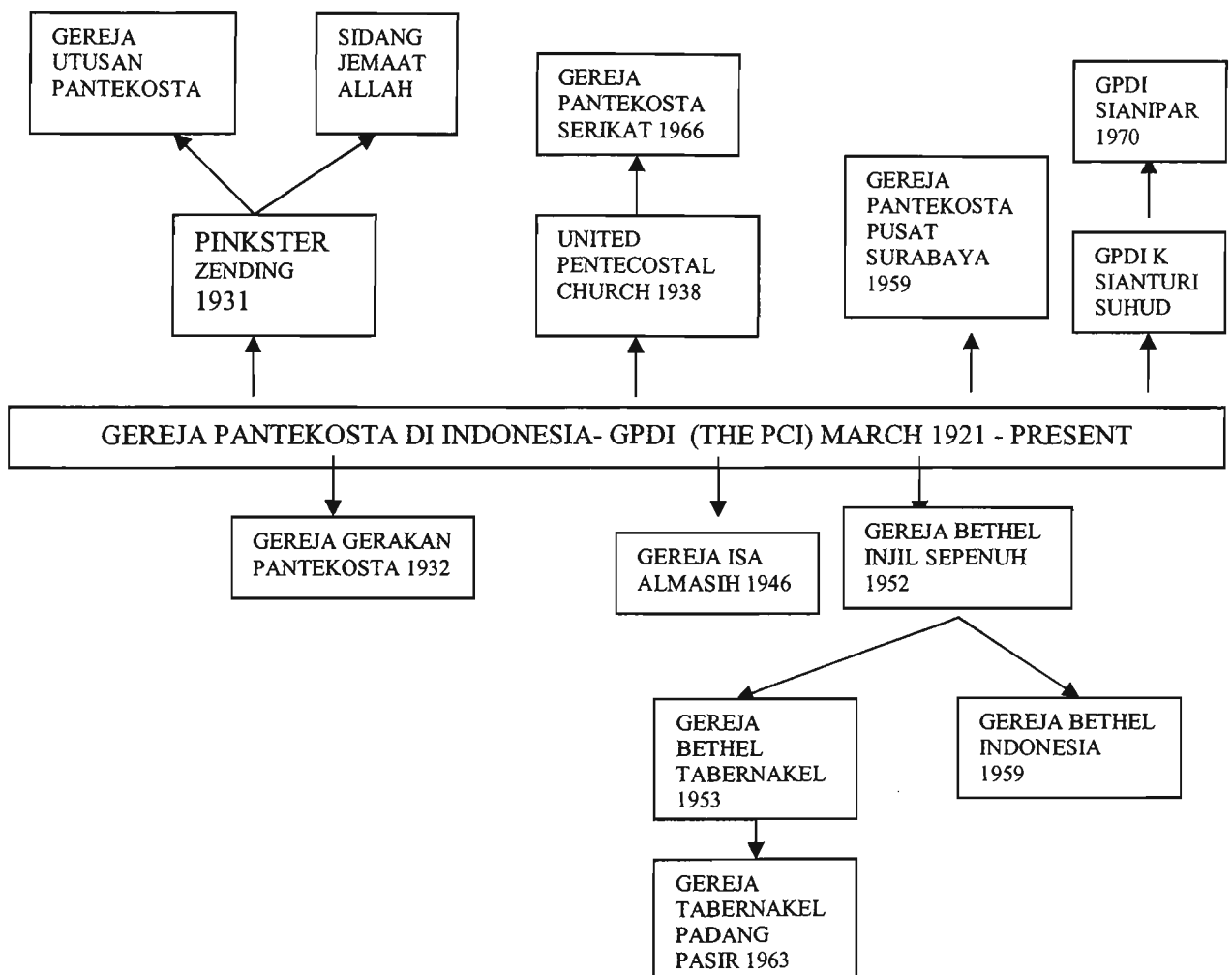


Figure 7.1
The Development of Pentecostal Movement in Indonesia: The Split of the PCI into Various Pentecostal Denominations.

Before a new local church is recognised as a result of a separation, the Regional Board would examine the separation proposal. The purpose of this examination is twofold. First, to identify the problems leading to the separation. Secondly, to offer reconciliation to those in conflict. If reconciliation cannot be achieved and the problems are mainly due to the negligence of the local church's pastor in carrying out his/her job, a replacement of pastor can be offered by the Regional Board as an alternative solution. This is done for the sake of the unity of the congregation. If this solution still does not work, the formation of a 'new local church' will be considered as the only solution. This is because in an extreme case, those favouring the separation often claim that if their request cannot be accommodated by the Regional Board, moving to other church denominations or establishing a new, independent church organisation can be their solutions. In a number of cases the separation from the PCI was inevitable. One of the positive impacts of this separation on the Pentecostal movement in Indonesia was the emergence of various independent church organisations under the Pentecostal denomination. The history of the PCI indicates this trend as depicted in figure 7.1 above.

7.6.1. Classification of Local Churches

It is noted in the church constitution that local church is the basis of the PCI. A pastor, who is sometimes called 'the shepherd of congregation', is the leader of a local church. The church constitution classifies local churches into three categories, namely independent local church (sidang jemaat mandiri); young local church (sidang jemaat muda); and branch local church (sidang jemaat cabang).

An independent local church is the one with members of at least thirty adults and twenty children and is chaired by a pastor. An independent local church with

congregation members of more than one hundred adults must be led by a pastor supported by a board of elders and a local church council. This local church must have a constant and regular Sunday service, including a regular programme for children, youth and adult services. In addition, an independent local church must have a growth programme.

A young local church is a congregation with members of less than thirty adults and is headed by a pastor. A local church resulted from a splitting pattern that has over thirty members, however, is still classified as a young local church. An emerging local church results from a 'planting' pattern and is classified as a young local church only if it has successfully performed regular and continuous church services during a year.

A branch local church is a branch of an independent local church and is chaired by a pastor who is appointed by the pastor of the independent local church. Other terms for a branch local church are evangelical post or sector ministry.

7.6.2. Local Church Leadership

It is part of the culture in the Pentecostal Church of Indonesia that a pastor of a local church has an autonomous authority over all of the internal affairs of the local church. To conform to the notion of Jesus as 'the good shepherd', the term shepherd has been used by the PCI to mean a pastor of a local church. In conducting ministerial tasks, a pastor normally appoints a number of elders as his/her assistants. In most local churches, pastors appoint a number of congregation members, mainly the elders, to be the members of a board called the 'local church council'. For leadership purposes, the constitution of the PCI prescribes that a pastor should chair the local church council. The basic structure of this council is made up of a chairperson, a secretary, a treasurer, and some members. There are no common criteria used to determine the qualification of

a person to become a member of the local church council. It is mainly based on the 'judgement' of the pastor. In theory, this judgment is based on the Bible as well as the pastor's determination of God's will. Therefore, before appointing someone to be member of the local church council the pastor needs to propose the person to God through prayers and fasting.

The function of the local church council is to help the pastor in planning and executing the day-to-day ministerial activities of the local church. Its tasks are not limited to the spiritual services, but also to the maintenance of the church's facilities such as musical instruments and buildings. It is believed that spiritual maturity is, of course, an important criterion to become an elder or a member of a church council. The ability to perform sermons independently is another important requirement. This is because on some occasions, especially in the absence of the pastor, the task of performing ministerial services to the congregation is delegated to one of the members of the council.

In addition to the local church council, one or more trained pastors may assist the pastor in performing his/her routine ministerial duties. These trained pastors are placed into local churches by Bible Colleges once they graduate. Their main task is to assist the pastor in his/her routine ministerial duties such as praying and preaching. In addition to this, they are also obliged to help the family of the pastor in their routine, daily activities such as cooking, cleaning, and laundering. It is reported that to be a 'slave' is the motto that has strongly influenced their life. Such a motto has made a tremendous impact on the 'way of life' of those committed to be pastors in the PCI. That is why all ministers in the PCI prefer to be called 'the slave of God' rather than priest or similar appellation. They believe that it is an honour to be a slave of God. This training process is aimed to equip the trained pastors, physically and spiritually, in

encountering challenges in their attempt to develop a new local church on their way to become a pastor of a local church.

It is suggested that with the help of the church council, and trained pastors, a pastor manages all activities in his/her local church. In most local churches, being an elder or a member of the church council or a trained pastor is regarded to be a voluntary job. A salary or wage is not an important motivation. This is because they believe that they do the job not for the pastor, but for God.

In some local churches, however, such a job is paid according to the discretion of the pastors of the congregations. This practice does not necessarily mean that the voluntary nature of the job is relinquished. Such a practice mainly happens in big local churches located in main cities. The complexity of the job and the income of pastors are probably the two factors that can explain this phenomenon.

The leadership of a local church described above indicates the dominant role of a pastor in a local church. In other words, a pastor has a strong control over all affairs in his/her local church. Intervention from outside, including that from the regional or central board of the church, is very minimal so far as local church-internal affairs are concerned. A pastor has the authority to make any decision as well as the discretion necessary for the advancement of his/her congregation. Intervention from the Regional or Central Board will take place only when there is an indication of a deviation from the church's basic doctrine taught in a local church.

7.6.3. Tenure of Pastoral Ministry in A Local Church

It seems that the tenure of pastor at a local church is not specified. In some cases, a person can become a pastor at a local church for life. It is even common that when a pastor has died, his/her wife, husband or child is ordained to be his/her

successor as far as the person is capable and able to carry out the job. This shift is subject only to the acceptance of congregation of the local church. In the case of any rejection from the congregation, placement to another local church is an option offered by the Regional Board to the successor. This is the expression of respect of the church organisation to the 'divine call of God' upon a pastor and his/her family.

It is suggested that the above practice is based on the belief that once a person is called by God and ordained as a pastor, his/her family will automatically become the family of the 'Levites'. The 'Levites' refers to one of the twelve tribes of the Biblical nation of Israel whose job was only to minister to other eleven tribes. For that reason, this tribe is called as the 'Levitical' or 'Priestly' tribe. As written in the Bible, Numbers 18:24-32, the Levities had no inheritance in the land. Their survival mainly rested on the income received from their ministry. This Biblical approach is believed appropriate to be adopted as the concept of ministry in the PCI. One of the consequences of adopting this concept is that a pastor of local church cannot work in other jobs but only minister to the congregation. In other words, to be a pastor is not a choice but a divine call of God. Therefore, this job should be done with strong commitment without any reserve. It is a big pride for a pastor to dedicate his/her life for God's Call until he/she passes away.

It was also noted that another impact of adopting the concept by the pastor is that he/she cannot expect any remuneration or pension from either the organisation or the congregation. It seems that this norm is understood and accepted by every local church's pastor in the PCI. There is a belief that if one serves God faithfully and diligently, God will not let him/her down. He/she will otherwise be blessed abundantly for life. Hence, if a pastor does not experience the blessings, he/she should evaluate his/her dedication. The concept of reward and punishment seems to apply in this context. In other words, in doing their job, pastors are controlled by God. If they do the

right things, they are rewarded with abundant blessing, but if they violate the Call, they will be punished.

7.7. Conclusion

This chapter has discussed a number of aspects, ranging from organisational dimensions to spiritual elements, of the Pentecostal Church of Indonesia. With approximately two million members spread across the country as well as overseas, the organisation is considered big enough to operate in a country with a predominantly Muslim population. The way the organisation has developed depends on the motivation, morale, and discipline of the church participants. This is because the clergy believe that they are working not for a human employer, but for an invisible and omniscient master.

For the above reason, it seems that control devices such as organisational control systems used by most ordinary organisations are less applicable to this organisation. This is because the control systems in the PCI are based on the belief systems that God as the owner of the church is omniscient in nature. Given this, it is believed that space and time cannot bind His presence. He can be everywhere at any time. With regard to the control purposes, it is believed that God knows everything performed by his servants. Nothing can be hidden from God's eyes.

Such an extraordinary control system has been socialised to the church's participants, particularly the clergy, by the means of preaching and education. The notion of the omniscience of God is the core element of every preaching subject in the church's sermons. This has become the central doctrine of the church introduced to all church members by the church ministers in their preaching. As a prerequisite, all ministers in the PCI must, of course, be indoctrinated with such a 'belief' before his/her ministerial status is recognised. This has been systematically 'orchestrated' by the

church's leaders through the teaching offered in Bible colleges and Biblical seminars. Given this, it is believed that the notion of the omniscient God has been the 'truth' that has ultimately influenced the behaviour and actions of the church's participants. Organisational practices, such as accounting and accountability, are no exception.

CHAPTER EIGHT

RELIGIOUS BELIEF SYSTEMS AND FINANCIAL ARRANGEMENTS OF THE CHURCH

8.1. Introduction

In this chapter, aspects related to the financial arrangements and belief systems of the church will be discussed. The discussion will be based on the data collected from sources such as in-depth interviews, participant observations, documents and minutes. This is done in order to provide basis for analysis in the subsequent chapter. The discussion will be focused on the three main levels of the church organisation. Firstly, the interplay between financial arrangements and the belief systems at the Local Church of Bahu will be discussed. It is then followed by the discussion of similar matter on the North Sulawesi Regional Board and the Central Board of the PCI. A conclusion will then be drawn to close this chapter.

8.2. The Interplay between Financial Arrangement and the Belief Systems

8.2.1. The Local Church of Bahu

As mentioned in the introductory chapter, the Church of Bahu has been selected as one of the researched units in this study. Before discussing the nature of financial arrangements and religious belief systems of the church, a short description of the Local Church development will be provided. This historical background of the Local Church of Bahu is important in providing some insights into why, when, and how development has taken place in the light of the church constitution as well as in its religious belief system.

The Church of Bahu is one of the forty-local churches of the PCI operating in Manado, the capital city of the province of North Sulawesi. Bahu is the name of a

suburb in Manado and was chosen to be the name of the Local Church since its inception. As a city with a predominantly Christian population, more than a hundred churches of various Christian denominations are available in Manado. Among these denominations, the PCI is considered to be one of the fastest growing denominations in the region. This is indicated by the increased number of its local churches, relative to other denominations, over the last three decades. In the early sixties, there were only nine PCI churches in the city, including the church of Bahu. Over thirty local churches have been established since that time.

An attempt to establish a Local Church in the suburb of Bahu began in 1947 when a group of evangelists visited the suburb. For this purpose, a number of evangelical ministries were conducted at the homes of the early members of the Local Church. It was reported that the early members of this Local Church were Mrs. Lantang, Mrs. Umboh, Mrs. David, Mrs. Tumewu, Mr. Keintjem, and Mr. Kuuna.

After three years of evangelical efforts, the church of Bahu was officially established in 1950 and Ps. Benjamin Kawatu was ordained as the first pastor. As a result of the growing number of the congregational members, the church was expanded and relocated twice by Ps. Benjamin Kawatu. When Ps. Benjamin Kawatu passed away in 1994, Mrs. Kawatu was ordained by the North Sulawesi Regional Board (NSRB) to replace him as the pastor of the Local Church. Only one year in the position as the pastor, Mrs. Kawatu passed away. Her position was then replaced by one of her sons, Ps. Paultje Kawatu, until recently. The replacement was possible because Ps. Paultje Kawatu acted as the deputy pastor when Mrs. Kawatu died. In addition, Ps. Paultje Kawatu already held a certificate of Bible College. Thus, organisationally, he deserved to be promoted as the senior pastor at this Local Church. According to the report of the NSRB to the Central Board, the total congregational members of the church of Bahu in

2000 were four hundred and eleven. The members were made up of three hundred and thirty adults and eighty-one children (Sekretariat Majelis Pusat GPdI, 2000, p. 529).

8.2.1.1. Organisation Structure of the Local Church of Bahu

Similar to other local churches in the PCI, Ps. Paultje Kawatu, as the pastor of the Local Church, holds the supreme authority in the Local Church. Unlike ordinary organisations, in the view of the congregation, his authority upon the congregation originates not only from the church organisation, but also from God who is believed to be the Head of the Church. According to this notion, the pastor acquires both formal and divine authorities. The formal authority is granted by the organisation, whereas the divine one is received from God. It is believed that God delegated the divine authority to him at the day of inauguration. Between these two, the latter is regarded as more important for ministerial purposes. It is believed that to have formal authority without the divine authority is useless as far as church ministry is concerned. Therefore, The congregation needs a pastor who has been anointed by the Holy Spirit rather than the one who possesses only a sophisticated leadership capability and organisational designation.

With such an authority, Ps. Kawatu organised the Local Church by forming a number of task forces to help him in ministering to the congregation. The first thing he did was to review the board of elders previously appointed by the former pastor. One of the results of this effort was the appointment of a number of new elders to become members of the board. The main function of elders is to provide spiritual assistance to the pastor. For this reason, the criteria used for the appointment were dependent more on spiritual rather than physical maturity. The spiritual consideration of Ps. Kawatu played a very crucial role in the process of selection. Ps. Kawatu chairs this board

according to the requirement of the church constitution. The board of elders of the Local Church at Bahu can be seen in table 8.1.

Table 8.1

Composition of Board of Elders at the Church of Bahu

NAMES	POSITIONS
Ps. Drs P. Kawatu, BTh	Pastor/Chairperson
Drs. Moudy Buyung	Member
Christofel Rumengan	Member
Drs. S.A. Tatura	Member
Drs. David Saerang	Member
Mrs. E. Kolinug - Landjang	Member
Mrs. Fitje Mandey - Saeh	Member
Mrs. Jeane Lempoy - Wowor	Member
Mrs. Sintje Wawolangi - Tadete	Member

After the formation of the board of elders, the Local Church Council was then reviewed. Some changes to the council members and positions were also done. One of the changes was the appointment of Mrs. Kawatu-Sege, the wife of Ps. Kawatu, to be the deputy pastor. In fact, all members of the board of elders were also members of the Local Church council. Unlike the board of elders, the function of the Local Church council is broader because the council deals with both the spiritual and non-spiritual aspects of the Local Church. For example, a treasurer was appointed by this board to handle the financial arrangements of the Local Church. Similar to the board of elders, Ps. Kawatu also chairs this council. The composition of the Local Church council can be seen in table 8.2.

Table 8.2

Composition of the Local Church Council at the Church of Bahu

NAMES	POSITIONS
Ps. Drs. P. Kawatu, BTh	Pastor/Chairperson
Mrs. Kawatu - Sege	Vice Chairperson
Drs. Moudy Buyung	Vice Chairperson I / Congregation Minister
Christofel Rumengan	Vice Chairperson II / Congregation Minister
Drs. S.A. Tatura	Secretary / Congregation Minister
Drs. David Saerang	Vice Secretary / Congregation Minister
Mrs. E. Kolinug - Landjang	Treasurer

In addition to these two boards, Pastor Kawatu also formed a number of ministerial councils. These councils are responsible for the ministerial tasks of a certain group in the congregation, such as the youth, the ladies, the men, and the children. Each council is organised by, at least, three members occupying the positions of chairperson, secretary, and treasurer of the council. These councils are regarded as the arms of the pastor in ministering to the congregation. Given this, it appears that there will be no day without ministerial activities at the Local Church. This is indicated by the timetable of the church's service as shown in table 8.3.

8.2.1.2. Financial Sources of the Local Church of Bahu

The church of Bahu needs funds to finance its operation as well as to support the daily needs of the pastor. The need to support the living allowances of the pastor is important to the Local Church members because the pastor does not receive any salary or wage for his/her livelihood from the PCI. As has been noted previously, according to the church constitution, a pastor should live off the Bible he/she ministers for. Because a pastor is ministering to a local church, it is interpreted that the congregation of the local

church is responsible for the livelihood of its pastor. Such a doctrine has been taught to members of PCI and is presumably understood by most of the members.

Table 8.3

Church Service Timetable of the Church of Bahu

DAY/DATE	TIME	ACTIVITIES	VENUES	DESCRIPTION
Monday 01.03.99	19.00	General Service	Home of the Pontoluli-Ishak	Organised by Men's Ministry
Tuesday 02.03.99	19.00	General Service	Home of the Maksudi-Runtuwene	
Wednesday 03.03.99	18.00 18.30	General Service Juvenile Service	Aertrang Church	
Thursday 04.04.99	19.00	General Service	Church	
Friday 05.03.99	06.00 16.00 19.00	Prayer & Fasting (all) Young Couples Service Men's Ministry Service	Church Home of the Marpaung-Lombogia Home of Mr. Jopyy Londa	
Saturday 06.03.99	06.00 16.00 19.00	Prayer & Fasting (Youth) Women Ministry Service Youth Ministry Service	Church Church Home of Ms. Inneke Pandeiroth	
Sunday 07.03.99	05.30 09.00 09.30 16.30	General Service (Morning) General Service General Service General Service	Church Central Church of Manado Church of Batukota Church.	Communion Service Communion Service

Source: Warta Jemaat Gereja Pantekosta di Indonesia Cabang Bahu, Edisi 91, 28 February 1999.

Weekly Bulletin of the Church of Bahu, Edition 91, 28 February 1999, p. 4.

Some members of the Local Church indicated that they shared this belief. As one of them commented, "(O)fferings and tithes according to our belief system is one hundred percent belongs to the pastor" (Local Church 2). Another member shared a similar view by saying that "in my opinion, the tithe is the right of a pastor. This should not be argued" (Local Church 6).

The funds in the church of Bahu were generated from Local Church members via three main ways to form three systems of funds. These systems of fund are called the 'tithe fund', the 'offering fund', and the 'church reserve fund'. In addition to these, the Local Church members were also encouraged to make other types of giving such as

the 'love offering' and the 'thanksgiving offering'. However, the three main types of 'giving' mentioned above constituted the majority of the Local Church's financial resource. In addition to the above three, another Local Church fund system called the 'condolence fund' was also created. This system of fund was, however, formed only for a special purpose to support the needs of its members.

The practice of collecting money from members of the PCI is argued to have its origin in the Bible. The basic argument for such a practice is derived from the belief of the PCI that God is love and love gives. It is the church's teaching that God never asks His followers to do what He does not do. It is believed that God is the great Giver though He is Lord and owner of all things and He gives Himself and all things to bless His creation. This is supported by reference to the Bible where God the Father gave His Son (John 3:16). The Son or Jesus loved and gave Himself (Ephesians 5:23-27). The Holy Spirit also loves and gives gifts (1Corinthians 12:1-9). These texts emphasise the beliefs about the nature of God in which love and giving are the core of His personality.

Because members of the Local Church are always encouraged to follow God's character, true members are expected to possess the same character of loving and giving. Such character can be manifested in many ways in a Christian setting. One of the manifestations is through giving money for the livelihood of the pastor as well as for the advancement of the Local Church. It is emphasised in the church's teaching that the motivation of the congregation to give their resources to the pastor and the Local Church is just simply a giving or sacrifice. This giving is believed to demonstrate their obedience to the teaching of God as written in the Bible. In other words, it is a part of their religious belief system and can only be understood and accepted by the faith held by the members. As previously asserted, the financial order practiced in the PCI, including the church of Bahu, has its origin in the Bible.

8.2.1.3. Financial Arrangements in the Local Church of Bahu

The funds of the Local Church are generated in three ways: the tithe, the offering, and the church reserve. In addition to this, each ministerial council within the Local Church has its own funds generated mainly from its members and used specifically to finance its programmes. The Local Church also has a committee called the 'Condolence Fund' which functions to provide financial assistance for families in sorrow due to the death of a family member. The funds are collected from the members and are administered by the committee. Given this description, it seems that within the Local Church itself there are a number of financial arrangements and accounting systems. For the purpose of this study, the discussion will be focused more on the financial arrangements and accounting practices for the three main sources of funds of the Local Church. This is based on two considerations: firstly, the tithe, offering and the church reserve funds are collected mainly for the survival of the Local Church's ministry as well as the maintenance of the buildings. Secondly, the tithes, the offerings, and the church reserve funds are considered to be the manifestation of Christian faith and have their roots in the Bible. The condolence fund will also be discussed even though it will not be as deep as that of the other three funds.

8.2.1.3.1. The Tithe in the Local Church of Bahu

Some insights into the practice of tithing in the church of Bahu will be presented in this part. It begins with the importance of the teaching of tithe to the congregational members. It is then followed by the importance of tithe for the pastor as well as the Local Church. The relationship of the practice of tithing to the religious belief systems of the church will be discussed afterwards. Finally, the administration of tithes will be reviewed.

8.2.1.3.1.1. The Teaching of the Tithe

Given the strategic role of the tithe in the livelihood of the pastor, it is in the interest of the pastor to always refresh the teaching of tithing to the congregation. This needs to be done in order to remind the congregation of the importance of being blessed and holy by paying their tithes regularly. In some local churches, the teaching on this matter is done regularly. In the church of Bahu, however, the teaching on tithe was not done on a regular basis but on the pastor's perception of God's will. This is indicated by the following statement of the pastor of the church of Bahu:

I do not think that the congregation should always be reminded of the need to give tithe. The preaching on tithing must not be based on a scenario. However, at a particular time while I was praying, God told me through His Spirit to preach on this matter. I counted this as the warning from God. In the PCI, as far as I am concerned, there are pastors who always remind congregations about the importance of tithing. Some of them were, in fact, successful (Local Church 1).

The teaching of tithing to congregational members is, in fact, not solely dependent on the pastor of the Local Church. There is a possibility that such a teaching could be delivered by other ministers who are visiting the Local Church. The platform of the church of Bahu is open to ministers coming from other local churches. As indicated by the following comment by the pastor:

Because our platform is open for visiting ministers to preach, there is a possibility that those visiting ministers deliver such a matter to the congregation. I believe that God can use others to tell what He wants His believers to do. (Local Church 1)

8.2.1.3.1.2. Pastor as the Spiritual Levites

There is a common belief shared by members of the PCI that a pastor of a local church is the representative of the priestly tribe, the Levites, one of the original twelve tribes of Israel, as it is taught in the Bible. It is because the job of a pastor is similar to

that of the Levites which is to minister to the congregational members. For this reason, it is felt that the pastor deserves to get similar privileges to those given to the Levites. Based on this interpretation, the members of the PCI, on many occasions, claim and personify themselves as the spiritual Israelites.

In response to the notion of pastors as the spiritual Levites and their privileges with regard to the use of the tithe fund, a Bible teacher commented that :

it is because the doctrine of the PCI recognises *tithes* as the belongings of the pastor and his/her family...This practice is, of course, based on our understanding of the Bible. In the Old Testament, all Israelites who are not belonging to the Levites must bring their tithes to the priestly tribe or the Levites. The use of such tithes absolutely depends on the Levites. This means that once the tithes have been taken into the house of the Lord, it is the right of the Levites to use them (Teacher 2).

When this idea was put to other members of the PCI, most indicated their agreement. This indicates that such a teaching had become an element of the church's belief systems. The following are two statements received during the interview:

... the system held by the PCI believes that the pastor lives under the care of God through offerings and tithes. Because such a belief has been around for a long time, it is difficult to change it. If you ask whether or not there is Biblical reference to this practice, I will say certainly yes. The livelihood of the Levites, known as the priestly tribe of Israel, was depending on the giving from the Israelites. The Israelites brought their sacrifice into the house of the Lord and those living in the house lived from such sacrifice (CB 1).

The Israelites are our model. They had a number of tribes. One of the tribes, the Levites, did not receive any inheritance because they were determined to be the priestly tribe. As the consequence, all other tribes paid their tithes to the Levites. As a pastor, I do not ask my congregation to bring their tithes to me as an obligation, however, as true believers they have to follow what God has taught them to do (Local Church 1).

The above comments indicate that the teaching of tithing to the members of the PCI, particularly to those in the Local Church of Bahu, was based on the practice of the Israelites as written in the Old Testament. As a result, the practice of tithing in the PCI is simply to comply to the practice of the Israelites, because the members of the PCI claim and personify themselves as the spiritual Israelites.

8.2.1.3.1.3. The House of the Lord

There are at least two grounds for the members of the PCI to pay tithes. Firstly, the members of the PCI personify themselves as the 'spiritual Israelites'. Secondly, the members of the PCI believe in the notion that a pastor is the guard of the House of God, which is one of the tasks of the Levites. Some members also consider the pastor to be the treasurer of the House of God. Having this concept, they believe that the tithes paid to the pastor are giving to the Lord. They give their tithes to the pastor of the Local Church because the pastor is regarded as the representative of God for their salvation and blessing.

The above view is shown in the claim that "...once the tithes have been taken into the house of the Lord, it is the right of the Levites to use them" (Teacher 2). In addition to Biblical reasons, another reason behind the giving of tithes to the pastor is suggested as follows:

We only interpret that pastoral care is purely ministerial and a pastor, together with his/her family, performs this job. In doing such a ministry, as human beings, they need foods and the like for their survival. In order to fulfil these needs the tithes and offerings given by the congregation are used (Teacher 2).

8.2.1.3.1.4. The Divine Call and the Employee of God

Another reason used to justify the right of a pastor to receive tithes from congregational members is the 'divine call' of God. There is a belief shared by members of the PCI that a person becomes a pastor not just because he/she wants to be, but because of a divine call from God. For this reason, a pastor may claim that he/she is neither the employee of the church organisation nor of the congregation, but rather the employee of God. The pastor of the church of Bahu has explicitly claimed this by saying that

The first thing I want to tell you that I became the servant of God because of the 'calling'... I realise that to be a pastor is a divine call and, therefore, is not just a profession' (Local Church 1).

The divine call of God is believed to be the most crucial aspect in a church ministry in the PCI. This is believed to be the prerequisite for success in any ministerial task. The significance of the calling of God was stressed by an interviewee claiming, "a person becomes a pastor not because he/she was ordained by the organisation's leaders. The most important thing, like the pioneers of the PCI, is the possession of a special calling from God" (RB 1). The importance of the call of God in undertaking ministerial duties was also recognised by another interviewee as revealed in his comment that "the pioneers of the PCI did their job voluntarily. It was based on a strong belief in the divine call of God" (CB 1).

A pastor is then regarded as neither the employee of the organisation nor of the congregation. Instead, he/she is believed to be the employee of God. For this reason, the pastors in the PCI sometimes regard themselves as the 'servants of God'. As claimed by one interviewee "As a servant of God, I grew up and served according to this principle" (Local Church 1). Based on this understanding, it is believed that the livelihood of a pastor will depend absolutely on the grace or mercy of God. This belief was clearly shown in a claim made by a member of the Central Board that

Because the system held by the PCI believes that a pastor will live under the care of God, through offering and tithes. Because such a belief has been around for a long time, it is difficult to change it (CB 1).

8.2.1.3.1.5. The Purpose of Collecting the Tithes

The teaching on tithe has been in the congregation of Bahu since the inception of the Local Church. This was because the tithe is crucial to the survival of the Local Church's ministry. It is hard to imagine how the ministry in the Local Church could survive without tithes given the fact that the livelihood of the pastor of the Local Church

is mostly dependent on the tithes given by congregational members. With no salaries or other benefits from the church organisation, the pastor of the Local Church must do his/her job. A member of the Central Board comments:

A pastor was sent to establish a new local church without financial support or compensation from the organisation. The organisation did not ask a financial account from the pastor consequently (CB 1).

A member of the congregation supported the above view based on his understanding of the Bible. He agreed that the pastor of a local church deserved to receive and use the tithes because the pastor has no other sources of income to support his livelihood. He believed that the pastor is the revelation of the Levites as taught in the Old Testament and, therefore, should be treated properly. His comment on this matter was expressed as follows

The basis is, of course, the Bible. It was because basically a pastor cannot do another job but for his/her calling. This principle, according to the Old Testament, will prevail in his/her wife/husband and children. This refers to the life of the Levites (Local Church 6).

The pastor of the Local Church also held similar views. In carrying out his job, the pastor believes that God will provide his needs by ministering to the congregation entrusted to him. It is believed that the tithes paid by the congregation will be enough to support the livelihood of his family. Nevertheless, if the tithes paid by the congregation were insufficient to meet their needs, it would be considered to be 'the risk' of ministry. This expression of 'faith' is revealed in the statement of the pastor of the church of Bahu as follows

The pastor is also the guard of the congregation. Therefore, the livelihood of the pastor depends on the tithes from the congregation. If there is no tithe *paid by* congregation, the pastor should accept this as the risk of ministry (Local Church 1).

8.2.1.3.1.6. The Authority of A Pastor on the Tithes

The authority of a pastor on the tithes paid by the congregation is still subject to dispute by some members of the church of Bahu. Nevertheless, most believe that the management of the tithes is basically under the authority of the pastor. The 'confusion' appears in two respects. The first is concerned with the way the tithes are administered and the second is with respect to the use of the tithes. Most members of the congregation agree that the authority of the pastor over the tithes is absolute. Based on this belief, they argue that the administration as well as the use of tithes is under the authority of the pastor. Consequently, any question raised on this matter is against church belief systems and regarded as a disobedient. They believe that it is in accordance with the teaching of the Bible. The following are some of the comments given by these interviewees:

The pastor controlled all processes with regard to the recording and using of funds, except the Local Church reserve fund...The offerings and tithes are, however, fully managed by the pastor. The uses of such funds are totally up to the pastor (Local Church 5)

So far, there was no report of either tithes or offerings from the pastor. Probably, it was because the congregational members have never asked about it. As far as I am concerned, there was no comment from congregation about administration offerings and tithes (Local Church 7).

Regarding the authority to use the funds, they agreed, remains absolutely under the pastor's authority (Teacher 1)

The tithe, according to the verse in Malachi 3:10, is given to the pastor... The giving of such must be based on faith to the Bible (RB 2).

...thus, in principle, the tithes were collected for the livelihood of the family of a pastor. Because it is the main purpose of giving tithes, there is no reason for a pastor to account to the congregation for the use of such (Teacher 2)

Those who have a different view on this matter base their argument on a flexible interpretation of the term 'treasury of the house of the Lord'. According to their interpretation, the term 'treasury' may imply a board of management. The consequence

of this interpretation to the administration of the tithe is that it must not be solely under the control of the pastor, but rather be under a board of management with members appointed by the pastor. They also argue that the use of the tithe needs to be extended to include paying other clergy serving in a local church. The problem is, however, that most of them are not sure whether or not this interpretation is Biblically correct.

Following are the comments given with regard to this matter:

I do not know. For I myself, I think the Bible say, especially with regard to tithe, that brings it into the treasury of the house of the Lord. Treasury implies a system of administration. It can be someone appointed by the pastor... For the tithe, the notion of treasury of the house of the Lord still needs more explanation. According to what I read, the tithes were given and administered by the Levites. This part of Bible needs more explanation (Local Church 7).

According to the Bible, actually, the tithes are not just for the pastor but also for other pastors who are ministering in the local church. Thus, it depends on how the pastor understands what is said in the Bible. He must know how to use it according to the Bible. If we investigate the Bible, the tithes must also be distributed to other ministers who are ministering to the congregation (Local Church 5).

There is an implicit Biblical reference on this matter...It is said in the Old Testament that the tithes were brought to the storehouse in the house of the Lord. To supervise such a storehouse, some persons were appointed. These supervisors then managed the funds transparently. Such funds were then distributed to the Levites according to their needs (Teacher 1).

I think that the term treasury refers to a body of management. Why a pastor wants to solely control the tithe in the PCI is a matter of interpretation of the Bible. Probably, the history of the development of the PCI is a good explanatory factor for this phenomenon. It is because the development of most local churches in the PCI started with only two or three people (Pastor 1).

8.2.1.3.1.7. The Administration of the Tithe Fund

The lack of transparency for the administration of the tithe fund has been a common phenomenon in the local churches of the PCI, including the church of Bahu. Consequently, accounting does not play an important role in such an administration pattern. This 'lack of accounting practice' is admitted by most of the interviewees as a generally accepted practice within the church organisation, mainly in Local Church units. Amazingly, however, there has been no complaint so far concerning this lack of

transparency for the management of tithes from church members. Instead of admitting this as a weakness, one of the interviewees claimed it as the strength of the PCI in administering church funds.

The lack of transparency for the administration of the tithe fund was apparent not only in the church of Bahu, but also in other local churches of the PCI. The following comments represent the practice of accounting in three different local churches. The following three interviewees comment on the practices in three different local churches:

I think that the practice of accounting in our local church is not proper. It is because the funds collected such as tithes, offerings, and the local church reserves were not fully reported. Only funds collected for special purposes are normally reported. We never received any account about the position of funds of the church reserve. Nor did we with the tithes (Non Local Church 1).

With regard to the process of recording, I did not see any evidence of such in the Local Church. Probably only the church reserve was often reported before the congregation... Meanwhile, offering and tithe funds had never been accounted either to the congregation or to the Regional and the Central Boards (Local Church 2).

It departs from the belief system of most members of the PCI that what has been given to their pastors is no longer theirs. Therefore, to know how the money is to be used is out of their intention. Due to this belief, probably, pastors in the PCI have had no intention of recording their income since the beginning of their ministerial career (CB 2).

Concerning the curiosity of the congregational members about the administration and use of the tithe fund, some of the pastors interviewed admit that this is not evident in their local churches. They claim this attitude as a true reflection of the belief system that has been taught to them. Two of the comments in this regard are as follows:

I am just new in this (pastor) position. So far, no one has come forward asking about this matter. I only heard this as a rumour, but no one has ever visited me in person for this (Local Church 1).

Why do members of the PCI not want to know anything related with the use of the church's funds? The answer to this is because in the PCI there is the so-

called 'faith phenomenon': we do not want to know the uses of what (money) we have given to the Lord (CB 1).

More amazingly, the lack of transparency in the administration of the tithe fund is seen as a positive aspect of the PCI. In fact, this was deliberately done for religious obedience. It is perceived that this lack of transparency and financial accountability will, in turn, affect the need of accounting support in the church administration process. Given this, it is clear that accounting does not have any role in the fund administration of the church, as described in the previous section. The lack of sound proper accounting practice was even claimed as strength, rather than a weakness of the church administration. This assertion is grounded in doctrinal reasons as commented on by one of the leaders, as well as Bible teachers of the church as follows:

It seems that the PCI does not follow the generally accepted accounting practices in administering the organisation's funds. In the view of an accountant, there must, of course, be a lot of weaknesses. It is also because there is no single pattern of accounting practised among the local churches within the PCI. In general, there is a common phenomenon that may be unacceptable by accounting principles. To outsiders, it is often said to be a weakness and we accept this view. However, to some others, it is regarded as a strength... Why cannot such a system, which according to outsiders does not recognise accountability, be changed? To outsiders this phenomenon is regarded as a weakness, but to members of the PCI it is strength... Probably the financial administration in the PCI is unique in this era of modernisation. Whereas other organisations have used sophisticated technology for their financial information system, the PCI still uses the so-called 'faith system'... It seems, however, with the use of 'faith system', our church organisation can still reach the stage of advancement... If our congregational members are involved in the management of the money, we have no difference from other church organisations (CB 1).

Given the above nature of the tithe fund, the reason of the pastor at the church of Bahu for not providing any record of the tithe fund to the researcher can be understood. This is because of the belief that the disclosure of the account to anyone else is an unfaithful practice. Moreover, the account is only for the personal use of the pastor. From the comment of the pastor of the church of Bahu it can be implied that the information in the account may include names of the tithers, amount received, dates of

payment, and the total of tithes received in every month. The information of the total amount is seemingly important for the pastor in order for him to calculate the tithe of the tithe that he needs to submit to the Sub-regional Board.

8.2.1.3.1.8. The Tithe and the Accountability of A Pastor

The notion of accountability with regard to the administration of the tithe fund by a pastor is a unique practice in most local churches of the PCI, particularly the church of Bahu. It seems that the prevailing concept of accountability adopted by the Local Church is the consequence of the religious belief system held the congregational members.

One of the unique features of the management of funds in the Local Church is that the tithe fund, which contributes to the major portion of income for the pastor, is managed in such a way that financial accountability is deemed to be unnecessary. The Pastor has been trusted as the person who has the absolute power to administer and to use the fund. For this reason, a pastor has no obligation to disclose an account of the tithe to the congregation.

Even though the financial accountability of the pastor to the congregational members with regard to the administration and use of the tithe fund is not obligatory, the pastor admits that he has a record of tithes paid by the congregational members as well as the names of all tithers. This record is, however, personal and confidential in nature. Its stated purpose is that it is only to be used to assess the spiritual growth of the members who have paid their tithes. The keeping of such a record is mainly motivated by a belief that the obedience of paying the tithe is one of the indicators of one's spiritual maturity. Since it is treated as a personal and confidential record, the pastor

does not allow anyone to have access to it. This is indicated by the comment of the pastor when he states:

Yes, I recorded it (tithe) in a special account every month. This record becomes my basis for evaluating the growth of my congregation. For example, there is a congregation member who started paying his tithe from five thousand rupiahs and it continuously increased from time to time. Currently, his tithe has reached hundred of thousands rupiahs. This indicates that he has the growth, both in spiritual and economic life, due to his good commitment on tithing. Even though some of the tithers did not disclose their names, as their pastor, I know who they are (Local Church 1).

It could also be argued that this practice has a darker side and such a record could be used as a technique of control to ensure the continued payment of the tithe.

It is apparent that the tithe administration practised in the church of Bahu is widely shared by other local churches in the PCI. This is indicated by the comments given by some interviewees who are leaders, Bible teachers, as well as pastors in other local churches of the PCI. The purpose of holding a record for the tithe is, however, extended not only for the assessment of members' spiritual maturity, but also for the calculation of the tithe of the tithe. This tithe of the tithe is the obligation of every pastor of local church to the higher organisational units of the church. The following are their comments on this matter:

In my local church, for example, my wife does it. Such a record is important and necessary for me to assess my tithes as well as to evaluate my family budget. This is, however, not for the purpose of financial accountability to congregational members (CB 1).

The second one is the tithes whose administration is fully controlled by the pastor (CB 2).

These are offerings, tithes, thanksgiving, and love offerings. All these funds are managed by the pastor of the local church without being controlled by the local church's members... However, the offerings and tithes need to have a special record because the pastors need to pay a tithe to the Regional Board (RB 1).

According to some interviewees, their concept of accountability of the tithe is even more advanced than those commonly practised in ordinary organisations. This is

because the nature of the accountability they have adopted is transcendental, reflecting the relationship between a pastor and God. In addition, it is an invisible accountability.

Such a claim is reflected in the following comments:

This, however, does not necessarily mean that we do not have financial accountability. I think that the model of our accountability is more advanced than the common ones because ours is a matter of soul or spiritual accountability. It is not just a written accountability that can be manipulated (CB 1).

In other words, each pastor is held accountable directly to God, who has called him/her (CB 1).

Even though financial accountability in the Local Church is not required, moral accountability of the pastor with regard to the use of funds is important. The pastor should be held accountable to God. Therefore, the use of funds must be appropriate (RB 1).

(for a financial accountability) the first two: tithes and offerings were so far not as I have explained previously. The reason is because such giving is principally given to the Lord. The Lord then gives the power to manage these funds to the pastor of local church as the leader of the congregation (Teacher 1).

8.2.1.3.1.9. The Tithe of the Tithes and the Obligation of Pastor

The implementation of the teaching on the tithe of the tithe in the PCI, including the church of Bahu, is based on the church constitution, section 23:1. This section of the constitution requires all pastors of local churches to pay 10% of their income to the Regional Board in their region. The purpose of this giving is twofold. First, to teach pastors to tithe faithfully and second, to support the financial needs of the church organisation, particularly the Sub-regional and Regional Boards.

Based on this mechanism, there is a moral obligation for every pastor in the PCI to have a record of his/her income. Having such a record, he/she will know the total income that he/she has received from congregational members. This information is crucial to the calculation of the amount of the tithe of the tithe that he/she needs to pay to the Sub-regional or Regional Board. A pastor will not be able to ascertain the amount of his/her tithe of the tithe unless he has a good and complete record of his income. This

process was, in fact, realised by the pastor of the Local Church of Bahu as he admits in section 8.2.3.1.8. To be more administratively faithful, the pastor appointed a special person to be in charge for the calculation of the tithe of the offering fund and the church reserve. The tithe of the tithes paid by the pastor was calculated by the pastor himself. This was because, according to the pastor, the record of tithes was confidential and was used only for the purpose of faith-growth assessment.

As a consequence of the growing number of local churches within the region, a number of Sub-regional Boards were formed in the North Sulawesi region. Every Sub-regional Board was given authority to coordinate and supervise a number of local churches located in its territory. Given this, it is apparent that the formation of these Sub-regional Boards is mainly for the needs of the organisation for better coordination and supervision. This policy, consequently, has brought changes to the tithing mechanism organizationally. Instead of paying it to the North Sulawesi Regional Board, the tithe of the tithe is paid by the pastors of local churches to the Sub-regional Boards. Sub-regional Boards then pay their contributions to the Regional Board.

Table 8.4

Local churches in the Sub-regional Board III Malalayang

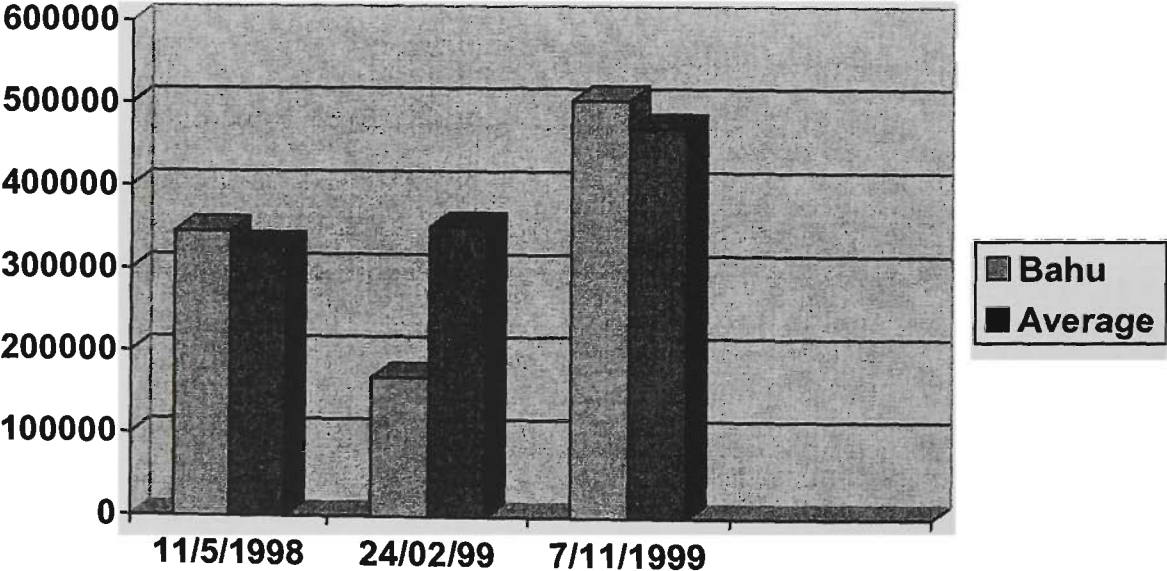
Names of Pastor	Names of Local church	Number of congregational members		
		Children	Adults	Total
Ps. V.H. Mamahani	Winangun	116	481	597
Ps. R. Ticoalu	Kleak	20	191	211
Ps. P. Kawatu	Bahu	81	330	411
Ps. Ms. J.E. Landjang	Batukota	89	57	146
Ps. F.E. Wuisan	Horeb	30	125	155
Ps. M. Wenas	Malalayang I	103	294	397
Ps. P.R. Maniku	Agathos	32	115	147
Ps. F. Koagouw	Malalayang II	26	112	138
Ps. D. Manoppo	Manibang	18	59	77

Source: Sekretariat Majelis Pusat GpDI (2000), Laporan Sekretariat Majelis Pusat pada MUBES GpDI Tahun 2000, Buku Data 2000 Gereja Pantekosta di Indonesia, Majelis Pusat Gereja Pantekosta di Indonesia, p. 529.

Together with eight other local churches, the church of Bahu was placed under the coordination of the Sub-regional Board III Malalayang. Table 8.4 depicts some information about this Sub-regional Board. The consequence of this assignment to tithing is that the pastor at the church of Bahu has to pay his tithe of the tithe to the Sub-regional Board III Malalayang. Chart 8.1 indicates the comparative analysis of the tithe of the tithes paid by the pastor of Bahu relative to the average paid by other pastors in the subregion to the Sub-regional Boards III Malalayang. The Sub-regional Board III Malalayang then paid 90 percent of its income to the North Sulawesi Regional Board. Table 8.5 in the appendix provides information about a comparative analysis of three consecutive financial reports of the Sub-regional Board III Malalayang during 1998 - 1999.

Chart 8.1

The Tithe of the Tithes paid by the Pastor of Bahu relative to the Average Tithe of the Tithes paid by other Pastors in the Sub-regional Board III Malalayang (in Rupiahs)*



*Based on data from three consecutive reports of the Sub-regional Board III Malalayang.

8.2.1.3.2. The Offerings in the Local Church of Bahu

Similar to tithes, the congregational members of the church of Bahu also give an offering at every service. While the tithes are paid generally once a month, the offering is collected and given at every service of the congregation. The main reason for the monthly payment of the tithes is simply because the salary system in Indonesia is generally monthly based. Because the amount of the tithe is related to the amount of the salary received by members of the congregation, it is understood that the members will generally pay their tithes once they have received their salary.

In addition, while offerings are normally collected during the church service, the tithe can be paid at anytime regardless of places. Some members even prefer to give it directly to the pastor at the vicarage. As far as the amount of funds is concerned, it was suggested that the amount of the tithe fund is normally much more than the offering funds. This was mainly because the nature of the tithe is compulsory, while the offering is voluntary. The following statements given by two Bible teachers interviewed confirm this assertion:

Tithes, in fact, constitute the major portion of this group of income (Teacher 1).

The first one is called tithe. This is compulsory because this is believed to be God's. Thus, the congregation must bring it to the house of the Lord. The second one is called a voluntary sacrifice or offering. The amount depends on the willingness of the congregation. The tithe was mainly paid monthly. Some members even paid it once in two-month (Teacher 2).

In order to gain an insight into how and why the offering is collected, the following section will discuss this concern. The discussion will mainly be based on the comments given by members of the church of Bahu as well as Bible teachers and leaders of the PCI. Their comments are regarded as representing the perspectives of the PCI members in general and the members of the church of Bahu specifically.

8.2.1.3.2.1. The Purpose of Collecting the Offering funds

As well as a biblical reason, the collection of offerings in a local church has been grounded in some practical reasons. The most apparent one is for the livelihood of a pastor and his/her family in the ministry of a local church. Another reason is to provide a reserve for the House of the Lord in anticipation of the visit of guest ministers as well as for financing other unexpected events in the Local Church. Normally, guest ministers are not allowed to leave the Local Church without any pocket money. The following comments indicate the above description

Regarding the principle of offerings, basically the minister who preaches in the sermon deserves to receive it, especially a visiting one. For those ministers who came from far away, if the offering collected is insufficient, I make it sufficient with my own money or by deducting the tithes. At least it (the pocket money) can cover their transportation costs (Local Church 1).

Thus, in my local church, the first round offering collected is for the needs of the house of the Lord or the pastor. The second one is collected for the minister performing the sermon. If there is no guest minister, the first offering will be for the church reserve while the second one for the pastor (RB 2).

According to one of the congregational members at the Local Church of Bahu, however, the use of the offering fund can also be extended for the well-being of the members of the congregation. Even though he agrees with the use of the fund for pocket money for visiting ministers, he believes that it also can be used for fulfilling the needs of members of the congregation. He said that:

For the offering fund, I think it should be managed and used for activities that are horizontal in nature, if we consider the function of the church is mainly to serve people. Firstly, to serve members of the congregation and secondly, to serve outsiders (Local Church 6).

8.2.1.3.2.2. Types of Offerings in the Local Church of Bahu

It has been a common view in most local churches of the PCI that there are several types of offerings collected from church members. In addition to the routine

giving, normally collected during a church service, there are also some other types of offering given by congregational members in response to particular circumstance. These offerings are called the 'heave offering', 'the first-fruit giving', and the 'love offering'.

The meanings of these types of offering are explained by one of the Bible teachers interviewed:

These all actually refer to the order of God to the Israelites that every time they harvested, they had to give the first-fruits (hulu hasil) from their fields to God as a thanksgiving for God has blessed them through their fields such as rice and grapes... The love offering (persembahan kasih) is normally given due to the help of God in special events of our life such as birthday, marriage, promotion, etc. Heave offering (tatangan) is a giving to those ministers who are on a journey for ministry. This type of giving is not necessarily given to the pastor but to every minister to whom God inspires us to give (Teacher 2).

One of the interviewees has even suggested an alternative interpretation of the concept of first-fruit giving by comparing it to the current development of society. Because members of the church nowadays have a wide variety of professions, the implementation of the concept, in his opinion, should not just be limited to those working in an agricultural sector. He, as in the following comment, described the alternative interpretation as:

There is also the so-called 'first-fruit giving'. For example, the first salary that one receives from his/her job is given to the pastor as a first-fruit giving. For a farmer, the giving can be in a form of the best products of his/her farm (RB 2).

Since 'heave offering', 'first-fruit giving', and 'love offering' are collected occasionally, it is understood that the main source of offerings received by the pastor is the one collected during the routine services of the church. As previously mentioned, the main offering is collected in any service of the Local Church, performed either at the church or at homes of the congregation.

8.2.1.3.2.3. The Authority of A Pastor upon the Offering Fund

The practice in the majority of local churches of the PCI indicates that the offering fund, similar to tithes, is given to and under the authority of a pastor. A similar belief is also shared and practised by members of the church of Bahu. Based on this belief, the pastor in the church of Bahu has the spiritual legitimacy and privilege to use the offering according to his will and needs.

Given the above perspective, it is clear that the administration of the offering fund is not different from the administration of the tithe fund as previously discussed. To one of the interviewees, the involvement of congregational members in the management of the offering can impair the 'faith system' believed by the church members. Such a comment can be seen in section 8.2.1.3.1.8 above. These two kinds of giving are considered to be a sacrifice to the Lord through His servant or employee. This assertion is made clear by one of the Bible teachers in the following statement:

As the consequence, each pastor in local churches receives and spends his/her income without any concern of recording it. The sources of that income are offering and tithe funds received from the congregation. These two types of giving are not differentiated when they go to the hand of the pastor. It is because the doctrine of the PCI recognises these as the holdings of the pastor and his/her family (Teacher 2).

The administration of the offering fund in the church of Bahu, however, recognises the involvement of congregational members to a particular degree. This involvement is, however, limited only to the process of counting and subtracting the tithe of the tithe, which is going to be submitted to the Sub-regional Board, from the total amount of the offering fund collected. Such a tithe is then submitted to the treasurer for the tithe of the tithe of the Local Church. At the end of every month, the treasurer will then submit the total tithe of the tithe collected during the month to the pastor. The pastor will then submit this tithe of the tithe together with the tithe of the tithes taken from his own account to the Sub-regional Board. With regard to the process

of recording and subtracting the tithe of the tithes, the treasurer for the tithe of the tithes states that ...

...the process of recording is personal and based on trust. Therefore, the pastor has never audited the account. I computed the tithe of the tithe together with some other Local Church members. After being counted, the money (tithe) was then given to me as the treasurer. Because the money was due to be handed over to the pastor at the end of every month, the early balance for the following month will always be zero (Local Church 5).

The above mechanism indicates that the purpose of calculating and recording the offering funds is only so that the treasurer for the tithe of the tithes can calculate the amount of the tithe which needs to be subtracted from the total of the offering and church reserve collected in each service. This tithe, together with the tithe of the tithes and the tithe of other income of the pastor, is submitted to the Sub-regional Board. This tithe of the tithes needs to be paid in order to comply with the church constitution. It also indicates here that the pastor does not keep any record of the offering fund since he only receives the net amount of the offering that has been deducted with the tithe of the tithes. The necessity of making and keeping the record of the offering fund is not considered by him given the fact that the purpose of recording it is only for the calculation of the tithe of the tithes.

8.2.1.3.2.4. The Accountability of Pastor for the Offering Fund

Whether or not a pastor should be held accountable for the use of the offering fund is a debatable issue in the church of Bahu. While some congregational members want to have a financial report on the administration of this fund, others believe that a report is not necessary. The obligation of the Local Church to have a financial report of the offering fund is based on the fact that the offering fund could be used for multiple purposes and not just restricted for the livelihood of the pastor. This dichotomy is reflected in the following comment of a Local Church member

About the offering fund, I am still not sure what the purpose of collecting it is and to whom it should be given. Whether it is collected only for the pastor or it is for both pastor and congregation... In my opinion, when the size of the congregation was still small, the administration of tithe and offering by a pastor should not be questioned. However, when the congregation has grown up and is bigger in size, the leaders of the PCI must regulate the administration of such funds. This is in order that the congregation will be informed of how the funds are spent. For the older members of the congregation, the current practice may be okay. However, for the new members, especially those transferring from other Christian denominations that have different practices, this may be a problem... Since there are so many needs of the Local Church, is not it better if the offering to be reported to the congregation? Does the offering have a similar nature to tithe that the pastor should use it only for his own business? I think the members of the congregation need an explanation in this regard (Local Church 7).

Other local church members, however, have a different view from the one above. While they agree with the systematic recording of the offering, the use of it is believed to be under the authority of the pastor. They comment as follows

... whereas the other two: the offering and tithe need to be systematically recorded. This is necessary for the pastor in order to evaluate the faith progress of the congregation... The offering and tithe according to our belief system belongs one hundred percent to the pastor. However, these need to be recorded by the pastor for managing the Local Church... I notice that most members of the PCI will disagree if the offering and tithe are to be accounted to the congregation (Local Church, 2).

As far as I am concerned, the tithe, offering and other special giving are something given not to the pastor per se, but to the Lord. Because they have been given, there is no reason for us to ask for an account of them. If they are used improperly by the pastor, it is not ours but his/her business with the Lord (Local Church, 3).

With regard to the necessity of a pastor in a bigger local church to be financially accountable for the administration of the offering fund to the congregation, a comment was given by one of the incumbents of the Central Board as follows:

A pastor was sent to establish a new local church without financial support or compensation from the organisation. The organisation did not consequently ask for financial account from the pastor. As a result, in the case of food shortages, the pastor must do the so-called 'fasting'. Therefore, it is really unfair to ask for financial accountability from a pastor only when he/she has already been prosperous. He/she was not asked to do so when he/she was still suffering to establish the local church. This is one of the historical aspects that may have affected the current practice of financial administration in the local church of the PCI (CB 1).

8.2.1.3.3. The Church Reserve

As mentioned previously, church reserve is one of the fund systems at local churches in the PCI. Similar to tithe and offering funds, the church reserve is collected at every Sunday service at the Local Church of Bahu. Unlike the tithe and the offering funds, however, the church reserve is administered not by the pastor, but by a person called the 'treasurer for church reserve' or the 'Local Church treasurer'. As indicated by one of the interviewees the " Church reserve... is normally kept by a special committee or by a local church treasurer" (CB1). The reason for this separation is because the purpose of collecting it is different from those of the tithe and offering fund. In order to gain an insight into how and why the church reserve was formed and collected, the following part will focus on this matter.

8.2.1.3.3.1. The Purpose of Collecting the Church Reserve Fund

The purpose of the church reserve is mainly for the maintenance of church buildings and other facilities. The facilities may include musical instruments, furniture, telephone and other utilities. This is indicated by the following comments:

In addition to tithes, the congregational members are expected to give offerings and other sacrifices for the maintenance of the building. This fund is used mainly for maintenance of the building as well as for the operational expenses such as electricity, water, and telephone *of the Local Church* (Local Church 1)

In addition to these two types of giving, there is also a kind of giving which existence is based on the agreement of the members of the congregation to support the development and maintenance of the church building and other local church's facilities, including social care (Teacher 1).

In fact, the use of this fund in the church of Bahu, according to the Local Church treasurer, covers a wide range of needs of the Local Church, including the needs of the pastor in certain circumstances. At times, for example, when there are many ministers visiting the Local Church, the pastor will normally need more money for providing their

food and their pocket money. To enable him to fulfill his obligation, the pastor may seek to use the funds in the church reserve. For this reason, the pastor sometimes asks the Local Church treasurer to surrender some money to him. This practice is indicated by the comment given by the Local Church treasurer who states...

according to the current practice in the Local Church under the current pastor, the last round of offering is collected for the church reserve. This fund was surrendered to me to be recorded and stored in the church reserve account. However, this fund was sometimes not surrendered to me, but directly given to the pastor. This often happened when the pastor really needed money for some purposes, such as for additional givings to visiting ministers (Local Church 7).

Basically, the use of the church reserve in the church of Bahu is not limited to set purposes. It can be used for any purpose as long as it is for the well-being of the Local Church. This is revealed in the following comment of the Local Church treasurer

Generally, the fund was used for the Local Church's well-being. Basically, all affairs of the Local Church can be financed by the fund in the church reserve...Those such as Local Church events, musical instruments, restoration of building, and giving to visiting ministers. For members of the Local Church in sorrow due to the death of a family member will be supported by 50.000 rupiahs from church. Such a fund can be taken from the church reserve as an expression of condolence. Basically, all affairs of the Local Church can be financed by the funds in the church reserve, including bills for electricity and water as well as costs for repairing musical instruments (Local Church 7).

8.2.1.3.3.2. The Administration of the Church Reserve Fund

As mentioned in the previous section, the purpose of collecting the church reserve is different from either the tithe or the offering funds in the sense that the church reserve is collected not for the livelihood of the pastor, but mainly for the welfare of the Local Church. It is believed that the administration of the church reserve should be separated from the administration of the offering and tithe funds. This fund should be administered not by the pastor of the Local Church, but by a committee or a person assigned to this job. In practice, such a person is called the 'Local Church treasurer'.

The need for a Local Church treasurer to administer the church reserve is acknowledged by some of the interviewees. The following are comments on this matter.

In order to administer the funds for building purposes, a treasurer called the Local Church treasurer was appointed (Local Church 1).

Yes, we have treasurer for the church reserve. For the tithes, however, I have my own record (RB 2).

Commonly, certain funds collected, such as the church reserve and reserve for building and maintenance, which should be accounted to the Local Church members, are not kept by a pastor. They are normally kept by a special committee or by a local church treasurer (CB 1).

In the Local Church of Bahu, a local church treasurer is appointed directly by the pastor. Holding this position, she automatically became a member of the Local Church council. In administering the church reserve, the treasurer follows a process of recording and reporting. The following comments of the Local Church treasurer is to confirm the above assertion:

Yes I did *the process of recording and reporting*. It was done through the weekly bulletin of the Local Church. However, the report was not in detail. It was only the balance of the account at a certain date. That is all. I thought that if I made a detail report it may create an image that I am too transparent (Local Church 7).

She continues

This fund was surrendered to me for being recorded and stored in the church reserve. For some reason, however, the fund was sometimes not surrendered to me, but directly given to the pastor... Since the amount was not told to me, the recording of such was not necessary (Local Church 7).

8.2.1.3.3.3. The Accountability for the Church Reserve Fund

Unlike the situation for the tithe and offering fund, accountability is present in the management of the church reserve. The need for financial accountability for the administration of the church reserve was shared by all of the interviewees. The reason was mainly because the purpose of the collection of church reserve is for the Local

Church's welfare rather than for the well-being of the pastor. In addition, the formation of this reserve is mainly based on the agreement of the Local Church members.

Various comments on the need for financial accountability in the form of financial reports on the management of church reserve were quoted as follows:

The financial position of the church reserve is normally reported before the congregation once in a semester and sometimes once in a year by the Local Church treasurer (Local Church 1).

I mean that only the church reserve needs to be reported and this is obligatory in nature (Local Church 2).

Regarding the church reserve, it is better for it to be reported. It is because this fund is collected for the interest of the pastor as well as the Local Church (Local Church 3).

I do not know for sure...the account is necessary for the church reserve. This is because such fund is used for building construction and maintenance. Congregational members want to know how and for what purposes the fund was spent (Non Local Church 1).

Such funds are used to cover the operational expenses of the local church. A treasurer was appointed to manage these funds. He/she needs to account for the use of the funds to the local church council and even to all congregational members (RB 1).

The above comments highlight the importance of accountability for the management of the church reserve in a local church. It is generally noticed in the comments, that the Local Church treasurer, who administers the fund, is obliged to provide a financial report of the church reserve to the Local Church council as well as to the congregational members periodically. This notion of accountability is, in fact, realised and implemented by the treasurer of the church of Bahu in administering the church reserve. As a consequence, the treasurer, in order to be able to make reports, has to implement a sound accounting technique in the administration of this fund.

With regard to the financial report of the Local Church treasurer, the treasurer of the church of Bahu, in her comment quoted previously in section 8.2.1.3.3.2, admits that she provides the report by enclosing it in the weekly bulletin of the Local Church. The report is provided only when the pastor asks her to do so. The report is also, sometimes, provided and presented during the meetings of the Local Church council. The format and content of the report itself looks very simple since it only provides information about the balance of the church reserve fund for a certain period of time. Details of the information are avoided, according to the treasurer, because she does not want to be “too transparent”. For the purpose of this research, the record of the church reserve fund for a certain period of time was given by the treasurer and can be seen in table 8.6.

8.2.1.3.4. The Condolence Fund

In addition to the above three systems of funds, the church of Bahu has another system of fund called the condolence fund. The name of this fund is based on the purpose for collecting these funds that is to support its members who are in grief due to the death of a member of their family. Similar to the church reserve, the formation of the condolence fund is based on an agreement made by congregational members. The formation of this fund has been motivated by the necessity of the Local Church to deal with social mission. To realise this, in 1994, a committee in charge of the administration of this fund was established and chaired until recently by Mr. Kolinug.

Because this fund is collected only from those committed as members and as it benefits only them, there is a need for the committee to provide financial reports on the fund administration. The report, in fact, provides information not only about the financial position, but also about the number of members of the condolence fund. Table

8.7 depicts the comparative analysis of the four consecutive reports of the committee during 1998 - 1999.

Table 8.6
Financial Record of the Church Reserve of the Church of Bahu
During 11 March 1999 to 22 June 1999

Date	Description	Debit (in rupiahs)	Credit (in rupiahs)	Balance (in rupiahs)
	Continued			293.135,00
11.3.99	Received from the council of Men Ministry	116.800,00		409.935,00
12.3.99	Condolence donation to Mrs. Lantang-K.		50.000,00	359.935,00
12.3.99	Condolence expression in form of a funeral wreath		15.000,00	344.935,00
16.3.99	Receipt	6.350,00		351.285,00
16.3.99	Payment for the Local Church's water bill		6.350,00	344.935,00
21.3.99	Receipt	140.000,00		484.935,00
22.3.99	Payment for Local Church's electricity bill		159.560,00	325.375,00
24.3.99	Condolence expression in form of a funeral wreath		15.000,00	310.375,00
29.3.99	Receipt	63.500,00		373.875,00
31.3.99	Taken by the pastor's wife for the Easter celebration		60.000,00	313.875,00
01.4.99	Receipt	30.000,00		333.875,00
01.4.99	Purchased a set of guitar string		30.000,00	313.875,00
03.4.99	Condolence expression in form of a funeral wreath		15.000,00	298.875,00
08.4.99	Receipt	60.000,00		358.875,00
08.4.99	Payment for the Local Church's water bill in March		79.850,00	279.025,00
16.4.99	Receipt	141.500,00		420.525,00
18.4.99	Receipt	11.000,00		431.525,00
23.4.99	Receipt	54.000,00		485.525,00
23.4.99	Payment for the Local Church's electricity bill		163.070	322.455,00
25.4.99	Receipt	60.000,00		382.455,00
26.4.99	Contribution to a Revival Ministry		70.000,00	312.455,00
26.4.99	Receipt	36.100,00		348.555,00
04.5.99	Paid for two funeral wreaths as condolence expression		30.000,00	318.555,00
12.5.99	Receipt	135.000,00		453.555,00
17.5.99	Paid for water bill of the Local Church (April '99)		14.600,00	438.955,00
17.5.99	Receipt	20.000,00		458.955,00
23.5.99	Receipt	127.000,00		585.955,00
25.5.99	Paid for electricity bill of Local Church (April '99)		163.735,00	422.220,00
26.5.99	Receipt	145.000,00		567.220,00
26.5.99	Paid for a funeral wreath for Mrs. Angkow-K.		15.000,00	552.220,00
26.5.99	Receipt	1.900,00		554.120,00
08.6.99	Receipt	93.000,00		647.120,00
15.6.99	Receipt	21.700,00		668.820,00
15.6.99	Paid for electricity bill of Local Church (May '99)		162.565,00	506.255,00
15.6.00	Receipt	28.300		534.555,00
16.6.99	Paid for water bill of Local Church (May '99)		15.900,00	518.655,00
16.6.99	Receipt	44.400,00		563.055
22.6.99	Receipt	102.750,00		665.805,00

Table 8.7

A Chronological Comparative Analysis of the Memberships and Financial Position of the Condolence Fund of the Local Church of Bahu 1998 - 1999* (in thousand rupiahs)

	31/12/98	28/02/99	30/04/99	31/05/99
Participants (families)	52	53	55	57
Active participants (families)	25	25	24	30
Deposit in bank (in thousand rupiahs)	2.500	3.000	3.000	3.000
Cash on hand (in thousand rupiahs)	366	170	503	561
Balance (in thousand rupiahs)	2.866	3.170	3.502	3.611
Distributed to members up to this date (in thousand rupiahs)	3.000	3.000	3.000	3.200

* This analysis is based on four consecutive reports of the committee provided in the Church's weekly bulletin.

Regarding the title and responsibility of the members in relation to their membership status, the following is a comment given by the chairman of the committee:

The fund was collected from members of this condolence fund. This fund consists of a membership fee and a monthly contribution from the members. The membership fee is 10.000 rupiahs and the monthly contribution is 2.500 rupiahs. The benefit received by the members is that if any member of their immediate family pass away, they are entitled to receive an amount of 250.000 rupiahs as a condolence fund (Local Church 6).

Up to this point, various aspects related to the administration of funds in a Local Church unit have been provided. The financial management in local churches, particularly the church of Bahu, is not independent from the religious belief system held by the PCI as well as the historical development of the Local Church. In the following part, a similar discussion will be focused on the North Sulawesi Regional Board. The discussion will be based mainly on the data provided during the field research.

8.2.2. The North Sulawesi Regional Board (NSRB)

As highlighted in the previous chapter, the NSRB is one of the twenty-two Regional Boards of the PCI. Since the formation of the NSRB is provincially based, the territory of this board is to follow the territory of the province of North Sulawesi. Consequently, all local churches of the PCI operating within the province of North Sulawesi are under the control of the board. According to the report of the NSRB to the Central Board in 2000, there were 1203 local churches operating in its territory. As a missionary church, there is a belief that the number of local churches in the territory will increase over time.

8.2.2.1. The Organisation Structure of the NSRB

As noted in the previous chapter, the organisation structure or the size of a Regional Board is determined by the sum of local churches located available in the territory of a Regional Board. Based on the data provided by the North Sulawesi Regional Board to the Central Board, it was indicated that the NSRB was the largest amongst the twenty-two Regional Boards of the PCI. This is because there are local churches in North Sulawesi region than in the other regions. In total there were 8200 local churches in the PCI (Mandey, 1998) and approximately one seventh of them were located in the territory of the North Sulawesi Regional Board.

According to the church constitution, with such a size, there can be up to twelve members of the NSRB. Constitutionally, this is the maximum number of members of a Regional Board. At the four-yearly conference of the NSRB conducted in 1999, with the consent of the Central Board, however, the number of members of the Regional Board was increased to sixteen. The reason for the additional four members on top of that required by the constitution was in order to accommodate the needs of the

organisation. In other words, twelve personnel were considered as too little to cope with the wide range of organisational needs. Since this decision was beyond the constitution, according to members of the Central Board chairing the conference, this extension would be brought and ratified at the four-yearly national conference of the PCI held at Jakarta in 2000. For this reason, the posts of the additional four incumbents were temporarily called 'coordinators' instead of 'bureaus'.

The four-yearly conference of the NSRB in 1999 had made several strategic decisions. One of the most important decisions was the formation of the organisational structure of the board for the period 1999 - 2003. The composition of the board can be seen in table 8.8. In addition to this, an advisory board for the incumbents of the Regional Board was also formed. This advisory board consists of four most respected and elderly pastors from the region. The composition of the members of this advisory board can be seen in table 8.9.

8.2.2.2. The Job Description of the Members of the NSRB

The job description for the members of the NSRB is not well developed. Basically, the job of every incumbent is to plan and execute activities in line with the tasks assigned to him/her. For example, the incumbent in charge of the bureau of compassion must develop plan(s) with regard to obtaining funds and distributing them to those ministers in need in the region. In doing their jobs, there is a belief that all works are to be dedicated to the Lord. Based on this, the ambiguity of the job descriptions is moderated by such a principle. They agree to work as a team in harmony with good motivation and discipline. They believe that good teamwork is above all.

Table 8.8

The Composition of Members of the Regional Board XVII North Sulawesi for the Period of 1999 - 2003

NO	NAMES	POSITIONS	ADDRESSES OF LOCAL CHURCH
1	Ps. H.O.H. Awuy	Chairman	Sam Ratulangi
2	Ps. J.O Wotulo, MTh	Vice Chairman	Eklesia
3	Ps. J.A. Poluan, STh	Secretary	Hermon
4	Ps. J. Pangkey	Assistant Secretary	Lola
5	Ps. DR. L. Lapijan, MA	Treasurer	Kawangkoan
6	Ps. J. Nuslan, STh	Assistant Treasurer	Bengkol
7	Ps. J. Tamburian, STh	Bureau for Pastorship	Leilem
8	Ps. O.E. Wakkary, MA	Bureau for Member Development	Ranotana
9	Ps. R. Togas, STh	Bureau for Organisation Development	Talawaan
10	Ps. L. Lumenta	Bureau for Evangelism	Tondey
11	Ps. J.F. Kaawaoan, MTh	Bureau for Training & Education	Paslaten
12	Ps. V. Mamahani, BTh	Bureau for Compassion	Winangun
13	Ps. Mrs. Awuy-Lantu	Coordinator of Women Ministry	Sam Ratulangi
14	Ps. K. Tilaar	Coordinator of Rural Ministry	Woloan
15	Ps. W. Kumendong, MA	Coordinator of Youth Ministry	Tumpaan
16	Ps. R. Longkutoy, STh	Coordinator of Media & Literature	Tateli

(Sekretariat Majelis Pusat GpdI 2000, Buku Data 2000 Gereja Pantekosta di Indonesia, pp. 526-527).

Table 8.9

The Composition of Members of Advisory Board for the North Sulawesi Regional Board Period 1999 - 2003

NO	NAMES	POSITIONS	ADDRESSES OF LOCAL CHURCH
1	Ps. D. Repi	Adviser	Tondano
2	Ps. E. Kambey	Adviser	Airmadidi
3	Ps. H. Lumingkewas	Adviser	Paku Ure
4	Ps. S.A. Makal	Adviser	Tombatu

(Sekretariat Majelis Pusat GpdI 2000, Buku Data 2000 Gereja Pantekosta di Indonesia, p. 527).

8.2.2.3. Sources and Uses of Funds of the NSRB

As an organisation, similar to other organisations, the board needs funds in order to finance the programmes of the board. According to the church constitution in

subsections 13:23.1-2, the sources of funds for a Regional Board can be generated via two main ways, firstly, tithes paid by ministers who are ministering within the region, and secondly, other sources as long as they are not against the order of the Bible.

The funds of the NSRB are acquired by several ways approved by the church constitution. The funds of NSRB mainly derive from the tithes paid by pastors and other ministers working in the region, as well as donations from members of the PCI. The following is comment given by the board's treasurer with regard to this matter

The funds of the Regional Board derive from tithes paid by pastors of local churches. In addition to this, the board also received funds generated from a 'special offering' and donations from members of the PCI. Such a 'special offering' was done in the local churches when there was a request from the Regional Board. Among these, tithes are the main and permanent source (CB 1).

In practice, however, the NSRB receives only 90% of the tithe of the tithes paid by pastors of local churches in its territory. This is because the board does not receive the tithe directly from the pastors, but from the Sub-regional Boards. It has been the policy of the NSRB that the tithe of the tithe of the pastors is to be paid, not to Regional Board, but to Sub-regional Boards. The Sub-regional Boards then keep 10% of this fund for their operational reserve and submit the other 90% to the Regional Board. This policy is stated in the preamble of the 1998-1999 financial report of the NSRB (Lapian, 1999).

In relation to fund administration, an article in the church constitution requires that "the Regional Board prepares an income and expenditure budget once a year" (Section 13:26). With regard to this requirement, the treasurer of the NSRB indicates that the funds of the NSRB have been so far used for both 'programmed and non-programmed' activities of the board. This is shown in the following comment by the treasurer:

As far as I am concerned, however, the funds in both Regional and Central Boards are, so far, used to finance the activities of the organisation. The activities of the organisation can be categorised into programmed and non-programmed. The non-programmed activities are normally unpredictable (CB 1).

The above comment indicates that the NSRB has implemented the requirement in the church constitution section 13: 24, which requires that "the funds of a Regional Board are used for financing the budget and additional programmes of the Regional Board". Unfortunately, the treasurer could not supply the documents related to the budgeting process of the board.

8.2.2.4. The Sub-regional Board and Regional Councils

With a large number of local churches scattered around the region, there was a question of the ability of the NSRB to organise them effectively. For this reason, a policy for organisational decentralisation became the option. This policy was implemented by the formation of a number of Sub-regional Boards in the territory. The formation of Sub-regional Boards in this territory refers to a clause in the church constitution subsection 8:3.a, which states, "the need for the formation of Sub-regional Boards depends on the necessity of a Regional Board".

In order to achieve the organisational effectiveness, eighty-four Sub-regional Boards have been formed throughout the region so far. The number of Sub-regional Boards increased in line with the growing number of local churches in the region. According to the church constitution in subsection 10:3.a, the function of a Sub-regional Board is mainly to assist the Regional Board in coordinating local churches. Based on this, a Sub-regional Board cannot initiate a significant policy with regard to local churches' affairs under their sub-regions, unless it is approved by Regional Board. This

includes policy in financial matters as mentioned in article 18:27 of the church constitution.

The number of incumbents of a Sub-regional Board varies according to the number of local churches available in a sub-region. The incumbents are appointed for a four-year term at a plenary meeting of the Regional Board. According to the church constitution under section 8:3.b, the minimum number of incumbents in a Sub-regional Board are three persons occupying the positions of chairperson, secretary, and treasurer. In fact, most of the Sub-regional Boards in the NSRB region are managed by more than three incumbents. The number of local churches in each Sub-regional Board also varies and ranges from seven to forty. Like the policy for the Regional Board, the greater the number of local churches in the subregion, the bigger the size of the Sub-regional Board. This size will, in turn, affect the number of the incumbents in the Sub-regional Board.

In order to maximise ministerial roles of a Regional Board, some Regional Councils were formed. Similar to those councils formed at the local church level, these Regional Councils are regarded to be the 'arms' of the board in conducting ministerial jobs in the region. Similar councils were also formed at the Sub-regional levels. The main purpose for the formation of similar councils at all levels of the organisation is for the organizational consistency as well as operational coordination. Similar to the incumbents at Regional Council, the incumbents at Sub-regional level are appointed by the Sub-regional Board for a four-year term.

There are seven ministerial councils in the NSRB. These councils are the Regional Council for men ministry; the Regional Council for ladies ministry; the Regional Council for youth ministry; the Regional Council for juvenile ministry; the

Regional Council for children ministry; the Regional Council for businessmen ministry; and the Regional Council for student ministry.

With regard to the councils' financial matters, the NSRB suggests that the councils can generate funds from any sources as long as it does not contradict with the order of the Bible. The financial support from the Regional Board to these councils is minimal and only for certain events, such as a "regional youth camp" organised by the Regional council for youth ministry. In most cases, the councils generate funds from personal contributions of their members as well as from fund raising activities.

8.2.2.5. The Financial Accountability of the Regional Board

Unlike the administration of the tithes and offering funds at the local church level, the Regional Board must be accountable for the collection and use of its funds to both pastors of local churches in the region and to the Central Board of the PCI. This notion of financial accountability has been clearly prescribed by the church constitution in article 13:25. This article requires that "The treasurer of a Regional Board must provide a financial account of the board regularly, at least, once in every four months to the pastors who are ministering in the region as well as to the Central Board".

With regard to financial accountability, the treasurer of the Regional Board admits that the board's financial reports have been routinely provided. The report was also no more than just a simple cash income and expenditure report. This report was prepared for a number of reasons as commented on by the treasurer of the board:

Honestly, the financial account that I prepared, as the treasurer of the North Sulawesi Regional Board, was not based on the generally accepted accounting principles. It was only the account of cash flows without any concern for profit and loss. Therefore, if the surplus was significant, it might be questioned: why was not it spent for the church programmes? Thus organisationally, a significant surplus will be a pride, but as the body of Christ it is a conviction. So, it should be spent for the extension of Kingdom of God. For an expert in accounting, it might be difficult to understand. However, it was a reality (CB 1).

In response to the question about the financial reporting period, one of the incumbents of the NSRB said that the financial report was, so far, provided but not regularly. It was not provided on a four-monthly basis as required by the constitution.

The following is the comment given concerning this matter

It has been in the constitution of the church that the Regional Board must provide financial account once in every four months. It is the financial accountability of the Regional Board to the pastors as well as to the Central Board...Probably due to work overload in ministry, the account was not always provided regularly. At least there were accounts even though they were provided irregularly and not necessarily on a four-monthly basis (RB 1).

As mentioned by the treasurer of the board, the report is mainly a simple cash income and expenditure report. The report provides only information about transactions and the cash balance during a reporting period. The format and content of such indicate a low level of accounting system and practices adopted by this unit of the organisation. The comparative analysis of the NSRB's financial report during 1995 -1999 can be seen in table 8.10 in the appendix.

Up to this point, various aspects related to the administration of funds by the Regional Board unit have been provided. It was indicated that financial management in Regional Boards, particularly the NSRB was different from those of the local churches in terms of transparency. While the administration of the tithe and offering funds in the Local Church unit is personal and confidential, the administration of the tithe of the tithes at the Regional Board level is more transparent. One of the explanations for this phenomenon is, probably, because the notion of financial accountability at the Regional Board level is simply ruled by the church constitution. In the following part, a similar discussion will be focused on the Central Board of the PCI. Similar to the previous parts, the discussion will be mainly based on the data collected during the field research.

8.2.3. The Central Board of the Pentecostal Church of Indonesia

Some aspects of the Central Board have been discussed in the previous chapter. In order to avoid repetition, this section will not discuss matters such as the historical development, organisation structure, and authorities and responsibilities of the board. The focus will be mainly on financial and related issues of the Central Board. The discussion will be based on data collected during the field research as well as that accessed afterwards.

8.2.3.1. The Job Descriptions of the Central Board

As shown in table 7.3 in the appendix, there were thirty-three members of the Central Board of the PCI for the period of 2000 - 2004. Nine of these are members of the advisory board. The job description of the board's incumbents is unclear because there is no formal job description available. The members are expected to do their job properly, according to the tasks given to them. In this case, their judgment plays an important role in recognising the area of their responsibilities. The main principle held by them in doing things is that every thing is done for and dedicated to God. Trust, understanding and goodwill are the basis of their jobs.

8.2.3.2. Sources and Uses of funds of the Central Board

Similar to that of the Regional Boards, the sources of funds for the Central Board are also governed by the church constitution. In subsection 13:19 of the church constitution, it mentions that the sources of funds for the Central Board can be generated via four ways:

1. Contributions from 25 percent of the income of Regional Boards;

2. Donation from members of the PCI in the form of an extra offering collected in all local churches once a year;
3. Donations and grants from donors;
4. Funds received from other businesses as far as they are not against the order of Bible.

The church constitution section 13:20, with regard to the security of the funds, requires that "all funds, including foreign exchanges held by the Central Board, must be deposited into a bank or other faithful companies". According to the deputy treasurer of the Central Board, the Central Board has fulfilled this requirement for a number of years. This is indicated by the following comments given by him:

The yearly surplus of income is deposited into a bank and will become the permanent reserve of the Central Board. The current account of the accumulated surplus, which is now becoming the board's permanent reserve in the bank, is approximately one billion rupiahs. This reserve is kept for precautionary purposes. This is normally used only for financing some extraordinary events sponsored by the Central Board (RB 2).

Regarding the use of the board's funds, the constitution under article 13:21.1 requires that those funds should be used "to finance the budget as well as other additional programmes of the Central Board". In relation to the budget, the constitution in article subsection 13:21.3 requires that "the Central Board prepare an annual budget for income and expenditure of the board in the beginning of the year".

8.2.3.3. The Financial Auditing Board

In order to bring order to the administration of funds as well as uniformity in financial reporting among Regional Boards and other Central Board related institutions, the 1995 national four-yearly conference of the PCI recommended the establishment of the financial auditing board. This recommendation was then amended into the

constitution of the church on September 8, 1995. This amendment of the constitution appeared under subsection 13:22.1-2 mentioning that:

1. The Central Board may establish a financial auditing board for the Pentecostal Church of Indonesia;
2. The financial auditing board, in performing tasks, must follow the guidance of the Central Board and is held accountable to the Central Board.

Following the formation of the financial auditing board, a number of persons were then appointed to be members of the board. The composition of the members in this financial auditing board can be seen in table 8.11 in the appendix. Among these five members, only two have a professional accounting and auditing backgrounds. The other three were, basically, pastors and Bible teachers in the PCI.

Due to the lack of references about the aims, functions and performance of the board in the PCI literature, the following description of the board's features and performances are based on data recorded through an interview with one of the members of the board. Reportedly, this member was the key person on the auditing board. According to this member, the basic purpose of audit in the PCI is similar to that of other organisations. Basically, it is aimed at investigating the appropriateness and fairness of the recording of financial transactions by the organisation. His comment on this was as follows

Similar to the purpose of audit in general, the purpose of audit undertaken by the board is to investigate whether or not the financial transactions have been recorded properly for accountability purposes (Auditing Board).

In undertaking their audit job, nevertheless, the members of the auditing board were confronted with a fundamental problem in the first place. The problem was crucial because it is related to the standard for the preparation of reports as well as the standard for judgment. This problem was described by the member of the board as follow:

...there was no uniformity in the financial recording and reporting of the PCI. Therefore, the fairness of the financial accounts, at that time, was based on the

trust and goodwill of those who prepared them. In consequence, there was no judgement that could be made by the person who audited such accounts" (auditing board)

Realising this shortcoming, the members of the board thought that they could not proceed with their audit job unless the administration of funds and the format of the report for the whole organisation units were first standardised. This concern is expressed by the member of the auditing board who states:

In response to this, the tasks of the auditing board were focused on two actions: firstly, to standardise the reports at all levels of the organisation, and secondly, to perform audit works on those reports (auditor board).

As a result, in January 1997, the financial auditing board published the "Guidelines for Financial Administration in the PCI". These guidelines were expected, by the auditing board, to be implemented by the Central Board, Regional Boards, and Bible Schools and Colleges in their administration of funds soon after being published. A rapid implementation was possible, according to the auditing board, given the fact that the format and the details of account had been provided in the guidelines. Even samples of financial reports for each organisational unit were provided. These samples of the financial reports can be seen in table 8.12 for the Central Board; table 8.13 for the Regional Board; and table 8.14 for all units in the organisation in the appendix.

According to the auditing board, the administration of funds at the local church level was not included in the guidelines because there was an agreement with the Central Board to limit their audit works down to the Regional Board level. Therefore, the authority to audit the financial administration at local church level, if necessary, would be under the Regional Boards. The auditing board could only provide supporting services if it was asked to do so.

Until February 2000, according to the board member, the board has audited forty organisational units within the PCI. Among them were the Central Board, the Regional

Boards of West, Central and East Jawa, South and North Sulawesi, North Sumatera and Bandar Lampung as well as Bible Colleges at Beji and Malino. Audit reports of all of these units were issued and sent to the chairperson of the Central Board. In addition to the audit reports, some recommendations were also submitted by the auditing board to the Central Board with regard to providing better administration of the organisation's funds. Included in such recommendations was the importance of an internal control system in the organisation. A copy of each audit report was also sent to the respective audited units.

8.2.3.4. The Financial Accountability of the Central Board

With regard to financial accountability, similar to the Regional Boards, the Central Board has to be held accountable for the administration of its funds to the providers of the funds, mainly the Regional Boards. This necessity is clearly required by the church constitution. In subsection 13:21.2, it is required that "the treasurer of the Central Board must provide a financial report of the Central Board to Regional Boards regularly, at least once in six months".

To comply with the demands of the constitution, the treasurer of the Central Board did provide financial reports to the Regional Boards. Table 8.15 presents the comparative analysis of the financial reports of the Central Board for the period of 1995 to 1999. The original format of the reports, however, was simply a report of a simple cash income and expenditure. For some reason, however, the financial reports were provided not as regularly as required by the constitution. Instead of being six-monthly, the reports were provided annually. This was supported by the following comment of a member of the Central Board who said that:

Basically, the mechanism is similar to that of the Regional Boards. The financial account of Central Board must be provided and sent to Regional

Boards every six months. In practice, however, such a process was not always done as scheduled (CB 2).

8.3. Conclusion

This chapter has discussed the interplay between the religious belief systems and other organisational aspects of the PCI and the concept of accountability. Such interplay affects the accounting practices of the church, especially in the administration of the local church's funds. With four different types of funds: the tithe fund, the offering fund, the church reserve, and the condolence fund, the financial administration in the church of Bahu is found to be more religiously driven than that of the Regional and Central Board. In addition to this, some institutional aspects seemingly contribute to the current practice of accountability and accounting in the local church.

The financial administration in both Regional and Central Board units is mainly driven by the church constitution. However, the religious belief system, which influences the practice of financial administration at the local church level, still plays a role but to a lesser degree in the financial administration of the other organisational units of the church. This is evident in the way the funds of the organisational units are administered. It has been found that the incumbents handling the financial administration for the Regional and Central Board units are also pastors of local churches. This may have led to the potential transformation of the culture of financial administration of the local church to the Regional and Central Boards.

The discussion in this chapter has provided the foundation for further analysis in the next chapter. Chapter nine will analyse all the data provided in this chapter by utilising a model of accountability as the theoretical framework. Some explanations on

the interplay between religious beliefs and accounting practices through an accountability mechanism will be the main outcome of the chapter.

CHAPTER NINE

ANALYSIS OF THE ACCOUNTING PRACTICES IN THE PCI USING AN ACCOUNTABILITY MODEL

9.1. Introduction

This chapter will provide an analysis of the influence of the religious belief system and other institutional aspects upon the practices of accounting in the Pentecostal Church of Indonesia. Because "accounting and accountability are clearly related" (Laughlin, 1990, p. 93), this study adopts a theory or model of accountability to analyse how the religious belief system and other institutional aspects of the church affect the practices of accounting in the church. The use of an accountability theory or model in this study was first inspired by one of the findings of Laughlin (1984) noticing that the low level of accountability was regarded as the prime element that led to the perceived minimal accounting need in the Church of England.

Regarding the theory itself, after reviewing a number of concepts and/or models of accountability in the literature, it was found that the theoretical model proposed by Laughlin (1996), as discussed in chapter Six, was appropriate for this study. It was mainly because such a model identifies the presence of two main elements: "trust" and "value conflict" in modelling an accountability relationship. In addition to this, the notions of "higher principal", "economic reason", "professional autonomy" and "secularisation process" (Laughlin, 1996) makes this theoretical model of accountability more meaningful in explaining the issues of concern in this study. For the purpose of this study the model of accountability proposed by Laughlin (1996) has been slightly modified as seen in figure 9.1. This was developed in chapter Six.

The discussion in this chapter will begin with the identification of the accountability relationships between parties and the organisational units involved in this study. This is then followed by the analysis of the influence of the religious belief

system and other institutional and social elements upon accounting practices at the local church level, particularly in the church of Bahu. A similar issue at the Regional Board level will be the concern of the following section. The accounting practices of the Central Board will become the theme of the discussion afterwards. Finally, the theoretical explanation of the accountability and accounting in the researched units of the organisation will be provided.

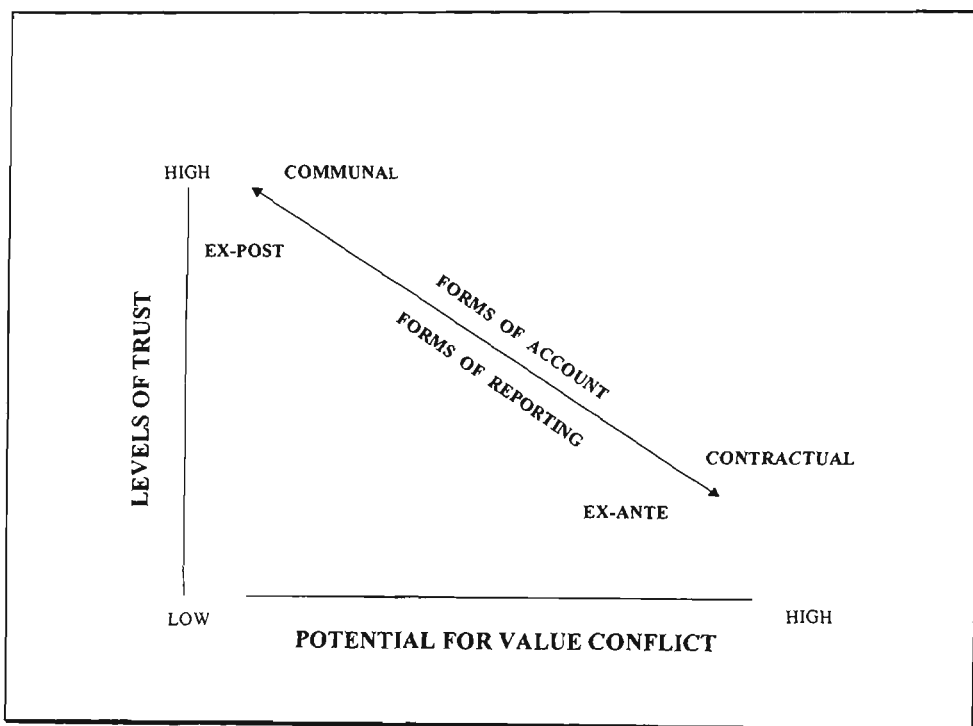


Figure 9.1. Accountability Model: Trust and Value Conflict: Tracing Inter-relationship. (Modified from Laughlin's (1996) Model of Accountability).

9.2. Accountability Relationships at the Researched Units of the Organisation

Before proceeding further to analyse the accounting and accountability dynamics at the researched units of the organisation, it is fruitful to have an overview of the accountability relationships in the researched units of the organisation. In order to get insights into such dynamics, the following section will highlight the accountability relationships in the units of interest.

At the local church level, the church of Bahu, as discussed in Chapter Eight, there are four systems of funds namely the tithe, the offering, the church reserve, and the condolence funds. For the administration of these funds, three financial accountability relationships are evident. For the tithe and offering funds, the congregational members provide the funds to the pastor. The expectations of the congregational members focus around the spiritual leadership and direction that the pastor will offer with the resources provided based on the understanding that these funds are for the support of the pastor. For the church reserve fund, the congregational members are the fund providers with the local church council treasurer acting as the receiver of these funds. The provision of the financial resources is conditioned by the expectation of the congregational members that the local church, in this case the local church treasurer, will attend to the quality of the buildings and other non-spiritual agenda of the local church. For the condolence fund, being the supplier of funds, the members of the condolence fund supply funds to the committee of the condolence fund. The members of the condolence fund transfer their financial resources with the expectation that the committee will organise the fund for the maximum benefits of the members.

At the North Sulawesi Regional Board (NSRB) level, the eighty-four Sub-regional Boards of the region are the suppliers of financial resources to the NSRB. This transfer of resources follows the financial policy of the Regional Board that ninety percent of the Sub-regional Board income should be transferred to the NSRB. This contribution or 'quota' is intended to support the financial needs of the NSRB. Because the church of Bahu is placed under the Sub-regional Board III, for the purpose of this study, the Sub-regional Board III collects the tithe of the tithe in the first instance, 90% of which is forwarded to the NSRB. The position of the Sub-regional Board III can be

seen as an intermediary in the accountability relationship between the NSRB and the pastor of the church of Bahu. As the providers of the fund, the Sub-regional Boards, particularly the Sub-regional Board III, expect the NSRB to use the fund for ministerial activities as well as other physical improvements within the North Sulawesi region. This includes the allocation of funds for supporting the construction of new local churches in the region.

At the Central Board level, the providers of funds are the twenty-two Regional Boards of the PCI. Similar to a financial transfer mechanism at the Sub-regional-Regional Board level, the constitution of the church requires the Regional Boards to contribute 25 percent of their income to the Central Board. As the provider of funds, the Regional Boards, particularly the NSRB, expect the Central Board to use the funds for financing spiritual as well as non-spiritual activities of the PCI. This includes the funding of the operation of Bible Colleges and Institutes of Theology of the PCI. The accountability relationships in the researched units of the organisation can be seen in figure 9.2.

9.3. Accountability and Accounting Practices in the Church of Bahu

The discussion in Chapter Eight indicates that the church of Bahu has four major systems of funds as mentioned in the previous section. Given this, it is assumed that these funds should be administered separately because they are collected for different purposes. As a result, four different accounting systems could be expected to emerge from this process. For the purpose of this study, the following sections will analyse how accounting is practised in the administration of these funds. The analysis will consider the influence of various aspects including the religious belief system and institutional

and social aspects of the church on accounting practices via the accountability dynamics of the local church.

Financial Levels	Accountee	→	Accountor
Local Church (LC) Level	Congregation	→	Pastor of the LC
		(Tithes & Offerings)	
	Congregation	→	The Local Church Treasurer
		(Church Reserve)	
	Members of the CF	→	Committee of the CF
		(Condolence Fund (CF))	
Sub-regional Board III Level	Pastor of the LC of Bahu	→	The Sub-regional Board III
		(Quota/Contribution)	
North Sulawesi Regional Board (NSRB) Level	Sub-regional Board III	→	The North Sulawesi Regional Board
		(Quota/Contribution)	
Central Board (CB) Level	NSRB	→	The Central Board
		(Quota/Contribution)	

Figure 9.2
Accountability Relationships in the Researched Units of the Organisation

9.3.1. Accountability and Accounting for the Tithe Fund

As far as local church funds are concerned, it was indicated that the tithe fund constitutes the major portion of the local church funds collected from congregational members. It is assumed that if all congregational members effectively pay their tithes to the church, it would represent the one tenth of the income of the whole congregational

members. Given this, the administration of this fund should logically be proper and transparent. At least, the administration for this fund must be better or 'more accountable' than any other system of funds at the local church.

The evidence, however, portrays a contradictory picture. In spite of a lack of transparency, a single person, the pastor of the local church, conducts the administration of this fund personally. No one else has access to the account of this fund, except the pastor of the local church. In fact, no report has been issued of this account to congregational members. This practice is, however, seen as proper and acceptable to members of the congregation. This is indicated by the fact that no member of the congregation has, so far, questioned this practice. It appears that the religious belief systems held by the church participants provide a useful explanation for this phenomenon.

The first religious explanation for this is based on the so-called divine call of God. As described in section 8.2.1.3.1.4 the pastor of a local church becomes a pastor not because he/she wants to be, but because of a divine call from God. Based on this belief, the pastor of the local church claims that he is not the employee of either the church organisation or the congregation, but rather the employee of God. This notion is reinforced by the fact that he does not receive any pay from the church organisation for his ministry. Departing from this, the pastor would consider God as the master to whom he is held accountable. Consequently, he is not held accountable to any one else, including the congregational members, for his conduct.

The second religious explanation for this practice is that whereas the pastor of a local church claims to be the representation of the Levites, the priestly tribe of the Israelites, the congregational members consider themselves to be the spiritual Israelites. The religious consequence of this is that the congregational members must provide for

all of the physical needs of the pastor as a return for his ministry. One of the ways that they realise this obligation is by paying their tithes to the church. This fund is then used by the pastor, the guard of the church, for his livelihood. The religious teaching on this matter emphasises that the congregation has no control over the spending of this fund. They also receive none of it other than in the services of the pastor.

The third religious explanation of this practice is based on the basic nature of the tithe, that it is the return to God of what has been God's owned right. It is believed that the payment of tithe is no more than just a return to God of what is already His. Based on this belief, the transfer of funds from the congregational members to the pastor, as the agent of God, is seen as no more than the giving back the belongings of God to God. This giving also indicates the state of obedience of congregational members to God's order. Given this, the congregational members have no right to ask for any accountability with regard to the administration of this fund.

The fourth explanation of this phenomenon is based on the institutional aspect of the church that is the endorsement of section 19:28 of the church constitution. It is stressed in this section of the church constitution that the pastor of a local church is given the right to govern the financial administration of the local church. Even though this section of the constitution is just a form of the implementation of the religious belief system of the church, it does provide a legal support for the pastor in promoting his current practice of the tithe administration.

The above explanations provide the basis for the pastor to justify his practice of the tithe administration in the church of Bahu. The financial accountability of the pastor to the congregational members, as the providers of resources, has, consequently, no place in the above mechanism. The role of religious belief systems in shaping the

accountability relationship with regard to the administration of the tithe fund is very real and presumably realised by all participants in the Local church of Bahu.

In addition to congregational members, as the providers of funds, and the pastor, as the administrator and user of the funds, there presents a third party called the 'higher principal' in the accountability relationship. Both congregational members and the pastor believe that God is the one to whom the pastor is held accountable for his conduct. The administration of the tithes is no exception. They also agree that the very nature of God is transcendental.

The transcendental nature of God, the higher principal, will consequently influence the need for information in their accountability relationship. One of the properties of the transcendence of God is that God knows everything. The implication of this is that God needs no reports from anyone, including the pastor of the local church, concerning what he/she has done. Accounting information or accounting reports, in relation to the administration of the tithe fund, are no exception. This notion of omniscience of the higher principal has become one of the main explanations for the absence of reporting as well as the lack of accounting practice in the administration of the tithe fund. This 'tripartite' accountability relationship can be depicted as seen in figure 9.3.

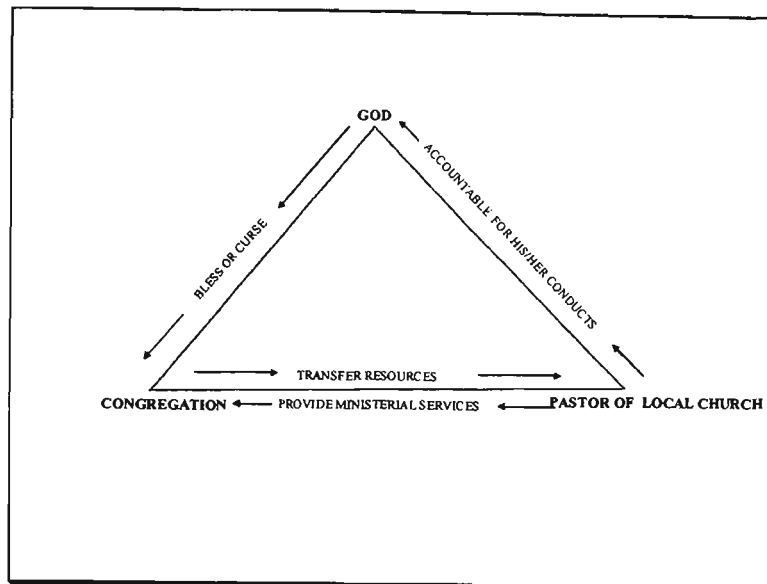


Figure 9.3. Tripartite Accountability Relationship: Congregational members, Pastor of local church, and the Omniscient God.

Because, both the congregational members and the pastor of the local church share a common belief in the authority of God, it is theorised that there exists a high trust and, therefore, a low conflict of value between the tithe providers, the congregational members, and the tithe administrator, the pastor, in their accountability relationship. The trust of congregational members toward the integrity of the pastor is high because the pastor is believed to be the agent of God. As an agent of God, the pastor has the authority to use the tithe fund and will use it according to the will of God. The same principle also applies to the potential conflict of value between them, because, there will be no conflict of expectation between the congregational members and the pastor with regard to the use of the fund. For the above reason, there is not much room for the congregational members to ask for any form of accountability, including financial accountability, from the pastor for the use of the tithe fund.

Using the model of accountability relationship depicted in figure 9.1, it is likely that the position of both form of account and form of reporting for the tithe fund will be at the end of the upper left-hand corner of the model. In other words, the form of account provided by the pastor to the congregational members will tend to be

communal. It is indicated by the ill-defined form of expectation of the congregation toward the account of the pastor. In addition, the pastor of the local church is also given a freedom to define how best he/she can perform their job with the funds provided. The same principle also applies to the form of reporting. It will tend to be in ex-post form. This is because congregational members would believe that the fund had been used to enable the pastor of the local church to carry out the orders of God, which is simply ministering to the congregational members.

9.3.2. Accountability and Accounting for the Offering Fund

The offering fund is the second major contributor to the financial needs of the pastor of the local church. This is because the offering fund is collected at every single service of the local church. Similar to the tithe, the offering fund also goes to the hand of the pastor. Unlike the tithe fund, however, the pastor can use this offering fund to enable him to support a variety of needs of the local church as well as for conducting his outward ministry. These needs may include the necessity to support the building of material sanctuaries, to minister to the poor, the widows, orphans, and to support the financial needs of visiting pastors.

With regard to the process of accountability, the pastor has never provided any report to the congregational members concerning the administration of this fund. The pastor himself had no record of this fund because he is not the person keeping the accounts. The only record of this fund is kept by a person appointed as the treasurer for the tithe of the tithe fund. The purpose of recording it is simply just to enable the treasurer to calculate the amount of the tithe of the tithe subtracted from the offering fund. This tithe, together with other tithe of the tithes from other income of the local church and pastor, will then be transferred to the Sub-regional Board III Malalayang as

the tithing of the local church. Chart 8.1 provides information on this. Given this, it is revealed that the recording of the offering fund is not for any accountability purposes. It is intended only for ensuring that the tithing of the offering fund has been deducted before the money is handed over to the pastor.

The explanation for the lack of financial accountability of the offering fund in the local church is similar to that of the tithe fund and can be traced to the religious belief system held by the church. The main religious principle of the church underlining the collection of the offering fund is for the congregation to get blessed by God. They believe that the more they give, the more they will be blessed. It is also believed that, similar to the tithe, the offering is also given to God through the pastor. The two funds differ in the sense that the nature of the tithe is compulsory, whereas the offering is voluntary for the church members. It is also believed that the real giving of the congregation to God is in the form of the offering. This is because the nature of tithe, as mentioned previously, is simply a return to God of what has already been God's. The offering, on the other hand, is a freewill gift in addition to the tithes. Because the offering is a giving to God through the pastor of the local church, some of the principles in the tithe administration would also apply to the offering fund.

The notions of the Levites, spiritual Israelites, divine call of God, and the higher principal are also relevant to the administration of the offering fund. In addition to this, the historical development of the local church could become a societal factor that contributes to the lack of accountability for the administration of this fund. It is evident that the early members of the local church consisted of only a handful of people. During this early stage of development, the amount of the offering fund was so little that it was insufficient to support the livelihood of the pastor. Consequently, the congregational members regarded financial accountability for the administration of this fund as not

important in such a circumstance. Therefore, from the viewpoint of the pastor, it would be unfair if the need for accountability for the administration of this fund were imposed only because the numbers of the congregation have grown and the amount of the offering they pay has become abundant. This 'tradition', in fact, remains unchanged even after the church has reached the current stage of development. Both pastor and congregational members have accepted this as a proper practice in the local church. Given this, it is certain that accounting information will not be important in such a mechanism.

Because the nature of the offering is a giving to God and the use of it is entrusted to the pastor of the local church, the theoretical explanation for the accountability relationship of this fund would be no different from that of the tithe fund. There will be a high trust and a low conflict of value between the congregational members and the pastor with regard to the administration of this fund. Using the model of accountability relationship depicted in figure 9.1, it is likely that the position of both form of account and form of reporting for the offering fund will be at the end of the upper left-hand corner of the model. In other words, the form of account provided by the pastor to the congregational members will tend to be communal. It is indicated by the ill-defined form of expectation of the congregation toward the account of the pastor. The same principle also applies to the form of reporting. It will tend to be in ex-post form. This is because the congregational members would believe that the fund has simply been used for enabling the pastor to support his family, the need for building the church as well as for ministering to the poor, orphans, and widows and giving to other ministers.

9.3.3. Accountability and Accounting for the Church Reserve Fund

The third system of fund in the church of Bahu is called the church reserve. Basically, the church reserve fund is a form of offering fund. The purpose of collecting this fund is mainly for the maintenance of the building and other facilities of the church. The main difference between church reserve and the offering fund rests on two grounds: the history of formation and the locus of control. Whereas the offering fund was formed at the inception of the local church and was formed in response to the financial needs of the pastor, the church reserve fund was formed recently to replace a 'development fund' and in response to the need for building maintenance and other physical requirements of the local church. With regard to the locus of control, while the offering fund is controlled and used by the pastor of the local church, the church reserve fund is controlled and managed by a member of the local church council, called the 'local church treasurer'.

In addition to the above, the formation of church reserve was grounded merely on consensus among congregational members rather than on the religious belief system. The above factors: history of formation; locus of control; and loose religious ground, in fact, have collectively affected the accountability requirement for the administration of this fund. Because the purpose of collecting this fund is not for the livelihood of the pastor, but for the advancement of the local church, and the administration of it was controlled not by the pastor, but by the local church treasurer, accountability for the administration of this fund is important and, therefore, is necessary. For this reason, the local church treasurer is obliged to provide a financial report, as part of the evidence of her accountability of the administration of this fund, to the local church council as well as to the whole congregation. As a result, the local church treasurer provides a

reasonable report on this fund even though it is not as timely as expected by congregational members.

In order to provide a report of the fund, the treasurer inevitably needs to be aware of accounting techniques in the preparation process. This can be seen in the record of the church reserve fund prepared by the local church treasurer as in table 8.6 in Chapter Eight. Even though it is only a simple cash income and expenditure record, the importance of accounting is recognised in the administration of this fund. The simple form of accounting practices in the administration of this fund is understandable given the fact that the transactions involved were simple and mostly repetitive.

The perceived religious nature of the church reserve may also contribute to the significance of the reporting process for this fund. As previously described the irregularity of the provision of a financial report as well as the simplicity of the format and content of the reports are not considered to be dysfunctional by the treasurer or congregational members. They instead accept this as a normal practice. The simplicity of the format and content of the reports is, in fact, deliberately done by the treasurer. This is intended to avoid the image that the church reserve fund is purely non-biblical given the belief that it has the characteristic of an offering fund to some extent. This is because the principle of giving and blessing as believed to be present in the giving to the offering fund is also inherent in the giving to the church reserve fund. The need for accountability for the church reserve fund is necessary for two main reasons: firstly, the main purpose of the collection of this fund is for the welfare of the local church, not for the livelihood of the pastor. Secondly, the fund is administered not by the pastor of the local church, but by a local church treasurer,.

The theoretical explanation of the relationship between the local church treasurer and congregation of the administration of the church reserve fund is, consequently,

different from those of the tithe and offering funds. Given the above description, it is theorised that there exist a relatively low trust, and therefore, a moderate conflict of value between the fund providers (congregational members) and the fund administrator (local church treasurer). This is because the fund is provided for a certain purpose, which is for the welfare of the local church, rather than for the livelihood of the pastor. In addition, the local church treasurer administering the fund is not seen as the employee of God as is the Pastor. In this regard, the congregation claims that it has the right to control the use of this fund and, therefore, expects a more regular administration and good financial accountability. From the treasurer's viewpoint, however, a tight control by means of a regular and good financial report will be in conflict with the nature of the fund. This is because the nature of the church reserve is believed to have similar characteristics to the offering fund. This is basically a giving to God.

Using the model of accountability in figure 9.1, it is likely that the position of both form of account and form of reporting for the church reserve fund will be somewhere along the line between the two ends of the model. In other words, the form of account provided by the local church treasurer to the congregational members will tend to be less contractual. This is indicated by the less specified form of expectation of the principals toward the account of the agent. The same principle also applies to the form of reporting. The form of reporting will tend to be in a more ex-ante form. This is because the congregational members want to know for what purposes and how well the fund has been used. This is realised by means of a more-detailed budget and financial reports provided by the local church treasurer.

9.3.4. Accountability and Accounting for the Condolence Fund

The condolence fund is a system of fund of the local church that has distinct characteristics compared with the other three systems of funds discussed previously. The formation of this fund is based on the concern of the members of the local church towards the importance of compassion, even though it has no specific reference to the religious belief system of the church. This is also the last fund system formed in the local church and it came to exist in early 1994. To administer this fund, a committee is appointed by the pastor. Membership of the local church is an important requirement for one to be entitled to receive any benefit from this fund.

The name 'condolence' was given to this fund because the main purpose of the fund is to provide financial assistance to members who are grieving the death of any member of their family. The congregational members of the local church cannot become members of this fund unless they register and pay the membership fee. In addition to this, the members must also pay a fixed amount of monthly contribution. From the above description, it can be concluded that it is a kind 'benevolent fund'. It is regarded as a benevolent fund because the purpose of collecting it is based on a desire to do 'good things' for its members.

The significance of accountability with regard to the administration of this fund is realised by both members and the committee responsible for the governance of this fund. The members require the committee to be accountable to them for the management of this fund. This requirement can be met by providing good reports to the members on a regular basis. In response to this requirement, the committee provides reports to members as well as to the whole congregation on a bi-monthly basis. These reports, in fact, provide not only financial information, but also other information such

as membership progress of the fund. Details of this report can be seen in table 8.7 in chapter Eight.

Given the nature of this fund as benevolent and the purpose of collecting it is specifically for providing financial assistance to its members, it is understood why the members of the fund want to have control over the administration of this fund. This control is simply exercised by requiring a regular report from the committee. Unlike the other three funds previously discussed, the role of the church belief system is absent in the financial accountability mechanism of this fund. The accountability relationship between the parties involved reflects a simple fiduciary relationship. Based on the above description, it is theorised that there is a possibility of a low trust towards the committee from the viewpoint of the members of the fund. This then leads to a high conflict of value between the two parties with regard to the administration of this fund that, in turn, affects the condition of their accountability relationship. The necessity of having a regular report, which was agreed upon by both parties, is considered as one of the efforts used to reduce or moderate the conflict of value present in their relationship.

Using the model of accountability relationship depicted in figure 9.1, it is likely that the position of both the form of account and reporting for the condolence fund will be at the end of the bottom right-hand corner of the model. In other words, the form of account provided by the committee to the members will tend to be contractual. This is indicated by the well-defined form of expectation of the members towards the report of the committee. The same tenet also applies to the form of reporting. The form of reporting will tend to be in an ex-ante form. This was indicated by the provision of a regular financial report regarding the administration of the fund as well as the programme of the committee to the members. In this regard, accounting information plays an important role.

9.4. Accountability and Accounting Practices in the North Sulawesi Regional Board (NSRB)

The funds of the NSRB are mostly derived from the transfer of funds from the eighty-four Sub-regional Boards in the region. According to the policy of the NSRB, this transfer should represent ninety percent of the income of the Sub-regional Boards. This is regarded as the tithes of the Sub-regional Boards to the NSRB. As seen in table 8.5 in the appendix, the main source of income of the Sub-regional Board III, in fact, derives from the transfer of local churches' tithe of the tithe in the region. This financial administration policy has been made as an extension of subsection 13:23.1 of the church constitution as the consequence of the formation of Sub-regional units within the organisational structure of the NSRB. As a result of this policy, the relationship between the NSRB and local churches, in financial terms, is not direct but channelled through Sub-regional Boards. The financial report of the Sub-regional Board III Malalayang in table 8.5 in the appendix depicts this mechanism.

The purpose of this fund is mainly to finance the activities of the NSRB. Twenty-five percent of the total funds received from the Sub-regional Boards, according to the church constitution, must be transferred to the Central Board as the 'tithe' of the NSRB. The NSRB can then use the other seventy-five percent of the fund for financing its activities. With regard to the use of funds in relation to the NSRB's activities, table 8.10 in the appendix indicates that compassion; fees, transport and accommodation of board members; and others (seminars, conferences, and publications) are the top three most funded activities of the NSRB. They are then followed by donations for development and operational costs of the NSRB respectively. The transfer to the Central Board, of twenty-five percent of the NSRB's income, is, so far, seemingly underpaid. From the five-year financial reports of the NSRB, it was found that the NSRB has consistently

underpaid its twenty-five percent obligation to the Central Board. The amount transferred, in fact, only represents ten to twenty percent of the yearly income of the NSRB during this five-year period.

In response to the requirement of the church constitution under section 13:26, that every Regional Board has to prepare an operational budget annually, the NSRB prepares a type of budget called a 'routine expenditure budget' on a yearly basis. This budget determines the outlay for some of the programmes of the NSRB such as the monthly contribution to a hospice and an orphanage, fees for office employees, operational costs of board members, donations to a number of elderly pastors and office administrative costs. This is the only budget prepared by the NSRB. The NSRB has been unable to develop an income budget, so far, because the amount transferred by the Sub-regional Boards is not consistent. This has been the main reason why the NSRB has been unable to develop a comprehensive budget.

With regard to financial accountability, the church constitution in section 13:25 requires every Regional Board to provide a financial report to the pastors of local churches in the region. This report should be provided, at least once in every four months. In response to this constitutional requirement, the NSRB does provide financial reports. The reports are, however, provided on a yearly basis. Due to the formation of the Sub-regional Boards, the financial reports are not handed over to the pastors of local churches, as required by the constitution, but to the Sub-regional Boards. The pastors of local churches then receive the financial reports of the Sub-regional Boards

With the formation of the financial auditing board in 1996, following the endorsement of sections 13:1-2 of the church constitution, the administration of the Regional Boards' fund was expected to be more formalised and standardised. This is indicated by the issuance of the auditing board's guidelines for the financial

administration of the PCI in early 1997. The purpose of the formation of this auditing board, according to the Central Board was, however, more than just to achieve formalisation and standardisation of financial administration within units of the organisation. A hidden goal of the Central Board in establishing this auditing board was, actually, to assure that the transfer of the 'quota' really represents the twenty five percent of the Regional Boards' income. In the case of the NSRB, however, none of these goals were achieved until 1999. As described previously, the NSRB consistently underpaid its obligation to the Central Board during 1995 - 1999. In addition to this, the format of the reports of the NSRB never complied with the standard prescribed by the auditing board guidelines. The reports were also provided on a yearly instead of a four monthly basis as required by the constitution.

Based on the description of the financial administration above it is theorised that there exists a low trust, and therefore, a high potential conflict of value between the Sub-regional Boards and the NSRB in their accountability relationship. This low trust phenomenon is indicated by the necessity to audit the financial administration of the NSRB. The presence of a low level of trust from the Sub-regional Boards toward the NSRB was even reinforced by the fact the NSRB, with regard to fund administration, had violated the requirements prescribed by both the church constitution and the financial auditing board. The breach of the church constitution was indicated by the fact that the NSRB tended to persistently prepare a yearly, instead of a four-monthly financial report. Similarly, the format and content of the reports did not comply with the format and content prescribed by the financial auditing board. Given this evidence, it is likely that the potential conflict of value between the Sub-regional Boards, as the providers of funds, and the NSRB, the administrator of the funds, will be significantly high.

The above process of accountability will, of course, lead to a particular expected form of account and form of reporting. Using the model of accountability depicted in figure 9.1, it is clear that the form of account expected by the Sub-regional Boards from the NSRB will be in a strictly contractual form. It is indicated by the requirement of a more formal and standardised format and content of financial reports from the NSRB. Regarding the form of reporting, the ex-ante form of reporting will be more preferable to the Sub-regional Boards than the ex-post one. This is indicated by the requirement of the church constitution for the NSRB to provide a yearly income-expenditure budget as well as a regular financial report for the administration of the fund. The implication of this mechanism to accounting practice is that because accounting techniques are important in the preparation of budgets as well as financial reports, the practice of accounting will be evident in the administration of the funds of the NSRB.

9.5. Accountability and Accounting Practices in the Central Board of the PCI

Table 8.15 in the appendix indicates that the main source of funds of the Central Board is the transfer by the twenty-two Regional Boards of the PCI. This transfer, according to the church constitution, must represent twenty-five percent of the income of the Regional Boards. Similar to the description in the financial report of the NSRB, in the financial report of the Central Board, this transfer is recorded as the 'tithes' of the Regional Boards to the Central Board. For internal control purposes, the church constitution under section 13:20 requires the treasurer of the Central Board to deposit the board's funds into a bank in a checking or fixed deposit account. Following this constitutional requirement, the Central Board would then receive interest income from the bank. This interest income had, in fact, contributed significantly to the total income of the Central Board. According to the Central Board's 1998 - 1999 financial report, this

interest income constituted approximately two thirds of the total funds of the Central Board.

Similar to that of the NSRB, the income of the Central Board is also used to enable the board to finance its programmes. This is in accordance with the requirement of the church constitution under subsection 13:21.1. For this purpose, the constitution under subsection 13:21.3 requires the Central Board to prepare an annual income and expenditure budget. In practice, however, the Central Board has never prepared any annual income and expenditure budget. The Central Board, instead, prepared another budget, called "the National Guide of the Church Programmes toward 2000" (NGCP 2000). This NGCP 2000 was prepared during the national four-yearly conference of the PCI in 1995 and effectively implemented from early 1996. It was assumed that the guides have covered the budget and programmes of the Central Board between 1996 and 2000. The guides were designed in accordance with the activities of the Central Board and were mostly qualitative and narrative in nature.

The realisation of the programmes in financial terms can be seen in table 8.15. It was found that meetings, conferences, seminars and publications were the most funded activities during 1996 to 1999. In 1999, the expenditure on these activities increased dramatically up to 723.428.000 million rupiahs due to mainly the preparation for the 2000 four-yearly conference of the PCI in Jakarta. Educational programmes also received significant attention from the Central Board during 1995 to 1999. However, there was no outlay related to salaries for either board members or church ministers in general. This is because the church does not have any concept of financial compensation for the church ministry. The accumulative balance of the fund is deposited into a bank and regarded as the 'interminable fund' of the Central Board. According to the policy of

the Central Board, this interminable fund will be used for precautionary purposes such as for financing extraordinary programmes of the Central Board.

For accountability purposes, the church constitution under subsection 13:21.2 requires the Central Board to provide a financial report to all Regional Boards, at least, once in every six months. In response to this, the Central Board does provide financial reports and presents these to all Regional Boards. The reports are, however, not provided on a six-monthly basis, but on an annual basis. These reports provide details about transactions that occur during the reporting period. Therefore, all Regional Boards are sufficiently informed about the administration of the fund.

Because the administration of the Central Board funds is subject to audit by the financial auditing board, the format and content of the reports are expected to comply with those suggested by the auditing board, at least, since the date of the issuance of the auditing board's guidelines. In practice, however, the format and content remained unchanged, at least, until 1999. Even though the auditing board had provided a standard format for the Central Board financial report in its guidelines for financial administration, the Central Board was still consistent with its own format. The Central Board also ignored the requirement of the constitution regarding the periodicity of the report.

Given the above features of the fund administration of the Central Board, it is theorised that there will be a low trust, and therefore, a high potential conflict of value between Regional Boards, the providers of fund, and the Central Board, the administrator of the fund, with regard to their accountability relationship. The need for audit indicates that there is a concern from the Regional Boards towards the administration of funds by the Central Board. Auditing is one of the ways by which the Regional Boards can be convinced that the fund they transfer are used properly. The

low level of trust and the high potential conflict of value between the two parties are also reinforced by the requirement of the church constitution for the Central Board to prepare an annual income-expenditure budget for the board's programmes.

Applying the model of accountability depicted in figure 9.1, it is suggested that the form of account provided by the Central Board to the Regional Boards will tend to be contractual and the form of reporting will tend to be ex-ante. The contractual form of the financial accountability is indicated by the need for the Central Board to comply with the requirement set up in both the church constitution and the financial auditing board. The church constitution regulates the periodicity of financial accountability, whereas the financial auditing board standardises the format and content of the report. The ex-ante form of reporting is indicated by the requirement of the constitution for the Central Board to prepare an annual income-expenditure budget as well as a financial report on a six-monthly basis. Since accounting information is needed in such an accountability mechanism, it is suggested that accounting practices play a role in the administration of the Central Board fund.

9.6. Aspects of Professional Autonomy, Economic Reason and the Secularisation Process in Accountability Relationships

In the beginning of this chapter, aspects of professional autonomy, economic reason and the secularisation process were mentioned as factors that can contribute to the discussion of the accountability dynamics in the PCI. As discussed in section 6.7.2, these three factors can affect the potential value clash between parties involved in the accountability relationship. This section will discuss this notion in order to gain an insight into how these factors play their roles in the financial accountability relationships in the PCI.

The level of trust is not the only factor that can influence the level of value conflict between parties involved in an accountability relationship. The fear of a secularisation process of what is deemed to be sacred is another important element and, arguably, relevant in the discussion of accountability relationships in caring and religious organisations. The notion of a secularisation seems to be a result of the interplay between the economic reason of the givers of funds and the professional autonomy of the receivers of funds in shaping the accountability relationship. In other words, if the economic expectations (secular) of the givers are in conflict with the fundamental values (sacred) held by the recipients, the issue of a secularisation process will arise.

As noted in previous sections of this chapter, the tithe and offering funds possess a similar dynamic with regard to their accountability perspective. This dynamic is also relevant for the analysis of the issue of the secularisation process. The presence of a low level of value clash between the congregation and the pastor of the local church can be explained by considering the role of economic reason and professional autonomy played by the two parties in their accountability relationship.

In some of the interview quotes presented in chapter Eight, it was found that, in relation to the giving of the tithe and offering funds, the congregation members believed that the funds were given to the God who then entrusted the use of the funds to the pastor of the local church. This was because the pastor of the local church was believed to be the employee of God and, therefore, had the privilege to use the funds, on God's behalf, for his livelihood. This has become part of the belief system of the church and is presumably understood by the church's participants.

Believing the funds are given to God, the congregation then understood that the giving was holy. The tithe funds are believed to be a compulsory return to God of what

is believed as God's right, whereas the offering fund is believed to be a giving in order to support the livelihood and other outward ministerial activities of the pastor of the local church. For these religious reasons, the congregation do not expect any economic return from the pastor for the administration and use of these funds. In other words, efficiency or the cost-benefit principle is not important in the administration of these funds.

From the viewpoint of the pastor, the tithe and offering funds received from the congregation are to be used mainly for the livelihood of his family. This is because he does not receive wages or salaries from the organisation. This organisational policy is believed to be the implementation of the church belief system: a pastor should live off the Gospel he/she ministers. The pastor realises that as an employee of God, he is to account to God (higher principal), not to the church organisation or the congregation to which he ministers. His accountability to God is manifested by becoming a 'good shepherd' for the sheep (congregational members) that he serves. In this sense, he can play a role as both the leader and the servant of his congregation. As the leader, he must be able to maintain the purity of the teaching of God to the congregation, including the teaching on tithing and offering. As the servant, he has the obligation to serve God by providing for the spiritual needs of the congregation. He understands that the measure used to judge his conduct is the Bible. The consequence for not obeying God is believed to be in the form of spiritual punishment from God, which is believed to be more devastating than man's punishment.

Given the above analysis, it is theorised that the level of value conflict between the congregation and the pastor of the local church will be low. This is because the congregational members, on one hand, realise that the tithe is simply a return and the offering is simply a voluntary giving to the God who is believed to be the owner of the

funds, then entrusts the use of the funds to the pastor of the local church for his livelihood. As a result, the pastor is not held accountable to congregational members but to God. The pastor of the local church, on the other hand, realises that as the employee of God, he owns a professional autonomy with regard to the administration and use of the funds. Therefore, an effort by any member of the congregation to question the use of the funds will be in conflict with his professional autonomy. This effort will be considered as a secularisation process.

The issue of a secularisation process is, however, not evident in the accountability dynamic of the tithe and offering funds. This is because the congregation, as the providers of funds, realises that the use of economic reason is not appropriate for the transfer of these funds. In other words, the congregation do not expect any economic or financial return from the pastor for the administration of these funds. The inappropriateness of the economic reason for these funds is based on the belief that the funds are given to God. If there will be a return, it will come from God, not from the pastor. Such a return is recognised as being 'blessings of God'. God, as the owner of the funds, then entrusts the funds to the pastor of the local church. Therefore, the pastor in relation to the use of these funds is held accountable not to the congregation, but to God. In short, the absence of the secularisation process in the accountability relationship for these funds is due to two reasons: first, the congregation transfers the funds without any economic expectation; and second, the congregation recognises and respects the professional autonomy of the pastor as the 'agent of God'. Hence, the stance of the pastor to account to God is not seen as rebellious behaviour. This dynamic, in turn, leads to the presence of a low level of value clash between the congregation and the pastor.

For the church reserve fund, the parties involved in the accountability relationship are the congregational members and the local church treasurer, who is a member of the congregation. Even though this fund possesses the characteristic of an offering fund to some extent, the purpose of the collection is not for the livelihood of the pastor, but mainly for the advancement of the local church. To administer the fund, a member of the local church council called the local church treasurer is then appointed.

Regarding the possibility of a value conflict between the providers of fund (congregation) and the administrator of fund (local church treasurer), it appears that the value conflict will theoretically be high if the purpose of collection for the fund alone is considered. Since the purpose of the collection of the fund is for financing the local church operational activities such as building, maintenance, and telephone bills, the congregation require a 'control system' for the administration of this fund. In this regard, the congregation expects some sort of economic reasons, such as efficiency and effectiveness, from the local church treasurer for the use of this fund. Imposing 'economic reason' on this fund is, however, contrary to the religious nature of the church reserve fund in which it has the characteristic of an offering. In this sense, the fund is a giving to God. Therefore, any effort to question the use of this fund will be regarded as undermining the sacred nature of the fund and, therefore, leads to a secularisation process.

The above analysis indicates that the church reserve fund possesses two contradictory characteristics as far as accountability is concerned. On one hand, financial accountability for the administration and use of the fund is required because the fund is collected mainly for financing the local church budget. Consequently, economic reasoning appears to be a logically appropriate condition for the congregation in transferring the fund. On the other hand, the nature of the fund, that is, a giving to

God, inhibits any effort to control the administration of the fund. As a consequence, imposing a financial accountability requirement for the administration and use of the fund will be regarded as a form of a secularisation process. Considering the consequence of the two conflicting characteristics of the accountability relationship, it is theorised that if the purpose of the collection of the fund is considered, the level of value conflict between the two parties will tend to be high. Besides, the local church treasurer is not in the position as an employee of God. However, if the nature of the fund is considered, the level of value conflict between the two parties will theoretically be low. Therefore, when these two characteristics are taken into account, there will be the possibility of value conflict between the two parties, but its level will be moderate because either of these characteristics can play a role as the moderating variable.

The condolence fund, as has been described in previous sections, is one of the local church fund systems, which was formed in response to the concern of the local church for community care. Therefore, the membership is not limited only to the congregational members of the local church. As well, the congregation of the local church do not automatically become members of the condolence fund, unless they register to be so by paying membership fees as well as a monthly contribution.

The above description of the condolence fund indicates that the members will, of course, put economic returns forward as the condition for the transfer of financial resources to the committee. The notions of compulsory and voluntary giving as in the other three systems of fund are absent in this fund. For this reason, from the viewpoint of the members, a control mechanism in the form of programme and performance reports is important for the administration of the fund. Because the formation of this fund is mainly based on the genuine consensus of the congregation, without any biblical ground, the notion of God is inappropriate for the accountability relationship for this

fund. Hence the committee do not have any sacred reason for justifying any rebellious behaviour, as noted in the actions of a pastor of the local church for the tithe and offering funds, for their accountability obligation to the members.

With regard to the potential value conflict, given the above dynamics of their relationship, it is theorised that the level of value conflict between members (providers of funds) and the committee of the fund (administrator of fund) will be high. The need for tight control by the members can indicate their suspicion that the fund may be used for interests other than those of the committee. To ensure that the fund is used properly, the committee takes appropriate action by frequently providing detailed programme and performance reports to the members.

After the analysis of the interplay of economic reason and professional autonomy in the financial accountability relationship at the local church level, the issue of the secularisation process and its impact upon the potential conflict of value between parties involved in the financial accountability relationship at the Central and Regional Board levels will be the concern of this section. To unite the Central and Regional Board funds into one category and discuss them concurrently is justified on the ground that the funds are collected simply for financing the organisational budget. In addition, both funds embrace the accountability relationship between members of organisational units in the PCI. The accountability at the NSRB level contains the relationship between the Sub-regional Boards and the NSRB. Similarly, at the Central Board level, the relationship involves the NSRB and the Central Board.

As noted in chapter Seven, all the incumbents of the Regional and Central Boards are pastors of local churches. Some of the incumbents are elected and others are appointed at a regional conference for the Regional Board and at a national conference for the Central Board. Considering this, it is apparent that at the same time these persons

play their roles as the employee of the organisation (the incumbents of the boards), and the employee of God (the pastors of local churches). This dual role, if not dichotomised, can be a potential factor driving the issue of a secularisation process in their accountability relationships.

It is also noted in section 9.2 that the Sub-regional Boards are required to transfer ninety percent of their income to the NSRB. Similarly, the NSRB and other Regional Boards are required to transfer twenty five percent of their income to the Central Board. These transfers constituted the majority of the income of the boards. Even though these transfers have no biblical bases, both Regional and Central Boards consider these as the tithes. The tithes of the Sub-regional Boards are transferred to the NSRB and the tithes of the Regional Boards to the Central Board. For accounting purposes, these transfers are then recorded as the 'tithes'.

The implication of the above factors: professional background of the incumbents and the use of the term 'tithes' for the transfers, to the dynamics of the Regional and Central Boards' financial accountability is the revelation of the sanctification process of the nature of the transfer. This process occurs when the boards' members are acting as receivers rather than as givers in the accountability relationship. In the position of receivers there has been a tendency for the incumbents to act as a 'pastor' rather than as an organisational officer in undertaking organisational duties, including financial matters. This was indicated by their 'rebellious behaviour' against the requirements of the church constitution and financial auditing board with regard to their obligation for an appropriate administration of the boards' funds. Both the NSRB and Central Board, in most cases, did not comply with the rules set by the regulation of the institution. They were, instead, consistent with their own set of rules. This evidence indicates that in undertaking their organisational job, the incumbents positioned themselves more as the

employees of God rather than the employees of the organisation. Their administrative culture of pastors in the local churches was apparently influenced by the way they dealt with the organisational administration. This can be regarded as the imposition of professional autonomy, as pastors of local churches, into the organisational spheres where it was not appropriate.

The stance is, however, in contrast when the same people, incumbents of the boards, are in the position of the givers in the accountability relationship. As providers of funds, they considered the transfer as just the fulfilment of organisational commitment to the higher organisational units required by the church constitution and the incumbents are just ordinary organisational officials. Consequently, an ordinary accountability relationship, which recognises the presence of 'economic reason', with regard to the transfer of the funds is required.

The sanctification process of the nature of the transfer and the imposition of professional autonomy are aspects that can influence the potential value conflict between the parties involved in the accountability relationships. The value clash can emerge in a situation where the recipients sanctify the transfer as 'tithes' and simultaneously impose their professional autonomy in the administration of the funds transferred. The value clash is unavoidable since in the view of the providers, the transfer does not share the characteristics of the tithes, as believed by the congregation in the local church, and at the same time, the recipients are just organisational officers who have no Godly authority. Given these factors, it is theorised that a high potential of value conflict will be the result of the accountability dynamics for the funds in both the NSRB and the Central Board. This is simply because, on one hand, the recipients will consider that an effort to question the administration of the funds is a perceived danger of the secularisation process, and on the other hand, the providers believe that the

recipients are not in position as employees of God and the transfers share no characteristics of the 'tithes'.

9.7. Theoretical Explanations to the Accountability and Accounting in the Church

In the previous sections, a variety of aspects affecting the accountability relationship between the parties involved in the administration of the church funds have been analysed. It has been demonstrated that the significance of accounting information, and then, accounting practices, is dependent on many factors underlining the processes of fund administration in the church. The use of the accountability model depicted in figure 9.1 to analyse the significance of accounting practices in the administration of the church funds has provided some explanations in this regard.

In order to support the results offered by the model analysis, more explanations of the factors affecting the accountability relationship and the impact of this relationship on accounting practices need to be elaborated. From the analysis undertaken in previous sections, it has been identified that the significance of accounting practices differs from one fund to another depending on a number of factors. Such factors are identified as

- the reference for the formation of fund;
- the involvement of God;
- the reasons for collecting the fund;
- the purposes of using the fund; and
- the administrator of the fund.

It has been revealed in the previous discussion that the references used as the foundation for establishing any variant of a fund in the church might affect the accountability process as well as the significance of accounting for the administration of that particular fund. For the case of funds in the PCI, the reference for their formation

can be categorised into two main sources: Biblical or non-Biblical. For the funds that have Biblical reference, the process of accountability and administration tend to be exclusive in the sense that the administrator of the funds can avoid his/her accountability for the administration of such funds to the fund providers (congregation). This avoidance has been justified on the ground that he/she is not the employee of the congregation or the church organisation. The administrator of these funds is normally the pastor of a local church. His/her reason for not being held accountable to the congregation has been mainly because the funds are given by the congregation to God as their expression of obedience and are to be used only for supporting the livelihood of the pastor. The pastor, instead, claims that he/she is only held accountable to the so-called 'higher principal' for his/her conduct. This higher principal is simply known as God. Because the nature of God is omniscient, there is no reason for the administrator to provide any documents with regard to his/her accountability requirement. For this reason, accounting information has no room in the administration of these funds. In other words, accounting practices play no role in this accountability relationship.

Among the six systems of fund discussed in this study, two of them possess the characteristics of this Biblical-based fund. These funds are the tithe and the offering funds. Both of them are funds that are collected from the congregational members. These systems of funds have been formed in accordance with the order of the Bible and are believed to be an act of giving to God via the pastor of the local church. The pastor of the local church is believed to have an absolute authority upon the administration of these funds. The pastor also does not have any obligation to provide a report to the congregational members concerning the use of these funds. The pastor, instead, claims that his obligation is to God. Given this, it is likely that the form of account that the

pastor may provide for his accountability purposes, if any, is communal in nature and the reporting will be in an ex-post form.

The second category includes the funds of the church that are formed without any Biblical reference. Because the formation of these funds has no Biblical reference, the notion of 'higher principal' is, therefore, not recognised in the accountability process of the funds. Therefore, the nature of the accountability relationship will have no difference from that of the ordinary accountability relationship. The administrator of these funds can be a committee or an incumbent in the church organisation. The funds can also be generated from congregational members or as a transfer from another organisational unit. The reason for the provision or transfer of these funds is mainly for financing the needs of the members or the church organisation. In this case, the relationship between the providers of funds and the administrator of funds is basically regarded as a pure principal-agent relationship. Consequently, the administrator of funds will have the obligation to provide an account to the providers of funds as his/her accountability duty. Because financial reports can be one of the reports provided by the administrator to the fund providers, accounting practices play an important role in this accountability relationship.

Among the six systems of fund discussed in this study, three possess the characteristics of the non-Biblical-based fund. These are the Central Board fund, the NSRB fund and the condolence fund at the local church. The first two are funds transferred between two organisation units that are from the lower to the upper units of the church organisation. The condolence fund is, however, a kind of a benevolent fund collected from its members who are also congregational members of the local church. While the Central Board and NSRB funds are used for the activities of the organisation, the condolence fund is used for the benefit of its members. It seems that the notion of

religious belief does not play any role in the accountability process for these funds. Given this, in the case of the accountability relationship, it is likely that the providers of funds will require a more contractual basis of account and a kind of ex-ante form of reporting from the administrators of these funds.

It appears that one of the funds, the church reserve, could not be categorised into any of the above categories. This is because this fund possesses the property of the two categories simultaneously. On one hand, the fund is collected according to the consensus of the congregational members; on the other hand, its formation owns a Biblical nature. Nevertheless, because this fund is administered by a local church treasurer and used mainly for the advancement of the local church, the notion of 'higher principal' is not recognised in the accountability relationship for this fund. This is because the variable of higher principal is only applicable in the accountability relationship where the pastor of the local church acts as the administrator as well as user of the fund. In terms of giving, however, the congregational members may think that it is their giving to God. For this reason, therefore, the expectation of financial accountability for the administration of this fund will not be as strong as that required of the funds belonging to the second category above. The consequence of this regarding the form of account and the form of reporting is that the form of account will tend to be less contractual and the form of reporting will tend to be ex-ante. This means that a financial report is still necessary even though the requirements on the periodicity and quality of the report will not be very strong. For this reason, accounting practices still have a role in the administration of the church reserve.

In order to simplify the above analysis, a summary of this theoretical analysis is presented in a tabular form. This summary can be seen in figure 9.4. This figure shows how some underlying factors of the administration of the six funds of the church

implicate the accountability dynamics of the funds. This accountability dynamics, in turn, brings in an identifiable impact on the needs of accounting information as well as accounting practices for the administration of each fund. It is concluded that the significance of accounting in the administration of the church funds is determined by the nature of the accountability relationship inherent in each fund. Some underlying factors shaping the nature of these accountability relationships are identified as references or bases of the fund formation, involvement of the higher principal, reasons for collecting the fund, purposes for using the fund, and the administrators of the fund.

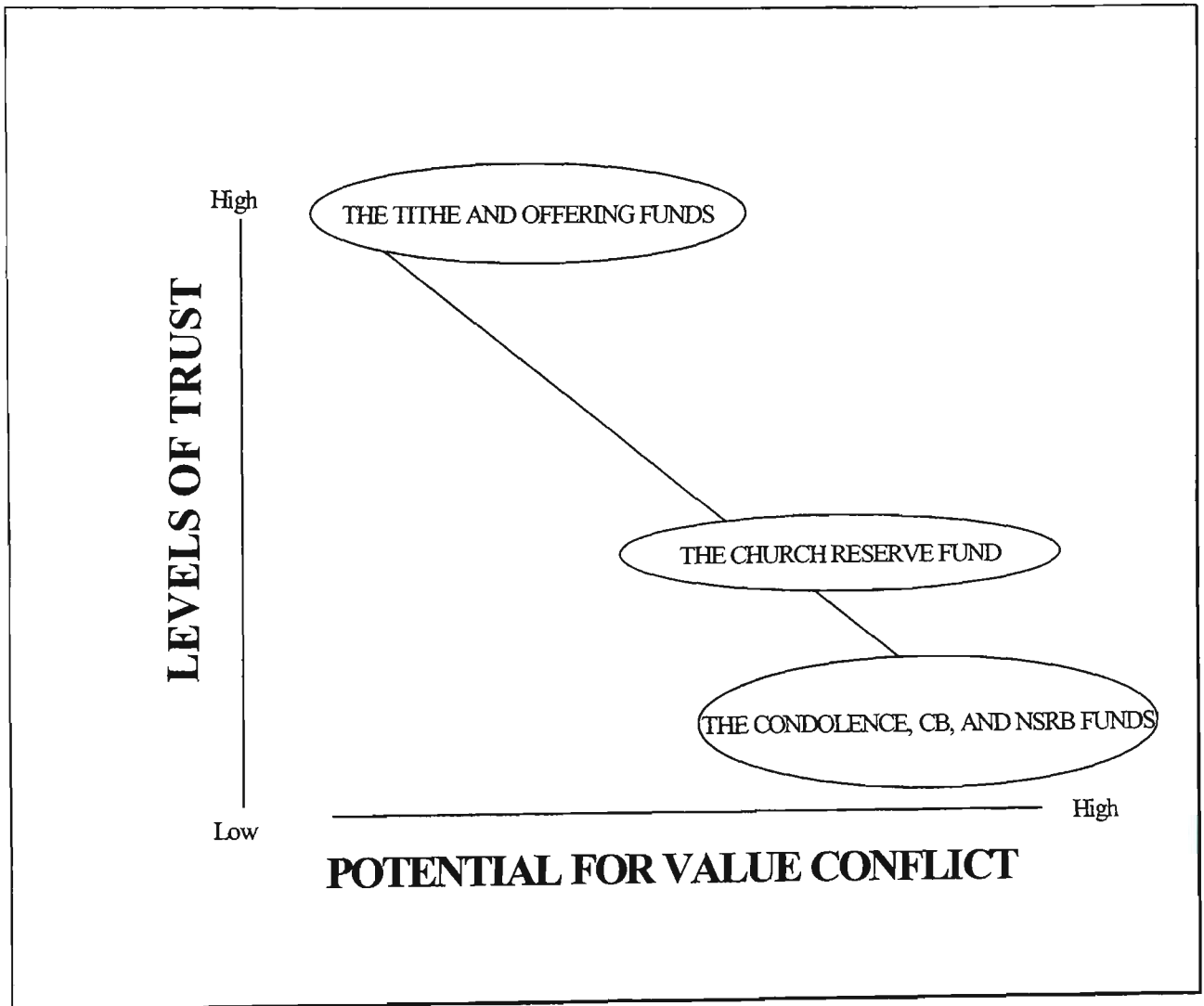
Given the above explanation, it is concluded that the form of account and the form of reporting for each fund can be positioned at any point along the diagonal line of the model. This means that the form of account expected from the administration of each fund varies from a communal to a contractual one. Similarly, the form of reporting expected from the administration of each fund will also vary from an ex-post to an ex-ante form of reporting. The implication of the theoretical explanations upon the model of accountability can be seen in figure 9.5.

SYSTEMS OF FUNDS						
	LOCAL CHURCH FUNDS			CONDOLENCE	CB FUND	NSRB FUND
	TITHES	OFFERINGS	CHURCH RESERVE			
Reference for formation	The Bible	The Bible	The Bible	Non-Bible	Non-Bible	Non-Bible
Involvement of higher principal	Yes	Yes	No	No	No	No
Reason for collecting	Ordered by the Bible	Ordered by the Bible	Organisational consensus	Organisational consensus	Ordered by church constitution	Ordered by church constitution
Purpose of using	To support the livelihood of the local church's pastor	To support the livelihood of the local church's pastor and his outward ministries	To support the local church advancement	To help members in need	To support organisational needs	To support organisational needs
Administrators of fund	Local church's pastor	Local church's pastor	Local church treasurer	Committee of Condolence Fund	CB treasurer	NSRB treasurer
Forms of account	Communal	Communal	Less Contractual	Contractual	Contractual	Contractual
Forms of reporting	Ex-post	Ex-post	Ex-ante	Ex-ante	Ex-ante	Ex-ante
Role of accounting information	None	None	Important enough	Important	Important	Important
Role of accounting practices	None	None	Important enough	Important	Important	Important

Figure 9.4. Summary of the Theoretical Explanations to the Accountability and Accounting Practices in the PCI

Figure 9.5

Relative Positions of the Form of Reporting and Form of Account of the Funds within the Model of Accountability



CHAPTER TEN

CONCLUSION

10.1. Introduction

This chapter draws the conclusions of the study. The main findings of this study will be presented in the first section. This will then be followed respectively by the discussions of the implications of the findings on the practices of accountability and accounting in the researched units; the limitations and the possibility of future research; and the major concluding remarks of the study.

10.2. The Findings of the Study

As the study is concerned with the practice of accountability and accounting in a church organisation, the findings discussed in this section are aimed to provide responses to the research questions raised in Chapter Two. The followings are the main findings of this study.

First, the researched units: the Central Board, the NSRB and the Local Church of Bahu, have a number of financial systems. Overall, there are six financial systems at these units of organisation, four of which are in the Local Church of Bahu. The Central Board and the NSRB have one financial system each. The four financial systems of the Local Church are called the tithe fund, the offering fund, the church reserve, and the condolence fund. The financial system at the Central Board is called the Central Board fund and the financial system at the NSRB is called the North Sulawesi Regional Board fund.

Secondly, Local Churches are the main source of income for both the Central Board and the NSRB. This is because the PCI's constitution requires pastors of Local Churches to remit ten percent of their income to regional boards. Regional boards are then required to surrender twenty-five percent of their income to the Central Board. Since the relationship between the NSRB and local churches is mediated by a number of Sub-regional Boards, the amount received by the NSRB from pastors of local churches is no longer ten percent of the tithe and offering, as required by the constitution, but only 90% of that amount. This is because the other 10%, according to the financial policy of the NSRB, is to be given to the Sub-regional Boards. The funds at the local churches are collected mainly from the giving of the congregation. In the Local Church of Bahu, this giving is divided into three main categories, namely the tithe, the offering, and the church reserve funds. Another fund called the condolence fund is collected from the members of the condolence fund. Figure 10.1 depicts the flow of income within the researched organisation.

Thirdly, the funds of the Central Board and the NSRB are used to finance the organisational activities of these boards. The boards' activities can be divided into two main courses called programmed and non-programmed. The expenditure of the Central Board is grouped into four major categories namely, operational expenses (e.g. administration, transport and accommodation of board's incumbents); education (e.g. fees for teachers at the Bible College and support for Bible College development); donations; and others (e.g. conferences, seminars, and publications). A similar grouping also applies to the outlay of the NSRB, except educational expenses. In addition to the above outlay, the NSRB must render twenty five percent of its income to the Central Board. In fact, this is the major expenditure item of the NSRB.

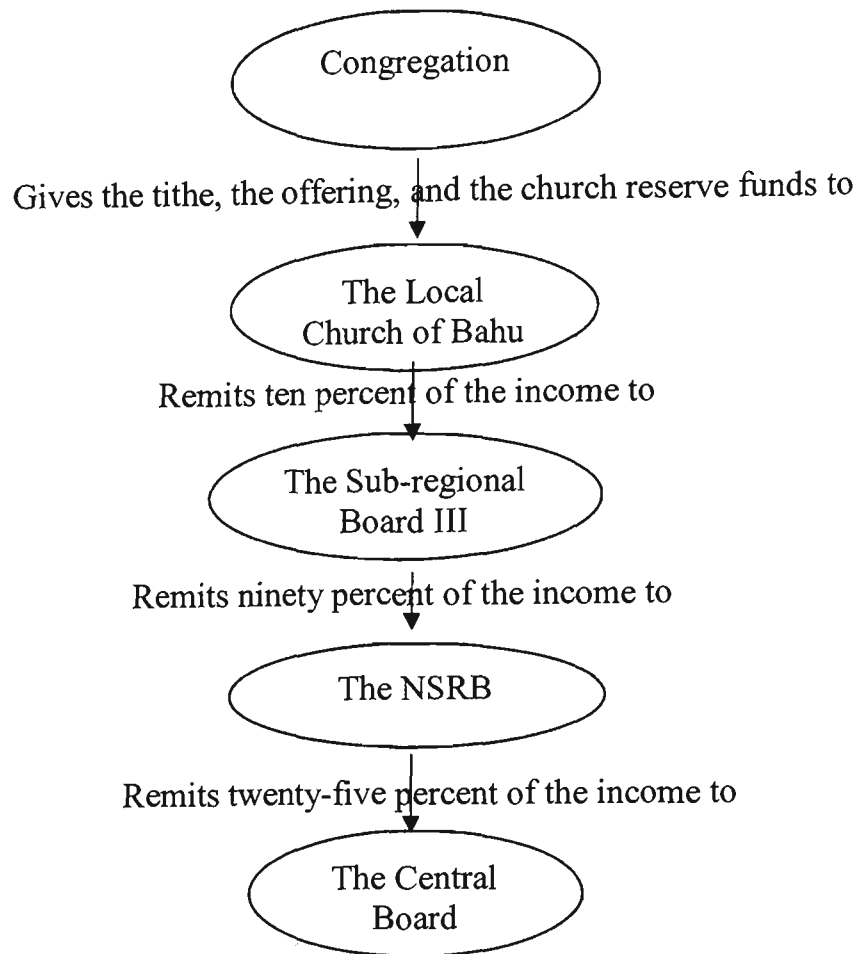


Figure 10.1 The flow of income in the researched units of the PCI

Fourthly, the four types of funds in the Local Church of Bahu are collected for different purposes. The tithe, which constitutes the major portion of income of the Local Church, is collected in order to fulfill the order of the religious belief of the church. In other words, the payment of the tithe is regarded as the implementation of one of the financial commands stipulated in the theology of the PCI. According to the belief system of the PCI, paying the tithe is obligatory to members of the church. This payment is a return to God for what has already been God's. The purpose of collecting this fund is for the livelihood of pastor of Local Church. The pastor, according to the church's theology, has the authority to use this fund and he/she has no obligation to account to the congregation or any other parties for the use of this fund.

The offering, the second main source of income for the Local Church, has also a particular reference to the Bible. The purpose of the collection of this fund is also in order to support the financial needs of the pastor. The offering is different from the tithe on the ground that whereas the payment of the tithe is obligatory, the giving of the offering is voluntary for congregation. They also differ in their purpose of use. Whereas the tithe fund is used only for the livelihood of the pastor, the offering fund can be used for other purposes such as charity, donations and for the maintenance of the Local Church sanctuary. Similar to that of the tithe, the pastor also controls the administration of the offering fund. The pastor also has no obligation to account to the congregation for the use of this fund. The main Biblical reason for an absolute right of the pastor to control the tithe and offering funds is because the pastor is believed to be the employee of God. He became pastor because he received the divine call of God.

The church reserve fund, even though it possesses the nature of offering fund and is established with a particular reference to the Bible, is collected simply for financing the maintenance and advancement of the Local Church sanctuary. For this reason, the administration of this fund is carried out by a Local Church treasurer rather than by the pastor of the Local Church. In other words, the purpose of collecting it is in order for the Local Church to have funds to finance the Local Church's activities. For this reason, the administration of this fund is entrusted to a member of the Local Church Council called the Local Church Treasurer. The Local Church Treasurer is not considered to be the employee of God, and consequently she is held accountable to the congregation for the administration of the fund.

Finally, the formation of the condolence fund is based on the concern of a number of the Local Church's members on the importance of the church to deal with social matters. The main purpose is the provision of financial support to its members

mourning over the death of a member of their family. To benefit from this fund, a congregation member is required to apply for membership. The members of congregation are, therefore, not automatically members of the condolence fund. Because this fund has the nature of a benevolent fund, its administration needs to be carried out in a more formal and professional way. For this purpose, the Local Church forms a committee called the 'committee for the condolence fund'. This committee has to account to the members of the condolence fund as well as to congregation for the administration of this fund.

10.3. The Implications of the Findings to the Practices of Accounting in the Church

The implications of the findings on the practices of accounting in the church can be understood by analysing the accountability, particularly the financial accountability mechanism that prevails in the church. The analysis is based on a model of accountability that recognises the relationship between the providers of the funds (the congregation or the pastor of the Local Church or the NSRB) and the recipients of the funds (the pastor of Local Church or the Local Church treasurer or the NSRB or the CB). In addition to these two parties, a third party, known as the higher principal (God), is also present in the accountability relationship, particularly, at the Local Church level. The implications of such findings on accounting practices in the PCI are as follows:

First, for the Central Board fund, the NSRB is the provider, whereas the Central Board is the recipient. This is because Regional Boards are the main financial providers of funds to the Central Board. Without the financial support of Regional Boards, it would be difficult for the Central Board to finance its operation and to survive. Table 8.15 indicates the significant role of regional boards in supporting the financial needs of

the Central Board. As the provider of funds, the NSRB, together with other regional boards, has the right to know how the Central Board manages these funds. Given this, financially, the Central Board is held accountable to the NSRB for the use of the funds. This financial accountability mechanism is the implementation of subsection 13:21.1 of the constitution stipulating that "the treasurer of the Central Board must provide financial reports to regional boards regularly, at least once in six months".

Using the accountability model developed in chapter Six, it is concluded that the NSRB expects a contractual form of account and an ex-ante form of reporting from the Central Board for the financial accountability purposes. Theoretically, this is due to the low trust and high conflict of value between the two parties with regard to the administration of the funds. This theoretical argument is indicated by the requirement of the church constitution for the Central Board to provide a regular financial report to regional boards. This can be regarded as a type of performance accountability in the light of the model of accountability used in this study.

In addition to this, the requirement of the church constitution for the Central Board to prepare an annual income and expenditure budget indicates that the Central Board also needs to provide a programme account to the NSRB. As a consequence, this financial accountability dynamic is, of course, in favour of a better quality of financial information and, therefore, rationalises the use of accounting techniques and methods in preparing the information.

Second, for the NSRB fund, the sub-regional boards act as the principals and the NSRB is the agent in their accountability relationship. The sub-regional boards are the principals because they provide most of the income of the NSRB. Without these financial supports, it is very unlikely that the NSRB is able to finance its operation. Thus, the survival of the NSRB is very much dependent on the transfers of the sub-

regional boards. Similar to the Central Board, section 13:25 of the church constitution requires that the regional boards should provide a financial report regularly, at least once in four months, to Local Churches. Because sub-regional boards mediate the relationship between the NSRB and Local Churches, the NSRB needs to account to the sub-regional boards for the administration of the fund. In addition to the financial report, the church constitution also requires the NSRB to prepare an annual income and expenditure budget.

Using the accountability model introduced in Chapter Six, it is concluded that the financial accountability relationship between the NSRB and the sub-regional board III Malalayang is marked by the presence of a contractual form of account and an ex-ante form of reporting. This is because, theoretically, a low level of trust and a high level of value conflict will regulate their financial accountability relationship. Because financial report and budget play an important role in this financial accountability dynamic, accounting techniques and methods are, therefore, needed for the preparation and presentation of the budget and financial report of the NSRB. Similar to the administration of the Central Board funds, both performance and programme accounts are evident in this accountability dynamic. The need for a financial report and a budget as means of accountability in an organisation is often driven by an assumption that one of the functions of the financial report and budget is simply to facilitate control for the organisation. Such a control system is necessary due to the lack of trust as well as the high value conflict between the parties involved. For the effectiveness of such a control, accounting methods and techniques are necessary. This claim has been supported by the finding that accounting methods and techniques were used for the preparation of the NSRB financial report.

Thirdly, the main reason underlying the formation of the tithe fund in the Local Church is basically religious and Biblical. In other words, the collection and use of this fund is for fulfilling the order of the Bible. According to the religious belief system of the church, the tithe fund is collected and given to the pastor of the Local Church for his livelihood. The pastor then has absolute freedom for and authority over the use of the fund. The congregation, on the other hand, has no right whatsoever to control and even to question the administration of this fund. Consequently, the notion of financial misuse is not applicable. The congregation believes that the tithe fund is given to the Lord. Because the pastor is believed to be the employee of God, the right to keep as well as to use the money becomes the privilege of the pastor on God's behalf. It is believed that any misuse of the tithe fund becomes the responsibility of the pastor to God, who is believed to be the master of the pastor. Consequently, the congregation relies on the principles of blessing and cursing, as discussed in section 8.3, for their judgment on the use of the fund. This substance of belief system, theoretically, affects the level of trust and the level of conflict of value between the congregation and the Local Church pastor. This religious belief tends to lead the two parties into a relationship where a high level of trust and a low level of conflict of value predominate.

The consequence of the involvement of a belief system in the accountability dynamic of the fund at the Local Church, especially for the accountability of the tithe fund, is the revelation of a tripartite accountability relationship. In addition to congregation and the pastor, there is a third party, God (higher principal) in the financial accountability relationship for the tithe fund. As the employee of God, the pastor is not required to account to the congregation but to God. This includes accountability for financial matters. In this respect, God, as the higher principal, is believed to be omniscient. Therefore, a sort of probity accountability may emerge as a result of this

accountability dynamic. The probity accountability could be in a form of an account confirming that the tithe funds have been used in an appropriate manner. Appropriate, in this sense, according to Laughlin “is usually loosely defined and related to legally acceptable pursuits rather than in terms of definable actions and activities’ (1996, pp. 227-228)

Similar to that of the tithe, the formation of the offering fund is based on the order of the religious belief system of the church. The purpose of its collection and use is also for the livelihood of the pastor. The offering and the tithe differ only on the ground that the former can be used for other religious purposes in addition to the livelihood of the pastor, whereas the latter is used only for the livelihood of the pastor. Similarly, the pastor is not required to account to the congregation for the administration of this fund. Rather he is to account to God.

The implication of this accountability dynamic to the accountability relationship of the offering fund is the recognition of the higher principal in the model of the financial accountability. Like the tithe fund, with the intervention of the church belief system, there seems to be a high level of trust and a low level of conflict of value between the congregation and the pastor in their accountability relationship regarding the administration of this fund. Similar to the tithe fund, a sort of probity account may appear in this accountability dynamic. As a consequence, the importance of accounting in this accountability model will be very minimal or even unrecognisable. In other words, a financial report plays no role in the accountability mechanism of the offering fund. This allegation is supported by the absence of accounting practices and, in turn, financial accountability for the administration of the offering funds in the Local Church.

With regard to the church reserve fund, even though the purpose of its collection has a reference to the belief system of the church, the use of it is not for the livelihood

of the pastor but for financing the maintenance and advancement of the Local Church sanctuary. Therefore, the administration of this fund was not performed by the pastor but by the Local Church Treasurer. In undertaking this job, the Local Church Treasurer is not seen as the employee of God. For this reason, the treasurer needs to account to the congregation for the administration of this fund.

The consequence of this accountability dynamic to the financial accountability relationship for the church reserve is the absence of the role of the higher principal in the model. Instead, an ordinary two-party relationship is in place. Due to the absence of the role of the higher principal, it is theorised that a low level of trust and a high level of value conflict will mark the accountability relationship between these two parties. However, because the creation of this reserve fund relates to a Biblical order, stressing that the money is to be given to the Lord, the tension, which has resulted from the low level of trust and high level of value conflict, is moderated to some extent.

Since the Local Church Treasurer is required by the Local Church's regulation to account to the congregation for the administration of this fund, a financial report was then necessary to discharge this accountability. As a consequence, in order for the Local Church Treasurer to prepare and present the financial report, she needs to use some accounting methods and techniques. However, given the Biblical nature of the church reserve fund, that is the money was given to God, the level of expectation from the congregation concerning the quality and complexity of the financial report for this fund decreased. With regard to the type of account, a process account would emerge as a result of this accountability dynamic. The content of this account can be the detail of the process followed by the treasurer in administering this fund. This was supported by the finding that there was a low level of compliance from the Local Church treasurer to the reporting requirement, especially with regard to the quality of the financial report and

the schedule for reporting. The congregation, as a matter of fact, considered this to be a normal practice. The format and presentation of the financial record of the fund provided by the Local Church treasurer shown in table 8.7 indicated this phenomena.

The condolence fund was the only fund system of the Local Church that was created without any reference to the religious belief system of the church. Even though the basic idea underlying the formation of this fund is the concern of the Local Church's members toward compassion, the principles ruling the collection and use of the fund are, in fact, to achieve a purpose. This is because those entitled to benefits from this fund are required to become members. To be a member, everyone is required to pay a membership fee as well as a monthly contribution. It is also stressed that the entitlement would cease if the monthly fee were not paid. Therefore, it is basically not a giving, but rather a purposeful contribution of those who want to be members of the fund. Given these characteristics, this fund can be seen as a type of benevolent fund. For administering this fund, a committee called committee for the condolence fund was formed

For the purpose of accountability, the committee of the condolence fund is required to provide an account, including a financial account for its members on the administration of the fund. Similar to the church reserve fund, the accountability relationship for the condolence fund do not recognise the involvement of the higher principal in the accountability dynamic. It is an ordinary two-party accountability relationship. Due to the purposeful nature of the formation of this fund, there is a tension between the two parties regarding the administration of the fund. It is theorised that there will be a low trust and high conflict of value between the two parties as far as their accountability relationship is concerned. This tension will encourage the committee to provide an account more often as well as to give more details to the

members. By doing so, the committee can assure the members that the fund has been properly used. With regard to the type of account, the process, programme, as well as the performance accounts would emerge as the results of this accountability dynamic. This is indicated by the effort of the committee to provide detailed reports, such as programme, membership and financial reports, on a bi-monthly basis. For some reasons, the committee even had provided the report on a monthly basis. Table 8.8 provides information on this matter.

In relation to the practice of accounting, because the members require the committee to provide detailed financial report on the administration of this fund, accounting methods and techniques play an important role in the process of the preparation and presentation of the report. This is supported by the finding that the committee utilised accounting techniques for the preparation of the financial report. Table 8.8 indicates the role of accounting in the preparation of the committee's report.

The notion of the secularisation process is not evident in the financial accountability dynamics for the tithe and offering funds at the Local Church. This is because the potential clash between the 'economic reason' of congregation and the 'professional autonomy' of the pastor of the Local Church is avoidable. The religious belief system of the church, which emphasises that the funds are given to God and God authorises the pastor to use them, is found to be the resolution to this potential value conflict. For the church reserve fund, the issue of the secularisation process emerges when the congregation imposes an economic reason on their giving to the Local Church Treasurer. This imposition can be regarded as in conflict with the nature of the church reserve fund, which is a giving to God. However, from the viewpoint of the congregation, financial accountability is necessary for the administration of this fund because the Local Church Treasurer is not the 'employee of God'. For the condolence

fund, the notion of secularisation process is absent because of the absence of the element of God in the financial accountability dynamics of this fund. Therefore, potential value clash between the members of the condolence fund and the committee may be present. A 'rebellious' behaviour, if any, of the committee could not be justified because there is no religious support to this action. In other words, the committee is not in the position of employees of God. In addition to this, the church reserve fund is not a giving to God.

In the financial accountability dynamics of both the Central and Regional Boards' funds, the notion of the secularisation process is present due to the dual role of the incumbents of the boards when they are acting as agents in the accountability relationship. In spite of being the incumbents of the boards, they are also pastors of Local Churches. The consequence of this to the financial accountability relationship is that they may act as the employees of the organisation as well as the employees of God at the same time. The notion of secularisation process emerges in a situation when the incumbents of the boards, as agents, act like the employees of God in their accountability relationship. In these circumstances, they would argue that they possess the authority of God in the administration and use of the boards' funds. Therefore, any effort to introduce economic reason to the financial accountability relationship would undermine the authority of the higher principal, and therefore, lead to the danger of a secularisation process. From the viewpoint of the Regional Boards or Sub-regional Boards, however, the transfer of the funds has no religious ground and the incumbents of the boards are only the employees of the organisation. Therefore, the transfer of the funds is conditioned by an economic expectation from the principals. Given this, the potential value clash between the two parties is likely to occur. Thus, the issue of a

secularisation process has potential to emerge in the financial accountability relationship of the Central and Regional Boards' funds.

10.4. The Limitations and Directions for Future Research

Because the nature of this study is interpretive, it is possible that other independent researchers using a similar construct and data would discover or generate different results from that of this study. This is because interpretation connotes subjectivity. Personal, educational, cultural, and knowledge backgrounds of researchers, with regard to the issues of concern, will play a major role in the process of analysis, and in turn, in the generation of results of such studies. Due to the interpretive nature, the replicability of the results of this study, or simply its reliability, both internal and external, becomes the limitation of this study.

Some directions for future research could be carried out in the Regional and Central Boards of the PCI. There are at least two interesting accounting issues to be explored in these sites. The first is to explore the extent to which accounting can play a role in the budgeting process of the central and regional boards. The second is to investigate the effectiveness of the implementation of the integrated accounting system proposed by the financial auditing board in the central and regional board-related institutions.

10.5. Major Concluding Remarks

Based on the findings and theoretical conclusions in sections 10.2 and 10.3, some major concluding remarks of this study can be drawn as follows:

The financial accountability dynamics of the funds in the researched units of the PCI are influenced, to some degree, by organisational principles as well as the religious

belief system of the church. The influence of culture is, however, inconclusive due to the absence of a unified, discernable Indonesian national culture. Consequently, these dynamics affect the role of accounting as well as accounting practices in the organisation.

The financial accountability dynamics for the funds in both Central and North Sulawesi Regional Boards are mainly regulated by organisational principle. In this circumstance, the role of belief system (sacred) is not recognised and, therefore, has no role to play. This is indicated by the primacy of the church constitution and other organisational codes in regulating the practice of financial accountability for the boards' funds. However, it was noted that the members of these boards tended to believe a sacred role when they failed to observe the PCI constitution in relation to financial reports.

Both the organisational principles and the religious belief system of the church regulate the dynamics of financial accountability for funds of the Local Church of Bahu. For the tithe and offering funds, the financial accountability mechanism is regulated mainly by Biblical principles. Therefore, the role of the belief systems is very dominant in the administration of these funds. For the church reserve fund, the financial accountability mechanism is regulated by a combination of both Biblical and organisational principles. For the condolence fund, the financial accountability mechanism is simply regulated by organisational principles.

The significant role of accounting is evident in the administration of the Central Board, the NSRB, and the Condolence funds. This is because the forms of account expected from the administration of these funds tend to be contractual and the forms of reporting are basically ex-ante. For the administration of the church reserve fund, the role of accounting is less significant compared to the above three funds. This is due to

the combination of a less contractual nature of the form of account and the ex-ante nature of the form of reporting expected from the administration of the church reserve fund. For the tithe and offering funds, the role of accounting is not evident. This lack of accounting practice is due to the purely communal nature of the form of account and the ex-post nature of the form of reporting expected from the administration of these funds.

The evidence of poor accounting systems and practices, especially in the Local Church level, is due to the perceived role of belief system in the process of giving and using of these funds. This is particularly evident in the administration of the tithe and offering funds. Thus, when the notion of God is involved in the financial accountability mechanism, the role of an accounting system in processing and preparing accounting information becomes unnecessary. Two main theological reasons underlying these phenomena are first, the money is simply a giving to God via the pastor of Local Church. As a giving, the congregation has no ground to require financial reports regarding the administration of the funds from the pastor. It is believed that once the money has been delivered, the ownership of that money has been transferred to God via the pastor of Local Church. Secondly, God to whom the money is dedicated is omniscient in nature. Therefore, God does not rely on any system of information in acquiring information for accountability purposes. Consequently, accounting systems and practices play no role in this accountability dynamics. Although it is to be noted that pastors reported keeping a record of the tithe for their own purposes.

In the light of sacred-secular divide concept, this finding indicates that when belief systems (sacred) regulates the mechanism in a financial accountability relationship, accounting systems and practices (secular) are losing their importance. This finding, to some extent, is in line with that of Laughlin (1988) in his study of accounting in the Church of England. It was also evident that the pastor of the Local

Church, representing the sacred occupational group, constantly advances the primacy of sacred function and, therefore, undermines the role of accounting in the administration of these funds. This finding supports the finding of Booth (1995).

Accounting systems and practices discover their importance in the Local Church only when the involvement of belief system is minimal or absent in the financial accountability relationship. This is particularly evident in the administration of the Church Reserve and the Condolence funds. Both the Local Church Treasurer and the Committee of the Condolence Fund are not regarded as employees of God and, therefore, have no characteristics of a sacred occupational group. They are merely seen as the employees of organisation. Based on this, the congregation and the members of condolence funds believe that both the treasurer and the committee are to be held accountable for the administration of these funds. In response to this demand, both parties involved in the accountability relationship agree that accounting systems are important in the administration of the church reserve and condolence funds. The same condition also applies to the financial accountability dynamics of the NSRB and the Central Board's funds.

The concept of 'rebellious agent', as discussed in section 6.7.2, is irrelevant for the financial accountability of the tithe and offering funds. It is because the congregation accepts and acknowledges the privilege of God as the one who has the right and authority to evaluate the account of the pastor. Given this, the congregation realises that the professional autonomy of the pastor must also be honoured. Consequently, the congregation did not put any economic reason forward as a condition for the transfer of the tithe and offering funds. The conflict between economic reason and 'made-up' professional autonomy appears in the accountability relationships at NSRB and Central Board levels. This conflict has led to the revelation of the

'secularisation process'. This is because the incumbents of the NSRB and the Central Boards, who were also at the same time pastors of Local Churches, acted as if they are employees of God in administering the funds. On the other hand, the Regional Boards or the Sub-regional Boards or the pastors of Local Churches, as the providers of funds, regarded the transfer as having no religious ground. This reasoning, in turn, implicated the accountability dynamics as well as the role of accounting in the administration of these funds in which the form of account tends to be contractual and the role of accounting to be more significant.

It is also concluded that the accounts expected from the administration of the church varied and may range from a contractual to a communal account. This variation is determined by a number of factors characterising the nature of each fund, such as:

1. the reference for the formation of the fund systems;
2. the level of involvement of God in the accountability relationship of the funds;
3. the reasons for the collection of the funds;
4. the purpose of use of the funds; and
5. the status of the administrator of the funds.

Given this, it is concluded that the financial accountability mechanisms for the funds in the PCI are numerous, even within one unit of the organisation. This finding supports the finding of Laughlin (1990) at the Church of England, who argues, "the financial accountability practices of the Church of England do provide a demonstration of a number of different practices in one institution" (p. 111). With regard to the form of accountability and the form of reporting, it is found that the form of accountability for the funds varied and range from a communal to a contractual accountability and the form of reporting varies and ranges from an ex post to an ex ante reporting. This finding, however, is in contrast to the study of Laughlin (1990, 1996) who found that

“...expectations that attach to the transfer of resources are very ill-defined for all ‘principals’. Accountability is ‘communal’, and reporting is ex post and devoted only to issues concerning probity and legality” (Laughlin, 1996, p.235).

With regard to the issue of western and non-western and mainstream and non-mainstream church, it is found that the role of Indonesian national culture in the financial accountability relationship and accounting practices of the PCI is inconclusive. It is because Indonesians, as a nation, are made up of hundreds of ethnic groups with distinct local cultures. Even though the Javanese represents the majority of the population, it does not necessarily mean that the Javanese culture represents the national culture of Indonesia. From the review of literature on Indonesian culture it was found that all of the studies in this area were only focused on issues in a local rather than the national culture. The PCI is a national organisation and includes many of Indonesia’s ethnic groups.

With regard to the cultural element, there are two common cultural characteristics shared by members of the PCI; obedience and receptivity. From observation in the field, it was noted that members of the PCI tend to be more obedient to their leaders as well as more receptive to the teaching delivered by their leaders. Whether these cultural characteristics were influenced by the "national culture" or by the church's belief system is remains unclear.

If these cultural characteristics reflect the "national culture of Indonesia", it can be concluded that Indonesians, as a non-western nation, are sensitive to any religious teachings in the sense that they tend to be more receptive to a new, distinct, and even a radical religious teaching. Once they are convinced, they will tend to be obedient to such a teaching. This perceived 'culture' becomes a favourable arena for the growth of a distinct religious teaching.

The PCI with its unusual teachings such as an omniscient God, miracle, healing, divine call, blessing and curse, and compulsory tithing, therefore, receives a great degree of welcome in such a community. The combination between the cultural factors of obedience and receptivity and the non-mainstream teaching produces a kind of 'sacred' community that differentiates the PCI from other communities. One of the consequences of this to the practices of accounting, as has been proved, especially in the Local Church, is the diminishing role of accounting in the administration of the tithe and the offering funds.

The influence of such a cultural element to the administration of the Central Board and the NSRB funds is indicated by the presence of a greater tolerance of the church's participants to the frequent failures of the boards' incumbents to comply with the organisation's financial reporting requirements. This is because the dual role of the boards' incumbents, when acting as agents in the accountability relationship at organisational level, was recognised and tolerated by most of the church's participants. Even though this rebelling behaviour is believed to be inappropriate or even dysfunctional, the permissive culture derived from a strong feeling of obedience and receptivity shared by most members of the PCI allow this practice to remain. In this sense, culture clearly does have a role in the financial accountability dynamics of the organisational funds.

GLOSSARY

Anointed by the Holy Spirit: a bestowal of favour the Holy Spirit.

Baptism in the Holy Spirit: relating to the full reception or release of the Spirit in one's personal being... (Ferguson and Wright, 1996, p. 73).

Bible: is derived from the Greek biblia, meaning 'books', and refers to the sacred writings of Judaism and Christianity (Johnson, 2001, p.7).

Born again: believed to be the turning point for someone to become a Christian by accepting and believing the revelations of the Bible

Central Board Fund: a fund system that was formed for supporting the operations of the Central Board of the PCI.

Church Reserve: one type of offerings given by congregation for the maintenance of the church buildings.

Condolence Fund: a fund system in the Local Church of Bahu that was formed for providing support to its members in mourning for the death of a family member.

Divine Call: believed to be a call from God to someone by becoming a pastor, a preacher or the like.

Full Gospel: the Pentecostal churches teach the usual Gospel (man's sin, salvation through faith in Christ) plus the teachings often neglected by mainstream churches, such as baptism in the Holy Spirit, divine healing, and expectation of Jesus's return. (Lang, 1999, p. 352).

Gospel: another term for Jesus's (as the son of God) teaching as in the New Testament.

Holiness: a state of being set apart for God and living in a way pleasing to God.

Holy Spirit: in the Christian theology the Holy Spirit is the third person of the Trinity (God the Father, God the Son and the Holy Spirit). The Holy Spirit is believed to be God being active in the world (Oxford English Dictionary).

Higher Principal: simply refers to God as one of the parties involved in the financial accountability relationship at the Local Church level.

Levites or Levitical tribe or Priestly tribe: one of the twelve tribes of the Israelites whose job was only to minister to the rest of the tribes, as described in the Old Testament of the Bible.

Minister: one who dedicates his/her life to serve God such as pastor or preacher and the like.

Miracles: simply means a wonder. It suggests supernatural interference with nature or the course of event. Miracle of healing means the non-medical treatment of disease, often spoken of as faith, divine or spiritual healing (Ferguson and Wright, 1996, pp. 287 and 433).

Offering: is a giving of congregation to God and considered as something beyond the tithes.

Pentecostalism: is one stream within Armenian evangelicalism with distinctive emphases upon further experience after conversion, namely, the baptism in the Holy Spirit. (Ferguson and Wright, 1996, p 502).

Regional Board Fund: a fund system that was formed for supporting the operations of Regional Boards.

Servant of God: those dedicating their lives to serve God such as pastor, preacher and the like.

The elect nation: simply refers to the Israelites.

The Word of God: another expression of the Scriptures in the Bible.

Tithes: simply means tenth. Generally defined as the tenth part of fruits and profits justly acquired, owed to God in recognition of his supreme dominion, and paid to the ministers of religion (Microsoft Encarta Encyclopedia, 2001).

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APPENDIX 1

Table 7.2
Local Churches of the PCI in Overseas Countries

No	Countries	Cities	Pastors	Addresses
1	USA	Washington DC	Ps. A. Ticoalu	10400 Darnestown Rd, Rockville
2	USA	New York	Ps. T. Suwiji	213 Sterling Place
3	USA	New Jersey	Ps. P. Koyongian	1 Dayton Drive
4	USA	Los Angeles	Ps. M. Rattu	2801 N Towne Ave.
5	USA	Los Angeles	Ps. A. Awuy	
6	USA	San Fransisco	Ps. T. Paghunie	1098 Harrison St.
7	USA	San Fransisco	Ps. N. Mandey	2135 Market St.
8	USA	Seattle	Ps. Y. Suwuh	2600 S. Sheridan Blvd.
9	USA	Denver	Ps. O. Hutapea	
10	USA	Las Vegas	Ps. M. Rattu	
11	USA	Redlands Delaware	Ps. A. Ticoalu	
12	USA	Atlanta	Ps. J. Siwi	
13	Holland	Zutphen	Ps. Tentuo	
14	Holland	Derdrecht	Ps. Baudoin	
15	Germany	Hamburg	Ps. N. Kalalo	
16	Australia	Sydney	Ps. M. Assa	Tempe, Sydney
17	Australia	Sydney	Ps. M. Meiruntu	Elwood, Sydney
18	Australia	Adelaide	Ps. R. Lumangkun	
19	Australia	Perth	Ps. Y. Luntungan	
20	Singapore	Singapore	Ps. P. Runkat	
21	Malaysia	Keningau Sabah	Ps. J. Kondo	
22	Malaysia	Kinabalu	Ps. D.K. Rumanggi	
23	Malaysia	Tawau	Ps. M. Mangala	
24	Malaysia	Kinabalu	Ps. Y. Thomas	
25	Malaysia	Sipitang Sabah	Ps. Paulus	
26	Malaysia	Sandakan	Ps. Titus	
27	Malaysia	Tawau	Ps. Lukas	

Table 7.3
Composition of Membership of the Central Board for the 2000-2004 Period

No	Positions	Names	Local church	Provinces
1	Chairman	Ps. A.H. Mandey	Ketapang	Jakarta Special Territory
2	Vice Chairman	Ps. DR. M.D. Wakkary	Medan	North Sumatera
3	Vice Chairman	Ps. H.O.H. Awuy	Manado	North Sulawesi
4	Vice Chairman	Ps. J.K. Siwi	Palembang	South Sumatera
5	Vice Chairman	Ps. R.T. Kastanya	Bogor	West Jawa
6	Secretary General	Ps. DR. W.D. Saerang	Tomang	Jakarta Special Territory
7	Secretary	Ps. Soemaryanto	Malang	East Jawa
8	Secretary	Ps. DR. F. Pattiradjawane	Jakarta	Jakarta Special Territory
9	Secretary	Ps. F.Z. Assa	Temanggung	Central Jawa
10	Treasurer	Ps. DR. J. Weol	Jakarta	Jakarta Special Territory
11	Deputy Treasurer	Ps. E. Kurniawan	Barito	Jakarta Special Territory
12	Deputy Treasurer	Ps. D. Memah	Tabanan	Bali
	Departments for			
13	Evangelism	Ps. M.Ph. Bolang	Jakarta	Jakarta Special Territory
14	Ministry	Ps. V. Malino	Magelang	Central Jawa
15	Education and Teaching	Ps. DR. L. Lopian	Kawangkoan	North Sulawesi
16	Organisation	Ps. J. Rompas	Sukabumi	West Jawa
17	Charity and Compassion	Ps. Y. Setioputra	Kudus	
18	Women Ministry	Ps. Mrs. M.M. Mandey	Jakarta	Jakarta Special Territory
19	Children Ministry	Ps. Th. Dato	Jakarta	Jakarta Special Territory
20	Youth Ministry	Ps. H. Runtukahu	Surabaya	East Jawa
21	Men Ministry	Ps. DR. W.J. Bangguna	Palu	Central Sulawesi
22	Local church Development and Overseas	Ps. DR. D.A. Supit	Lampung	Lampung
23	External Relation	Ps. J. Tobing, Mdiv.	Jakarta	Jakarta
24	Literature and Mass Media	Ps. D. Rumokoj, Mmin.	Pare	East Jawa
	Members of Advisory Board:			
1		Ps. J.M.P. Batubara	Surabaya	East Jawa
2		Ps. M.S. Da Costa	Makassar	South Sulawesi
3		Ps. B. Manoach		East Jawa
4		Ps. E. Kambey	Airmadidi	North Sulawesi
5		Ps. J.R. Marey	Jakarta	Jakarta Special Territory
5		Ps. M.S.J. Sibarani	Riau	Riau
6		Ps. C.C.E. Rombot	Jakarta	Jakarta Special Territory
7		Ps. M. Dawir		Irian Jaya (Papua)
8		Ps. B. Manurung		North Sumatera

Table 7.4
Bible Colleges and Institutes of Theology in the PCI

No	Names	Locations	Status BC or IOT *	Directors
1	Sekolah Alkitab Purbasari	North Sumatera	BC	Ps. DR. M.D. Wakkary
2	Sekolah Alkitab Tanjung Pinang	Riau	BC	Ps. R. Mandey BTh
3	Sekolah Alkitab Palembang	South Sumatera	BC	Ps. J.K. Siwi
4	Akademi Teologia Lampung	Lampung	IOT	Ps. Dr. D.A. Supit
5	Sekolah Alkitab Cianjur	West Jawa	BC	Ps. J.E. Awondata
6	Akademi Teologia Alkitab Salatiga	Central Jawa	IOT	Ps. J.M.P. Batubara, BTh
7	Sekolah Alkitab Ngaplak	Central Jawa	BC	Ps. J. Lesmana, BTh
8	Sekolah Alkitab Batu	East Jawa	BC	Ps. A.H. Mandey
9	Sekolah Tinggi Alkitab Jember	East Jawa	IOT	Ps. Dr. J. Lumempouw
10	Sekolah Tinggi Alkitab GPdI	East Jawa	IOT	Department of R&D GpdI
11	Sekolah Alkitab Anjungan	Kalimantan	BC	Ps. S. Suwuh, BTh
12	Sekolah Alkitab Balikpapan	East Kalimantan	BC	Ps. Pelealu, Drs.
13	Sekolah Alkitab Kalimantan Tengah	Central Kalimantan	BC	Ps. M. Turangan, Drs
14	Sekolah Tinggi Alkitab Langowan	North Sulawesi	IOT	Ps. J.F. Kaawoan, MTh
15	Sekolah Alkitab Langowan	North Sulawesi	BC	Ps. H.O.H. Awuy
16	Sekolah Alkitab Tentena	Central Sulawesi	BC	Ps. F.H. Saerang, MA
17	Akademi Alkitab Tentena	Central Sulawesi	IOT	Ps. F.H. Saerang, MA
18	Sekolah Alkitab Tanatoraja	South Sulawesi	BC	Ps. G. Rewah, MTh.
19	Sekolah Alkitab Kupang	East Nusa Tenggara	BC	Ps. J. Latuperissa
20	Sekolah Alkitab Ambon	Maluku	BC	Ps. H. Lolaen
21	Sekolah Alkitab Merauke	Irian Jaya	BC	Ps. J. Rengkung, BTh.
22	Sekolah Alkitab Monokwari	Irian Jaya	BC	Ps. Marwerie, BTh
23	Sekolah Alkitab Biak	Irian Jaya	BC	Ps. B. Tutu, Drs.
24	Sekolah Alkitab Genyem	Irian Jaya	BC	(In process)

Source: Buku Data 1988 Gereja Pantekosta di Indonesia, Central Board of the PCI, 1988, pp. 40-41

* BC = Bible College IOT = Institute of Theology

Table 8.5**A Chronological Comparative Analysis of Income and Expenditure in the Subregional Board III Malalayang 1998 -1999* (in thousand rupiahs)**

	11/05/98	07/11/98	24/02/99
INCOME			
Tithe of the tithe received from pastors in subregion	6.832	4.698	8.204
Tithe from offering received from pastors in subregion	216	49	756
Compassion received from pastors in subregion	218	105	265
Extra offerings received from pastors in subregion	5	-	-
Voluntary giving received from pastor in subregions	23	7	12
Interest from checking account	36	58	150
Others	45	14	-
EXPENDITURE			
Transferred to regional board of North Sulawesi	5.882	4.374	7.855
Operational cost for the subregional board's chairman	750	-	-
Others	135	100	605

* This analysis is based on three consecutive reports of the subregional board III Malalayang.

Table 8.10

A Chronological Comparative Analysis of Income and Expenditure in the North Sulawesi Regional Board 1995 - 1999 (in thousand rupiahs)

	1995	1996	1997	1998	1999*
INCOME					
Transferred from subregional boards	92.356	155.670	212.175	314.660	85.716
Tithe from regional councils and Agape hospice	1.165	1.231	1.507	3.741	1.516
Sale of asset		10.000			
EXPENDITURE					
Fees, accommodations and transport of members	22.230	35.650	39.825	54.588	18.900
Operational Costs (e.g. administrative, office equipment, supplies, electricity and telephone bills)	8.440	10.006	3.5177	18.101	7.887
Donations for development (e.g. churches, new local church, and other buildings)	2.500	26.930	17.243	62.767	7.109
Compassion (e.g. condolence, sickness, hospice & orphanage)	26.680	51.395	54.710	81.080	15.655
Others: (seminars, conferences, publications)	16.343	12.395	22.660	35.288	12.075
Transferred to central board	8.000	13.000	26.000	48.000	10.000

* Data from January 1, 1999 up to March 10, 1999. The 1999 financial report was provided for the four-yearly regional conference due in 15 - 18 of March 1999.

Table 8.11

The Members of the Financial Auditing Board of the PCI

No	Names	Position	Address
1	Ps. Th. Karunia Djaya	Chairman	Jl. CitarumIII/4, Semarang, Central Jawa
2	Ps. D.G. Memah	Vice Chairman	Jl. Mawar 29, Tabanan, Bali
3	Ps. Victor A. Malino	Secretary	Jl. Anggrek II No. 14 Magelang, Central Jawa
4	Mr. R.P. Soedjarwo	Member	Jl. Kepodang Raya, Blok 1/7 No. 7, BintaroJaya, Jakarta Selatan
5	Mrs. Linda Joseph	Member	Jakarta

Table 8.12

SAMPLE OF FINANCIAL STATEMENT OF THE CENTRAL BOARD

Early Year Balance :

Cash Balance	Rp.
Balance of Bank account - Checking account	Rp.
Balance of Bank account - Time deposit	Rp. _____
Total early balance of Cash and Bank	Rp.

Income During the Year:

11100 The receipt of the 25% of regional board's income	Rp.
12000 The compulsory contribution from pastors of local churches	Rp.
13000 Contribution received from the 'extra offerings' from members of the PCI	Rp.
14000 Contributions such as presents or grant from donors	Rp.
15000 Income from other sources which are not against the order of God	Rp.
16000 Income from bank interests	Rp.
17000 Contribution from the 'everlasting fund'	Rp.
18000 Receipt /withdrawal from bank	Rp.
19000 The other income contributed by other institutions in the GPI	Rp. _____
10000 The total income during the year	Rp.

Expenditures During the Year

21100 The Pastorness and Development of local churches	Rp.
21200 The Evangelism and Missionary	Rp.
21300 Education	Rp.
21400 The Ministry for members of congregation	Rp.
21500 The Youth, Juvenile, and Women Ministry	Rp.
21600 The Overseas relationship and Institutionalisation	Rp.
21700 The Finance, Compassion, and Rural Development Ministry	Rp.
21800 The Publication of Literature and Mass Media	Rp.
21900 Secretariat and Administration	Rp. _____
21000 The total Expenditures according to GBPK AD 2000	Rp.
22000 Purchasing/Contract of fixed assets	Rp.
23000 Other expenses	Rp.
24000 Payments to others	Rp. _____
20000 Total expenditures during the year	Rp. _____
End of Year Balance	Rp. _____

Cash Balance	Rp.
Balance of bank account: Checking Account	Rp.
Balance of bank account: Time deposit	Rp. _____
Total Cash and Bank End Year Balance	Rp. _____

Source: Badan Pemeriksa Keuangan GpdI, Pemandu Administrasi Keuangan Gereja Pantekosta di Indonesia, Jakarta, 1997 pp, 8-9.

Financial Auditing Board of the PCI, Guidelines for Financial Administration of the PCI, Jakarta, 1997, pp. 8-9.

Table 8.13

SAMPLE OF FINANCIAL STATEMENT OF THE REGIONAL BOARD

Early Year Balance :

Cash Balance	Rp.
Balance of Bank account - Checking account	Rp.
Balance of Bank account - Time deposit	Rp. _____
Total early balance of Cash and Bank	Rp. _____

Income during the year

11200 The receipt of the tithes from pastors of local churches	Rp.
12000 The compulsory contribution from pastors of local churches	Rp.
13000 The contribution from 'extra offering' in local churches	Rp.
14000 The donations, presents and grants from donors	Rp.
15000 Income from other sources	Rp.
16000 Income from interests	Rp.
17000 Receipt from the 'everlasting funds'	Rp.
18000 Receipt /withdrawal from bank	Rp.
19000 Other income from other councils within the regional board	Rp.
10000 Total income during the year	Rp. _____

Expenditures during the year

21100 The Pastorhood and Development of local churches	Rp.
21200 The Evangelism and Missionary	Rp.
21300 Education	Rp.
21400 The Ministry for members of congregation	Rp.
21500 The Youth, Juvenile, and Women Ministry	Rp.
21600 The Overseas relationship and Institutionalisation	Rp.
21700 The Finance, Compassion, and Rural Development Ministry	Rp.
21800 The Publication of Literature and Mass Media	Rp.
21900 Secretariat and Administration	Rp.
21000 The total Expenditures according to GBPK AD 2000	Rp. _____
22000 Purchasing/Contract of fixed assets	Rp.
23000 The other expenses	Rp.
24000 Payments to others	Rp. _____
20000 Total expenditures during the year	Rp. _____
End of Year Balance	Rp. _____

Cash Balance	Rp.
Balance of bank account: Checking Account	Rp.
Balance of bank account: Time deposit	Rp. _____
Total Cash and Bank End Year Balance	Rp. _____

Source: Badan Pemeriksa Keuangan GpdI, Pemandu Administrasi Keuangan Gereja Pantekosta di Indonesia, Jakarta, 1997 pp, 8-9.

Financial Auditing Board of the PCI, Guidelines for Financial Administration of the PCI, Jakarta, 1 January 1997, pp. 10-11.

Table 8.14

SAMPLE OF THE CHURCH INVENTORY PER 31 DECEMBER

	Early Year	End Year
22100 Fixed Assets :	Rp.	Rp.
22101 Land		
22102 Building		
22203 Other Fixed Assets		
22200 Removable Assets:	Rp.	Rp.
22201 Cars and Trucks		
22202 Motor Cycles		
22203 Other types of vehicles		
22204 Office equipment		
22205 Other removable assets:		
22206 Musical Instruments		
22207 Chairs, tables, cupboards		
22208 Communion equipment		
22209 Sound system		
22210 Overhead projector		
22211 Air condition (AC)		
22212 Computer		
22213 Telephone		
22214 Facsimile		
22215 Television		
Value at early year	Rp. _____	-
Increase (+)	Rp.	-
Decrease (-)	Rp. _____	-
Value at end year	Rp. _____ =	Rp. _____

Source: Badan Pemeriksa Keuangan GpdI, Pemandu Administrasi Keuangan Gereja Pantekosta di Indonesia, Jakarta, 1997 pp, 8-9.

Financial Auditing Board of the PCI, Guidelines for Financial Administration of the PCI, Jakarta, 1 January 1997, p. 20.

Table 8.15

A Chronological Comparative Analysis of Income and Expenditure in the Central Board of the Pentecostal Church of Indonesia 1995 - 1999 (in thousand rupiahs)

	1995*	1996	1997	1998	1999
INCOME					
Transferred from regional boards	35.710	282.981	300.351	373.008	468.411
Interests:					
From fixed deposit				137.734	194.520
From checking account	15.091	70.366	40.459	68.540	42.497
Fixed deposit withdrawal					100.000
Others:					
(e.g. donations and individual giving)			96.000	655.437	8.000
EXPENDITURE					
Operational expenses (e.g. administrative, transport, accommodation)	4.761	15.709	44.156	150.493	77.888
Education (e.g. fees for Scripture teachers & donations for development)	7.000	21.500	21.000	31.500	214.683
Donations	1.000	6.425	4.950	28.000	26.150
Deposit				720.000	370.000
Others: (e.g. conferences, seminars & publication)	16.800	531.014	80.100	116.900	723.428

* Data from April 1995 to December 1995.

APPENDIX 2

PROFILES OF THE KEY INFORMANTS

NAMES	POSITIONS IN ORGANISATION OR LOCAL CHURCH	NAMES OF LOCAL CHURCH
Ps. Paultje Kawatu	<ul style="list-style-type: none"> - Secretary of the Subregional Board III Malalayang - Pastor at the Church of Bahu 	Bahu
Mr. N. Kolinug	<ul style="list-style-type: none"> - Chairman of the Committee of the 'Condolence Fund" at the Church of Bahu - Chief of the Committee for the Construction of the Church of Bahu 	Bahu
Mrs. Ifke Kolinug	<ul style="list-style-type: none"> - Member of the Local Church Council at the Church of Bahu - The Local Church Treasurer 	Bahu
Ms. Inneke Pandeiroth, SE, Akuntan	<ul style="list-style-type: none"> - Chairperson of the Youth Ministry Council at the Church of Bahu 	Bahu
Drs. James Kathiandago	<ul style="list-style-type: none"> - Deputy Chairman of the Youth Ministry Council at the Church of Bahu 	Bahu
Mr. Alfianus Kawatu	<ul style="list-style-type: none"> - Executive Member of the Youth Ministry Council at the Church of Bahu 	Bahu
Ps. Ms. Isye Landjang	<ul style="list-style-type: none"> - Member of Board of Elder at the Church of Bahu - Treasurer for the 'tithe of the tithe' at the Church of Bahu - Pastor at the Local Church of Batukota 	Bahu and Batukota
Ps. DR. L. Lapian	<ul style="list-style-type: none"> - Head of Department for Education & Training at the Central Board - Treasurer of the North Sulawesi Regional Board - Director of the Institute of Theology Beji - Malang - Pastor at the Church of Kawangkoan 	Kawangkoan
Ps. DR. W.D. Saerang	<ul style="list-style-type: none"> - Secretary General of the Central Board - Pastor of the Church of Shekinah Jakarta 	Shekinah Tomang
Ps. H.O.H. Awuy	<ul style="list-style-type: none"> - Chairperson of the North Sulawesi Regional Board - Deputy Treasurer of the Central Board - Pastor of the Church of Manado 	Manado

Ps. J.O. Wotulo, BTh.	<ul style="list-style-type: none"> - Deputy Chairman of the North Sulawesi Regional Board - Pastor at the Church of Langowan 	Langowan
Ps. J. Poluan, MTh.	<ul style="list-style-type: none"> - Chairperson of the South Sulawesi Regional Board - Director of the Malino Bible College 	Malino
Ps. F.H. Saerang, M.Div.	<ul style="list-style-type: none"> - Vice Chairman of the Central Sulawesi Regional Board - Director of the Institute of Theology Tentena - Pastor of the Church of Tentena 	Tentena
Ps. Maudy Wenas	<ul style="list-style-type: none"> - Chairperson of the Subregional Board III Malalayang - Pastor at the Church of Malalayang I 	Malalayang
Mr. Soedjarwo, Akuntan	<ul style="list-style-type: none"> - Member of the PCI Auditor Board 	Barito Jakarta
Ms. J. Morasa, Akuntan	<ul style="list-style-type: none"> - Chairperson of the Youth Ministry at the Church of Pattynama 	Pattynama

TRANSCRIPTION OF INTERVIEWS

Ps. P. Kawatu. BTh.
(Local Church 1)

Q. Can you tell me the sources of funds for the local church of Bahu?

A. The first thing I want to tell you that I became the servant of God because of the 'calling'. Based on Jesus's order to spread the Gospel around the world, I did my job without carrying any belongings. As a servant of God, I grew up and served according to this principle. It seems that God's character is giving. Therefore, there should be giving first, and then later on be receiving. To respond to the question raised by His disciples "what should we do in order to be blessed"?, Jesus said "give and you will be given". This principle seems to be in contrast with the principle of science. However, this is the character of God. God had proven this when he gave his only Son, Jesus. This principle is the basic doctrine that I have taught to the congregation. I believe that those who have received the salvation were not because of our ministry, but because of the Scripture and the Holy Spirit. To bring them to the spiritual maturity, the principles of Jesus's teaching must be applied. One of such principles is the principle of 'giving'. This principle is manifested through giving offerings, tithes, and so on. The Israelites are our model. They had a number of tribes. One of the tribe, the Levites, did not receive any inheritance because they were determined to be the priestly tribe. As the consequence, all other tribes paid their tithes to the Levites. As a pastor, I do not ask my congregation to bring their tithes to me as an obligation, however, as true believers they have to follow what God has taught them to do. For a true believer, tithing is not a problem. The problem is that, not all of the congregation members have become true believers. Those who have already born again will do this eagerly. In addition to tithes, the congregation members are expected to give offerings and other sacrifices for the maintenance of building. In order to administer the funds for the building purposes, a treasurer called the 'local church treasurer' was appointed. This fund is used mainly for the maintenance of the building as well as for the operational expenses such as electricity, water, and telephone. The criteria to become a treasurer are tough because he/she is automatically become a member of the local church council. He/she must have been born again, repentant, and spiritually fruitful. Having all these, he/she deserved to do the job. Those criteria are necessary because the job he/she does is mainly dealing with money. I believe that money is very sensitive because according to the Gospel it is the root of evils. The tithes are given for the pastor because a pastor is Jesus or God in a visible appearance. The pastor is also the guard of the congregation. Therefore, the livelihood of the pastor depends on the tithes from the congregation. If there is no tithe paid by congregation, the pastor should accept this as the risk of ministry. This is one of the reasons of why the management of tithes should not be disclosed. Sometimes I think that I have to distribute the tithes received to my ministerial deputies, however, they are receiving income from their jobs. If I do this, they may think that they no longer need to pay their tithes because they, somehow, have received the Levitical status. The purpose of distributing seems okay, however, it weakens their ability to give. Instead, they seek more to receive. In practice, actually, the pastor is the one who pays tithes the most. It is because he/she needs to pay tithe as well and it is taken from the total tithes paid by the congregation. If a hundred members of the congregation pay their tithes 10.000

rupiahs each, the total tithes received by the pastor will be 1.000.000 rupiahs. From this calculation, it reveals that the pastor must pay 100.000 rupiahs as his tithe. This shows that the pastor pays more than any other members do in the congregation. The Scripture emphasises that 'to give more will receive more'. This has become one of the principles in our church ministry. As the guard of the congregation, our main activities are praying and learning the Lord's will. This is the key of ministry. In practice, I give more than one tenth of my income because apart from the tithe, I also need to give to some other ministers visiting my congregation, either invited or not. They should not leave with empty hand. This also has become another factor that makes the disclosure of the tithe administration complicated. If we have to disclose the administration of tithes, all details such as family expenditures, foods, giving to visiting ministers and so on should be recorded and reported. The important thing is that I, as the pastor, evaluate the spiritual growth of my congregation through their tithing. I realise that to be a pastor is a divine call and, therefore, it is not just a profession. When I quit from my previous job as a government officer, I realised that it was deliberately done as an action of faith. In conclusion, for the administration of the funds used for building maintenance and other pastoral needs, a treasurer has been appointed. For the livelihood of the pastor, however, the funds generated are the reflection of the growth of faith of the congregation through their tithing commitment. This is always based on voluntary action. I do not put any sanction against those who do not give.

Q. Do you have a special account that records the names of the congregation members who paid tithes as well as the amount of their tithes?

A. Yes. I recorded it in a special account every month. This record becomes my basis for evaluating the growth of my congregation. For example, there is a congregation member who started paying his tithe from five thousand rupiahs and it continuously increased from time to time. Currently, his tithe has reached hundred of thousands rupiahs. This indicates that he has the growth, both in spiritual and economic life, due to his good commitment on tithing. Even though some of the tithers did not disclose their names, as their pastor, I know who they are. There are also members whose businesses are fine, however, they did not pay their tithes properly. I noticed that their businesses did not grow up. I did not understand as whether or not it is a curse from God. It is God's business with them. Of course, I never asked God to punish them.

Q. As a pastor, did you regularly remind your congregation to do such giving? Was there any obstacle to do so?

A. I do not think the congregation should always be reminded of the need to tithe. The preaching on tithing must not be based on a scenario. However, at a particular time while I was praying, God told me through His spirit to preach on this matter. I counted this as the warning from God. In the PCI, as far as I am concerned, there are pastors who always remind congregations about the importance of tithing. Some of them were, in fact, successful. To my view, however, the important thing is not their giving, but their understanding of the Scripture. Because our altar is open for visiting ministers to preach, there is a possibility that those visiting ministers delivered such a matter to the congregation. I believe that God can use others to tell what He wants His believers to do. I understand that the thinking patterns of each congregation may

vary depending on their intellectual capabilities. For those logically critical, the notion of tithing is foolishness. So, if I repeatedly preach on this matter, they would have a feeling of negativity on me. For those who have been born again, however, it would be all right because they love to do God's words. They know that to pay the tithe is a truth. They also know that to give for the house of the Lord is a truth. The problem is that not all of the congregation members have been born again. Some joined the congregation for a reason such as to please boy/girl friend, to get praise, and to get status as a Christian. But, whatever the reason was, their attendance in the church is important. By attending the services, they will finally understand the rule of the game as the children of God. I believe that tithing is one of the results of the process of faith maturity. To follow Jesus means to sacrifice. By this way our faith is developed. As a pastor, I sometimes have difficulties to understand this. I think that the notion of sacrifice could weaken the commitment of the congregation in following Jesus. Amazingly, the fact shows that most of the members were happy with the ways God shaped their faith. Some who were unhappy in the beginning realised it later. It seems that the responses from the members to sacrificing are contingent to the level of their faith maturity. Complains normally made by those in low level of faith maturity. As a pastor, I always pay special attention to the faith development of my congregation. That is why I know the characters of my congregation. Again, not all of them have fully accepted the teaching of Gospel. This becomes the obstacle for me to conduct an open management for the administration of tithes. However, I have a special record on this matter. Even though the building project of our church has completed, I still encourage my congregation to continue giving for other aspects of physical development. I believe that we need to do this until the coming of Jesus for the second time.

Q. Of the three types of giving namely tithe, offering, and church reserve in your local church, which of them is disclosed or reported to the congregation and which is not?

A. The financial position of the church reserve is normally reported before the congregation once a semester and sometimes once in a year by the local church's treasurer. In addition to this, the local church also has formed a board for assisting families whose member is passed away. This assistance applies only to those officially members. The financial position of this board is also reported before the congregation. The fund available in every group within the local church such as youth, women, and men is also reported before its group members.

Q. During your ministerial duty, have you ever asked by any of your congregation about the account of the tithes and offerings received?

A. I am just new in this position. So far, no one has come forward asking about this matter. I only heard this as a rumor, but no one has ever visited me in person for this. I accept this, however, as my burden in ministry. Regarding the principle of offerings, basically the minister who preaches in the sermon deserves to receive it, especially if he/she is a visiting one. For those ministers who come from far away, if the offering collected is insufficient, I make it sufficient with my own money or by deducting the tithes. At least it can cover their transportation costs. This policy is not published to the congregation. Even to those who are assigned to collect and calculate the offering. Sometimes, if the amount collected is too much, it is deducted for other needs. So, there is a balancing principle. Back to your question, so far there

is no one coming for such a purpose. Of course, I am proud with this because it is the happiness in ministry. It is beyond my understanding. Many things related to the financial administration in the local church are beyond our logic but this is the way we administer our funds.

**Miss. Inneke Pandeiroth, Ak
(Local Church 2)**

Q. What are the types of giving in your local church? Is there any recording process for such giving? How is accounting being practiced in your church, especially at your local church?

A. As a member of the church of Bahu, the types of giving provided by the congregation, as far as I am concerned, can be categorised into three main types namely offerings, tithes and church reserve. With regard to the process of recording, I did not see any evidence of such in the local church. Probably only the church reserve was often reported before the congregation. Such an account, however, was very simple because it only provides information about who is contributed, how much the contribution is, and how the fund was used. Meanwhile, offerings and tithes had never been accounted either to the congregation or to the regional and the central boards of the PCI.

Q. What is your view regarding offerings and tithes? Do they need to be accounted to the congregation?

A. In my opinion yes. They need to be reported to the congregation. The pastor has also the responsibility to report it to the upper units of the organisation.

Q. Do you mean that all the cash inflows should be reported?

A. I mean that only the church reserve needs to be reported and this is obligatory in nature. Whereas the other two: the offerings and tithes need to be systematically recorded. This is necessary for the pastor in order to evaluate the faith progress of the congregation. For example, if one pays his/her tithe routinely and get increased from time-to-time, this can mean that God have blessed him/her. For this reason the pastor must thank God. If the fact indicates contrary, the pastor must see this as his spiritual burden. The offerings and tithes according to our belief system belongs one hundred percent to the pastor. However, these need to be recorded by the pastor for managing the local church. It is because the pastor is not ministering alone. He is, in fact, assisted by some altar deputies as well as trained ministers. By recording the offerings, the pastor can evaluate the use of such every month.

Q. Regarding the accountability of the funds, do you have any biblical reference for this?

A. In my opinion, there are some verses in the Bible that supports my view. For example, it was said somewhere in the Bible "be discipline and honest". Honesty is very important. As human beings, we are sometimes forgetful, especially in dealing with financial matter. We may forget to record it. This may cause us to breach the order of God. This happens frequently. Therefore, accounting process such as recording, to my opinion, is not contrary with the sacred aspect of the church. This, instead, will teach us to live honestly. The Scripture teaches us to live honestly and rightly. There is also verse teaching us not to become the servant of money. This has a broad meaning that includes teaching us to distribute the funds properly.

Q. What are probably the basis of the current practices in the PCI ?

A. I think it is because the doctrine of the PCI strongly emphasised the significant role of the Holy Spirit. The founding fathers of the church believed that the persons who have been anointed by the Holy Spirit would automatically be honest and do everything according to the will of God. To me, however, there must always be exception. Because the Holy Spirit leads people to live rightly, we must have a true knowledge. The question is that why the financial recording process sometimes becomes the source of problem in the church?

Q. Can you explain?

A. I think that it is because the financial management and accountability in the church is not transparent. This leads to the curiosity of the congregation members. For example, a congregation member may ask how be his/her offering being used? The things such these sometimes lead to the issuance of petition for the replacement of a pastor by a number of congregation members. This is just because of the non-transparency of the administration of funds. This creates a problem of suspicion between the pastor and congregation. This, in turn, may weaken the faith of the congregation.

Q. Do you think that recording and accountability are important for the three types of giving previously mentioned?

A. I notice that most members of the PCI will disagree if the offerings and tithes are being reported to the congregations. However, if they speak from the bottom of their hearts, they will say that it is necessary to do so. What they want to know is how the funds were used. If we refer to the church constitution, however, it is impossible to do.

Q. Do you think that the role of accountant is necessary in the church?

A. I think that as a huge organisation, the time has come for the organisation to employ accountants. Especially for the regional and the central board levels, an accounting system is a must. It is because such a system will generate financial information. Therefore, by employing accountants, a transparent system of recording can be created. Moreover, the church is now entering the high-technology era and the increasing criticality of its members.

Mr. Drs. James Katiandagho
(Local Church 3)

Q. How important is the financial accountability to the congregation of the local church of Bahu?

A. As far as I am concerned, the tithe, offering and other special giving are something given not to the pastor per se, but to the Lord. Because they have been given, there is no reason for us to ask for an account of them. If they are used improperly by the pastor, it is not ours but his/her business with the Lord. Regarding the church reserve, it is better for it to be reported. It is because this fund is collected for the interest of the pastor as well as the local church. Principally, however, all of these giving are based on the belief that everything we give is given to the Lord. We do not have to be suspicious with the use of such funds.

Q. What do you think about the implementation of such a principle in the local church?

A. As frequently told by our pastor, especially when the local church was visited by a number of visiting ministers, bring to the house of the Lord so there will be enough foods available in there. This is to follow what is said in the Scripture. The pastor as well as the visiting ministers will, of course, be pleased for a good service provided. In short, to bring something into the house of the Lord is Biblical in nature.

Q. Do you agree with the notion that financial accountability through financial report is not important to be implemented in the local church?

A. Frankly speaking, we have ever heard that there is a pastor who always provides financial report of tithes to his congregation. We then discussed this and listened to the opinions of some key persons in our local church. The result of the discussion indicated that they disagree with such a practice. In their opinion, such a practice will have a negative side effect. For example, a congregation member who pays tithes decreasingly due to the decreasing income that he/she earns may feel embarrassed to have this published to all members of the local church. This may, in turn, discourage him/her to go to the church. On the other hand, for those who are seeking praise and prestige, the account may be used as their media to publish their richness. This, of course, is a spiritually unhealthy behaviour. There was also proposal to put such an account in the Sunday bulletin of the local church. Such a proposal was also not welcome by some key persons of the local church. The conclusion was that the account for tithes is not applicable in this local church.

Q. What is your interpretation on a verse in the Bible saying that 'what is given by your right hand should not be known by your left hand'?

A. I think this can be interpreted in this way: 'if we give offerings or tithes, do not let any one else know' about that. Do not make it as your media to acquire praise and honour.

- Q. Are there any Biblical references regarding your belief that 'we should not need to know or to be informed about the use of our offerings and tithes by the pastor'?
- A. If I am not mistaken, there is a verse in Psalm saying 'glorify Lord with your belongings'. This can mean that if we want to give to the Lord, we do not need to see whether or not the God exists. By this way we really glorify Him. If we give to the pastor in order that he enables to buy rice, it is not a gift to the Lord but to the pastor.

Mr. Alfianus Kawatu
(Local Church 4)

Q. How is the process of financial recording in the local church of Bahu? What are the sources of funds in this local church and was there any financial accountability so far?

A. I am not sure as whether or not the way the funds in this local church is managed is to follow the Biblical way. To my knowledge, the current practice has been in place for a long time. It has been persistent since the first pastor was still alive. I got information that the way we practice it is different from some other local churches. In those local churches, a special person handles the administration of funds, whereas the pastor must concentrate solely to the ministerial job. So, a special person is appointed to handle the administration of tithes and offerings. Reportedly, it is under the management of the local church council. However, in the local church of Bahu, all of these matters are in the hand of the pastor.

**Miss. Jenny Morasa, Akuntan
(Non-Local Church1)**

Q. What do you think about the practice of accounting in your local church?

A. I think that the practice of accounting in our local church is not proper. It is because the funds collected such as the tithe, offering and the church reserve were not fully reported. Only funds collected for a special purpose are normally reported. We never received any account about the position of funds of the church reserve. Nor did with the tithes. Even though congregation, basically, do not want to know the use of the tithes by the pastor, they are really curious with the tithes paid by the pastor to the regional board. The majority of congregation members want to have a report on this. Back to the church reserve, such funds should actually be reported. That is why the treasurer has been appointed. As far as I am concerned, however, there was never any financial account on church reserve. From accounting viewpoint, it is an improper conduct.

Q. Regarding the curiosity of congregation with the tithes paid by the pastor to the regional board, it is your personal opinion or the opinion of the majority of congregation?

A. Basically, it is the opinion of a few friends of mine in the congregation. We do not care about the amount as well as the uses of the tithes by the pastor. What we want to know is whether or not the pastor pays his tithes to the regional board and how much. It is only a notice to congregation that our pastor has already paid it to the regional board.

Q. Have you ever heard such a statement in a sermon that 'you do not need to know the use of the money that you have given to the church'?

A. Again, for the tithes we normally do not care. Only the tithes paid by the pastor to the regional board is really matter to us. We just want to know that the procedures have been followed.

Q. Do you have any Biblical reference regarding the need for reporting of the local church's funds?

A. I do not know for sure. However, most congregation members need financial accountability except for the tithes and offerings. The account is necessary for the church's reserve. It is because such fund is used for building construction and maintenance. Congregation members want to know how and for what purposes the fund was spent.

Q. Why congregation members do not have willingness to know about the administration of the tithes?

A. Because according to the Scripture, the tithes are given to the pastor. What is certain that God will bless us more than what we have given. It is not noted in the Scripture that we need to know its use.

Q. Do you think that the local church need to have accountants in order to improve the management of funds in the local church?

A. Yes. I agree with the involvement of accountants in the church because they know how to prepare a financial account. If elders perform the administration of fund, normally it is administered by faith. This means that as far as the fund is used to assist their works, it will be all right.

Ps. DR. L. Lapian, MTh.
(Central Board 1)

Q. How do you describe the administration of funds in the Pentecostal Church of Indonesia, especially in the regional board of North Sulawesi?

A. It seems that the PCI does not follow the generally accepted accounting practices in administering the organisation's funds. In the view of an accountant, there must, of course, be a lot of weaknesses. It is also because there is no single pattern of accounting practiced among the local churches within the PCI. In general, there is a common phenomenon that may be unacceptable by accounting principles. To outsiders, it is often said to be weakness and we accept this view. However, to some others, it is regarded as a strength. It depends on one's point of view. In this opportunity I want to explain how and why the practice of accounting in the PCI as it is. In general, the funds in the PCI come from tithes, offerings and contributions. Such contributions may come from either members or non-members of the PCI. The funds of the regional board came from tithes paid by pastors. In addition to this, the board also received funds generated from a 'special offerings' and donations from members of the PCI. Such a 'special offering' was done in the local churches when there was a request from the regional board. Among these, tithes are the main and permanent source. Others are only optional sources. The sources of funds for the central board are almost similar to those of the regional board. The funds are generated from the payment of 25% of the regional board's income. In addition to this, the central board also receives funds from donations either from members or outsiders. In the local church level, there are three sources of funds received by a pastor namely tithes, offerings and other love offerings from the members of congregation. In all levels of organisation: central board, regional board and local church, there is no accounting practice such as that applied in companies which is related with certain objectives. I think the reason for this is because the funds in the PCI are not administered for profit purposes. The funds are used for the execution of the church's programmes. Therefore, profit is not the target. If some of the funds are deposited in banks, it is mainly due to the idleness of the funds. It happened because of the postponement or cancellation of programmes. As far as I am concerned, however, the funds in both regional and central board, so far, are used to finance the activities of organisation. The activities of organisation can be categorised into programmed and non-programmed. The non-programmed activities are normally unpredictable. I think I have explained the sources of funds of the PCI up to this point. Next I want to explain about the financial policy in the organisation. In general, financial policies are not clearly established in the organisation's codes of practice, except for the regional and central boards. In the local church level, the administration of funds is basically depending on the policy of the pastor of the local church. The uses of funds, however, are mainly for the two purposes mentioned above and not for profit. What else do you want to know?

Q. From your explanations above you did not mention anything about financial accountability. Is that true that congregation members did not expect any financial accountability in the local church level? Is there any Biblical reference for this practice?

A. This is the most frequent question raised by people regarding the financial administration in our church. A lecturer of a Protestant College, Mr. B. Kaligis, once questioned me concerning this matter. After listening to my explanation, he left satisfactorily. Why members of the PCI did not want to know anything related with the use of the church's funds? The answer to this is because in the PCI there is the so called "faith phenomenon": we do not want to know the uses of what (money) we have given to the Lord'. The belief that the pastor is the administrator of everything, including funds, trusted by God has become our culture. The financial administration in other church organisations needs a good recording process probably due to the compensation systems adopted by them. That is why every cent is recorded and counted in their administration. To the members of the PCI, however, the faith phenomenon has been a part of their life. Because everything is given to the Lord, there is no intention to know how and for what purposes the funds are used. Thus, they believe what the pastor has done with the funds is true and correct. Even when such a system, "pastoral centre", was proposed to change in a Biblical Seminar at Jogyakarta in 1983, a deadlock was achieved. It was because in the view of most participants, such a system is one of the strengths of the PCI. It is not the compensation or salary system, but giving and loving systems based on faith suitable for the PCI. Our organisation is different from other Protestant organisations in the notion of salary compensation. To them, the funds are not in the authority of the pastor, but of the organisation. Because the system held by the PCI believes that the pastor lives under the care of God through offerings and tithes. Because such a belief has been around for a long time, it is difficult to change it. If you ask as whether or not there is Biblical reference to this practice, I will say certainly 'yes'. The livelihood of the Levites, known as the priestly tribe of Israel, was depending on the giving from the Israelites. The Israelites brought their sacrifice into the house of the Lord and those living in the house lived from such sacrifice. Probably, this interpretation is too pastoral and open. However, such a practice is still accepted until these days. The sheep gives their pastor foods and vice versa. Why such a system, which according to outsiders does not recognise accountability, cannot be changed? To outsiders this phenomenon is regarded as a weakness, but to members of the PCI it is strength. For example, by accepting such a system, the pastors who are ministering emerging local churches never asked the regional board for financial assistance. They have the courage through Biblical vision to convert new believers. In this way they can achieve two goals in once. First is to bring people to the Lords and, second to get more members into their local churches, which in turn, can increase their prosperity. That is why there is a strong motivation for pastors in the PCI, especially those in emerging local churches, to preach the Gospel in order to get more new members as their congregation members. This is done in order to get independency. However, using such a system does not necessarily mean that those pastors in developed local churches will live abundantly. If you ask them, you may be amazed by their answer that they live under the ten percent of their income. The reason behind this was because they have distributed most of their income to those ministers in need. It was done privately, without any organisational channel, as a revelation of their vision to God's mission. For example, Rev. A.H. Mandey, the president of the PCI, distributed his income to hundreds of ministers every year without any obligation ruled by the organisation. Thus, the distribution of income in the PCI is ruled by the Scripture and not by the organisation. It is based on the awareness of love. Such as this, to my knowledge, has never been evident in other church organisations. Probably, due to

the shortage to support the livelihood of their own family that there is no reason for ministers in other church organisations, what so ever, to support others. I had once visited by a theologian, lecturer in a Christian University in Tomohon, asking about our system of financial administration. After interviewing me for two hours, he told me that "Rev. Lopian, please tell the leaders of your church not to change such a practice. It is a Biblical system and better than our system. Ours is a system that encourages us to work only for compensation. By knowing your system, I understand the secret of the fantastic growth of your organisation with the emergence of many new local churches". He continued, "seemingly, this practice is encouraging in the sense that the pastors are motivated to achieve two goals simultaneously: to find and save members as many as possible in order for them to be financially independent. This is a strange system and, therefore, can only be implemented in a local church with a pastor living according to the vision of Scripture. He then commented, "to my knowledge, such a requirement is met by pastors in the PCI. They are able to create a balance between the two goals. If there is no balance, the PCI with more than 8000 local churches in Indonesia must have collapsed. They can survive, even in shortages, in balance". This strength may not be identified by accounting process because the financial sponsors, who are pastors in established local churches, do not want to have their financial assistance to pastors in emerging local churches published. That is why a pastor and his/her family can survive even though he/she only has two congregational members in the local church. Even the PCI organisation may not know who the sponsors are because they disguise themselves. Compare to other church organisations such as GMIM, with only 820 local churches, a lot of financial problems have revealed so far. In the PCI, however, financial chaos has never been experienced organisationally. It is because the organisation does not intervene the financial affairs of the pastors. In other words, each pastor is accountable directly to God, who had called him/her. The theologian then said that "hold this system firmly and do not change to be like ours. If you change it, you will face a setback". The principle is that to give without being known by others is a matter of pride for a pastor before the Lord. If giving is based on organisational rules, it will follow by expectations of doing something for the organisation. A pastor, of course, has a moral obligation to the Lord. This must be revealed in the life and behaviours of every pastor.

- Q. Have you ever been asked by any member of your local church regarding financial accountability of your income?
- A. Fortunately, it had never been happened. I only have many times asked by outsiders of the PCI about why the doctrine of financial system is uniform for all local churches across the country. The doctrine is that " what has been given to God becomes God's and we do not deserve to know how and for what purposes it is going to be used." That is why I have never questioned by any of my congregational members regarding the use of tithes and offerings given to me. I think, one or two members may think differently but it is a very insignificant number.
- Q. It can be implied from your explanation that the accountability process in the local church level, if any, will be as the following: God blessed the congregation. The congregation members then bring parts of those blessings to the pastor. The pastor, in turn, is held accountable for the use of the blessing to God. Do you agree with this description?

A. Yes. Probably the financial administration in the PCI is unique in this era of modernisation. Whereas other organisations have used sophisticated technology for their financial information system, the PCI still uses the so called 'faith system'. For example, a pastor who paid 5.000.000 rupiahs for his/her tithes to the regional board last two months dropped his payment to 10.000 rupiahs for the last month. He then increased the payment to 3.000.000 rupiahs for this month. If we used accounting technique, normally the nominal to be paid is constant. The consequence of such is that evaluation and corrections need to be done. It seems, however, with the use of 'faith system', our church organisation can still reach established stage. What we worried about is that by implementing a sound accounting process, people will do their payment mathematically. As a matter of fact, we have received an honour from the Department of Religion of the Republic of Indonesia for the wealth of our organisation. It is indicated by the emergence of many big and astonishing buildings of our churches recently. Amazingly, such this can be achieved without the assistance of accounting techniques or procedures. Honestly, the financial account that I prepared, as the treasurer of the North Sulawesi Regional Board, was not based on a generally accepted accounting principle. It was only the account of cash flows without any concern for profit and loss. Therefore, if the surplus was significant, it might be questioned: why was not it spent for the church programmes? Thus, organisationally, a significant surplus will be a pride, but as the Body of Christ it is a conviction. So, it should be spent for the extension of Kingdom of God. For an expert in accounting, it might be difficult to understand. However, it is a reality. I give you an example. The president of the PCI, Rev, Mandey, spent up to 80.000.000 rupiahs per month without any receipt. It is because he also received the money without any receipt. If congregation members are involved in the management of the money, we have no difference from other church organisations, such as GMIM. This, however, does not necessarily mean that we do not have financial accountability. I think that the model of our accountability is more advanced than the common ones because ours is a matter of soul or spiritual accountability. It is not just a written accountability that can be manipulated. Thus, we are sometimes getting embarrassed to write down 1.000.000 rupiahs because others may interpret it as a demonstration of prosperity. It is all about the financial system in the PCI recently.

Q. Provided the financial accountability you describe above, is it common to the congregation members not to have written financial accountability?

A. In some particular local churches, financial records are available. In my local church, for example, my wife does it. Such a record is important and necessary for me to assess my tithes as well as to evaluate my family budget. This is, however, not for the purpose of financial accountability to congregation members.

Q. About the church reserve, should it be accounted to the local church's members?

A. Commonly, certain funds such as the church reserve and reserve for building and maintenance, that will not be accounted to the local church members, are not kept by a pastor. They are normally kept by a special committee or by a local church treasurer. In other words, the local church's members themselves administer the funds. Such funds are normally accounted before the local church's members once a month. Thus, there is pastoral fund that is not reported by the pastor to the local

church's members, but is accounted to the Lord. Funds collected for building, maintenance, and utility purposes, however, need to be reported before the local church's members. This is because such funds are collected from local church's members not for tithing purposes.

Q. From your explanation above it appears that the financial administration in the local church level is mainly based on the so called 'faith system'. In the regional board level, however, the system has changed in which financial accountability becomes necessary. Can you explain why this happens?

A. In the local church level, the process is within a pastoral boundary. In the regional board level, on the other hand, the process is in the organisational territory. Because it is organisational matter, accountability or transparency is a requirement. Therefore, the administration of funds in the regional board level must be transparent. The main purpose of the use of funds, however, is not for profit but for the expansion and glorification of God's Kingdom. Thus, the difference between the two lies on the notion that in the local church level the administration is personal and in the authority of a pastor, whereas in the regional board level the administration is no longer individual, but organisational. If it is organisational, it, of course, needs organisational accountability.

Q. Does it mean that the actual church is a congregation in a local church?

A. Yes, the Scripture teaches such that. Therefore, both regional and central boards are only a structure that is built and ruled by organisational principles.

Q. Is there any other explanations, beside Biblical teaching, for the financial administration practice in the PCI?

A. Of course yes. There is a difference between mission and sending (zending: Dutch). Whereas the Germany financially sponsored mission, the Dutch sponsored sending. Most of the pioneers of Christian organisations in the island of Sulawesi were sponsored by means of either mission or sending. The pioneers of the PCI, however, were never been sponsored by any of these. The pioneers of the PCI did their job voluntarily. It was based on a strong belief of the divine call of God. They started to establish new local churches by sufferings and sacrifices. They lived from the giving of people who they ministered to. People devoted to give for their livelihood. This situation went on for tens of years. It seems that such a history had affected the current practice in the PCI. Members of congregation take care of the livelihood of their pastors by providing what ever needed by the pastors. It is believed as their sacrifice and giving to the Lords. A pastor was sent to establish a new local church without financial supports and compensation from the organisation. The organisation did not consequently ask for financial account from the pastor. As a result, in the case of food shortages, the pastor must do the so called 'fasting'. Therefore, it is really unfair to ask for financial accountability from a pastor only when he/she has already been prosperous. He/she was not asked to do so when still in suffering to establish his/her local church. This is one of the historical aspects that may have affected the current practice of financial administration of the PCI. I predict, some changes may take place in the future when the patterns of our church management not influenced any more by the church's pioneers because they all have passed away. Especially

when the successors of the church in the third millennium have forgot the meaning of suffering. Transparency of financial administration by using a sound good accounting practice may appear in the future. However, for the time being the practice in the PCI is still much influenced by the history of the church itself as well as a strong Biblical based. Again, history is not the main determinant, but the Bible is. Probably, if we now adopt accounting principle for our financial administration, there will emerge some deceitful pastors. For example, they may understate their income from 30.000.000 rupiahs to 10.000.000 rupiahs because they do not want to give if it is only for administrative purposes. Because of the absence of accountability, as practiced currently, pastors will give honestly and even more than the amount that they were expected to give as that under a transparent accountability obligation. I myself, as a pastor of a middle size local church, spend at least 200.000 rupiahs per day for the visiting ministers in my local church. I had never let them gone with empty handed. Such a kind of phenomenon may not be seen in other church organisations. This is what I mean by the notion of balance. Therefore, the reason of why the pastors ministering in the 'poor local churches' can survive is because they could get giving from pastors ministering in the 'rich local churches'. Such a giving is not an organisational, but personal in nature. It is voluntary rather than obligatory. Those 'poor pastors' will experience 'balance' because of those giving. This is also the main reason of the survival of our church organisation until recently.

Q. So, is that what you mean by the strength of the PCI?

A. That was what Mr Kaligis said during his interview that 'in the viewpoint of accounting, it may be a weakness but it is a strength which must be resisted. If the financial administration has to comply with accounting procedures, it will finally transform to the compensation system. As a consequence, people will be motivated to minister for income rather than for God. In fact, the current strength of our ministry is due to the 'calling'. By His calling, everything is supplied or provided. Therefore, equilibrium is achieved without the intervention of organisational policies. The Scripture will regulate the equilibrium. There is a feeling of guilty or sin if we did not distribute our surplus.

Q. Because the financial administration in the regional and central boards is basically similar to other ordinary organisations, is that possible to implement accounting procedures in such units?

A. Yes it is. I think that accounting procedures can be implemented and developed in such units. In the local church level, however, is impossible to do because the practice in this level is based on the Scripture. This is the strength of our pastoral system. Let us compare the prosperity of pastors in a PCI local church and a GMIM local church ministering in a similar town, most people will admit that the former is more prosperous and strong. I give you an example. In Kawangkoan, the town where my local church is located, I am regarded as a rich pastor by those pastors from other church organisations even though I myself think that I am not that rich. Probably, their judgment is based on the number of cars I have. I have three cars, while they do not have any for ministering purposes. They have at most two altar assistants, whereas I have forty-eight assistants. In addition, these forty-eight assistants received financial support distributed from my surplus. If I use accounting, I may probably be dishonest in my financial administration because I do not want the organisation

harms my personal mission. Remember, despite organisational mission, I have my personal mission. If we apply accounting means that we are regulated by the organisation. I have freedom on His call. In order to maintain such a freedom, I may tell lie about my financial position. I think by doing this I can freely promote my personal mission. Probably you can draw some conclusions from my explanations.

Q. Because you are also a member of the central board of the PCI, can you tell me the motivation behind the emergence of the Financial Auditing Board in the PCI?

A. Well, the name sounds sophisticated. However, its function is incomparable with the same board as that in the government or state bureaucracy. Financial audit undertaken by this board was not for the purpose of legal sanction. Such a board is regarded as only an arm of the central board with the main function is to assure that regional boards have paid the money, which is by the constitution, belongs to the central board. For example, the 25% of the regional board's earnings must be transferred to the central board. Another function of the board is to assure that the funds are not used for other purposes such as business and loans, but for the execution of organisation's programmes. Thus, basically the nature of such a board is different from the function of the board such as in the government bureaucracy. The investigation by this board is, for example, not intended to find frauds or mistakes in details. As far as the funds are used for the extension of the Kingdom of God, everything will be okay. In short, this board is a control device to ensure that all regional boards are run in accordance with the policy of the central board, especially in financial matter.

Q. Is financial reporting a mandatory requirement by the central board?

A. Yes, reporting is mandatory just for the central board to be well informed about the use of the funds.

Q. Is there any uniformed format of financial report prescribed by the central board?

A. No. That is why the accounts vary among regional boards. For example, some regional boards such as the Central and West Kalimantan still ran with a deficit, whereas some other regional boards had surplus that they really need a good format for their accounts. This results in variability in the reporting format. Nominally, the amount paid by the West Kalimantan regional board, for example, to the central board in the last four years was below 5.000.000 rupiahs. The board of North Sulawesi, on the other hand, in the same period paid more than 120.000.000 rupiahs. Most of the accounts provided only reported the total contribution from the local churches to the regional boards and the total contribution from the regional boards to the central board.

Q. Do you think that relevant references on this matter written by authors who are not members of the PCI is valid to be used in my thesis?

A. Well, in interpreting the Bible we used hermeneutics. In hermeneutics, the interpretation of a particular part of the Bible may be different from one to another church organisations. Even amongst the Pentecostal denominations, there still differences on the interpretation and teaching of tithe. In the Pentecostal Church of

Surabaya, for example, the tithe is believed as can be paid or given to any ministers and not necessarily to the pastor. Other Pentecostal denomination such as the Bethany, on the other hand, teaches that the tithes paid by the congregation should be once pooled and then distributed to all ministers involved in the ministry of the local church. As a consequence, the classification of pastors into A, B, C and so on cannot be avoided. According to the teaching of the PCI, meanwhile, the tithes should be given to the pastor of the local church and must always be fully under his/her authority to use it. Such a teaching is based on the belief that, according to the New Testament, the ecclesiastic is the pastor of a local church. Organisations such as the Pentecostal Church of Indonesia are only man made institutions. Therefore, local church or local church is the one that is Biblically based. The Book of Malachi implies the local church as the treasury of the House of God. The Bible repeats the word ecclesiastic 115 times and all refer to local churches such as Thessalonians, Ephesians, and Corinthians. Thus, this is the strength of our hermeneutics. Given this, the contribution to the central board is, therefore, not Biblical based. It is only organisational consequence. The pastors were ruled to pay 10% of their income to the regional board because they are under the umbrella of the organisation. In the Bible, there is no Scripture prescribing how pastors should spend their income. It did mention that a pastor must give tithe to other pastors. Because of the unspecified nature of other pastors, the regional boards are then personified to represent those pastors. Therefore, every pastor has to pay 10% of his/her income to the regional board.

- Q. Regarding the financial administration, do you think there will be a possibility of change in the future?
- A. Because the church is going toward the oneness of the Body of Christ, there will be a tendency that the so-called 'organism' in nature will dominate the 'organisation' in nature.

Ps. J.O. Wotulo, MTh.
(Regional Board 1)

Q. Can you tell me the sources of funds for a local church in the PCI?

A. In general, there are four sources of funds for a local church. These are offerings, tithes, thanksgivings, and love offerings. All these funds are managed by the pastor of the local church without being controlled by the local church's members. The way the funds is managed vary and without a specific system. However, the offerings and tithes need to have a special record because the pastors need to pay tithe to the regional board. The regional board will then pay 25% from the commission received to the central board. In addition to the above, there is also local church's source of funds called 'church reserve'. Such funds are used to cover the operational expenses of the local church. A treasurer was appointed to manage these funds. He/she needs to be accountable for the uses of the funds to the local church council and even to all congregation members.

Q. Do you have any Biblical reference on the financial matters of the PCI?

A. Yes. Basically the funds are brought to the storehouse of the Lord for the livelihood of the pastor. As Malachi 3:10 said 'the tithes are for the need of ministry in the house of the Lord'. The development of most local churches emanated from one or two members and was early introduced with the teaching of sacrifice for the ministry. This indicates that most pastors of local church in the PCI started their ministerial job from insufficiency. When their local churches have grown up and they have received more, they have the obligation to support other ministers and pastors in needs. I myself, for example, must financially support a group of ministers consisting of more-less one hundred pastors every month. The funds were generated from the giving of my local church's members. As far as I am concerned, there are several ministers in North Sulawesi practicing such a conduct. Thus, for the blessed pastors, they must not use their abundance only for their livelihood. They have to care for others as well.

Q. Have you ever heard a call from local church members for a financial accountability of the local church's funds?

A. So far I have not ever heard. Instead, such a call had several times proposed in both regional and national forums of the PCI by some pastors. Their purpose to reform the current practice is mainly to achieve balance of income between the surplus and the deficit local churches.

Q. Do you think that financial accountability is necessary in the regional board level?

A. It has been in the constitution of the church that regional board must provide financial account once in every four months. It is the financial accountability of the regional board to the pastors as well as to the central board. To control this, the central board formed a board called Financial Auditing Board. In the North Sulawesi regional board, such a board had been formed. Its function is to control the administration of funds in sub-regional boards.

Q. Is the account of the regional board provided routinely and regularly and according to the schedule?

A. Probably due to work overload in ministry, the account was not always provided regularly. At least there were accounts even though they were provided irregularly and not in necessarily a four-monthly basis.

Q. Why financial account seems not important in the local church, but necessary in the regional board level? What makes such a difference?

A. Basically, our congregational members have been taught that what has been given to God, has been God's and we do not have any right to know why and how it is used. Especially, those given to the servant of God. If it is given for the church reserve, a financial accountability for correction purposes is, of course, necessary. But, for something that has been given to the pastor, the nature is sacrificial. In this case, the transfer of title has occurred. On the other hand, financial accountability is necessary in the regional and central boards because it is an organisational requirement. Even though financial accountability in the local church is not required, moral accountability of the pastor with regard to the use of funds is important. The pastor should be held accountable to God. Therefore, the use of funds must be appropriate.

Q. Do you think that a pastor has a privilege?

A. Yes. That is why Jesus is claimed as the Head of the Church. With such a status, He has then authority to appoint evangelists, apostles, teachers and so on.

Q. Is that probably due to the special ordainment from God that makes a pastor is held accountable only to God?

A. Yes. A person becomes pastor is not because he/she was ordained by the organisation's leaders. The most important thing, like the pioneers of PCI, is that they possession of a special calling from God. I myself, for example, formerly refused to be a pastor. I accepted this 'call' because I was once visited by God. That is why, as a pastor, I am held accountable primarily to God. For us, central and regional boards are only means of God to develop His Kingdom. Such boards are needed to ensure order in ministering activities because God wants order. Probably this principle has become one of the bases for a pastor to be autonomous in administering his/her income. A pastor only to execute God's order. So do prophets and apostles. Every one only the tool of God according to the purpose of God's call to.

Q. Thus, to become a pastor, ideally, must be based on a 'call'?

A. Yes. Such a call is normally a personal experience.

Q. Do you mean that the 'call' must be sensed?

A. Yes, the duty originates from God even though the types of 'call' may vary. As Apostle Paul was called in God's way, so did other servants of God. I myself had no intention what so ever to be a servant of God. However, when I was sick, I saw God

visited me and put His hands on my head and said "Go and preach my words". I was then healed instantly from my sickness and anointed with the Holy Spirit. Thus, it was the foundation of His call to me. Such a revelation I experienced in 1960 and following that, I joined a Bible College in 1962. To my opinion, God's call is personal and different from person to person. I believe that every servant of God received a 'special call'. For those who did not experience spiritual growth, it may be due to their disobedience to God's order.

**Ps. Ms. Isye Landjang
(Local Church 5)**

Q. How were you promoted to this position?

A. I was first appointed as the treasurer for tithes by the former pastor, Ps. Kawatu Sr. The appointment was due to his incompetence in doing the administration of the tithes. Formerly, the tithes collected were presented to the pastor via the treasurer of the tithes. Currently, however, the tithes are submitted directly to the pastor without any involvement of the treasurer. This change has taken place since Ps. Mrs. Kawatu became the pastor of the local church.

Q. How such tithes were counted and recorded?

A. The process of recording is personal and based on trust. Therefore, the pastor has never audited the account. I computed the tithes together with some other local church's members. After being counted, the money was then given to me as the treasurer. Because the money was due to be handed to the pastor at the end of every month, the early balance for the following month will always be zero.

Q. Does it mean that the account was provided once in every month to the pastor?

A. Yes. However, it was only in oral form. I only reported orally that the total tithes from this date to such date were this or that without any detail. It is because the pastor has never asked any detail of such account until these days. If he wishes so, I can, of course, provide.

Q. What is your view on the ways the money was recorded in the local church of Bahu?

A. The pastor controlled all processes with regard to the recording and using of funds, except the church reserve fund. The local church's treasurer records and keeps the funds for church reserve funds because it will be used for the needs of the local church. The offerings and tithes are, however, fully managed by the pastor. The uses of such funds are totally up to the pastor. I did not know anything about how and for what purposes the funds were used.

Q. Do you think such a practice is in accordance with your belief system?

A. Talking about money is sensitive. Every pastor may have different points of view on this matter. In other congregations the tithes collected were announced to the congregation members. In some other places, the tithes as well as the offerings collected were also announced. In the church of Bahu, however, such a practice never happened. According to the Scripture, actually, the tithes are not just for the pastor but also for other pastors who are ministering to a local church. Thus, it depends on how the pastor understands what is said in the Scripture. He must know how to use it according to the Scripture. If we investigate the Scripture, the tithes must also be distributed to other ministers who are ministering to the congregation.

Ps. DR. W. D. Saerang, MDiv.
(Central Board 2)

- Q. It seems that the accounting practice in the PCI, if any, is very simple. What do you think about this?
- A. It departs from the belief of most members of the PCI that what has been given to their pastors is no longer theirs. Therefore, to know how the money is to be used is out of their intention. Due to this belief, probably, pastors in the PCI had no intention of recording their income since the beginning of their ministerial career. Moreover, the use of the money depends totally on their wish. Recently, however, the need of bookkeeping appears necessary even though the congregation have no interest on that. Their lack of interest is simply driven by their belief mentioned previously.
- Q. During your ministerial services, have you ever asked by any of your local church's members about the administration of your income?
- A. For my local church: Shekinah Tomang, the funds are divided into two categories. The so-called 'church reserve' is used for financing operational activities of the local church. The second one is the 'tithes' whose administration is fully controlled by the pastor. Regarding the administration of the former, it seems that only approximately 5% of the congregation have shown their interest to get it published. Meanwhile for the administration of the later, so far there is no one has asked about it. It is because the church reserve was taken not only from the regular Sunday's giving but also from a 'special offering' session when necessary. That is why we need to issue a report of accountability on this.
- Q. Regarding the account of accountability itself, is it done regularly or when only needed?
- A. In my local church, the local church's treasurer normally provides the account once in three months. The account is normally announced on the announced board. In addition, the treasurer also announces the account before the congregation during a Sunday service.
- Q. What do you think about the importance of accountability in the regional boards?
- A. According to the church's constitution, the administration of funds in a local church is under the authority of a pastor. In the regional and central board levels, however, the mechanism is different. The constitution prescribes that financial account must be provided by regional boards every six months to the central board.
- Q. Besides tithes from pastors of local churches, do regional boards receive funds from other sources?
- A. The tithe of the tithes contributed by pastors of local churches are the main source of funds for a regional board. In the constitution, however, the regional board is permitted to generate funds from other sources such as donations as far as they are

not against the Scripture. In fact, however, funds generated from other sources are very minimal.

Q. Do regional boards need to provide financial account to pastors of local churches under the territory?

A. Yes. Regional boards, by the constitution, must provide financial account to pastors under their territory every six months. Some regional boards have even done this more frequent such as every three months. A special account also needs to be provided in special events such as regional four-yearly conference. Thus, the regional boards are held accountable to pastors of local churches. A copy of such an account must be sent to the central board.

Q. Can you tell me the mechanism of financial accountability in the central board?

A. Basically, the mechanism is similar to that of the regional boards. The financial account of central board must be provided and sent to all regional boards every six months. In practice, however, such a process was not always done as scheduled.

Q. What are the reasons behind the formation of Financial Auditing Board? What is the function of this board?

A. Departing from the willingness to have a better administration of funds, the 1995 National Four-yearly Conference of the PCI recommended to form a board called 'Financial Auditing Board'. This board has the legitimacy to audit the financial administration of all regional boards as well as other institutions such as Bible Colleges and Institutes within the PCI. It is assumed that 'frauds' may reveal in every organisation and the PCI is no exception. This is, actually, only a means to encourage all regional boards to work orderly.

Q. Does the central board's treasurer also become the object of audit?

A. Yes. The treasurer of the central board was the first one to have been audited. This board is granted freedom to do the auditing process.

Q. How about sanctions lay down for the wrong administration of the funds?

A. This is one of the weaknesses. The formation of this board was not followed by the enforcement of sanctions for those found in fault. Thus, the board, basically, provides report of their findings to the central board. The central board then formulates necessary actions based on the report.

Q. Has the Financial Auditing Board functioned well?

A. Even though such a board has just been functioning in the last four-year, it has been able to conduct financial audit to some regional boards and Bible colleges within the PCI. This board did provide findings from their auditing activities. In fact, the existence of the board has provided enough pressure to treasurers of regional boards and Bible colleges in preparing and providing better and more reliable financial accounts. In order for the regional boards and other institutions within the PCI are

able to prepare and provide sound 'good financial statements', the financial auditing board had issued a book called 'guidelines for the preparation of financial statement'.

Q. How was the quality of the financial reports after the issuance of such guidelines?

A. Probably, because the socialisation process of the guidelines was not done intensively, many of the financial reports provided are still 'traditional' in nature.

Q. It seems that there is dualism with regard to the necessity of financial accountability between local churches in one hand and regional and central board on the other hand. Can you explain about this?

A. This is probably because the constitution only governs the financial administration of central and regional boards. Meanwhile, the financial administration in the local churches is totally under the autonomy of pastors. Thus, all internal affairs of a local church are under the authority and responsibility of a pastor.

Q. Is that due to the constitutional consequence or Biblical order?

A. Well, the Scripture always refers to local churches. Organisational matters, on the contrary, are mostly secular in nature. There is part of the Scripture telling that 'the Israelites gave to the Levites. The Levites then gave to high priests.

Q. What do you mean by local church?

A. Church can mean two things: the universal church and the local church. The universal church refers to the 'body of Christ' or the believers. The local church refers to the church with a geographic boundary with an organisation structure and members taking care of the needs of their ministers. The PCI, until these days, keeps believing that offerings and tithes are given to the pastor of local church and reports of their use are not necessary.

Q. Is there any possibility of change in the future?

A. Until these days, most members of the PCI understand and realise the Biblical reason for their giving in forms of offerings and tithes. That is why they did not expect any financial accountability for their pastors. Basically, all rules in the PCI are based on the Scripture.

**Ps. J. Poluan, MTh.
(Teacher 1)**

- Q. It seems that the accounting practice in the local church of the PCI is very simple. What do you think about this as well as what are the Biblical references on this?
- A. Financial administration in the PCI must be seen from two facets. The first one is seen from the viewpoint of local church and the second one from the viewpoint of the church as an organisation. In the local church, the funds are generated from a number of sources for a number of purposes. The main sources are offerings and tithes. Tithes, in fact, constitute the most significant contribution to this group of income. In addition to these, the local church also generates funds for the maintenance of building and other operational expenses. The amount of such funds are, however, very little compared with those generated from offerings and tithes. There is a common belief in the PCI that the tithes and offerings collected in the local church are not subject for accountability to any party. It is because the giving of offerings and tithes is based on the order of Scripture and as a sacrifice to the Lord. Some parts of the Scripture explicitly confirm that such giving is sacrificed to the Lord. The Lord then entrusts the management of such funds to pastor of local church as the person responsible for the growth of the local church. Thus, it is the substance of the offerings and tithes that they are given or returned to the Lord. That is why financial accountability is not relevant in this regard.
- Q. In general, how do you categorise the giving in the PCI?
- A. The types of giving in the PCI in general are as follows. The first one is known as tithe that simply means ten percent of the income received by a believer is deducted and given to the Lord. In the doctrine of the PCI, the tithe is believed as belongs to God and given to the pastor of a local church. The second one is the giving which is voluntary in nature and generally known as offerings. In addition to these two types of giving, there is also a kind of giving which existence is based on the agreement of the members of congregation to support the development and maintenance of the church building and other local church's facilities, including social care missions. These are the three main giving revealing in the local churches of the PCI.
- Q. Do members of the local church expect no financial accountability for the administration of these giving?
- A. For the first two: tithes and offerings were so far no as I have explained previously. The reason is because such giving are principally given to he Lord. The Lord then gives the power to manage them to the pastor of local church as the leader of congregation. For the third one, because it is collected according to an agreement for supporting physical development of the local church, financial accountability on its administration is normally needed. For accountability purposes, the pastor through the local church's treasurer provides an account and announced it before the congregation. Some local church's treasurers had even provided such account in writing form.
- Q. Do you think that such a kind of practice may be changed in the future?

A. As a director of a Bible College and as a former pastor of a local church, I think that due to the changes in various aspects of human life, there will be a possibility for changes to the current practice. Explicitly, the Scripture do not mention the necessity for a pastor to account for his administration of the local church's funds. If we understand more deeply, however, it is not a mistake if the administration of local church's funds is performed more transparently. At least a pastor has records of his/her financial administration to be able to account to any party, if necessary. Some other church denominations, for example, have successfully experienced a growth by practicing a transparent financial administration in their local churches.

Q. Is there any Biblical reference with regard to your thought on this matter?

A. Besides for transparency purposes, there is an implicit Biblical reference on this matter. Implicitly, the Scripture mention that accountability for the use of funds in a local church is needed in particular circumstances. Let us say the tithes. It is said in the Old Testament that the tithes were brought to the storehouse in the house of the Lord. To supervise such storehouse, some persons were appointed. These supervisors then managed the funds transparently. Such funds were then distributed to the Levites according to their needs. In order to be able to distribute the funds according to their needs, data or records of those who deserve for the distribution are, of course, important and necessary. Thus, a management practice can be assumed present in this process. At least, the list of the Levites who deserve for the distribution must be possessed. Based on this I can say that the accountability of local church's funds has Biblical references. The New Testament also supports such a view. The Book of Acts chapter 4 tells a story about how members of congregation brought all their money under the feet of the apostles. This money was then distributed to all members of congregation according to their needs. A question now reveals that how could the money be distributed according to the needs of members if there was no record, list or the so called an accountable management? Thus, this is the Biblical reference on this matter. I believe that in the future, as some other truths had revealed, the revelation of truth in financial matter will take place.

Q. Is there any relationship between the current practice of accounting and the growth history of the PCI?

A. The relationship is very significant. Historically, the local churches in the PCI were personally initiated and developed by a pastor without any financial assistance from the organisation. Thus, in general, local churches or local churches began with a small number of congregation members and so was the amount of their giving to the pastors. One of the reasons of such a shortage of funds was the lack of understanding of the new members on the importance of giving. Because the fund collected via offering and tithe was very limited, the reason for a pastor to account for the money to local church's members was not present at this stage of a local church development. This condition had then led to the notion that financial accountability is not necessary in the early stage of a local church's development. Local church's members also shared such a view because they realised that there was no much money available for a pastor to be held accountable. However, history has proven that the PCI has grown and become a big church organisation. A better management of the organisation's funds must theoretically, follow such a development. The fact,

however, indicates that the pattern of financial administration in local church remains constant. Because the pastors were not held accountable for the money received from the local church members since the early stage of the local church development, they do not think to be obligatory to do so even when the local church has well established. Moreover, the local church's members also do not ask for their pastors to be held accountable for the money they have given. That is why I said that the relationship between the financial administration and the historical development of local church is significant.

Q. Based on your observation, have you ever heard any question about financial accountability of a local church's funds from a church member?

A. During my pastorate, I have never been questioned by any of local church's member regarding this. In some circumstances, when the number of the members of a local church has reached thousands of people, however, there is a possibility that some of the members could give a big amount of money to the local church. In this situation, some of them may think that financial accountability is an important matter. In my observation in some of the local churches that I have ever visited, some members of the local churches have indicated their willingness to have a transparent administration of their local churches' funds. Regarding the authority to use the funds, they agreed, remains absolutely under the pastor's authority. Some of them have even accused that the lack of transparency of the financial administration is one of the weaknesses of the PCI.

Q. Does the Scripture mention anything about the obligation of a pastor with regard to the money received from the local church's members?

A. The church constitution prescribes that every pastors should give 10% of his/her income to the regional board. The regional board then is required to give 25% of its income to the central board. In addition to this, a pastor also has a moral obligation to give to those in needs, such as congregation members or other ministers. The main obligation is, however, the ten percent given to the regional board. This tradition seems to refer to the concept of tithe from the local church's members to the pastor.

**Mr. Soedjarwo, Akuntan
(Auditing Board)**

Q. What is the purpose of audit done by the Auditing Board?

A. Similar to the purpose of audit in general, the purpose of audit undertaken by the board is to investigate as whether or not the financial transactions have been recorded properly for accountability purposes. This need to be emphasised because there is an image on those audited that the purpose of audit is to find out the 'mistakes'. To find out the right or proper ones is actually the underlying purpose of our audit. If mistakes are found, they will be considered as not the main purpose. Thus, the board is only looking for the proper or true recording. Why do we need the true ones while the belief system of the church has clearly emphasised that any 'wrong doing' will be punished? The belief system is okay because it is what God has said. The problem lies in human being as the agent of God. As human being, he/she will always be tempted to do something against God's will. For this reason, he/she may do something 'wrong', either consciously or unconsciously. The mistakes normally begin with a little thing and then expand until they are out of control. Therefore, the purpose of audit now turns to the preventing the purity of the belief system from the infiltration of disturbing elements. In other words, the purpose of audit now is to avoid those responsible for financial matters from the 'sin trap'. Those audited ministers had already understood this.

Q. Do you have a guideline in doing your audit work?

A. When I first joined this board, there was no guideline at all. It was probably because the board was just established. As a consequence, there was no uniformity in the financial recording and reporting of the PCI. Therefore, the fairness of the financial accounts, at that time, was based on 'trust' and 'good will' of those who prepared them. In consequence, there was no judgment that could be made by the person who audited such accounts. In response to this, the tasks of auditing board were focused on two actions: firstly, to standardise the reports in all levels of the organisation, and secondly, to perform audit works to those reports. This was done due to two reasons: firstly, what to be audited if there was no 'basis' for doing so, and secondly, what will be the judgment for the fairness or unfairness of financial reporting if there is no guidelines. For these reasons, we decided to make a guideline called *the guidelines for the preparation of financial reporting in the PCI*. Because time was passing by, we could not wait until the guideline got published and we start the jobs. Therefore, we have to do our jobs with or without a guideline at the first time. This audit job was, of course, based on the guideline that is being printed. Because we are the persons who developed the guidelines, we, of course, knew what the guidelines were. Thus, the printing of guidelines and auditing were done simultaneously. Currently, the guidelines have been distributed to all interested units such as regional boards and Bible colleges. The auditing board then proposed that the local churches might be excluded from the target units for the time being. The regional boards can perform the audit for these units. We, otherwise, may be asked to do so only in special circumstances. Thus, the board also audits the central board. The guidelines for the preparation of financial reporting have been developed as such that cover the accounting systems of the whole organisation. By using such guidelines, one will be able to trace the flow of funds from local churches up to the central board and vice

versa. In other words, funds handed out by a regional board to the central board can be controlled via the financial account of the central board. The same thing applies for a local church and regional board relationship. Thus, a built-in internal control system has been set in such guidelines. This design was possible because most of the accounts involved were recognised and accommodated. For example, the contribution of regional boards, which is 25% of their income, to the central board has a special account in the central board's financial statement.

Q. What are the units that become the subjects of audit by the board?

A. As I told you previously, we had agreed that the audit should begin from the central board. The first one was the central board's financial administration and followed by the 'Diakonia' Foundation and the Department of 'Diakonia' in the central board. The 'Diakonia' foundation was actually not the part of the organisational structure of the central board, however, it was one of the foundations of the PCI. The treasury of the central board was one of these subjects. Having completed the central board, the audit was then undertaken in the regional boards. The regional boards of West Java, Central Java, East Java, South Sulawesi, North Sulawesi, North Sumatera, and Bandar Lampung were among of those that have been audited. So far, we have not been able to audit all of the regional boards. The total units, including Bible Colleges that had been audited were forty. These jobs were completed in two months. I was at that time accompanied by some members of the board when conducted the audit. I could do it because I was not that busy at that time.

Q. What were the findings?

A. The findings in each unit had been submitted in a form of report. I made the report and the chief of the board then signed it. I did not have difficulty at all in preparing the report because I know how to make it with regard to the standard provided. The only problem was the domiciles of the board members. For example, I, who did the audit, live in Jakarta. The secretary of the board lives in Magelang. The chief of the board was in Semarang and the vice-chairman was in Bali. The process of issuing the report must follow a long route. I firstly prepared the draft. It was then sent to the secretary for being typed. The secretary then forwarded it to the chief for being reviewed. It was then returned to the secretary for the finalisation. The final report was then issued and sent to the interested parties.

Q. Was there any standard of qualification of the audit reports?

A. Yes, there was. Because it was done in late 1996 to early 1997, I could not remember the details for each unit. It would be better if you can get the reports. There was a summary for all units in addition to the individual report for each unit. I am sure that those files are still kept by the secretary of the board in Magelang. The copies of the reports were submitted to the chairman of the central board. Whether or not they were given to the central board's secretariat I did not know for sure. It would be better ask the secretary of the auditing board in Magelang for the files. Whether or not you can get access to this is another problem. Probably, the summary will be more accessible than the individual report. The summary will be enough for you. It is because such information is regarded confidential in an ordinary organisation.

Q. To whom the audit report of the central board was submitted?

A. It was submitted to the chairman of the central board. It was because according to the organisational structure of the PCI, the auditing board is accountable to the chairman of the central board. The auditing board is just similar to other boards such as regional boards and Advisory Board. Apart of the report submitted to the chairman of the central board, one copy of the report of each unit was given to the unit concerned.

Q. Was there any obstacle in doing the audit itself?

A. The main obstacle in doing this job was the operational 'costs'. It was because the organisation did not have the budget for the auditing board to do its audit jobs. As a consequence, the members of the board must use their own money in executing their jobs. It would be better if the central board could provide budget for the operations of the auditing board for future operation. If the costs were charged to those being audited, the objectivity of the auditors may be impaired in doing their jobs. That was why I tried to avoid receiving money from them, even though the giving of money to visiting 'servants of God' has been a common and generally accepted practice in the PCI. Because it was related to the auditing, there would be connotation on this. So, the obstacle was the operational costs.

Q. Was there any obstacle from the clients?

A. I used to be a person with a little understanding of the belief system of the PCI. Realising this, I asked the chief of the auditing board, Rev. Karuniadjaya, to always accompany me in doing the job. Just in case I was confronted with Belief system related questions, the presence of Rev. Karuniadjaya would be a 'shield' because he has the expertise in this domain. Fortunately, during that period of duty, I was never confronted with such a situation. No one had ever connected the process of audit with Biblical references.

Q. As an auditor, do you think that the process of audit is relevant if being related with the Scripture?

A. I assumed that because it is an extraordinary field where the ministers are experts in Scripture, they were expected to relate such a process with Scripture. In fact, however, they had never done this and even seemed understood and accepted the process as it was. It was because the main purpose of the audit, as I emphasised to them, was to avoid or to get rid of all stumbling blocks for the purity of the Belief system of the church. Thus, it was not for finding mistakes.

Q. Because the audit reports were submitted to the central board, does the auditing board have an authority to impose necessary sanctions with regard to the findings?

A. No, we did not. We restrained ourselves from the position of sanctions givers. We only tried to provide audit report as it was. To my opinion, the auditing board should not draft the guidelines for the preparation of financial report of the church. Other task forces should have done it otherwise. Ideally, there should be a separation of task among those who prepare the guidelines, implement such guidelines, audit the fairness of the implementation, and give the sanctions. Because there was no one

wanting to do the drafting, we were then assigned to do so. Fortunately, there was no the conflict of interest in this regard.

Q. Do you think the employment of professional is necessary in order to improve the quality of financial reporting in the church?

A. The important thing, in my opinion, is that those assigned to prepare the financial report, including the treasurers, must have graduated from a Bible school in the PCI. It is because one of the subjects taught in the Bible school is 'bookkeeping'. Such a subject was designed to meet the need of the PCI. I noticed that the Beji Bible School offered the best program for this subject. It would be much better if the administration of finance in the PCI is administered by members of the church who had got a Bible school certificate rather than by outsiders whose spiritual life are still questionable. Their commitment to the call of God would contribute to the way they do this job.

Q. From the division of function viewpoint, what do you think about the authority of the treasurer of regional board who perform all functions of financial administration?

A. I think that this practice must be re-evaluated. The separation of functions must be enforced in order to have a good control. The function of a treasurer must only to receive, store, and give money under the order of those who have the authority. The recording function must be done separately. The most dangerous practice appears when the treasurer is assigned to seek and collect money from congregations. The possibility of frauds is significant in such a case.

Q. Had the central board been informed about the importance of the separation of function matter?

A. In the reports that I prepared for the central board, some recommendations regarding this had been included. This was intended to avoid the possibility of the manipulation of funds of the organisation.

Q. Is it possible that the auditing board to audit local church financial reports?

A. As I told you previously, the authority to audit the financial administration of local churches, for the time being, is under the regional boards. We can only provide assistance if necessary.

Q. What was the format of the audit report made by the auditing board?

A. The format includes introduction, auditing process, and opinions such as qualified and unqualified.

Ps. F.H. Saerang, MTh.
(Teacher 2)

Q. What do you think about the administration of funds in the PCI with regard to the Belief system, particularly in the local church?

A. Because of the belief that the existence of the PCI is empowered by the Holy Spirit, all ministerial activities in the PCI are based on faith rather than income. Thus, the genuine motivation of either preachers or pastors in doing their job was to respond to the call of God by ministering to and converting people into becoming the children of Christ. With the increasing number of believers to be served, the establishment of local churches becomes necessary. In this stage the motivation for ministry, however, remains the same that is to serve or minister to the people of God. It is not about the business of earning money. Because the PCI has developed and become a big church organisation, the pastors of local churches receive giving from the congregation and use it mainly for the needs of their families' as well as congregation. The variation of income is, in fact, unavoidable. Those pastors ministering to local churches in the urban areas, generally, receive more income than those ministering in the rural ones. Because such an income was believed as a blessing of God for every one according to his/her work, a financial management system is not considered as necessary to be set up in the whole church organisation. As the consequence, each pastor in local churches receives and spends his/her income without any concern of recording it. The sources of that income are offerings and tithes from the congregation. These two types of giving are not differentiated when they go to the hand of the pastor. It is because the doctrine of the PCI recognises tithes as the holdings of the pastor and his/her family. Probably, in some rural local churches, the administration of these funds has been more transparent. In most local churches, however, remains the same. This practice is, of course, based on our understanding of the Scripture. In the Old Testament, all Israelites who are not belonging to the Levites must bring their tithes to the priestly tribe or the Levites. The use of such absolutely depends on the Levites. This means that once the tithes have been taken into the house of the Lord, it is the right of the Levites to use them. There was no obligation whatsoever for the Levites to be held accountable to the Israelites for the spending of these tithes. In the New Testament, there is no explicit Scripture mentioning the obligation of pastors to be held accountable to the congregation for the use of the tithes. Thus, in principle, the tithes were collected for the livelihood of the family of a pastor. Because it is the main purpose of giving tithes, there is no reason for a pastor to account to the congregation for the use of such. In addition, pastoral ministry is not an enterprise or any other social bodies.

Q. Was there any explicit rule on this matter?

A. There is no explicit order on the notion that a pastor is not to account for the tithes they receive. On the contrary, there is also no Scripture saying that a pastor must be held accountable for the use of such to the congregation. We only interpret that pastoral care is purely ministerial and a pastor, together with his/her family, performs this job. In doing such ministry, as human beings, they need foods and the like for their survival. In order to fulfil these needs, the tithes and offerings given by congregation are used. Thus, a pastor is held accountable only for funds generated for the building, maintenance, and organisational purposes.

Q. Can you describe the notion of "proper use" of money with regard to the order of God?

A. Sensitivity and honesty of pastors are needed for the use of offerings and tithes. When one ministers to a local church with only a small number of members, he/she sometimes faces harshness with shortages of resources. Thanks God, however, because He could support His servant in various ways to survive. The problems actually reveal when the size of the local church extends and the number of congregation increases. In this situation, the income of pastor will increase dramatically and even produce some surplus. Even though the use of such surplus is not governed by the church constitution, the pastor must use it in accordance with the Biblical references. It is expected that the surplus can be used to support ministerial and missionary activities that really need help. In this regard, the sensitivity and honesty of a pastor are needed.

Q. What is the basic giving expected from congregation?

A. Mainly, there are three types of giving. The first one is called tithe. This is compulsory because this is believed as God's. Thus, the congregation must bring it to the house of the Lord. The second one is called a 'voluntary sacrifice' or offering. The amount depends on the willingness of the congregation. The tithe was generally paid monthly. Some members even paid it once in two-month. We must keep it in mind, however, that a pastor and his/her family need foods and the like for their continuous survival. That is why there will be offerings collected in every sermon. It is a part of worshipping. In addition to these, there is also the so-called general giving. This general giving is collected for the purpose of building maintenance and social care. Social care activities include helping to those in need such as ministers, preachers and congregation members.

Q. What do you know about the first-fruits, love offering and heave offering?

A. These all actually refer to the order of God to the Israelites that every time they harvested, they had to give the first-fruits (hulu hasil) from their fields to God as a thanksgiving for the God had blessed them through their fields such as rice and grapes. The tithes were then taken after this. The love offering (persembahan kasih) is normally given due to the help of God in special events of our life such as birthday, marriage, promotion etc. Heave offering (tatangan) is a giving to those ministers who are on a journey for ministry. This type of giving is not necessarily given to the pastor but to every minister to whom God inspires us to give.

Q. What do you think the practice of accounting in the regional boards?

A. My previous explanations are with regard to the practices in the local church or local church. They differ from those in the regional boards or central board, of course. Practices in most local churches tend to be similar in their main principles. The practice of accounting in the regional and central boards has been guided by the church constitution. It has been inclined in the constitution that all pastors must give 10% of their income to the treasurer of the regional board. The regional is then obliged to give 25% of its income to the central board. All these have been governed

by the church constitution and supposedly performed transparently according to a general practice of financial administration.

Q. Can you describe the organisation sanctions toward the misuse of giving by a pastor?

A. There is no pronouncements in the PCI concerning the imposition of sanction for those who do not want honestly submit their 10% liability to the regional board. There is no legal sanction. There was a proposed convention that requires those pastors who fail to submit the 10% of their income to the regional board in three consecutive terms; the board should give them a reminder. If such reminder was not obeyed, the regional board has the right to announce this to their congregation. Practically, however, this convention did not work.

Q. What is the indication of a sanction of God for the dishonesty of a pastor toward the use of giving?

A. We hold a belief that God will give sanction to any dishonesty. Because giving is the order of God, God will sanction who ever disregard this. The problem is that as human beings, we have limitation to make judgments on this matter. The indicators are probably reflected by the pastor's performances in his/her ministry. For the dishonest ones, their ministry may experience some unfortunates and troubles over time. Even some material losses may be revealed. But again, it is difficult for us to make a judgement that those disgraces were really caused by the dishonesty of using the giving. We only hold the belief that God will sanction His servant who is dishonest in holding His trust. That is why we always remind the pastors in the PCI that the organisation may not be able to impose sanction to them on this regard. However, God will have business with those who disregard His trust.

Ps. Maudy Wenas
(Pastor 1)

Q. What do you think about the financial administration in the PCI?

A. In general, the financial administration being practiced by the PCI is in accordance with the truth of the Scripture. In addition to this, the practice is also partly influenced by the historical development of the church. As commonly known, local churches in the PCI was mostly developed from only a handful of people. Three or more members can be recognised as a congregation or a local church. In ministering to such a small number of people, a pastor was normally handled all the ministerial tasks, including financial administration, personally. He or she would not need any assistant in order to help him/her in handling financial matter. Even for acquiring places for worship, the pastor would try to do it individually. It seems that most pastors in the PCI maintained such a mode even until the congregation has grown up in number. Actually, the church constitution has ruled that every independent local church, which has already had members for at least 30 families, must form the so-called local church council. The function of the council is to assist a pastor of a local church in managing the local church. Thus, in generating funds for building purposes from the congregation, for example, a pastor can be assisted by such a council, rather than doing it individually. The council will then be held accountable for the use of the funds before the congregation. I think it is necessary for the leaders of the PCI to socialise the church constitution to all pastors in the PCI. This needs to be done in order to counter the misconception of the management of local church ministry as practiced by many pastors currently. Many of them still hold the self-centered fund administration mode regardless of the constitution of the church.

Q. Do you think that a pastor is held accountable to the congregation for the tithe and offering received?

A. For the use of the tithe, a pastor is held accountable neither to congregation nor to the regional board. For the offering, accountability for its use is not compulsory. However, some pastors have tried to delegate the administration of such to their local church council. Such a council is then held accountable for the administration of the offering to the congregation. The account was reported in many ways such as local church monthly bulletin and regular council meetings.

Q. What do you think about the treasury of the house of the Lord?

A. I think that the term treasury refers to a body of management. Why a pastor wants to solely control the tithe in the PCI is a matter of interpretation of the Scripture. Probably, the history of the development of the PCI is a good explanatory factor for this phenomenon. It is because the development of most local churches in the PCI started with only two or three people. In a meeting of the local church council of my local church, a member of the council proposed an idea that the pastor needs to delegate the administration of the tithe to the local church council. As a consequence, he continued, the council has to fulfil all the needs of the pastor and his family. Thus, the council is held accountable for the administration to the congregation. However, another member refused this proposal by arguing that the current practice was the result of the history of the past. He then continued, if we accept such a proposal, the

status of our pastor would become an employee of the congregation. This is because he receives wages from the council. Due to this dispute, they finally asked my opinion. I told them, let us back to the church constitution. The constitution tends to support the view of the later one. I myself think that a pastor is held accountable, personally, to God. In my experience, when I failed to account for His blessing, I felt guilty and bad.

Ps. H.O.H. Awuy
(Regional Board 2)

Q. What are the sources of funds in the PCI?

A. The sources of funds in the local church of the PCI generated from tithes, offerings and heave offerings. There is also the so-called 'first-fruit' giving. For example, the first salary that one receives from his/her job is given to the pastor as a first-fruit giving. For a farmer, the giving can be in a form of the best products of his/her farm. We must be able to do something to God according to our faith even though it is really hard. Consequently, we also can claim God to perform miracles for us. Thus, there is a balance. Our reference is in Matthew 6:33 saying "But, seek first the kingdom of God and His righteousness, and all these things shall be added to you". Thus, in my local church, the first round offering collected is for the needs of the house of the Lord or the pastor. The second one is collected for the minister performing the sermon. If there is no guest minister, the first offering will be for the church reserve while the second one for the pastor of the local church. The tithe, according to the Malachi 3:10, is given to the pastor. The pastor, however, cannot claim the congregation to give this. It must be given voluntarily. The giving of such must be based on faith to the Scripture. Our foundation of giving is faith and love. The order in Luke 18:22 is even very strong when Jesus ask a rich young ruler to sell all of his belongings and distribute the results to the poor. People will consider this as very hard and even impossible.

Q. How were the above funds recorded?

A. The honesty in recording them is important. For example, at the time a pastor received giving, the 10% for the regional board should automatically be discounted. The 90% of that are not only for the pastor, but also for other ministers and congregation in needs.

Q. Is that according to the rule of the PCI?

A. No. It is according to self-willingness. Thus, the 90% of the tithe are not just for the pastor. The pastor must be able to distribute it to other ministers in needs or in sickness. As a pastor, I always distribute my income to my altar assistants or elders. Such an income is the sum of the offerings and tithes given by the congregation. It was distributed to approximately 70 elders of my local church. Some received 350.000 rupiahs and others 250.000 rupiahs monthly. Sometimes I myself did not receive any money because all have been distributed.

Q. For the above purposes, it seems that you have a body administering the funds. Is that true?

A. Yes. We have a treasurer for the local church's funds. For the tithes, however, I have my own record. According to rational calculation, my income is not enough for my family. However, I experienced a lot of miracles in my life. When I am in a desperate need, God suddenly used people to give me some money that is more than my needs.

As a matter of fact, I had ever been overseas with the whole family members using the giving from my congregation.

Q. Because a pastor is not accountable for offerings and tithes to congregation, to whom then a pastor be held accountable for these matters?

A. Honestly, a pastor must have special accounts for relief purposes. Such honesty can be seen in the way he/she performs his/her ministerial duties. If one were dishonest, he/she would face a declining trend in his/her ministry. Thus, a pastor is held accountable to God for his financial matter. Even though it also can be monitored, to some degree, through his/her contribution to the regional board. Honestly, to provide a detail account on my financial matter is very complicated. One of the difficulties is how to include the aspect of miracle into the account. Frankly speaking, there is no payroll system in our organisation that is fixed in nature. We must use our knees instead. What is certain is that God is controlling us. Reporting to God is important and it must be based on honesty. The consequence of such is clear that blessings and salvation. For the regional board of the North Sulawesi, the pastors devote 10% of their income to the sub-regional boards. The sub-regional boards then contribute 85% of their income to the regional board. 25 % of the regional board's income is then contributed to the central board in accordance with the church constitution. The central board itself has accounts to pay such as salaries for teachers of Bible schools and colleges and donations to less developed local churches. Departments within the central board have their budget. For their financial necessity, the treasurer of the board supplies it according to the budgets proposed. The distribution of central board's income to all departments within the central board was a new policy adopted by the board. The yearly surplus of income is deposited into a bank and will become the permanent reserve of the central board. The current account of the accumulated surplus, which is now becoming the board's permanent reserve in the bank, is approximately 1 billion rupiahs. This reserve is kept for precautionary purposes. This is normally used only for financing some extraordinary events sponsored by the central board.

Mr. Septinus Kolinug
(Local Church 6)

- Q. What are the rationales behind the establishment of the "Dana Duka" in the Local church of Bahu?
- A. There was a feeling of incompleteness in the congregational ministry due to the absence of board dealing for social care in the local church. In other words, there was a need for an institution for a horizontal ministry. For that reason, I proposed the formation of a board called "Dana Duka" which is hereafter referred to "condolence funds". The purpose of its formation is to provide funds for its members when they experience the death of a family member. The pastor of the local church, in fact, supported this proposal. This board was then established in March 1994.
- Q. How were the funds collected? Is there any recording process of the funds as well as benefit for the members?
- A. The fund was collected from members of this "condolence fund". This fund consists of membership fee and monthly contribution from the members. The membership fee is 10.000 rupiahs and the monthly contribution is 2.500 rupiahs. The benefit received by the members is that if any members of their immediate family pass away, they are entitled to receive an amount of 250.000 rupiahs as a condolence fund.
- Q. How were the funds recorded?
- A. All transactions were recorded and reported regularly before the congregation, specifically to the members of the condolence fund.
- Q. How many are the current members of this condolence fund?
- A. We currently have 55 members.
- Q. Is there any other objective of this board apart of giving support to its members?
- A. So far there is no other objective since the funds collected is still limited. There was an idea to extent the use of the funds, if enough, to purchase ambulance and even cemetery.
- Q. As the chief of the committee for construction of the church, can you tell me how did you raise the funds for the committee?
- A. Basically, the funds for the construction of the church of Bahu was raised from the congregation. That was the principle we held at the beginning of the construction process. Each member of the congregation was encouraged to take part in this process by committing a certain amount of a routine contribution. For example, X committed to contribute 10.000 rupiahs per month and then such a contribution to be collected by a committee member. The members of the committee also committed to do the same thing. This self-reliance principle was based on the belief that God will encourage others to help if we have initiated the action. As a matter of fact, we

received a significant amount from outsiders of the congregation. For example, someone from outside the congregation provided the paint as well as financed the painting process of the whole building. I believed that it was motivated by God and as a miracle for us.

Q. How much was the budget of the construction of the building?

A. The budget spent by the committee was 160 million rupiahs. Another 60 million rupiahs were contributed by a donor from outside the congregation. Thus, the overall budget was 220 million rupiahs.

Q. Is there any other source of funds from congregation apart from their routine contribution?

A. Yes, there was. During the construction period, every week we conducted an 'extra offering' in Sunday service in order to raise money from the congregation. In addition, the committee also conducted a raffle coupon and the like.

Q. What is the function of the "church reserve" with regard to the construction activities?

A. The church reserve is used to be the construction reserve. Thus, during the construction period, the funds in the church reserve were used for the construction purposes. When the construction had completed, the function of the church reserve was used for the maintenance of the building and other local church's needs.

Q. Does it mean that the church reserve was formed after the completion of the construction?

A. Yes, after the completion of the construction of the building, all money collected via the extra offering went to the church reserve.

Q. Was the construction fund routinely reported to the congregation?

A. Yes. Because the construction process was based on the availability of funds, the report was always prepared when the funds had almost completely used. This report was announced by the pastor or a member of the committee in the Sunday service. It worked as a reminder to the congregation that the committee was running out of funds and therefore need a fresh contribution. It is also became the indicator of how far the construction had progressed.

Q. Did you mean that the recording process of the funds was good?

A. Yes I did.

Q. What do you think about the recording of tithes and offerings?

A. In my opinion, the tithes is the right of a pastor. This should not be argued. Whether it was recorded or not, it is the authority of the pastor. For the offering fund, I think it should be managed and used for activities that are horizontal in nature. If we consider

the function of the church is mainly to serve people. First, to serve the congregation members; and secondly, to serve outsiders.

Q. How did you come to the conclusion that tithe is the right of a pastor?

A. The basis is, of course, the Scripture. It was because basically a pastor cannot do another job but for his/her calling. This principle, according to Old Testament, will prevail to his/her wife/husband and children. This refers to the live of the Levites. Thus, in principle, it is the right of a pastor. We are not in position to question it. Even the offering is still a sensitive issue.

**Mrs. Ifke Kolinug
(Local Church 7)**

Q. How long have you become the treasurer of the Local church of Bahu?

A. I was the first treasurer of the local church when the church reserve fund was just formed. Since then, the position had been rotated three times. After I served for the first few years, the position was trusted to Mr. Steven Landjang for some periods and to Mrs. Buyung for a period after. I was then re-appointed as the treasurer by the current pastor, pastor P. Kawatu, two years ago.

Q. Was the appointment using a decree?

A. After the meeting of the local church council, I was appointed by the pastor to be the treasurer. I forgot as whether or not there was a decree for this. Probably there was but in a form of a collective decree for the whole members of the local church council.

Q. Concerning the administration of the fund, is there any recording and reporting process?

A. According to the current practice in the local church under the current pastor, the last round of offering collected is for the church reserve. This fund was surrendered to me for being recorded and stored in the church reserve account. For some reasons, however, this fund was sometimes not surrendered to me, but directly given to the pastor. This often happened when the pastor really needed some money for some purposes, such as for an additional giving to visiting ministers. Since the amount was not informed to me, the recording of such was not necessary. In this case, the offering for the church reserve was combined with the second round offering normally collected for any visiting minister. A similar treatment was given to the offering for the church reserve when the local church was asked by the church organisation to contribute for the organisation's event. For this purpose, I was only informed that the offering for the church reserve would not be stored to the treasurer for a certain reason. This normally happen for the Sunday's offering.

Q. Do you mean that the offering for the church reserve is also collected in other services than Sunday?

A. Yes. The offering for the church reserve was collected in some other local church services such as group and cell services. In each service, except Sunday, we conducted two rounds of offering collection. The second round was normally stored to the treasurer as the church reserve.

Q. Regarding the funds directly surrendered to the pastor, who was the person taking the initiative for this?

A. In some occasions, the initiative came from the pastor. In other occasions, however, it came from me. I offered the pastor to use such fund when I noticed that there were many ministers visiting our local church. I asked those calculating the offering to give it to the pastor and let him use or distribute it.

- Q. In general, how frequent such a direct spending of the church reserve took place?
- A. It was not so often. It happened only if the pastor thought that he needed the money. In fact, most of the second offering went to the church reserve account.
- Q. Who was the person in charge for the calculation as well as the recording of the second offering?
- A. The calculation process was carried out by some congregation members who were appointed to do this task. After the tithe was taken out, the rest was surrendered to me. Normally, they did not mention the amount. Therefore, I need to recalculate it again.
- Q. For what purposes that the funds for the church reserve was collected?
- A. Generally, the fund was used for the local church's well being. Basically, all affairs for the benefit of the local church can be financed by the funds in the church reserve.
- Q. Can you give example on this?
- A. Those such as local church events, meetings, musical instruments, restoration of building, and giving to visiting ministers. For members of the local church in sorrow due to the death of a family member will be supported by 50.000 rupiahs from church. Such a fund can be taken from the church reserve as an expression of condolence. Basically, all affairs of the local church can be financed by the funds in the church reserve including bills for electricity and water and costs for repairing musical instruments.
- Q. Who has the authority for deciding the amount going to be delivered?
- A. The pastor or his wife normally makes the decision. The amount delivered was according to their order or their need.
- Q. Did you ask receipts from the use of the funds?
- A. So far I did not ask the receipts, unless they submit it to me. Thus, we relied on the "trust" principle. Especially, when it was asked and used by the pastor or his wife.
- Q. Have you ever reported the account of church reserve before the congregation?
- A. Yes I did. It was done through the weekly bulletin of the local church. However, the report was not in detail. It was only the balance of the account in a certain date. That's all. I thought that if I made a detail report, it might create an image that I am too transparent. I also am not sure as whether or not it was okay in the view of the pastor.
- Q. About the pastor, did he ask you to provide the report?

A. No and Never. He only asked me to provide a report in the meeting of local church council.

Q. For the tithes and offerings, was there any report from the pastor to the congregation with regard to these funds?

A. So far, there was no any report of either tithes or offerings from the pastor. Probably, it was because the congregation members have never asked about it. As far as I am concerned, there was no comment from congregation about offerings and tithes.

Q. As a member of congregation, what is your reason for judging that the financial accountability of the offerings and tithes by the pastor is not necessary?

A. I do not know. For I myself, I think that the Scripture say, especially with regard to tithe, brings it into the treasury of the house of the Lord. Treasury implies a system of administration. It can be someone appointed by the pastor. About the offering, I am still not sure what the purpose of collecting it is and to whom it should be given. Whether it is collected only for the pastor or it and for both the pastor and local church. In other words, it can be used for both the livelihood of the pastor and other ministerial activities. In my opinion, when the size of the congregation was still small, the administration of tithe and offering by a pastor should not be questioned. However, when the congregation has grown up and bigger in size, the leaders of the PCI must regulate the administration of such funds. This is in order that the congregation will be informed of how the funds are spent. For the elder members of the congregation, the current practice may be okay. However, for the new members, especially those transferring from other Christian denominations that have different practices, this may be a problem. Frankly speaking, with regard to the offering, there were a few members asking about the purpose of having more than one round of offering collection. I myself sometimes questioned, so how? Since there are so many needs of the local church, is not it better if the offering to be reported to the congregation? Is the offering has a similar nature to tithe that the pastor should use it only for his own businesses? I think the congregation members need an explanation of this regard. It is because some of the congregation members are doubtful on this even though they may not express it.

Q. What do you think constrain them from openly expressing their doubt?

A. I think it was because they have respect to the pastor. It was also because they may not have references from Scripture regarding their doubt. I confessed that my understanding of Scripture in this regard is still far from perfection. For the tithe, I think so far is okay. Since my childhood my parents have thought me that the tithe is for the livelihood of the pastor. Whatever the use of the tithe by the pastor, we will be blessed. My father told me that when he was still a member of a congregation in Balikpapan, a part of the offerings was used to support the ministers who were ministering to congregation in the villages. It seems that pastors ministering to local churches in the cities have more income than those ministering in the villages. There was an unfavourable gap. I think the Scripture also teach that 'those who are blessed must help those who are in needs'. Therefore, they will not be in shortages. At least they will be sufficient in foods and clothes. Thus, those who are richer cannot be said rich if they cannot support those in needs surrounding them.

Q. What needs more explanation is the offering. Is that what you mean?

A. For tithe, the notion of treasury of the house of the Lord still needs more explanation. According to what I read, the tithes were given and administered by the Levites. This part of the Scripture needs more explanation. Who is brave enough to raise such question?