

Enhancing Financial Management Practices of Selected Baptist Fellowship of Zambia Churches in Lusaka

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DOI: <https://dx.doi.org/10.47772/IJRISS.2025.905000136>

Received: 17 April 2025; Accepted: 30 April 2025; Published: 03 June 2025

ABSTRACT

This study examined the financial management practices of churches in Zambia, with a particular focus on Baptist Fellowship churches located in Lusaka. The study concentrated on critical challenges encountered, such as inadequate financial literacy, cultural attitudes towards money, economic stability, and a lack of effective internal control mechanisms. An important concern that was recognized is the over-reliance on tithes and offerings, which hinders the capacity to maintain financial stability in times of economic instability. In addition, only a few churches exhibited a significant degree of transparency concerning their fund usage, leading to challenges related to trust and accountability among the congregation. According to the research results of the study, Accounting Information Systems has the potential to enhance the transparency, efficiency, and accountability of organizational financial processes. Accounting Information Systems (AIS) can be used to create improved financial management in the church by encouraging higher accountability among church leaders and assuring continuous adherence to recognized best practices. This study employed a combination of quantitative and qualitative methodologies concurrently, gathering data from 77 churches and ultimately attaining a response rate of 89.6%. The analysis utilized statistical techniques including frequencies and percentages to interpret the findings. The findings indicate a necessity for structured financial education and training to address the knowledge gap in financial management, which is crucial for ensuring transparency and sustainability in the financial practices of the church. This research employed contingency theory, resource based view and the Technology Acceptance Model (TAM) as the theoretical framework to better understand church leaders' perceptions and adoption of technology in financial management. The framework identifies perceived usefulness and ease of use as essential factors influencing the acceptance of AIS. The significance of establishing robust financial management systems and integrating AIS for enhanced financial oversight in Zambian churches is underscored. Therefore, by addressing these issues and adopting AIS, the church can enhance its efficiency, accountability, and financial sustainability, ultimately allowing it to serve the community more effectively. The study concluded that the financial management practices in Zambian churches face significant challenges due to a variety of factors, including limited financial literacy, cultural influences, and economic instability. It is recommended that AIS systems should serve as the main solution to tackle the core challenges and enhance financial accountability, efficiency, and sustainability.

Keywords: Financial Management, Accounting Information Systems (AIS), Financial Literacy, Cultural Attitudes, Economic Stability.

INTRODUCTION AND BACKGROUND

Financial management of church organisations in Zambia, as in any other country, is an important aspect of the operations of these organisations. Churches have a responsibility to manage their finances in a transparently and accountable manner, ensuring that funds are used in a way that is consistent with their mission and objective of the organisation. This is important not only for the well-being of the organisation itself but also for them to instil trust and confidence of the members and the wider community.

A study done by (Njovu, et al., 2020) stipulates that in church organisations, financial resource management is essential for a number of reasons. Firstly, effective financial management promotes accountability and

transparency, ensuring that funds are utilized in accordance with the organisation's mission and the expectations of all parties involved such as church members and donors. Secondly, it enables efficient resource allocation, ensuring that funds are directed towards the most impactful activities and projects. Lastly, good financial management practices contribute to the financial stability and sustainability of church organisations, enabling them to continue their operations and expand their reach.

Further, (Chisanga, 2020) mentions that the need to enhance financial management practices in Zambian church organisations is of paramount importance as this improves financial transparency and accountability and their organisations can build trust among their members and donors, ensuring that financial resources are used effectively and in line with the organisation's mission. Additionally, strengthening financial planning and budgeting skills can lead to better resource allocation and financial stability, enabling church organisations to maximize their impact on the communities they serve. Adopting modern financial management systems and technologies can streamline processes as well as improve reporting accuracy.

However, Zambian church organisations face various challenges in their financial management practices such as limited financial transparency and accountability hinder the ability to provide clear financial reporting, resulting in a lack of trust among members and donors (Kasakula & Dakora, 2017). Inadequate financial planning and budgeting skills among church leaders and administrators leads to inefficient resource allocation and financial instability (Mwansa & Sichelwe, 2018). Further, outdated financial systems and technologies hinder the adoption of modern and efficient financial management practices (Simukonda & Banda, 2020). Addressing these challenges is crucial to ensure the effective management of financial resources and enhance the overall financial management practices within Zambian church organisations.

Baptist Fellowship of Zambia (BFZ) is a key Christian denomination within Zambia's Protestant landscape, committed to spreading the Gospel and responding to the needs of the community. The history of this church dates back to Southern Baptist missionaries in the mid-20th century. Beginning in 1967 when the Zambia Baptist Theological Seminary was established to prepare local pastors and church leaders. It was founded with help from the International Mission Board (IMB), this became a milestone in producing Zambian church leadership that is not so dependent on overseas support. (BFZ, 2024). At first, the BFZ began by building a network of local Baptist congregations that could exchange support for each other in mission's work, social justice and community development. As time passed, the enterprise expanded to include some 1,200 member churches across the nation into Baptist Fellowship of Zambia. (BFZ, 2024). This increase underscores the strength of its mission efforts, which back a variety of programs in areas including poverty and health (including HIV/AIDS) as well as more traditional evangelical work.

At the national and global level, it is also significant in promoting Baptist unity of both localism (as per its mandate) through collaboration on the behalf of BWA via support to BFZ. Over the years, key aspects of the organization have changed a lot including leadership and administrative policies as well partnering with other national and even international entities (Baptist-Press, 2024).

The Baptist Fellowship of Zambia was formed as an important entity in the body known as Baptist churches and leadership transitions have occurred with a change that go along with its growth and dynamics especially within the Zambian context. As a fellowship, rather than a centrally controlled denomination, the local congregation retains their sovereignty while working together with others in ministry on the national level (Wikipedia, 2024).

One unique characteristic of BFZ churches, in contrast to other types of churches is its emphasis on local church autonomy. Autonomy implies the ability of the local church to govern itself in an independent manner by making decisions on its own regarding various aspects, such as governance and appointment of its leaders (Melton & Baumann, 2010)

Smith explains that in evangelical churches, the local church's autonomy is delicately promoted and cherished. This means the church is free to make decisions about its own worship style, ministries, outreach programs, finances, etc. Moreover, they may choose their own church leaders with respect to aforementioned meaning, that directly orient spiritual guidance and provide oversight of the congregants. (Smith, 2019)

In further relations, the church autonomy plays a leading part in making financial management decisions. The church that recognizes autonomy usually fosters financial management with sense and allocates responsibility as well as transparency with accountability. Such churches would devise their own financial management cross policies, internal control mechanisms, and reporting procedures. Though autonomy recedes decision-making power with control to church institutions, it cannot be completely disengaged from other statuses such as its members or regulatory authorities for accountability purposes. The applying of accountability so as to moderate various functions is meant to strike a balance or check between autonomy and its excesses, which would on the one hand ensure the prudent use of financial resources, while on the other permit the churches to value their mission and vision (McKinney & McKinney, 2016).

It is based on this background of the autonomy of the local church and the different financial standings of each local church in Baptist fellowship of Zambia that makes it the best case to consider for this research

Nevertheless, various studies have echoed some of the financial management problems that persistently face churches in Zambia which includes; poor financial management strategies and skills, ineffective bookkeeping systems, and restricted transparency (Chisanga, 2020). For example, a survey performed by the (Zambia Centre for Inter-Faith Dialogue, 2020) found that more than 70% of church groups in Lusaka lacked proper financial training among their leaders, which had a direct impact on the way they handled finances. Furthermore, in comparison (Mubiana-Mbewe, 2019) stated that 70% of Zambian church leaders lacked financial training, resulting in poor budgeting, weak internal controls, and incorrect financial reports. The struggle with producing accurate and timely financial reports and disclosures impede effective decision-making and hinder the church body's ability to attract funding and support from donors and stakeholders (Mumeka & Ngulube, 2019).

The difficulties churches face in managing their finances has further been highlighted in other studies such as a study by (Musonda & Mwansa, 2019) which discovered that Zambian churches encountered significant difficulties managing their finances, including a lack of financial management skills, inadequate financial reporting systems, restricted access to financial information and the high cost associated with system implementation. Similarly, to this, a study by (Chimucheka, 2018) found that Zimbabwean churches had trouble managing their finances because of a lack of financial management expertise, poor financial reporting systems, and weak internal controls.

Problem Statement

In Zambia, churches are instrumental to the promotion of spiritual and social development by supporting education, health, and welfare initiatives. Yet, they face a number of financial management challenges which affects their effectiveness and credibility of their mission. According to (Chisanga, 2020) many churches have traditionally in the past relied on manual bookkeeping methods, which are prone to human error, fraud, and inefficiency. Financial literacy has been a significant concern, as many church leaders and administrators have limited knowledge of accounting principles and financial management. Consequently, poor financial planning and weak governance structures have led to financial mismanagement in many churches (Chisanga, 2020). Currently, despite the increasing financial responsibilities of churches in Zambia, their financial management systems have not evolved to meet these demands. Many churches continue to depend primarily on tithes and offerings as their sole source of income, making them financially vulnerable during economic downturns. Furthermore, financial transparency and accountability remain inadequate, leading to decreased donor confidence and internal conflicts (Ngoma & Moono, 2020). A study by the Zambia Centre for Inter-Faith Dialogue (2020) found that over 70% of churches in Lusaka lack proper financial training, directly affecting their ability to budget and report finances effectively. Additionally, outdated financial systems and the lack of proper internal controls contribute to these ongoing issues (Mumeka & Ngulube, 2019). A well-functioning financial management system within churches is essential for ensuring accountability, transparency, and sustainability. The ideal situation of enhanced financial management in the church would be one where funds are effectively utilized, records are accurately maintained, and stakeholders, including congregants and donors, have full confidence in the church's ability to manage resources responsibly. It further includes the adoption of modern financial management tools that enhance efficiency and accuracy. Churches would utilize digital accounting systems, reducing the likelihood of errors and improving record-keeping (Njovu, et al., 2020).

LITERATURE REVIEW

The adoption and effective utilization of accounting information systems (AIS) can significantly enhance financial management practices in Zambian church organisations. This literature review explores existing research on the topic, including general concepts and definitions, empirical evidences, global perspective, African perspective, Zambian perspective, critique of literature and identifying existing gaps and the financial theoretical with regard to- financial management in churches.

Church

The author of "Church History in Plain Language," (Shelley, 2021), offers a historical viewpoint on the idea of the church. He defines a church as "a community of believers who worship, celebrate sacraments, and follow Christ". According to Shelley, the church is a catalyst for spiritual growth and communal faith. He traces the history of Christian church from its earliest beginnings to present, emphasizing significant occasions and movements that have influenced its character: According to (Johnson & Johnson, 2010) In "Church and Society" examines how the church and larger societal issues intersect. They talk about how the church can help solve social issues and have a positive influence on the communities it works with.

The selection of this research topic is justified by the limited scholarly attention on church financial management in Zambia. While global and regional studies have examined financial governance in churches (Eislen & Peterson, 2007; Berntsen & Hiilamo, 2017), little research has focused on the Zambian context, particularly on the role of Accounting Information Systems (AIS) in addressing financial transparency challenges. Previous studies (Ngoma & Moono, 2020; Musonda & Mwansa, 2019) highlight the financial mismanagement issues in churches but fail to propose technological solutions. This study filled that gap as it explored how AIS can improve financial oversight and accountability in Zambian churches.

Empirical Evidence

In research, data and information gathered and collected by experimentation or direct observation is referred to as empirical evidence. It is evidence that is not predicated on theories or abstract reasoning, but rather on observations and experiences from the actual world. In relation to the topic under discussion, the following few empirical evidence was found;

The the article by (Thibodeaux, et al., 2002), examines how churches manage their finances, focusing on empirical findings regarding financial reporting, budgeting, and decision-making. This study provides valuable insights into improvements that can be made to uplift the standards of financial management in religious institutions. Further, a study conducted by (Copley & Seow, 2002) presents empirical data on insightful practical guidance to churches looking to improve accountability mechanisms to enhance their financial management. This research emphasizes the importance of the importance of transparency and accountability in strengthening financial practices within the church.

In another study done by (Appiadu, 2019) the primary goal was to investigate and assess the financial management strategies used by Pentecostal-charismatic churches and the impact of those strategies on the churches' long-term viability. Three Pentecostal-charismatic churches in the

Mangaung district of Bloemfontein participated in in-person, semi-structured interviews using an interview schedule that was created based on previously published material. The questions centered on the churches' methods for handling their finances. It was discovered that there are unclear governance structures and that volunteers, rather than qualified congregation members, handle financial record keeping. It was also discovered that churches frequently have budget deficits, which forces the pastor to cover the shortfall from his own resources. Several recommendations were made to promote sustainability in these three Pentecostal-charismatic churches. These included the implementation of appropriate governance structures and the creation of policies and procedures to standardize financial practices.

In another research conducted by (Oluka, et al., 2015), the study looked into the connection between church investments and financial management in the Masindi-Kitara Diocese of Uganda.

The research specifically looked at the church's funding, planning/budgeting, and accountability with regard to its investments. Data were gathered through self-administered questionnaires and interviews with 96 clergy members, heads of laity, and top administrators of the diocese, utilizing a case study design. The data collected comprised both qualitative and quantitative components. The research findings demonstrated a statistically significant positive correlation between budgeting and church investments, as well as a statistically significant positive correlation between funding and church investments and accountability. The study found that better investment in the church occurs when sound financial management is implemented.

According to the research by (Letamora, 2019), the church can subtly support the nation's economic growth when members are properly informed about how to honor God's Word through tithes and offerings. The study also showed that money was handled properly and organized, and that pastors were not allowed to access church funds because they did not sign cheques. Finally, the results demonstrate that the majority of respondents prepare annual financial statements and submit annual returns to the Botswana government in accordance with the Societies Act Cap 18:01 and Societies Regulations, 2017. These findings are significant for policymakers aiming to rebuild trust in religious communities and for theologians studying financial accountability in churches.

The study's conclusions suggested that Pentecostal churches' leadership explain financial matters to the general membership in a clear and concise manner.

Theoretical Framework

Understanding the elements that affect financial management in a particular setting is made possible by a strong theoretical framework. This study initially employed the Technology Acceptance Model (TAM) to examine how church leaders perceive and adopt Accounting Information Systems (AIS) in financial management. To provide a more comprehensive analysis, this section also incorporated Contingency Theory and the Resource-Based View (RBV) to account for organisational dynamics and internal capabilities that influence financial management practices.

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) (Davis, 1989) is a widely used framework that explains and predicts users' acceptance of technology. It posits that two primary factors influence technology adoption:

Perceived Usefulness: The extent to which an individual believes using a system will enhance performance.

Perceived Ease of Use: The degree to which an individual believes that using a system will be free of effort.

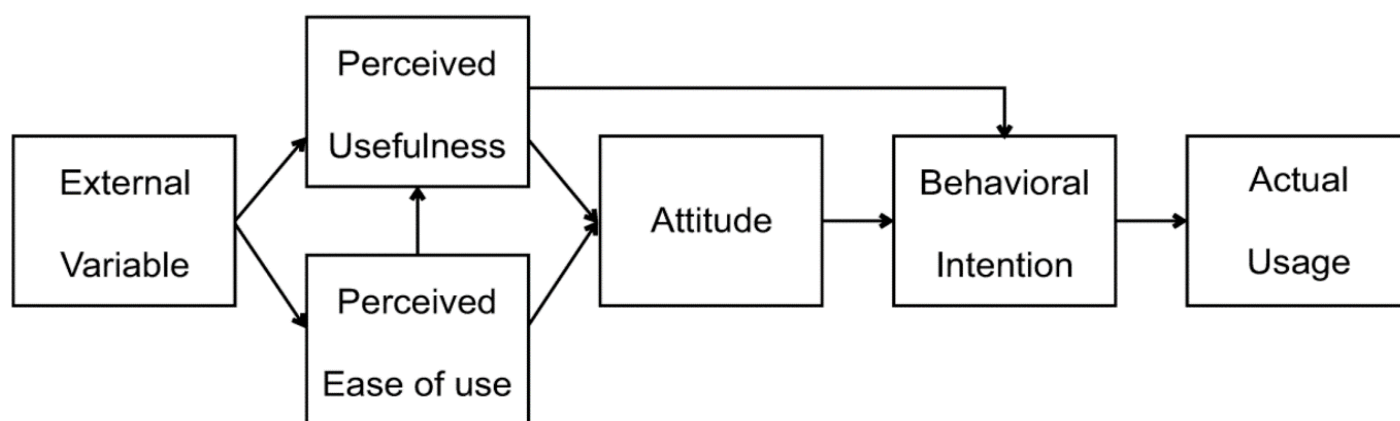


Figure: Technology Acceptance Model (TAM) (Davis, 1989)

Source: <https://www.mdpi.com>

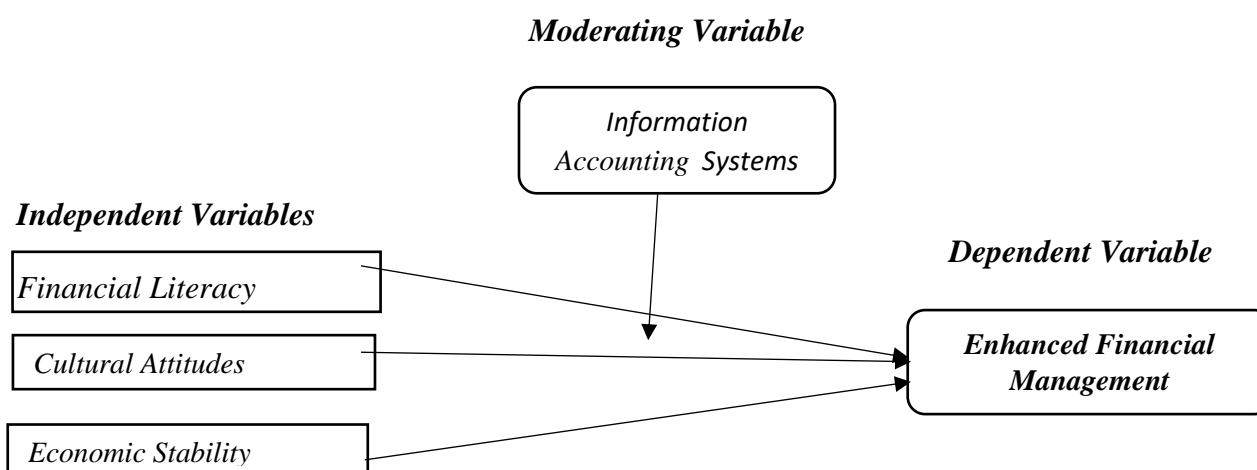
In the context of Zambian churches, TAM is crucial in assessing how church leaders perceive AIS in financial management. If AIS is seen as beneficial and easy to use, its adoption is more likely to be successful, improving financial accountability and efficiency within churches.

Conceptual Framework

In research, a conceptual framework offers direction for comprehending, organizing, and interpreting the variables and their associations within a study. It shows visually and narratively what are the key concepts, variables and relationships between them. Finally, this is used to help researchers clarify assumptions, design methodology as well as interpret findings in a consistent way. (Miles & Huberman, 1994). This conceptual framework will outline the integration of AIS to enhance financial management of Zambian churches and documenting the independent, dependent and mediating variables as well as showing how they are related (Ravitch & Riggan, 2016).

According to (Maxwell, 2012), a variable is an attribute that can take different values or levels across various conditions or individuals in a conceptual framework. The main elements of the research referred to by variables include independent, dependent as well as moderating which aim at exploring understanding or predicting things. They provide building blocks for constructing the relationships and hypotheses on which inquiry is based on. (Kerlinger & Lee, 2000), defines an independent variable as manipulated or categorized so that its effect on other variables can be observed; it is a presumed cause in this case. The dependent variable on the other hand is the outcome or variable affected/ measured to determine the impact of an independent variable. It represents the expected consequence in a cause-and-effect relationship. Further a mediating variable is one explains the relationship between the dependent and independent variables. it acts as an intermediary or a bridge between them as it helps to clarify how or why a certain effect occurs (Creswell, 2014).

This research was guided by the following conceptual framework;



Source: Author(s) (2024)

RESEARCH METHODOLOGY AND DESIGN

This study employed a convergent mixed-method design, the design involves simultaneous collection of both qualitative and quantitative data, after which comparison and analysis of these data follow to attain an all-encompassing understanding of the research problem. The researcher collected qualitative data through interviews, where perceptions and experiences of well-informed informants are captured in relation to financial management practices and the adoption of Accounting Information Systems (AIS).

The survey questionnaire data was used to collect quantitative data from a sample of church leaders and financial managers for the statistical analysis of the financial practices in the selected churches. This convergent approach allows the researcher to integrate insights from both data types, creating a holistic view through comparing and validating findings between the qualitative and quantitative data, thus enhanced in depth and reliability of the

conclusions. It satisfies the stated purpose of the research well by providing a comprehensive look at challenges and potential solutions to improve financial management within the Zambian churches.

Research Approach

There are mainly two approaches that a researcher can take in their research, namely inductive and deductive approaches. In a deductive studies method, researchers start with a theory or speculation and then acquire information to check or confirm it. The procedure involves shifting from a standard principle to particular observations or predictions (Trochim, 2006). In an inductive studies technique, researchers begin with unique observations or information after which develop a theory or hypothesis based totally on patterns identified in the statistics. It includes moving from specific observations to broader generalizations (Creswell & Creswell, 2017).

This research employed the inductive approach, using an inductive studies technique inside the context of enhancing economic control in a church entails beginning with unique observations and information related to the economic practices within the church organisation. The intention is to derive fashionable standards or insights from those observations without a predefined speculation.

Population

In research, a population refers back to the whole group of individuals or times that meet certain criteria and are the subject of study. This group is the target of the researcher's investigation, and findings are regularly generalized from the sample to this large populace. The definition of the population is essential because it defines the scope and applicability of the study's outcomes (Creswell, 2014). In this instance, our population was churches in Zambia

Target Population

The target population in research refers to the specific group of individuals or entities that the researcher aims to study and make inferences about based on the research findings. It is a subset of the broader population and represents the group to which the research results are intended to apply. The definition of the target population is crucial for framing research questions, selecting samples, and generalizing findings (Neuman, 2014). The target population in this study was Baptist Fellowship of Zambia churches.

Study Population

The study population in research refers to the actual group of individuals or entities from which data is collected for a particular study. It is the specific subset of the target population that the researcher aims to investigate in order to answer the research questions or test hypotheses. The study population is crucial for sampling decisions and directly influences the generalizability of the study's findings. The study population were 95 churches registered with Baptist Fellowship of Zambia churches in Lusaka Province.

Sampling Framework

According to (Neuman, 2014), sampling framework in research refers to the plan or structure that guides the selection of participants or elements from the larger population for the study. It involves specifying the criteria for inclusion or exclusion, the method of sampling, and the procedures for obtaining a representative sample. The sampling framework ensures that the sample is systematically and purposefully chosen to reflect the characteristics of the population under investigation.

Sample Size

To estimate the sample size of churches that completed the survey questionnaires, this study used Cochran's sample size formula. According to Cochran (1977) and Sharma & Kukreja (2013), the purpose of this formula is to determine an appropriate sample size that can accurately represent the entire population. It allows researchers to make generalizations about the population based on the sample data, considering a desired margin of error.

Cochran's formula, introduced by statistician William G. Cochran, is particularly useful for finite populations where sampling without replacement is used. The formula is as follows:

$$n = 1 + \frac{Z^2 X^2}{N - 1} \quad n = 1 + \frac{Z^2 X^2}{N - 1}$$

Where:

n = sample size

N = population size

X = margin of error

For this study, with a population of 95 churches and a margin of error of 5% (0.05), the calculation is:

$$n = 1 + \frac{0.05^2}{95 - 1} \quad n = 1 + \frac{0.0025}{94} \quad n \approx 1 + 0.0000266 \quad n \approx 1.0000266$$

After calculations, the sample size is approximately 76.53. Rounding up, a sample size of 77 churches was recommended to maintain the 5% margin of error. The actual response rate achieved in this study was 69 BFZ churches in Lusaka, Zambia.

Qualitative Sample size

In this study, purposive sampling was employed to select key informants with expertise in financial management and accounting information systems (AIS) within Zambian churches. The researcher conducted semi-structured interviews with church leaders, financial managers, and other stakeholders until thematic saturation was achieved.

For this study, saturation was reached at approximately 15-20 interviews, aligning with recommendations in qualitative research literature (Guest, Bunce, & Johnson, 2006).

Ethical consideration

In research, ethical concerns include communicating the goal of the study to participants, abstaining from dishonest behavior, sharing information with participants (including the researcher's role), showing respect for the research site, reciprocity, employing moral interview techniques, keeping participant confidentiality, and working together with participants (Creswell, 2014). The objectives of this study was outlined in each questionnaire, and ethical standards and confidentiality were fully and completely covered. The respondents themselves completed the questionnaires. Therefore, this study ensured that ethical considerations are taken into account, including informed consent, confidentiality, and voluntary participation. The study adhered to the ethical guidelines provided by the research ethics committee of the institution of University of Zambia and obtained ethical clearance from the institution.

FINDINGS

Quantitative Data

Challenges Faced by Zambian Churches in Financial Management

The first objective of this research was finding out the challenges that the churches faces in term of financial management and the following were the key findings from the quantitative data;

The participants were asked to state the primary source of income as a church and the following were the responses;

Primary Source of Income

Table 4.1: Income Source

	Responses		Percentage of Cases
	N	Percent	
Tithe and Offering	68	64.2%	100%
Donation from members	22	20.8%	32.4%
Fundraising Events	16	15.1%	23.5%
Total	106	100.0%	155.9%

Source: Field Data (2024)

The above table shows that many churches rely on regular tithes and freewill offerings from worshippers (64.2%) as their primary source of income, followed by donations from regular attendees (20.8%) and periodic fundraising programs (15.1%). Such variable streams of revenue make budgeting troublesome, especially in times of economic turbulence or fluctuating levels of engagement among attendees.

Financial Transparency Rating

Table 4.2: Transparency Rating

	Frequency	Percent	Cumulative Percent
Excellent	12	17.4	17.4
Good	32	46.4	63.8
Fair	24	34.8	98.6
Poor	1	1.4	100.0
Total	69	100.0	

Source: Field Data (2024)

The above table shows that majority of Churches were evaluated as having either good (46.4%) or Fair (34.8%) financial transparency rating, with only 17.4% rated as Excellent. This indicates a general necessity for improvement in disclosure practices, potentially owing to limited financial statements or audits.

Financial Management Challenges

Table 4.3 Financial Management Challenges

		Responses		Percent of Cases
		N	Percent	
Challenges in Financial Management	Lack of Financial literacy among church leaders	37	21.1%	54.4%
	Irregular Income streams	31	17.7%	45.6%
	Inadequate Budgeting and Financial planning	28	16.0%	41.2%
	Mismanagement and Embezzlement of Funds	24	13.7%	35.3%
	Difficulty in Obtaining Financial Management Records	38	21.7%	55.9%
	External Pressures	17	9.7%	25.0%
Total		175	100.0%	257.4%

Source: Field Data (2024)

The above table shows that key challenges that were identified includes; lack of financial literacy among church leaders (54.4%), irregular income streams (45.6%), inadequate budgeting and financial planning (41.2%), and

difficulties in obtaining financial management records (55.9%). These factors collectively hinder effective financial management in churches.

Frequency of Financial Reporting

The participants were asked to state how often their churches produce financial reports and the following were the results'

Table 4.4: Frequency of Financial Reporting

	Frequency	Percent	Cumulative Percent
Monthly	4	5.8	5.8
Quarterly	23	33.3	39.1
Biannually	6	8.7	47.8
Annually	25	36.2	84.1
Never	11	15.9	100.0
Total	69	100.0	

Source: Field Data (2024)

The above table and the figure below shows that annual financial reporting was the most common practice (36.2%), followed by quarterly reporting (33.3%). However, 15.9% of respondents indicated that their church never produced financial reports, which could lead to issues with transparency and accountability.

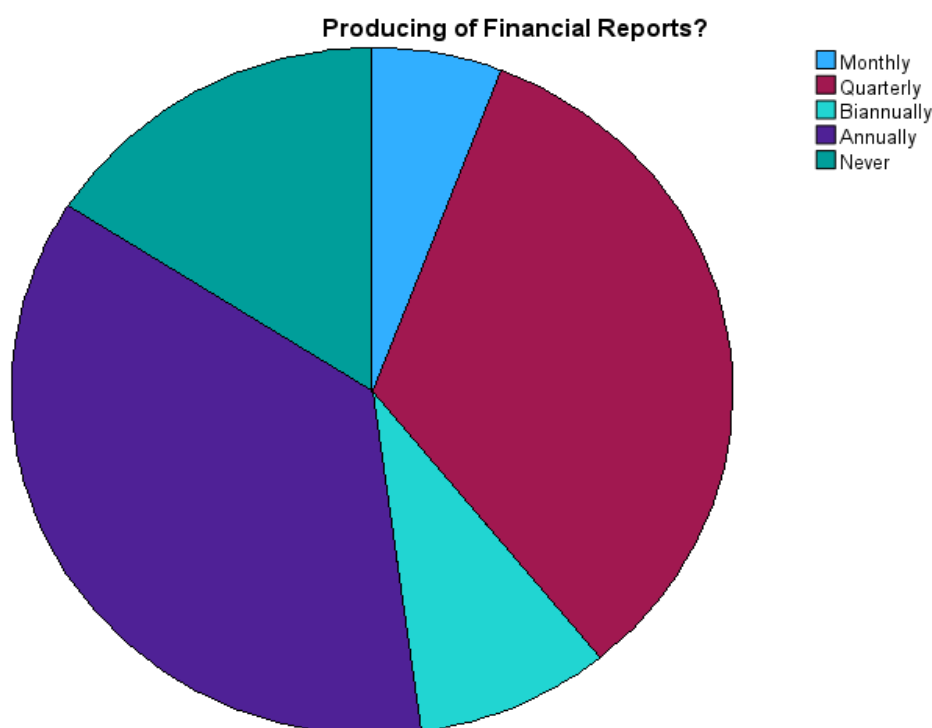


Figure 4.5: Frequency of Financial reports

Source: Field Data

Advanced Statistical Results

Correlation with Between Frequency of Financial Reporting and Transparency

The researcher sort to establish the relationship between transparency and the frequency of financial reporting and the following were the finding.

Table 4.6: Correlation between Frequency of Financial Reporting and Transparency

Correlations			
		Level of Financial Transparency for the Church	Frequency of Financial Reports
Level of Financial Transparency for the Church	Pearson Correlation	1	.141
	Sig. (2-tailed)		.249
	N	69	69
Frequency of Financial Reports	Pearson Correlation	.141	1
	Sig. (2-tailed)	.249	
	N	69	69

Source: Field Data (2024)

The above shows a weak positive correlation between the level of financial transparency and the frequency of financial reports. A correlation coefficient of 0.141 suggests that as the frequency of financial reports increases, the level of financial transparency tends to increase slightly, but the relationship is weak. The p-value (0.249) is greater than 0.05, which indicates that this correlation is not statistically significant. In other words, there is

Regression Analysis

A multiple regression analysis was conducted to predict financial transparency based on lack of financial literacy, cultural attitudes, and economic instability. The overall regression model was statistically significant, $F(3, 65) = 5.62$, $p < .01$, explaining 20.6% of the variance in financial transparency ($R^2 = 0.206$).

Table 4.7: Financial transparency based on Independent Variables

Predictor	Beta (β)	T	p-value
Lack of Financial Literacy	-0.38	-3.12	0.003
Cultural Attitudes	-0.25	-2.01	0.048
Economic Instability	-0.29	-2.45	0.017

Source: Field Data (2024)

Lack of financial literacy had the strongest negative effect on transparency, followed by economic instability and cultural attitudes.

One-Way ANOVA (AIS Familiarity and Financial Transparency)

A one-way ANOVA was conducted to compare the effect of AIS familiarity on financial transparency.

Table 4.8: Effect of AIS familiarity on financial transparency

Source	SS	df	MS	F	p
Between Groups	2.56	2	1.28	4.17	0.019
Within Groups	20.00	66	0.303		
Total	22.56	68			

Source: Field Data (2024)

There was a statistically significant difference in financial transparency scores depending on AIS familiarity, $F(2,66) = 4.17$, $p = 0.019$. Post-hoc tests (Tukey's HSD) revealed that churches extremely familiar with AIS had significantly higher financial transparency compared to those not familiar.

Cronbach's Alpha: Financial Literacy

Internal consistency of the financial literacy section was tested using Cronbach's Alpha. Result: $\alpha = 0.83$ The reliability is **good** ($\alpha > 0.7$), indicating that the survey items consistently measured financial literacy.

DISCUSSION OF FINDINGS

Challenges Churches in Zambia Face in Financial Management

Zambian churches face significant challenges in financial management, as reflected in the data. Key issues include:

About 45.6% of respondents highlighted irregular income as another challenge. Churches heavily rely on offerings and tithes, which account for 64.2% of their income, making financial planning difficult. This ties into the issue of Inadequate Budgeting and Planning, identified by 41.2% of respondents. As also cited by (Kasakula & Dakora, 2017), inconsistent income streams can result in cash. On the other hand with regard to, lack of Financial Literacy, 54.4% of respondents citing this as a major challenge, it shows that church leaders often lack the necessary skills to manage finances effectively. Literature on financial literacy in nonprofit organisation suggests that a gap in financial knowledge often leads to poor financial decision-making and transparency issues (Chimucheka, 2018). Financial Transparency: Although 46.4% rated their church's financial transparency as "good," the remaining 53.6% felt it was only "fair" or "poor." This indicates a significant lack of trust in how finances are managed, further complicating financial accountability.

In summary, the first objective of the study was to identify financial management challenges in Zambian churches. The findings confirm that financial illiteracy, inconsistent income streams, and weak financial controls are major obstacles. Additionally, poor financial reporting practices hinder financial planning and budgeting. These findings corroborate existing literature, which suggests that financial mismanagement in churches is primarily due to limited financial education and ineffective internal controls.

Advanced Statistical Analysis

The advanced statistical results carry important implications for both theory and practice in the financial management of churches. Firstly, the significant findings from the multiple regression analysis confirm that financial literacy, cultural attitudes, and economic instability are critical predictors of financial transparency. Among these, lack of financial literacy emerged as the most powerful negative influence. This highlights the urgent need for targeted financial education initiatives aimed at church leaders. It suggests that improving financial knowledge among leadership could substantially increase financial transparency, strengthen accountability, and ultimately enhance donor confidence and organisational sustainability.

Secondly, the significant results from the one-way ANOVA reveal that familiarity with Accounting Information Systems (AIS) is associated with higher financial transparency. This provides empirical support for the promotion of AIS adoption in church financial operations. Churches that invest in understanding and integrating AIS are more likely to develop standardized financial reporting practices, reduce fraud risk, and improve decision-making processes. These findings align with the Technology Acceptance Model (TAM) theory used in this study, confirming that perceived usefulness (transparency benefits) and ease of use (familiarity with AIS) are essential to adoption. Furthermore, the high reliability (Cronbach's Alpha of 0.83) for the financial literacy survey section confirms the consistency and validity of the measurement tools used, reinforcing the credibility of the study's results.

Theoretically, these findings extend previous research by providing robust evidence that technology adoption (AIS) and financial capacity-building (literacy) are not only relevant but statistically significant drivers of improved financial management in non-profit religious organizations within a developing country context. Practically, church leadership bodies and policymakers can utilize these insights to design intervention programs focused on enhancing both human and technological capacities in churches. Finally, the study underscores that

while cultural attitudes and economic instability do pose challenges, proactive interventions particularly in leadership education and system modernization can mitigate their negative impacts on financial sustainability.

Qualitative Data

The following were the themes developed according to the finding from the interview;

Current Financial Management Practices

Informal Systems: A majority of Zambian churches rely on manual bookkeeping, which often results in inefficiencies and errors due to the lack of standardized financial procedures.

Limited Technology Use: While larger churches might use basic accounting software, smaller congregations primarily depend on paper-based methods, which complicates financial reporting.

Underdeveloped Financial Controls: Inconsistent auditing and weak internal oversight continue to hamper effective financial management.

Transparency Issues: There is a noticeable lack of structured reporting and accountability measures, raising concerns about overall financial transparency.

Key Challenges

The following key challenges were identified

Lack of Skilled Personnel: Many churches lack staff with formal financial training, leading to inaccuracies in record-keeping.

Limited Resources: Tight budgets often result in financial management systems being deprioritized in favor of more immediate needs.

Weak Governance Structures: Insufficient governance and leadership make it difficult to enforce financial policies or conduct regular audits.

Resistance to Change: Both leaders and members of congregations may resist adopting new financial management practices, particularly technology-based solutions.

Potential of Accounting Information Systems (AIS):

Improved Accuracy and Efficiency: Automating data entry through AIS can enhance the accuracy and reliability of financial records.

Streamlined Reporting: AIS facilitates timely financial reporting, aiding in more informed decision-making.

Stronger Internal Controls: Predefined workflows in AIS can reduce fraud risk by increasing oversight.

Increased Donor Confidence: Transparent systems could boost trust from donors by providing reliable financial reports.

Relevant Features of AIS

Donor Management: Effectively track donations and pledges.

Budgeting Tools: Help churches plan and allocate resources more efficiently.

Audit Trails: Provide detailed tracking of transactions to ensure accountability.

Financial Reporting Modules: Generate the necessary financial statements and documentation.

Cloud Solutions: Offer remote access for churches with limited physical infrastructure.

Benefits of Implementing AIS

Increased Efficiency: Automating financial processes saves time, allowing staff to focus on core missions.

Enhanced Transparency and Accountability: Clear records of transactions foster trust among stakeholders.

Data-Driven Decisions: AIS enables churches to make more informed decisions regarding resource allocation.

Long-term Sustainability: Better financial practices improve resource management over time.

Costs of AIS Implementation

Initial Setup Costs: Expenses related to software, hardware upgrades, and installation.

Training Costs: The need to train staff in using the new systems.

Ongoing Maintenance: Budgeting for regular software updates and system support.

Customization Costs: Additional expenses for tailoring the system to the specific needs of the church.

Data Security Measures

Access Controls: Restricting data access to authorized personnel only.

Regular Backups: Ensuring data safety through consistent backup practices.

Encryption: Protecting data both during storage and transmission.

Audit Trails: Keeping a record of any changes for accountability purposes.

Ethical Considerations

Data Privacy: Ensuring the confidentiality of donor and financial information.

Balancing Transparency and Confidentiality: Managing sensitive information while maintaining openness.

Integrity in Reporting: Ensuring accurate financial disclosures as an ethical responsibility.

Training and Support Needs

Basic Financial Training: Providing foundational financial management training for staff members.

Hands-On AIS Training: Offering practical sessions on how to effectively use the AIS software.

Ongoing Support: Ensuring continuous technical support and regular updates.

Evaluating AIS Effectiveness:

Financial Reporting Improvements: Assessing the ease and accuracy of financial reporting post-AIS implementation.

Increased Donor Confidence: Monitoring contributions and tracking stakeholder trust levels.

Reduction in Errors and Fraud: Evaluating the decrease in financial mismanagement.

Sustainability of Practices: Assessing the long-term consistency and effectiveness of new financial management practices.

Overall, these findings suggest that although Zambian churches face significant obstacles in adopting AIS, the potential benefits such as improved efficiency, greater transparency, and long-term sustainability make the investment in these systems worthwhile.

CONCLUSION

This study set out to explore and address the financial management practices of Baptist Fellowship of Zambia (BFZ) churches in Lusaka, with a special focus on the challenges faced and the potential role of Accounting Information Systems (AIS) as a solution. The findings clearly show that financial management within these churches faces critical issues including low financial literacy among church leaders, irregular income streams, weak internal controls, and insufficient transparency and accountability practices.

The heavy reliance on tithes and offerings, combined with a lack of structured budgeting and planning mechanisms, has made many churches financially vulnerable, especially during periods of economic instability. Additionally, cultural attitudes toward money have influenced the financial behaviors of both congregants and church leadership, creating barriers to openness and effective resource management. The research further revealed that a substantial number of churches either do not produce regular financial reports or produce them annually, undermining the frequency and quality of financial oversight. Weak correlations between financial reporting frequency and transparency further highlight the need for systemic reforms rather than isolated improvements. Moreover, despite a growing recognition of the importance of financial accountability, many churches still lack access to modern financial management tools or the knowledge to implement them effectively.

The potential of Accounting Information Systems (AIS) to transform church financial practices emerged strongly from this study. AIS offers significant improvements in financial reporting accuracy, transparency, and overall financial efficiency. However, barriers to AIS adoption were also identified, including a lack of technical skills, resistance to change, and the cost of system implementation. Overcoming these barriers requires strategic investments in capacity building, financial literacy training, and gradual introduction of low-cost, user-friendly AIS solutions tailored to the unique needs of churches. Further, drawing on the theoretical frameworks of Contingency Theory, Resource-Based View (RBV), and the Technology Acceptance Model (TAM), the study confirms that adapting financial management systems to the churches' unique contexts, leveraging intangible resources such as leadership competence and technological tools, and focusing on perceived usefulness and ease of use are critical for successful transformation.

Ultimately, this study concluded that enhancing financial management practices in Zambian churches is not merely a technical challenge but a strategic imperative linked to organisational trust, credibility, and long-term sustainability. By investing in structured financial education, embracing modern technology like AIS, and fostering a culture of transparency and accountability, churches can position themselves as resilient and trustworthy stewards of their financial resources. This transformation will not only improve internal operations but will also strengthen the churches' capacity to serve their communities more effectively and sustainably. Future research should further explore strategies for overcoming resistance to change, particularly in faith-based organizations, and should examine the long-term impacts of AIS adoption on financial sustainability and congregational trust.

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