

How Accountability is Practiced in HKBP Church: An Empirical Evidence in Indonesia

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Abstract. Prior studies report that accountability practice in a place of worship, i.e., church, is more to practicing sincerity and faith to God than to provide documents and transaction evidence. However, recent findings indicate that there is an increased fraud and embezzlement in churches. Using a stewardship theory, this study aims to explore the practice of accountability and transparency of a church's financial activities from the perspective of its management and congregations. A HKBP church in Bandung, Indonesia, is chosen as the case study. A qualitative method is used in this study. The data obtained is through interviews, documentation, and observation. Key informants who participated in the interviews were the head of congregations, the treasurer and the treasury assembly staff. Also, three congregations were selected using purposive sampling to participate in responding to the questions. The findings show that the practice of accountability in the HKBP church is perceived good by its members. The involvement of congregations in decision making process in the church makes them satisfied with how the church is managed.

Keywords. accountability; stewardship theory; church; fraud

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INTRODUCTION

Many cases of financial fraud and embezzlement in local churches have raised a question whether the image of churches is incapacitated as the amount of money lost to fraud exceeds the amount it donates to its critical mission of charitable causes (Shang, 2017; Wood & Wood, 2014). Consequently, the credibility of the churches is becoming weak and affecting their services to their congregation and the community (Wibowo & Kristanto, 2017). Therefore, practicing accountability in churches is vital as accountability is not only an act of responsibility to the congregations, but also as an obligation to God.

Paranoan & Totanan (2018) argued that accountability in a non-profit entity, i.e., church, is more to practicing sincerity and faith to God than to provide documents and transaction evidence. They claimed that accountability in practice is simply recording revenues and expenditures; thus, it does not need accounting system nor modern responsibility system to show that church has implemented accountability. Also, Santoso & Sugiarti (2014) dan Silvia & Ansar (2011) claimed that financial management in the church is unnecessary as the congregations have faith to the church management.

However, Pandiangan (2013) said that even though church is a non-profit based entity, it can cause a problem when its financial statement reports do not comply with the accounting standards. Also, when the donations and funds in the church are not managed properly, it can damage the reputation of the church in the eyes of its congregations and the community.

Other than accountability, transparency is critical to a non-profit entity as it can affect the perception of the church congregations (Athifah et al., 2018; Hermanto et al., 2021). Transparency implies that actions and decisions related to the activity in the church, i.e., financial activity, must be provided by the church management. By conducting transparency, the church management convinces the congregations that their donations used to finance the

church activities are well spent. Thus, it can be concluded that both accountability and transparency are interdependent and vital, specifically to non-profit entities (Paranoan & Totanan, 2018).

However, it has long been perceived in the society that financial matters in the church is sacred; thus, congregations do need to know how it is managed. It is argued that this belief can withhold how accountability and transparency practices in church (Silvia & Ansar, 2011). While the increased cases of fraud and embezzlement in churches contrasts with the lack of research on fraud within the church (Johnson et al., 2015). Therefore, this study seeks to explore how accountability and financial transparency practiced in a church, from the perspective of the management and its congregations.

Fraud is often defined as an element of purposeful action and is an intentional dishonesty made for personal advantage or to damage another individual (Gupta, 2013). It is often related to taking financial benefits for one's interest in an illegal manner. In contrast, accountability is defined as the obligation to those who can demand a clarification because of the accountable party obligated to provide it (Day & Klein, 1987). It means that there is an act of one's responsibility to another.

The main idea of accountability as stated above indicates the involvement of at least two parties, with an explanation from one to another demanding it. People or organizations are responsible for answering and explaining their actions based on what they receive from other people or organizations (Akpanuko & Asogwa, 2013; Grossi & Thomasson, 2015; O'Connell, 2005; Sinclair, 1995).

The relationship established in accountability specifies that one (agent) must be dealing with one or many people (principals). When the interest of agent and principals are different, then the agent can either chooses to cooperate or against the will of the principals. Stewardship theory stated that the act of agents (management) is prioritizing more on the objective of the organization than individual's interest (Donaldson & Davis, 1991). Also, stewardship theory suggests that management tends to act for the interest of the organization (Keay, 2017).

In such organizations as church, the head and the treasurer of congregations are the management, or referred here as steward, who have the responsibility to manage the church resources, which includes the financial resources. On the other hand, the congregations are the principals who own the financial resources. The agreement between the management and the congregations is built based on trust and the church missions. Thus, trust is critical when one is not able to provide it. Other than that, the cases of fraud and embezzlement that appear in many news all over the world may disrupt the trust between the congregations and the church management. Therefore, using stewardship theory, the researchers aim to seek how accountability and financial transparency is practiced in HKBP church.

METHOD

This study uses a phenomenology approach where individuals share their experience on the concepts or phenomenon under study (Creswell, 2014). In this research, the researchers are the research instruments who set the research focus, choose the informants as the source, collect the data, analyze the data, and make conclusion based on the findings. The choosing of the informants uses purposive sampling method (Sugiyono, 2021).

There are two groups of informants in this research. They are the church management and the congregations of the church. Researchers have criteria to determine the key informants for this research. The church management who become the key participants are those who directly involve in managing the financial affairs in the church. While the

congregations who are selected in this study are those who are registered in the HKBP church in Bandung and actively participated in the church program. Therefore, the participants are as seen in Table 1.

Table 1. Key Informants

Number	Job Title	Code
Informant 1	Head of Congregations	M1
Informant 2	The Treasurer of Congregations	M2
Informant 3	The Treasury Assembly Staff	M3
Informant 4	Congregation 1	S1
Informant 5	Congregation 2	S2
Informant 6	Congregation 3	S3

According to Bryman (2012), an interview is a leading data-collection strategy in qualitative research. Arguably, the interview is appropriate for understanding people's experiences and perceptions (Blandford, 2013). Therefore, the data collected in this paper was from interviewing key informants who understand the financial activity in the church. A semi-structured interview was used to obtain the information from the key participants and to answer the research questions as this approach is more flexible for researchers in collecting the data, the interviewee can respond freely, and the researchers can obtain more information and receive rich and detailed answers (Bryman, 2012). Also, the researchers used observation approach to see how accountability and financial transparency is practiced. Documentation was added to the fieldwork activity by collecting information related to the church, i.e., profile of the church and financial statements.

The data obtained is analyzed using an Interpretative Phenomenological Analysis (IPA) approach. Smith et al., (2009) said that this method aims to expose the perceptions and opinions of the respondents on the case under study. Using this method, the researchers at first reduced the data from the interviews and focused on the responses that are relevant with the questions, then presented the reduced data in a narrative and descriptive manner, and finally took conclusion.

RESULTS AND DISCUSSION

HKBP church in Bandung was established in 1935 and has served its congregations since then. The church is very active in conducting services to the community and initiating programs related to social activities. The management of the church accepts donations from the congregations. The funds are used to finance the activities in the church, such as, the maintenance of the church, social activities, and operational activities of the church. The use of money from the congregations denotes that the church management is accountable to the congregations. Thus, it is essential exploring how accountability and financial transparency is practiced in the HKBP church.

The respondents had shown that they own the knowledge of accountability. It can be seen from how they responded to the questions.

"Accountability is basically aiming for trust...." (M1, M3).

"...it needs to be transparent when it comes to financial activities. The money must be available... if there is an inflow of cash in the bank account, then the same amount must be inside the bank account... Then, for every expenditure must also be validated..." (M2).

A similar response was said by the congregations. The congregations showed that they knew how accountability works.

“...accountability is responsibility. So, one who is given a trust must be responsible.” (S1).

“... I think accountability is about giving answer. One person must give answer to another.” (S2, S3).

These respondents were then asked on their perceptions to the reasons why the church needs to be accountable to the congregations.

“...well, of course it is important. It shows that we are responsible for all financial activities in the church.” (M1).

“...it is the congregations’ money. They own the money. When they donated the money to the church, we who managed the money need to inform them how the money is used.” (M3).

“...if there is no financial report, we will have doubt on how our donations are being spent. Therefore, transparency is a must. Even if the spending is only a few Rupiahs...” (S1).

“...It is just convenience for us knowing how our donations are spent. Also, it will increase the pride of the church...” (S2).

“...I think responsibility to God is necessary for the church management but informing us how the financial activity in the church is amazing. We are happy that the church management is being transparent...” (S3).

The responses above have indicated that the church management were aware that when dealing with money, especially donated ones, they must be more cautious. What is practiced by the church management showed that they did not aim to take a personal advantage, or known as an act of fraud (Gupta, 2013). The church management believed that the donated money must be used solely for social purposes, i.e., serving the community and church maintenance, not for their interest. Other than that, what has been practiced in HKBP church indicates that financial reporting disclosure is the area for which individuals or organizations are held accountable (Mulgan, 2001).

In regards on how the church management practiced the accountability in church, the congregations appreciated on how they were involved actively in discussing the church programs (S1, S2, S3). At the beginning of the year, the church management invited congregations to plan social programs. Every time the activity ends, there will be discussion and sharing session to evaluate the programs. This activity includes announcing the money spent for the program and the remaining balance. Consequently, all members of the church can see the financial activities in detail as they were also involved in the process.

A similar response was said by the church management who believed that the church is not solely belong to them, but also owned by the congregations. Thus, all programs and activities in the church must be discussed together. Other than that, the church management believed that building engagement with the congregations can be successful if all members

of the church involve actively in managing the church. The church management, who is the steward, was also understood that they were working in the church for social purposes. Their main jobs are in companies or private sectors. Serving the congregations in the church is due to their faith to God. They felt much comfort when they can be in the church together with the congregations. Thus, the church management has no interest in taking advantage from the donated money.

In conclusion, the results have shown that the case of fraud and embezzlement did not appear in HKBP church Bandung. Also, the congregations have faith that their money is managed in a transparent manner; thus, accountability has been practiced appropriately in the HKBP church Bandung.

CONCLUSION

The findings show that the practice of accountability in the HKBP church is perceived good by its members. This is because the members of the church are actively involved in making decisions. Also, the church management finds that practicing accountability and being transparent in disclosing the financial activities is essential. The management believes that by implementing transparency, the trust in managing and spending the members' donation on the church's activities will increase. This study explores the accountability and transparency from the perspectives of the management of the church and its members. The responses from the informants reflect their subjective opinions on the case under study. Consequently, bias may be present due to such factors as knowledge, experience and environment that influence respondents' opinion. Also, this research focuses solely on the practice of accountability and transparency; thus, it may not capture the issues appear in church. Despite the limitations, the management of churches in Indonesia can adopt how accountability is practiced in the HKBP church Bandung.

For future studies, other factors, such as, financial performance and the leadership style in the church, can provide broader perspectives on the studied phenomenon that have not been explored through the existing participants.

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