

Accounting History

Accounting and religion: a historical perspective

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Abstract

Research on the relationship between accounting and religion or religious institutions is remarkably sparse. The lack of academic interest in studying accounting in religious institutions is rather perplexing, given the prominence of such institutions in most historical and contemporary societies, both spiritually and economically. In this introductory article, we first address research with a historical focus and then move on to study research on accounting and contemporary religious institutions. Our review of the literature indicates that research in this area remains at an embryonic state and that studies included in this special issue may contribute to the literature on the sacred–profane divide as well as on forms of accounting and accountability. We conclude by identifying a number of research areas that may attract the attention of scholars in the fields of accounting and accounting history.¹

Keywords: *Accounting; religion; religious organizations, history.*

Introduction

Research on the relationship between accounting and religion or religious institutions is in short supply. Until quite recently, there has only been a handful of scholarly papers in the area, either from a historical perspective or a contemporary angle. Ironically, this area seems to have attracted more, and earlier, interest from practitioners

than academics (Hewitt, 1958; see Booth, 1993, for an excellent summary of practitioner literature on the auditing, internal control, accounting and management of religious institutions). The lack of academic interest in studying accounting in religious institutions is rather perplexing, given the prominence of such institutions in most societies, both spiritually and economically. Why this topic has proved to be of greater interest to practitioners compared to academics is an interesting area of debate, but its consideration is beyond the scope of this special issue. In what follows, we focus our attention upon the scholarly literature that has been published so far with the aim of assessing its contribution to our knowledge of the relationship between accounting and religion. In our review, we first begin with research with a historical focus, then move on to examine research on accounting in contemporary religious institutions.

Historical-based research

One of the earliest scholarly papers with a historical focus is that by Flesher and Flesher (1979) who examined management accounting practices in early nineteenth century Harmony conglomerate (a German-American commune on the Indiana frontier). Their analysis was underpinned by the argument that management accounting is a product of its environment. Embracing this theoretical notion, the authors argue that the Harmonists developed an integrated economy in which all members worked for the welfare of the group. Because of such a developed economy, the authors argued, the Harmony conglomerate evolved a much more sophisticated management accounting system than those used in other parts of America. Swanson and Gardner (1986) documented the emergence and evolution of financial reporting in the Protestant Episcopal Church in the USA. Swanson and Gardner trace financial reporting development to the internal needs of the Church as it moved from being supported by the state towards being more privately funded. Because of the exposure to greater complexity and financial insecurity caused by such a move towards the private domain, the authors argued, there was a greater need for more financial data and clarity in reporting, as well as a greater desire to expand the internal and external audit functions. Swanson and Gardner (1988) examined the accounting and auditing practices in the United Society for the Propagation of the Gospel in eighteenth century England. The findings of Swanson and Gardner suggest that, contrary to expectation, the impetus for auditing in the Society came from business rather than governments. Further, rudimentary management accounting practices emerged in the Society in response to internal needs for planning and control.

Quattrone (2004) studied accounting and accountability practices in the Society of Jesus, Italy during the sixteenth and seventeenth centuries. Quattrone appealed for explanations of the emergence of accounting and accountability

practices to resist being reduced to the economic, whereby they are seen to be the product of needs for the allocation of resources, internal control and monitoring activities. In the case of the Society of Jesus, Quattrone argues that the emergence of accounting and accountability practices was tightly linked to the absolute ideology of the Roman Catholic doctrine of the Counter-Reformation. This doctrine was the site of compromises involving theological, religious, political, institutional and social dimensions. Focusing on more recent history, Jacobs and Walker (2004) explored accounting and accountability in the Iona Community, an ecumenical institution formed in 1938 in Scotland. Jacobs and Walker traced the development and actualisation of the "Rule", which requires all full-members of the Iona Community to account to each other for their use of money and time. The findings challenge the suggestion that accounting is of marginal significance in sacred settings, and also point to an ambiguity in the distinction between individualizing and socializing forms of accountability.

Historical research on the interface of accounting and religion has also investigated such practices in ancient societies. Ezzamel (2002, 2005) examined accounting practices in the temples of ancient Egypt. His research suggests that accounting practices played a major role in the writing and execution of the wills of dead persons arranging for the upkeep of their cult, and in also planning and monitoring the activities of temple employees so that sacred activities could be performed. Ezzamel argued that the domain of the sacred and the profane were so intertwined as to strongly challenge the validity of any clear demarcation between the two, or any suggestion that accounting is a profane activity that is alien to the sacred. In contrast to the examination of historical practices performed by Ezzamel (2002, 2005), Fonfeder, Holtzman and Maccarrone (2003) drew on the Talmud to address internal controls in the ancient Jerusalem Temple (c. 823 BCE to 70 CE). As shown by Fonfeder et al. (2003), the system of internal controls aimed to establish the fiscal credibility of the Temple in the eyes of its congregants. Importantly, they found that accounting did not represent a profane, secular vocation at odds with the Temple's mission but formed an integral part in the Temple's ritual processes.

Research in contemporary religious institutions

By contrast to the historical studies summarized above, a number of contributions have attempted to examine the link between accounting and religious institutions in contemporary settings. Such research examines Larson's (1957, p.28) claim that churches need "efficient business methods to deliver spiritual services". On the other hand, some religious organizations seem to be more focused on the bottom line than on providing spiritual services to congregants (for example, television ministries). In an early investigation, Laughlin (1988) examined the role of accounting in the functioning of the Church of England. He argued that

accounting was seen as part of the profane world and, as such, its use in the church was viewed as an unwanted intervention into the world of the sacred. Accounting was marginalized, argued Laughlin, being simply entrusted with ensuring that sufficient revenues are generated to cover costs, and never used to question what was going on. Duncan, Flesher and Stocks (1999) focused their attention on the internal control systems of churches in the USA. They collected their data from 317 churches by means of a mailed questionnaire, and their specific focus was upon the impact of church size, polity and hierarchical structure on church internal control systems. Their results suggest that all these variables were significant in explaining variations across churches in their internal control systems. More recently, Lightbody (2000) drew on Wildavsky's (1975) guardians versus advocates distinction to examine accounting practices in a private not-for-profit church organization. According to Wildavsky, advocates are those responsible for delivering services which directly support the primary objectives of the entity, whereas guardians monitor the organization's finances and ensure that spending does not exceed the available resources. The findings of Lightbody's (2000) case study indicate that financial managers of her focal organization, like those of the public sector, adopt a guardian role in the management of the resources of the entity, comprising actions to facilitate the "storing" of resources as well as measures to reduce the visibility of such resources.

To mark the increasing interest in researching the relationship between accounting and religion during the present decade, two special issues of *Accounting, Auditing & Accountability Journal* (2004, 2005) were published. With the exception of the contribution by Jacobs and Walker mentioned earlier, the remaining contributions relate to accounting in contemporary religious institutions. The contributions to these two issues divide broadly into two main categories: first, those that seek to liberate and enlighten (Davidson, 2004; Gallhofer & Haslam, 2004; McKernan & MacLulich, 2004; Tinker, 2004; Kreander, McPhail & Molyneaux, 2004); and second those that question the sacred–profane divide (Kreander, McPhail & Molyneaux, 2004; Jacobs, 2005; Irvine, 2005; Hardy & Ballis, 2005). Collectively, what these studies illustrate is the remarkable richness and scope offered by this research area. These articles show how examination of the relation between accounting, religion, and religious institutions can shed much light upon a host of issues. Thus, these studies point to a much greater role for accounting in organizations and society, roles that extend beyond those we came to associate with accounting for organizations both in the private and public sector. Moreover, linking the emergence and use of accounting to the sacred domain of activities has prised open the question of how accounting may be theorized. Efforts to link accounting to ethical and unethical practices have now been significantly enriched by the findings of some of the previous studies. Similarly, any understanding of the enlightenment agenda and the role of accounting thereof now has to be fully cognizant of the new insights offered

by the above studies. Moreover, the previously taken for granted dichotomy of the sacred and the profane has been seriously questioned and challenged. In the light of such expanded understanding of the complexity and richness of the role of accounting in religion, previous efforts to theorize accounting now have to be revised to reflect these emerging understandings.

The above discussion shows that the past decade has witnessed a significant increase in the study of the relationship between accounting and religion. Indeed, our reference list below shows that since 2002, some 20 articles have been published in the area. So the question now is, why another special issue on accounting and religion? Our contention is this: far from filling most of the research lacuna in the field, the research conducted thus far has, if anything, opened up more opportunities for research. This is not to doubt the significant contributions offered by the research we have reviewed thus far; rather it is a tribute to previous research that we now have a viable and extremely important research area that requires much attention from scholars. There are two arguments underpinning our contention. First, while previous research has undoubtedly contributed significantly to this emerging area of enquiry, it has also raised a number of problematic issues that require further examination. Second, the scholarly nature of previous research has generated more interesting research issues that now require further scrutiny. We elaborate upon these two arguments in greater detail below.

We have suggested above that previous research in the area has addressed a number of issues. The early research tended to focus upon an economically-driven explanation based on need; thus specific accounting practices emerged, we are told, in response to internal needs, such as greater transparency in reporting, increased details, and more sophistication in accounting information produced (for example, Flesher & Flesher, 1979; Swanson & Gardner, 1986, 1988; Duncan, Flesher & Stocks, 1999). Further, efforts have been made to develop models of financial accountability (Laughlin, 1990) and theoretical frameworks (Booth, 1993) that have strong functional overtones. We certainly do not wish to deny the importance of such studies, nor in general the validity of an argument that structures the emergence and use of specific accounting practices as a function of some explanatory variable, such as size, complexity and hierarchy. Our only concern is that much of this functionalist research runs the risk of being just another example of a contingency theory view of accounting, with religious institutions providing one more example of organizational type. The uniqueness of religious settings may be sacrificed in the quest for extending some generalizations about organizational form and accounting.

Even some of the research that has sought to move a little beyond organizational typology and its impact on accounting system design has suffered from two main limitations. Either it treated religious institutions as one brand of not-for-profit organizations, and/or it has tended to focus on a particular type of

religious institution; that of Christian churches. The first limitation simply reduces religious institutions to a mere not-for-profit organization, like a hospital, a school or a government department. The uniquely spiritual dimension of religious institutions and its impact upon the nature of the institution and its practices, including accounting, tends to be marginalized. The second limitation is more to do with narrowing significantly our understanding of how different religious experiences and institutions may offer alternative explanations of the role of accounting in religion compared to those that may be drawn from the Christian faith. The contributions by Quattrone (2004) and Jacobs and Walker (2004) are among the few exceptions that had sought to move beyond mainly functional explanations while avoiding falling into the straitjacket of treating religious institutions as mere not-for-profits. The contribution by Tinker (2004) is also one of the few exceptions that have sought to move beyond the Christian focus by exploring the link between accounting and Islam, and contrasting that with the case of Christianity. The articles in this special issue further contribute to these two points by offering further explanations of the roles of accounting in religion that move beyond the purely rational or economic, by exploring such roles in a number of religious ideologies, including Judaism and different eras of Christianity. Much more is certainly required to cover other religious ideologies, and we hope that this special issue provides the stimulus for more work in this connection.

Table 1 contains a summary of the contributions offered in this special issue and their key characteristics and contributions. We do not intend to provide a summary of each paper here, as the abstracts of the papers do an excellent job of summarizing the research questions and findings of each study. Rather, our concern here is to provide a brief overview of the key themes addressed by all the articles. Drawing on primary sources, articles in this special issue address settings that range from the examination of the statement of accountability presented by Moses to the Israelites (Barlev, this issue) to accounting and accountability practices by Wesleyan Methodist in nineteenth century New Zealand (Cordery, this issue). Furthermore, such articles adopt a variety of theoretical approaches to examine their supporting evidence, which range from the Foucaultian notion of genealogy in the investigation of the transformation of the discourses of wealth through Biblical discourses (Baker, this issue), through reliance on the sacred/secular divide to investigate practices of accountability by Catholic brotherhoods at the advent of Enlightenment (Álvarez-Dardet Espejo, López Manjón and Baños Sánchez-Matamoros, this issue). Overall, the articles in this special issue address two main topics: practices of accountability deployed by religious institutions and religious leaders as well as the sacred/profane divide. In this respect, the articles provide a wealth of insights that contribute to enhancing our understanding of some neglected issues and settings in accounting history. For example, Baker makes an interesting extension to the Foucaultian notion of genealogy by

Table 1: Articles in this Special Issue

Authors	Focus	Observation Period	Sources	Theoretical Basis	Extensions
Alvarez-Dardet Espejo López Manjón Baños Sánchez- Matamoros	The accountability process imposed by Spanish Governments on the brotherhoods, secular institutions within the Catholic Church	Second half of eighteenth century	Archives of brotherhoods	Accountability Sacred/Secular debate	<i>Examination of processes of internal accountability within brotherhoods.</i> <i>Examination of external accountability of brotherhoods in nineteenth century Spain, when the state enacted measures to seize the property of religious institutions.</i>
Baker	Genealogy of wealth	Old and New Testaments	Bible	Foucaultian notion of genealogy	<i>Implication of discourses of wealth with regimes of truth and modalities of power.</i> <i>Examination of the extent to which the transformation of the discourse of wealth could be related to the emergence of the Catholic Church as the successor of the Roman Empire.</i>
Barlev	Examination of the statement of accountability presented by Moses to the Israelites	Period following the exodus, circa 1446 BCE	The Talmud The Holy Scriptures according to the Hebrew Tradition	Accountability	<i>Examination of processes of accountability rendered by religious leaders (for example, prophets) to their people in historical societies.</i> <i>The educational role of the process of accountability as performed by religious leaders.</i>

Table 1: Continued

Authors	Focus	Observation Period	Sources	Theoretical Basis	Extensions
Cordery	Accountability of Wesleyan Methodist missionaries in the context of a process of acculturation typical to sojourners	1819–1840	The Methodist Archives Unpublished documents dated in nineteenth century New Zealand	Accountability Sacred/Profane debate	<i>The sacred–secular bifurcation may be revised through the inclusion of laity.</i>
Prieto-Moreno Maté-Sadornil Túa-Pereda	Examination of sophisticated and comprehensive accounting and practices in Catholic monasteries	Eighteenth Century	The Alexander Turnbull Library in Wellington Archive of the Monastery of Silos	Diffusion of accounting practices in religious institutions	<i>Implementation of internal controls in monasteries during the Medieval Ages.</i>

examining the transformation of the discourse in the Old and New Testament as well as the extent to which such discourses mediated regimes of truth and modalities of power. In a similar vein, Cordery argues that the sacred/secular divide may be enriched through consideration of the notion of laicity. Further, Prieto-Moreno, Maté-Sadornil and Túa-Pereda question the conventional wisdom that religious institutions during the Medieval Ages, Renaissance and Baroque deployed primitive practices of accounting. The evidence shown by Prieto Moreno et al. indicates that the institutions of the Catholic Church (for example, monasteries) used sophisticated accounting and accountability practices that could rival those practised by contemporary for-profit organizations.

Our second argument relates to the new research issues that have emerged from previous research. The question of the sacred–profane divide has recently received some attention, and some of the contributions included in this special issue serve to demonstrate the importance of this debate. That stated, perhaps future researchers should either explore this issue further in different religious settings (such as Islam; Africa), or move beyond this debate to other more fruitful areas. The connection between accounting, religion, and ethics/liberation/enlightenment has so far received very little attention (see the few studies in the review above). This is clearly a major research area that requires further work. How do notions of ethics in different religious contexts intertwine with accounting as a calculative technology and a discourse? What role(s), if any, does accounting play in rendering such notions of ethics applicable in practice or colludes against their implementation? How are concepts of liberation constituted in different religious settings and how is accounting implicated in this process? Is enlightenment the aim of religious ideologies, and if so what role does accounting play in underpinning, even constructing, or impeding such an ideal? If religion is about creating and enforcing some notion of social order, how does accounting help shape and secure this notion of order? What attributes of accounting render it a desirable and malleable technology for intervening into the domain of the sacred? The contributions contained in this special issue hardly address any of these questions. Yet, we argue that, while not offering a research agenda as such, these research questions are of sufficient importance to warrant the attention of future researchers. Despite the recent major interest in research on the relationship between accounting and religion, the findings still remain at an embryonic stage. More research effort is required by scholars to attend to this major research area.

Note

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