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EXAMINING THE ROLE OF INTERNAL CONTROL SYSTEM, CHURCH LEADERS' ACCOUNTABILITY AND TRANSPARENCY ON DONORS' TRUST.

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Approval Page

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Abstract

Recent fraud allegations against Church leaders have an adverse impact on the respect and trust for the management of Church financial affairs. These negative reports on religious organizations have consequences for the broader nonprofit sector because most NPOs can be traced back to faith-based organizations, and Churches made up of more than half of all tax-exempt organizations. Many researchers have suggested that lack of internal control system in a Church is the top reason for fraudulent acts among Church leaders. The purpose of this non-experimental quantitative study was to examine the role of internal control system, Church leader's accountability and transparency on donors' trust using a multiple regression analysis. The study was conducted using the statistical data collected through a web-based survey instrument from 50 participants out of the Churches within the City of Greensboro selected from the IRS database for all tax-exempt organizations through a stratified random sampling. The overall result from the multiple regression analysis indicated that there was a statistically significant predictive relationship between an internal control system, Church leader transparency and accountability on Donor trust ($F(2, 47) = 277.817$, $p < .001$, $R^2 = .922$). Although internal control alone has no statistically significant predictive relationship with donors' trust, there was a good level of prediction of the criterion of trust when combined with accountability and transparency. Therefore, these independent variables were recommended for Church leaders to increase donors' trust as well as to prevent fraudulent financial practices or any unwarranted accusations. Further research was suggested for identification of other predictors responsible for donors' trust, expanding the research methodology to include personal interviews, examining trust as a predictor of accountability, and evaluation of Church leaders' public outlook and public trust.

Acknowledgements

I want to start by thanking my Father in heaven for the journey of my life thus far. All I want to say is THANK YOU, LORD. My profound gratitude to my Dissertation Chair, Dr. Patricia Polastri for all her support and guidance throughout my dissertation program. I would like to thank Dr. Joseph Oloyede and Dr. Tanya Settles, members of my Dissertation Committee for their guidance and steadfast support. Also, my appreciation to Dr. Gregory Privitera and all the faculty member with the Academic Success Center for their guidance throughout my dissertation program.

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Finally, I would like to appreciate my parents for their commitments towards my educational achievements. Moreover, for not letting any circumstances defeat my educational foundation through their sacrificial supports that sets me apart as a trailblazer for the rest of the family and generations to come. May you live long to reap from every bit of your investments in me and my siblings. To God be the glory, great things He has done. Thank you, Jesus.

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Chapter 1: Introduction

Within the last three decades, many Church leaders faced allegations of financial impropriety; and as a result, many ended up in jail, some fled the country, and others are still under serious interrogation (Cornell, Johnson, & Hutchinson, 2012, p.23; Duncan, Flesher, & Stocks, 1999, p.146; Enofe & Amaria, 2011, p.89; Moyer, 2016, para.1). Many well-known Church founders and financial officers got convicted or accused of financial wrongdoings (Enofe & Amaria, 2011, p.88; Heier, 2016, p.224). The level of trust from all stakeholders are impacted, and donors are increasingly looking for an improved standard of transparency in the operations of nonprofit organizations (NPOs) including Churches (Elson, O'Callaghan, & Walker, 2007, p.123; Kisow, 2014, p.63: Yasmin, Haniffa, & Hudaib, 2014, p.118).

Church leaders include Pastors and Board members, which sometimes comprises of volunteers, full or part-time paid members responsible for Church accounting and management controls (Booth, 1993, p.45; Duncan & Stocks, 2003, p.214; Enofe & Amaria, 2011, p.89; Heier, 2016, p.212). Duncan and Stocks (2003) stated that Pastors should be in a position to recognize the strength and weaknesses of the internal control system in a Church (p.220). It is embarrassing and not worthy of praise that those trusted with the management of Church affairs are found wanting in the call for transparency and accountability (Enofe & Amaria, 2011, p.89; Heier, 2016, p.224). Accountability alongside transparency is necessary for effective Church financial management and for giving reports as a good steward fulfilling the stewardship roles grounded in religious practices (Hardy & Ballis, 2013, p.541; Neely, 2011, p.107; Schneider, 2012, p.519;). This study is used to examine the role of internal control system, Church leader’s accountability and transparency on donors’ trust.

Statement of the Problem

Recent fraud allegations against Church leaders have an adverse impact on the respect and trust for the management of Church financial affairs (Enofe & Amaria, 2011, p.87; Kisow, 2014, p.63; Lyons, 2016, para.1; Sanusi et al., 2015, p.156). The Center for the Study of Global Christianity reported in 2015 that Churches worldwide had lost about $50 billion to financial crime (Johnson et al., 2015, p.29). Stewardship reporting is at stake due to no regulators' influence on financial disclosure of internal Church affairs to the public or through the filing of non-profit tax returns, Form 990 (Enofe & Amaria, 2011, p.102; Montague, 2013, p.265). The First Amendment and the Church Audit Procedures Act (CAPA) of 1984 limit the Internal Revenue Services (IRS) scrutiny of religious matter, as supported by a recent case that upheld the Church's constitutional right to Form 990 exemption (Martin, 2014, p.9, ECFA, 2014). Therefore, the Church continues to operate with no influence from government, accounting bodies or any professional rules and regulations (Duncan et al., 1999. p.144). These negative reports on religious organizations have consequences for the broader nonprofit sector because most NPOs can be traced back to faith-based organizations, and Churches made up of more than half of all tax-exempt organizations (Bradley & Pruett, 2013, p.47; Cnaan & Curtis, 2013, p.20; Helmut, 2005, p.41).

The Center for Charitable Statistics reported religious organizations as the recipient of 32% of all charitable contributions in 2014 (McKeever, 2015, p.10). Churches remain one of the largest segments of NPOs with over 350,000 congregations, and made up of a significant part of U.S. business, and control a large proportion of human and financial resources (Bradley & Pruett, 2013, p.47; Cnaan & Curtis, 2013, p.20). The relationship between Church leaders and other stakeholders are built by goal congruence motivated by trust, job satisfaction and shared-interest (Coule, 2015, p.77; Kluvers & Tippett, 2011, p.277). Charitable contributions and the trust level for the Church leaders are declining following public display of these fraudulent acts, as donors are increasingly looking for transparency and the display of special fiduciary obligations of good judgment and safeguarding of Church assets (Montague, 2013, p.249). Many researchers have suggested that lack of internal control system in a Church is the top reason for fraudulent acts among Church leaders (Brannan, 2013, p.3; Enofe & Amaria, 2011, p.89). Also, that internal control system will increase efficiency and responsible stewardship toward transparency and accountability (Tucker & Parker, 2013, p.99) but the significance of internal control over donors' trust remain unclear. Whereas several Churches consider internal control as unnecessary and not a part of the sacred beliefs that promote trust (Laughlin, 1988, p.23; Rixon et al., 2014, p.12).

Purpose of the Study

The purpose of this quantitative, correlational study is to examine the role of internal control system, Church leader's accountability and transparency on donors' trust. The study is inspired by the increasing reports of Church financial mismanagement and the gap in the literature on the role of internal control system on donors' trust. A quantitative research design is used to specify hypotheses in a testable form for operationalization of variables and tested using statistical procedures for data analysis. This study is used to examine the interaction between these variables. The independent variables for this study are the internal control system, Church leaders' accountability and transparency, while the donors' trust is the dependent variable. The variables are measured using the statistical data obtainable from the quantifiable responses from participants on the existence of internal control and donors' view of Church management.

A priori analysis of the G*Power program (Faul, Erdfelder, & Buchner, 2007) is used to determine the sample size for participants within the City of Greensboro in the State of North Carolina obtainable from the IRS database for all tax exempt organizations. The choice for the IRS Exempt Organizations Business Master File Extract is to identify the registered local Churches with the exempt status and for up-to-date records of local Churches that are active and IRS recognized. A web-based questionnaire survey instrument was replicated from Duncan et al. (1999) to identify participants with existing internal control system in place through a 40 yes or no internal control questions. Also, a Likert-type response scale ranging from 1 – 7 survey instrument was part of the survey questions replicated from Cummings and Bromiley (1996) to gather quantifiable data from the participant for measuring the level of trust in the Church control system and financial management. The statistical data collected were analyzed using the multiple regression analysis method to establish the statistically predictive relationship of the independent variables on donors' trust.

Theoretical/Conceptual Framework

In the accounting field like other social sciences, a theory is used similarly for explanatory and prediction of theoretical ideas (Unegbu, 2014, p.1). Birnberg (1980) examined stewardship reporting as a topic during the time when there was no distinction between financial reporting and accounting (p.72). As a result, Birnberg introduced stewardship reporting as a financial disclosure model within the managerial accounting classification highlighted as four development stages of stewardship relationship: the pure custodial period; the traditional custodial period; the asset utilization period; and the open-ended period. According to Birnberg, the pure and traditional custodial periods require the agent to keep the asset safe and return it intact, and there is no option for negligence or misappropriation of an asset. Also, the custodial servant (Shepherd) is required to exercise due care, and easily communicable tasks, resulting in stewardship accounting broadly termed as accountability. In addition, Birnberg described the asset utilization period as when the servant promotes efficient use of the asset, and the open-ended period is when the master has financial resources for employment, or other business activities (p.73).

The four stages of stewardship relationship can be expanded to meet the four purposes of internal control as grouped by Wilson et al., (2014) as the administrative and accounting controls (p.74). According to Wilson et al. accounting control includes the protection of asset from theft or misuse, and provision of reasonable assurance that financial statements are reliable (p.74). The administrative part of internal control includes promoting efficient use of assets and monitoring adherence by every employee to corporate policies (Wilson et al., 2014, p.74). In contrast to Wilson et al. stated four reasons for internal control, Enofe and Amaria (2011) identify three reasons namely: safeguard of the asset, accurate financial reporting, and compliance (p.89). Professional accountants consider internal controls as effective based on the degree of segregation of duties (GWS, 2009, para.1). Government influence on the for-profit sector contributed to the acceptance of internal control as standards supported by regulators and professional bodies (Kisow, 2014, p.61). On the contrary, Churches have no government or professional bodies' influence that will reinforce the need for internal control (Hardy & Ballis, 2013, p.541). Duncan et al. (1999) found that the little or no influences from Churches on the American Institute of Certified Public Accountants (AICPA) and some other professional bodies had contributed to the shortage of research in Church accounting (p.144).

Several accounting theories are connected to corporate sector governance, whereas stewardship and agency theory seems to be more related to the principal-agent relationship present in non-profit sector governance (Coule, 2015, p.75; Mansouri & Rowney, 2014, p.46). According to O'Connell (2007), stewardship has always been the sole accounting objective over a longer period of time until some standard-setters and scholars began to consider stewardship and accountability as two separate main reporting objectives (p.215). Also, O'Connell highlighted the convergence of these two main objectives back to stewardship as jointly pronounced in 2005 by the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) (p.215). Another report found by O'Connell claimed stewardship as a principal purpose of financial statements by a study group of the AICPA (p.216). Before the standard-setters confirmed stewardship as the sole framework for providing decision-useful information, Donaldson and Davis (1991) had developed stewardship into a theory (p.50). Also, Heier (2016) viewed stewardship as essential to local Church sustainability and not for satisfying any extrinsic motivation or profitability associated with agency theory (p.209).

Stewardship theory is a better choice because of the appropriateness to a Church management affairs not backed by the types of motivational tools criticized by many critics for having adverse impact especially on relationship that are incentive-backed (Coule, 2015, p.76; Cuevas-Rodríguez, Gomez-Mejia, & Wiseman, 2012, p.527; Hernandez, 2012, p.172). The relationship of parties in agency theory is driven by self-interest, where goal conflict is inherent since the principal expects wealth maximization and the agents wants financial incentives (Coule, 2015, p.77; Kluvers & Tippett, 2011, p.277; Van Puyvelde, Caers, Du Bois, & Jegers, 2012, p.437). Within the NPOs, stewardship theory assumes that the management will act in the interest of their donors for relational reciprocity and to demonstrate responsibility in the administration of the resources in their disposal (Kluvers & Tippett, 2011, p.277; Van Puyvelde et al., 2012, p.438). Primoff (2012) found that NPOs' financial and governance transparency are very significant to maintaining donors' trust (p.57). Stewardship theory assumes that trust and goal alignment are part of the ingredient for a long-term relationship between the managers of NPOs and the donors (Coule, 2015, p.77; Kluvers & Tippett, 2011, p.277). Therefore, stewardship in Church accounting implies that the Church leaders can run the Church with due care, accountability, and transparency (Birnberg, 1980, p.73). The scope of stewardship seemed similar and evidenced accurate understanding within the Church as well as other NPOs (Schneider, 2012, p.526).

The values embraced within the nonprofit sector for goal congruence aligned more with stewardship theory motivated by trust, responsibility, and shared interest unlike the motivational factors of the agency theory (Kluvers & Tippett, 2011, p.277; Van Puyvelde et al., 2012, p.437). The conflict of interest within the agency theory contrasts the objectives of nonprofit organizations that impacting people's lives is the ultimate goal, and not a personal nor an organizational wealth maximization (Cuevas-Rodríguez et al., 2012, p.527; Kluvers & Tippett, 2011, p.276). Reporting of economic information to the financial statement users is an underlying function for accounting theories development and acceptance (Unegbu, 2014, p.2). As a result, financial statement reporting became an accepted accounting practice and a unifying view among all professional bodies as globally influenced by the International Financial Reporting Standard (IFRS) (Unegbu, 2014, p.2).

Another interesting finding is the Evangelical Council for Financial Accountability's Seven Standards of Responsible stewardships that require members to obtain a full disclosure of financial statement and to serve as the Better Business Bureau for religious organizations (Wooten, Coker, & Eelmore, 2003, p.346). Heier (2016) emphasized the concept of stewardship as the secular understanding of accounting purpose and the principles for financial controls (p.209). Also, Heier illustrated how stewardship has contributed to the Southern Baptist religious practice since 1845 and how the theory has improved ways of giving accounts of Church internal affairs in a more transparent and non-profit reporting standard (p.218). Schneider (2012) reported the application and understanding of stewardship essentially grounded in religious practice (p.518).

Nature of the Study

The research hypotheses were measured using a quantitative correlational, non-experimental research design that was developed to examine the role of internal control systems, Church leaders' accountability and transparency on donors' trust. This method utilized a statistical approach that analyzed the data collected for testing the predictive relationship of the independent variables on donors' trust. The selection of research approach was based on the research design and the nature of the research problem being addressed in this study. This quantitative correlational design is the most practical and ethical approach in measuring these variables and assessing their relationships, especially in a natural Church setting where donors cannot be randomly assigned to any conditions (Jackson, 2012, p.149). Also, a multiple regression method is used as the most appropriate for this study based on the research design and nature of the research data that cannot be manipulated as in an experimental study, but useful for measuring relationships and making predictions (Bordens & Abbott, 2005, p.99).

The statistical data needed for data analysis were gathered from participants' responses through a web-based survey research questionnaires. A sample frame of Churches residing in the City of Greensboro in North Carolina were randomly sampled to recruit participants from the list of exempt local Churches in the IRS database. A web-based questionnaire survey is less time consuming, more convenient and less expensive for extensive participants reach than the mail survey method (Trochim & Donnelly, 2008, p.119). Response bias is possible, and that was prevented by assuring participant anonymity for more accurate and honest responses. The study instruments was replicated since already validated and published instrument will ensure reliability and validity (Creswell, 2013, p.160). Further review and additional check were conducted to ensure that the test instruments are more appropriate for this study. G*Power program was used for sampling to achieve the right statistical power and effect size generalizable to the population (Faul et al., 2007, p.175). Selection criteria include respondents above 18 years old from Churches with tax exempt status residing in Greensboro, North Carolina. Some of these Churches have file tax returns (Form 990) in the past that contains both the financial and nonfinancial information that ensure that accountability and transparency are achieved (Enofe & Amaria, 2011, p.91; McDowell et al., 2013, p.334). To ensure privacy and confidentiality, all contact with the respondent was avoided to allow for true and accurate responses. According to Roberts and Allen (2015), online surveys can expose participants to harm related to privacy and confidentiality if measures are not in place to minimize collection of personal identifiable data (p.100). Therefore, the web-based platform was updated to avoid collection of participant's internet protocol address to ensure anonymous responses. A voluntary option was provided for participants to add their identifying information if they want it linked to the survey as requested by the Institutional Review Board (IRB).

Research Questions

Several researchers have suggested that Churches without internal control are prone to fraud (Enofe & Amaria, 2011, p.89); but the role of internal control on donors' trust has not been established. There is still a divide between accounting and doctrinal belief that internal control system is secular in nature, not sacred and irrelevant within the Church to promote mutual trust (Laughlin, 1988, p.23). Meanwhile, another group of researchers has discredited the effect of internal control in this current environment but called for accounting software and knowledgeable treasurers as the solution (Rixon et al., 2014, p.12). Therefore, this study is used to identify the statistically predictive relationship of internal control, Church leaders' accountability and transparency on donors' trust. This quantitative study is used to answer the research questions below:

RQ1. What is the statistically predictive relationship between an internal control system and Donor trust?

RQ2. What is the statistically predictive relationship between Church leader accountability and Donor trust?

RQ3. What is the statistically predictive relationship between Church leader transparency and Donor trust?

RQ4. What is the overall statistically predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust?

Hypotheses

Moreover, the hypotheses below were aligned to each research questions listed above, and the hypothesis will either be accepted or rejected based on the results of this study.

$H1_0$. There is no statistically significant predictive relationship between an internal control system and Donor trust.

$H1_a$. There is a statistically significant predictive relationship between an internal control system and Donor trust.

H2$_0$. There is no statistically significant predictive relationship between Church leader accountability and Donor trust.

H2$_a$. There is a statistically significant predictive relationship between Church leader accountability and Donor trust.

H3$_0$. There is no statistically significant predictive relationship between Church leader transparency and Donor trust.

H3$_a$. There is a statistically significant predictive relationship between Church leader transparency and Donor trust.

H4$_0$. There is no overall statistically significant predictive relationship between an internal control system, Church leader transparency and accountability on Donor trust.

H4$_a$. There is an overall statistically significant predictive relationship between an internal control system, Church leader transparency and accountability on Donor trust.

Significance of the Study

According to COSO (2013), an internal control system should help an entity to meet important objectives as well as sustain and improves performance (p. 1), and this should apply to Churches. Due to the separation between State and Church, ECFA was founded in 1979 to enhance trust in Churches after the financial scandals of the 1970s by applying the "ECFA's Seven Standards of Responsible Stewardship" (ECFA. 2016, para.4). Although EFCA has been very effective in transparency and oversight concerns for the Church and no influence from the State or professional bodies, recent scandals among Church leaders have threatened the donors' trust and expose the insufficiency of the current self-regulation by ECFA (Montague, 2013, p.258).

This investigation contributes to the existing literature on Church accounting and close the gap in the knowledge concerning the significance of internal control system on donors' trust and other independent variables such as accountability and transparency. This study established the stewardship relationship of Church leaders with other stakeholders on the interplay of goal alignment and trust (Coule, 2015, p.77); and place more emphasis on the responsibilities of Church leaders toward the donors (Hardy & Ballis, 2013, p.555). Although, ECFA requires every member to abide by the seven Standards, as well as ensuring that the Church Board conducts the assessment for any material weaknesses in internal control as part of the financial oversight (ECFA. 2016, para.8). ECFA membership is not compulsory and not regulated to ensure that every Church becomes accountable and have the right control system in place. Since Churches are exempted from filing Form 990, transparency and accountability may be at risk.

Findings from this study contribute to recommendations for fraud prevention and proper Church financial management process for Churches to remain self-regulated, and to regain public trust for Church leaders. Since the findings from the study substantiate the role of internal control on donors' trust, then Church leaders can adopt accounting best practices and suggested recommendations can become standards for Church financial management. Also, the economy and donors' fund may be protected from financial crime, saving up to $100 billion by 2025 (Johnson et al., 2015, p.29). Furthermore, improved donors' trust may increase donation support and sustainability of religious organizations in the long run, paving ways for Churches to increase commitment to positive community development and life changing mission (Cnaan & Curtis, 2013, p.20; McDowell et al., 2013, p.329; Yasmin et al., 2014, p.117).

Definitions of Key Terms

Church. Church is defined as an ecclesiastical organization with a tax-exempt status under the Internal Revenue Code (IRC) section 501(c)(3), different from other religious organization (IRS, 2015, p.2). Church in this context is a place of worship for Christian faith-based, and not a mosque or other religious organizations (Cnaan & Curtis, 2013, p.9; IRS, 2015, p.1).

Internal Control. According to the Committee of Sponsoring Organizations (2013), internal control is "a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance" (p.3).

Accountability. Accountability is a responsible means of providing reports both financial and non-financial for one's actions (McDowell et al., 2013, p.330; Yasmin et al., 2014, p.106).

Transparency. Transparency is the managerial effort to make accounting information visible to others and continuous openness in management affairs that are accessible to other stakeholders (Robbins & Lapsley, 2015, p.21).

Donors' Trust. According to Yasmin et al. (2014), donors' trust can be defined in two ways as it relates to the relationship between the donors and the religious organizations (p.117). An identity-based trust is a confidence in the religious leader as a result of donors' knowledge and familiarity with the religious leader, and knowledge-based trust is the confidence in the religious leader as a result of the understanding and awareness of the organization's activities (p.118).

Stewardship. Stewardship concept is similar to accountability in the sense that the management of an organization is considered accountable to both internal and external parties

(O'Connell, 2007, p.218). According to Kluvers and Tippets (2011), stewardship theory assumes that the relationship between the management and stakeholders of an organization is based on trust and goal alignment (p.277).

Summary

The study is used to explore the level of donors' trust as a result of the accountability and transparency of Church leaders and where an internal control system is in existence. The relationship existing between the Church leaders and donors is measured based on the stewardship theoretical assumption that the relationship existing between the principal and the agent is motivated by trust and shared-interest. The shared-interest assumption of stewardship theory and the responsibility of the manager to give account to the stakeholders without any selfish interest align with the values of a religious organization's mission of positively impacting their community (Cnaan & Curtis, 2013, p.20; Neely, 2011, p.107). The stewardship accounting required accountability from Shepherd on how Churches are run with due care (Birnberg, 1980, p.73). Following the suggestions by many scholars that fraudulent acts are the consequences of lack of internal control, and that negative reports diminish public trust. The role of internal control is examined to emphasize the relationship with donors' trust to recommend best practices for Church accounting processes that may result in reduced unfair accusation and negative reports against Church leaders.

Chapter 2: Literature Review

This study became necessary due to the increasing reports of Church financial mismanagement and the gap in the literature on the role of internal control system over donors' trust. This quantitative, correlational study is used to identify the statistically predictive relationship between the internal control system, Church leaders' accountability and transparency on donors' trust. Internal control system, Church leaders' accountability and transparency are the predictor/independent variables, and the donors' trust is the outcome/dependent variable. This literature review is organized to address the related accounting theory and all the study variables, and other research related to Church financial malpractices.

The literature search strategy included online library search through Northcentral University (NCU) library search engine and other resources necessary for this study through the Internal Revenue Service website. Various databases available on the NCU Library were used to gather recent peer-reviewed articles within the last five years and other relevant studies necessary to support this research. Additional resources for this study included the recommended textbooks and links recommended by NCU, and findings through the Evangelical Council for Financial Accountability (ECFA) website.

Theoretical/Conceptual Framework

In the accounting field like other social sciences, a theory is used similarly for explanatory and prediction of theoretical ideas (Unegbu, 2014, p.1). Birnberg (1980) examined stewardship reporting as a topic during the time when there was no distinction between financial reporting and accounting (p.72). As a result, Birnberg introduced stewardship reporting as a financial disclosure model within the managerial accounting classification highlighted as four development stages of stewardship relationship: the pure custodial period; the traditional custodial period; the asset utilization period; and the open-ended period. According to Birnberg, the pure and traditional custodial periods require the agent to keep the asset safe and return it intact, and there no option for negligence or misappropriation of an asset. Also, the custodial servant (Shepherd) is required to exercise due care, and easily communicable tasks, resulting in stewardship accounting broadly termed as accountability. In addition, Birnberg described the asset utilization period as when the servant promotes efficient use of the asset, and the open-ended period is when the master has financial resources for employment, or other business activities (p.73).

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Another interesting finding is the ECFA's Seven Standards of Responsible stewardships that require members to obtain a full disclosure of financial statement and to serve as the Better Business Bureau for religious organizations (Wooten, Coker, & Eelmore, 2003, p.346). Heier (2016) emphasized the concept of stewardship as the secular understanding of accounting purpose and the principles for financial controls (p.209). Also, Heier illustrated how stewardship has contributed to the Southern Baptist religious practice since 1845 and how the theory has improved ways of giving accounts of Church internal affairs in a more transparent and non-profit reporting standard (p.218). Schneider (2012) reported the application and understanding of stewardship essentially grounded in religious practice (p.518).

Church Management Outlook

In North America, Churches control the largest portion of the nonprofit organizations' human and financial resources (Booth, 1993, p.38; Bradley & Pruett, 2013, p.47; Rixon & Faseruk, 2014, p.136). Church accounting is at risk following several fraud allegations against Church leaders within the past three decades (Enofe & Amaria, 2011, p.88). Moreover, results from the 2015 report of Center for the Study of Global Christianity showed that Churches worldwide lost about $50 billion by mid-2015 to financial crime, which may increase up to $100 billion by 2025 (Johnson, Zurlo, Hickman, & Crossing, 2015, p.29). Whereas, stewardship reporting is at stake because there is no regulatory influence on Church management over the financial disclosure of internal affairs to any stakeholders or through the filing of the NPO tax returns (Enofe & Amaria, 2011, p.102; Montague, 2013, p.265).

Churches are run with less or no governmental influence on their internal religious affairs and no requirement to report to the Internal Revenue Services (IRS) (IRS, 2015, p.22). Meanwhile, Neely (2011) mentioned the States' attorney general offices and IRS as the two bodies monitoring NPOs (p.108). Whereas, Churches are not fully guided by IRS requirements due to the constitutional concept of separation of Church and State (Cnaan & Curtis, 2013, p.8; Martin, 2014, p.9). Churches are not required by law to report their activities but automatically qualify for a tax-exempt status, unlike any other NPOs that must meet certain requirements of the Internal Revenue Code section 501(c) (3) (IRS, 2015, p.3). Also, the Church accounting faces little to no influence from the government or any standard-setters either due to less monitoring or the constitutional concept of separation of Church and state (ECFA, 2014, para.1; Duncan et al., 1999, p.144; Martin, 2014, p.9).

Most researchers have concluded that lack of an adequate internal control system in the Church is responsible for poor financial management and reporting, fraudulent behaviors and unwarranted accusations (Duncan, et. al., 1999. p.145; Enofe & Amaria, 2011, p.89; Mohamed, Aziz, Masrek, & Daud, 2014, p.192; Montague, 2013, p.234). The need for transparency is also emphasized by Robbins and Lapsley (2015) since secrecy is believed to pose as a barrier for accountability and transparency within the religious organizations (p.29). In addition to Churches, other places of worship suffer, for instance, mosques, for communal gathering for Muslims, also face similar challenges as Churches for lack of accountability and internal control systems (Mohamed et al., 2014, p.190). Mohamed et al. (2014) found some evidence that control weaknesses and lack of stewardship reporting may cause religious leaders' misuse of power over funds raised for the organization (p.192). The fraud allegations against Church leaders have impacted the level of trust from the stakeholders; and donors are expecting leaders to display the custodial stewardship role to safeguarding Church assets (Ahiabor & Mensah, 2013, p.116; Duncan & Stocks, 2003, p.214; Mansouri & Rowney, 2014, p.45; Montague, 2013, p.249). However, for many years most Church leaders and some scholars have considered internal control system as unnecessary and secular, and not a part of the sacred beliefs that promote trust (Laughlin, 1988, p.23; Rixon & Faseruk, 2012, p.20; Rixon, Rois, & Faseruk, 2014, p.12). In a stewardship relationship, the expectation from the Pastors or the board of directors being those in charge of Church management is to ensure that internal control functions are in place (Committee of Sponsoring Organizations [COSO], 2013, p.3; Oldroyd & Miller, 2011, p.8; Olson, 2000, p.282).

Kuhner and Pelger (2015) evidenced the shift in the modern view of stewardship compare to the broader role of a steward due to the complexity of social and economic condition (p.383). Primoff (2012) listed the three fiduciary responsibilities of the board in non-profit organizations to include the duty of care, loyalty and of obedience (p.51). Wilson, Wells, Little, and Ross (2014) emphasized internal control as a reliable mechanism for financial reporting and a part of accounting since the beginning of the third century (p.73). In 2002, Sarbanes-Oxley Act was passed by the Congress to regain public confidence in the corporate sector (Kisow, 2014, p.64). Also, IRS revised the NPO tax returns (Form 990) to increase accountability and transparency within the nonprofit sector (Kisow, 2014, p.64), which is still optional for Churches (Enofe & Amaria, 2011, p.102; Montague, 2013, p.265).

Meanwhile, Churches financial well-being rely extensively on charitable contributions from donors, but the sustainability of their relationship relies heavily on the level of trust (Cnaan & Curtis, 2013, p.23; Yasmin et al., 2014, p.117). The Secretary of State of North Carolina, Marshall, stated the North Carolinians are very generous (North Carolina Department of the Secretary of State, 2015). Whereas, generosity of donors can diminish if their hard-earned money is not carefully managed in a way that will increase trust and confidence to give more in the future (Yasmine et al., 2014, p.117). Since stewardship theory assumes that trust is a factor in a principal-agent relationship (Mansouri & Rowney, 2014, p.52), therefore this study is used to explore the statistical predictive relationship of internal control in a Church on donors' trust.

Evolution of Stewardship Theory

Accounting theories became important and necessary during the trade by barter period simply because of the inherent problems and consequences of measurement inequality (Uneghu, 2014, p.1). In a study of accounting literature between the periods of 12th to 21st centuries, Uneghu (2014) found that accounting existed before the monetary economy as a measure to address the inequality of transaction during the barter economy (p.1). As a result, accounting theories became relevant in improving and developing accounting frameworks for global acceptance through academics and professional bodies in the accounting field. In a study by Bigoni and Funnell (2015), accounting was a part of Church affairs since the 15th century to provide both financial and non-financial information necessary to present the stewardship of a pastor in the administration of Church's assets (p.173). Most researchers agreed that accounting theories are logical reasoning to explain and frame existing accounting practices and to develop guiding principles for effective recording and reporting of economic information to the financial statement users (Uneghu, 2014, p.2).

Birnberg (1980) examined stewardship reporting when financial reporting and accounting were viewed as the same (p.72). Although stewardship theory existed before this time as a social science theory derived from psychology and sociology (Hernandez, 2012, p.172; Kluvers & Tippett, 2011, p.277), Birnberg viewed stewardship reporting as a financial disclosure model within the managerial accounting classification. O'Connell (2007) stated that stewardship has always been the sole accounting objective over a longer period until some standard-setters and scholars began to consider stewardship and accountability as two separate main reporting objectives (p.215). Also, O'Connell highlighted the convergence of these two main objectives back to stewardship as jointly pronounced in 2005 by the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) (p.215). In another report found by O'Connell, a study group of the AICPA classified stewardship as a principal purpose of financial statements (p.216). Donaldson and Davis (1991) had developed stewardship into a theory before the standard-setters confirmed stewardship as the sole framework for providing decision-useful information (p.50).

However, several accounting theories are connected to corporate sector governance, but stewardship and agency theories are more related to the principal-agent relationship present in non-profit sector governance (Coule, 2015, p.75; Mansouri & Rowney, 2014, p.46). The principal-agent relationship reminds the agent the responsibility of giving account to the principal (Coule, 2015, p.78). The principal in a corporate setting is the owner, also known as the shareholders, while the agents are those serving in the management capacity on behalf of the principal (Kuhner & Pelger, 2015, p.383; Olson, 2000, p.281). For a nonprofit organization, the principal can be the board members who sometimes doubled as the donors, while the agents are those running the affairs of the business (Coule, 2015, p.77; Olson, 2000, p.283; Kluvers & Tippett, 2011, p.276). Jensen and Meckling developed agency theory as a relationship between principal and agent, where the agent manages the principal's asset and gives activities report (Cuevas-Rodríguez, Gomez-Mejia, & Wiseman, 2012, p.526; Van Puyvelde et al., 2012, p.435). Although agency theory is well accepted by scholars in explaining the principal-agents' relationship through various motivational tools, many critics have emphasized the adverse impact resulting from such incentive-backed relationship (Coule, 2015, p.76; Cuevas-Rodríguez et al., 2012, p.527; Hernandez, 2012, p.172).

The relationship of parties in agency theory is driven by self-interest, where goal conflict is inherent since the principal expects wealth maximization while the agents seek financial incentives (Coule, 2015, p.77; Kluvers & Tippett, 2011, p.277). The values embraced within the nonprofit sector for goal congruence aligned more with stewardship theory where trust, responsibility, and shared interest are valued unlike the motivational factors of the agency theory (Kluvers & Tippett, 2011, p.277). The conflict of interest within the agency theory contrasts the objectives of nonprofit organizations where impacting people's lives is the ultimate goal, and not a personal nor an organizational wealth maximization (Cuevas-Rodríguez et al., 2012, p.527; Kluvers & Tippett, 2011, p.276). According to Van Puyvelde et al. (2012), agency and stewardship theories each contain different assumptions and prescriptions (p.436). Unlike agency theory originating from economics, the theoretical basis of stewardship theory is from psychology and sociology (Hernandez, 2012, p.172; Kluvers & Tippett, 2011, p.277; Van Puyvelde et al., 2012, p.437).

The stewardship custodial roles as listed by Birnberg (1980) demonstrates the relationship between two parties that require the agent to care for principal's asset with no negligence or misappropriation of the asset (p.73). Stewardship relationship between both parties centered on trust and mutual goal alignment (Kluvers & Tippett, 2011, p.277). Van Puyvelde et al. stated that agents within stewardship concept are motivated to act in the interest of the organization due to their high identification with the organized mission (p.436). Stewardship theory assumes that the basis of the principal-agent relationship is more aligned with collaboration and collective goals seeking rather than the goal conflict and extrinsic agent's motivation within the agency theory (Kluvers & Tippett, 2011, p.277; Van Puyvelde et al., 2012, p.437). Reporting of economic information to the financial statement users is an underlying function for accounting theories development and acceptance (Unegbu, 2014, p.2). As a result, financial statement reporting became an accepted accounting practice and a unifying view among all professional bodies as globally influenced by the International Financial Reporting Standard (IFRS) (Unegbu, 2014, p.2).

These fraud allegations against respected Church leaders impacted the level of trust from the stakeholders, and the donors and other stakeholders are expecting leaders to display the stewardship custodial role to safeguarding Church assets (Ahiabor & Mensah, 2013, p.116; Mansouri & Rowney, 2014, p.45; Montague, 2013, p.249). However, for many years most Church leaders and some scholars have considered internal control system as unnecessary and secular, and not a part of the sacred beliefs that promote trust (Laughlin, 1988, p.23; Rixon & Faseruk, 2012, p.20; Rixon et al., 2014, p.12). Church leaders tend to pay more effort towards sacred activities than focusing on controls or accounting processes (Hardy & Ballis, 2013, p.540). In a stewardship relationship, the board of directors being the principal is expected to ensure that internal control functions are in place (Committee of Sponsoring Organizations [COSO], 2013, p.3; Olson, 2000, p.282). Primoff (2012) listed the three fiduciary responsibilities of the board in non-profit organizations to include the duty of care, loyalty and of obedience (p.51). Wilson, Wells, Little, and Ross (2014) emphasized that internal control is a reliable mechanism for financial reporting and a part of accounting since the beginning (p.73). Since stewardship theory assumes that trust is a factor in a principal-agent relationship (Mansouri & Rowney, 2014, p.52), therefore, this study is used to examine the role of internal control on Church leaders' accountability and transparency over donors' trust.

Stewardship theory has evolved and suffers conflicting views as the standard-setters, and the professional accounting bodies limit the definition of stewardship below the broader conceptual characteristics (Kuhner & Pelger, 2015, p.404; O'Connell, 2007, p.220, Van Puyvelde et al., 2012, p.435). Kuhner and Pelger (2015) evidenced the shift in the modern view of stewardship compare to the broader role of a steward due to the complexity of social and economic condition (p.383). The position of IASB and FASB on the true function of stewardship in relation to decision-usefulness is still unclear (Eierie & Schultze, 2013, p.163). The standard-setters need to clarify the stewardship function in accounting information reporting to both internal and external stakeholders (Eierie & Schultze, 2013, p.163). Zeff (2013) supported that the meaning of stewardship has varied over time from a purely custodial perspective to shareholders measurement of management effectiveness of an organization (p.313).

Overall, most scholars and practitioners viewed stewardship as a more appropriate theory to nonprofit organizations than agency theory due to the possible goal congruence among all parties for meeting organization's mission (Kluvers & Tippett, 2011, p.277; Segal, 2012, p.827). Nonprofit governance displays the presence of stewardship theory between the board of directors and the management of nonprofit organizations (Bernstein, Buse & Bilimoria, 2016, p.491; Schneider, 2012, p.519). The shared interest assumption of stewardship theory and the responsibilities of the manager to give account to the owner without any selfish interest align with the values of a religious organization's mission of positively impacting their community (Cnaan & Curtis, 2013, p.20).

Also, within a nonprofit organization stewardship approach indicates that the management will act in the interest of their donors for relational reciprocity and to demonstrate responsibility in the administration of the resources in their disposal (Kluvers & Tippett, 2011, p.277; Van Puyvelde et al., 2012, p.438).The underlying assumptions of stewardship support the basis on which the religious leaders practice theology, accountability and overall administration of Church internal affairs as part of the nonprofit sector (Heier, 2016, p.209; Schneider, 2012, p.519). According to Heier (2016), Southern Baptist Convention (SBC), a faith-based association of Baptist Churches, had since inception in 1845 adopted stewardship approach for accounting and managing Church affairs (p.208). Stewardship within SBC evidenced the connection between the sacred belief and secular nature of accounting in contrast to the conflict in religious view of accounting and financial reporting (Heier, 2016, p.209). Within a span of 165 years, SBC is grounded in the reporting of financial activities of Church affairs that meets the standards for nonprofit accounting reporting requirements (Heier, 2016, p.210). Therefore, stewardship in Church accounting implies that the Church leaders can run the Church with due care, accountability, and transparency (Birnberg, 1980, p.73).

The scope of stewardship seemed similar and evidenced accurate understanding within the Church as well as other organizations within the non-profit (Schneider, 2012, p.526). Schneider (2012) reported the application and understanding of stewardship across 81 Faith-Based Organizations (FBO) across multiple states in the US between 2008 and 2010 (p.518). In this ethnographic study, Schneider emphasized the stewardship strategies common to religious groups and other nonprofit organizations and characteristics of stewardship concept grounded in the religious practice (p.518). Schneider categorized these FBOs into six religious group and subsequently grouped them into three systems based on their strategy of practicing stewardship (p.521). The three systems: institutionalized, congregational, and network differently conceptualize stewardship as being socially responsible, or connection with religious values and beliefs, or ability to sustain networks and serve as a steward for the organization (Schneider, 2012, p.533). Similar to Heier (2016) congregational system is the foundation of many U.S.

nonprofits and allows for the board members appointment to perform the principal function (Schneider, 2012, p.526).

In the study by Birnberg (1980), stewardship relationship has four development stages that include: the pure custodial period; the traditional custodial period; the asset utilization period; and the open-ended period (p.73). Both pure and traditional custodial periods require the agent to keep the asset safe and return it intact, negligence is not an option and no misappropriation of an asset. Also, the custodial servant (Shepherd) is required to exercise due care, and easily communicable tasks, resulting in stewardship accounting broadly termed accountability. The third period, asset utilization requires the servant to promote efficient use of the asset by providing initiatives and insights. During the open-ended period, the master has financial resources for employment or other business activities. The stewardship relationship between parent and agent requires the board of directors to perform the internal control function (Duncan, Flesher, & Stocks, 1999, p.143; Olson, 2000, p.282).

Internal Control System.

Wilson et al. (2014) highlighted four purposes of an internal control system similar to Birnberg's four development stages of stewardship reporting (p.74). Wilson et al. grouped the four purposes of internal control under the administrative and accounting controls. According to Wilson et al., Accounting control includes the protection of asset against theft or any form of mismanagement, and provision of reasonable assurance that supports the reliability of financial statements. While the administrative part of internal control includes promoting efficient use of assets and monitoring adherence by every employee to corporate policies. In contrast to Wilson et al. stated four reasons for internal control, Enofe and Amaria (2011) identify three reasons namely: safeguard of the asset, accurate financial reporting, and compliance (p.89). Professional accountants consider internal controls as effective based on the degree of segregation of duties (GWS, 2009, para.1). Also, Frazer (2016) listed several components of internal controls in an organization that includes accounting and finance controls, and administrative and managerial controls (p.155). Accounting and financial controls involve a continuous review of financial recordings and ensuring that financial information is well kept and useful for management decision making (p.155). Whereas, administrative and managerial controls include efficiency testing of all managerial policies and to ensure that the operations are in line with the organizational procedure (p.157).

According to COSO, an internal control system should help an entity to meet important objectives as well as sustain and improves performance (COSO, 2013, p. 1), and this should apply to Churches. Similar to the NPOs, internal control has been part of accounting for a long time as far back as human affairs, and the very first professional definition was provided in 1949 by the Committee on Accounting Procedure put together by the American Institute of Certified Public Accountants (Wilson et al., 2014, p.74). Wilson et al. (2014) reported the definition of internal control as a combination of organizational plans and methods to safeguard assets and measure managerial policies (p.74). The Committee of Sponsoring Organizations (COSO) defines internal control as “a process, effected by an entity’s board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance” (COSO, 2013, p.3). The National Council of Nonprofits defines internal control as “financial management practices that are systematically used to prevent misuse and misappropriation of assets, such as occur through theft or embezzlement” (NCNP, 2016, para.1).

Several researchers claimed that the lack of internal control within these local Churches is one of the underlying factors for the fraudulent financial practices, as well as the cause for Church leaders' wrongdoings or unwarranted accusations (Duncan & Stocks, 2003, p.213; Duncan et al., 1999, p.144; Enofe & Amaria, 2011, p.89; Mohamed et al., 2014, p.192). Duncan, Flesher, and Stocks (1999) further stated that effective internal control could enhance the ethical and moral standards of Church leaders and employees, and reduce the involvement in financial improprieties or other questionable activities (p.142). Also, that Church leaders can escape unwarranted accusation with adequate internal control in place, or may be subject to accusations even where there are no financial improprieties but because of inadequate internal controls in place (Duncan et al., 1999, p.160). Wooten, Coker, and Eelmore (2003) also stated that controls should be in place for adequate segregation of duties among staff separating duties recording, transaction, approvals, and so on (p.347).

Duncan and Stocks (2003) further indicated that internal control would eliminate the temptation or opportunity for volunteers or employees engaging in wrongful doings (p.16). Whereas, most Church leaders consider internal control system as secular, unnecessary and not a part of the sacred beliefs that promote trust (Duncan et al., 1999, p.144). Some researchers have recently suggested that the current environment requires only a good accounting software and knowledgeable treasurers as the solution (Rixon et al., 2014, p.12). A surprising finding in a recent survey by ECFA revealed that only 50% of Churches involved in the study have effective internal controls in place (ECFA, 2015, para.3). In the ACFE (2016) report to the nations, about 30% of the survey respondents overwhelmingly chose lack of internal controls as the primary contributor to fraudulent behavior in an organization (p.46). In addition to the lack of internal controls, override of existing internal controls, and lack of management review are the top three control weaknesses in organizations totaling about 70% of the responses among ten factors responsible for fraud (ACFE, 2016, p.47).

Accountability and Transparency.

Financial reporting disclosure became necessary and an evidence of transparency when businesses not only disclose mandatorily required information but, besides, presented voluntary information for the benefit of statements' users and to improve the perception of accountability among stakeholders (Binh, 2012, p.70). The Association of Certified Fraud Examiners (ACFE) considered fraud as ubiquitous that does not discriminate and can happen anywhere (ACFE, 2014, p.6). Financial fraudulent schemes, misappropriation of assets and corruption are possible in any organization and also among religious leaders as evidenced in the reported cases of accused Church leaders (Enofe & Amaria, 2011, p.89; Steinhoff, 2008, p.11). The absence of financial disclosure leads to fraud, as Fraud is an intentional act or omission that does not discriminate but designed to defraud victims who suffers damages and as a result incur a loss (AICPA, 2002, p.1721, ACFE, 2014, p.6).

Accountability within the nonprofit management practices has become a subject matter of discussion, as viewed by many scholars as one of the panacea to the growing scandals among the NPOs leadership (Enofe & Amaria, 2011, p.87; McDowell et al., 2013, p.330, Tucker & Parker, 2013, p.90; Yasmin, Haniffa, & Hudaib, 2014, p.118). In an internet-based experimental study of the significance of NPOs information on donors' decision making in U.S., McDowell, Li, and Smith (2013) stated that donors require nonfinancial information before financial information for donation decision making, regardless of donors' demographic (p.344). This study adds to the research on NPOs information needs and use by their donors, necessitated by the growing concern that NPOs may be lagging in the provision of information relevant to the donors.

According to McDowell et al. (2013), accountability is critical to effective management of the NPOs to sufficiently meet the requirements of the regulators and the yearnings of the donors (p.330).

Another study by Yasmin, Haniffa, and Hudaib (2014) examined NPOs accounting practices, especially within the faith-based organizations. Yasmin et al. examined accountability side-by-side with transparency in a religious perspective where accountability is viewed as giving reports for one's actions (p.106). Furthermore, the study showed annual financial reporting as the method used by NPOs in demonstrating accountability to their stakeholders (p.106). Yasmin et al. operationalized the theoretical concept of Stewart's ladder of accountability by analyzing the construct of communicated accountability into two accounting measures of transparency and compliance (p.109). The Stewart's ladder of accountability categorized transparency into three aspects: relevance, reliability, and timeliness (Yasmin et al., 2014, p.104). Relevance was measured using two criteria: comprehensiveness and quality of presentation. Comprehensiveness includes relevant information about organizations' performance for a year and policy notes with all key organizational information. Reliability was measured through verification of independent verification of reports. Moreover, timeliness measures the information usefulness for decision making and the willingness of an organization to be accountable, which is the internal and external timeliness.

As reported by Yasmin et al. (2014), there are five types of accountability listed in Stewart's ladder of accountability: probity and legality, process, performance, program, and policy accountability (p.107). These accounting types cover management concern for fund usage, following procedures, measuring performance against targets, goals achievement, and responsible actions (Yasmin et al., 2014, p.107). Accountability for probity and legality includes ensuring that the organization uses funds for the right purpose as authorized transparently. Process accountability focuses on internal affairs of an organization showing the procedures and guidelines appropriate for their operations. Performance accountability measures the organization's performance against the required standards and mission of that organization. Program accountability shows how an organization's activities measure with the set goals and plans. Moreover, policy accountability focuses on the actions and programs engaged by the management and the appropriateness for going concern. Similar to Yasmin et al.'s review of the five accountability types, Enofe and Amaria (2011) examined only four types: process, performance, program, and policy accountability (p.88). This study highlighted the significant relationship between the performance accountability and program accountability as measures for management transparency on internal affairs and results relevant for information users (Enofe & Amaria, 2011, p.88).

Furthermore, Sanusi, Johari, Said, and Iskandar (2015) stated that accountability is not limited to financial reporting but includes non-financial information disclosure as well (p.161). This view is similar to other authors, as McDowell et al. found that NPO donors considered nonfinancial information for donation decision making before financial information (p.329). Accounting, on the other hand, is considered a social practice for reporting both financial and non-financial information as reported in a study by Bigoni and Funnell (2015) on Church affairs in the 15th century (p.161). Sanusi et al. (2015) found three aspects of accountability that includes compliance, transparency, and responsiveness (p.161). These three aspects of accounting summed up the requirements of managers for being responsible, giving and taking an account (Shaoul, Stafford, & Stapleton, 2012, p.215).

Enofe and Amaria (2011) stated that religious leaders fulfill accountability through transparency which in turn influence the donation decision of the donors (p.87). According to McDowell et al. (2013), donors need and use NPOs nonfinancial information for donation decision making before financial information, making accountability a significant part of maintaining a long-term relationship between donors and NPOs (p.343). NPOs operations, especially the religious groups depend largely on individual donations, and trust is critical to the long-term relationship between these parties (Kluvers & Tippets, 2011, p.277; Yasmin et al., 2014, p.105). In the study by Yasmin et al. (2014), trust between donors and religious organization can be viewed as the cause for the complacency and lack of accountability on the part of the managers of the charity organizations (p.117). Yasmin et al. explained that less demand for accountability by the donor constituted the complacent attitude among religious leaders due to the continuing donations from donors with no condition attached (p.117). The same point was highlighted by Enofe and Amaria, that too much trust placed on Church leaders is a factor for Church financial misappropriation (p.100). As stated in the ACFE (2016) report to the nations that trust is not an internal control, so no degree of trust in an individual should hinder putting appropriate controls in an organization (p.39).

Yasmin et al. (2014) highlighted the two types of trusts common to the relationship between the donors and the religious organizations as “identity-based trust and knowledge-based trust” (p.117). According to Yasmin et al. the identity-based trust is developed as a result of donors’ knowledge and familiarity with the religious leader, and knowledge-based trust is based understanding and awareness of the organization’s activities (p.118). Similarly, Cummings and Bromiley (1996) viewed trust as an individual or a common belief that is strongly based on three characteristics of meeting expectations by making a good-faith effort, honesty, and not taking advantage of anyone even when the opportunity is there (p.302). Opportunity is among the three elements of the fraud triangle as described by Cressey in the late 1940s (Crumbley, Heitger, & Smith, 2013, p.3-18; Roden, Cox, & Joung Yeon, 2016, p.81). Motive and rationalization are the remaining elements that serve as motivating factors for committing business fraud, and these three elements must be present before any crime can take place (Lokanan, 2015, p.202). Zech (2017), in a study of financial practices in the US Catholic parishes and dioceses, described embezzlers as those who steal money where there is a combination of need and opportunity (p.31). Overwhelmingly, 85% of the survey participants reported at least an incident of embezzlement in their diocese, and 89% of US Catholic readers are calling for a more secure financial management at parish level (Zech, 2017, p.31). Inadequate internal control, ineffective board, weak management oversight or where there is no separation of duties can create opportunities to commit fraud in an organization (AICPA, 2002, p.1752; Roden et al., 2016, p.81). According to Lokanan (2015), fraud triangle is considered by ACFE as a standard framework for auditors and forensic professionals to investigate and combat fraud (p.202).

Much of the reviewed articles points out the significance of accountability in NPO's management and its relevance to a long-term relationship with the donors and regulators (Enofe & Amaria, 2011, p.100; McDowell et al., 2013, p.330; Tucker & Parker, 2013, p.99; Yasmin et al., 2014, p.117). Not only does the literature agree that accountability is crucial to effective management and smooth running of NPOs, but Yasmin et al. (2014) also found accountability to be of great importance among the religious groups as a fulfillment of religious duty (p. 106). While it is true that accountability is relevant in today's management of NPOs, Sanusi et al. (2015) findings contradicted this common view by stating that accountability is insignificant to the financial management practices of NPOs (p.161). The conclusion by Sanusi et al. may have been impacted by the study design and the behavior of participants for this research (Trochim & Donnelly, 2008, p.77). Meanwhile, Bigoni and Funnell (2015) found that the Roman Catholic Church used accounting in the 15th century to restore pastoral power through income and expenses reporting and other relevant books for general oversight and reporting of local Church performance (p.171). During this reformation period, accounting practices contributed to the internal Church affairs and considered as complementary to sacred beliefs (Bigoni, Enrico, & Funnell, 2013, p.568). However, Laughlin (1988) found accounting systems in the Church of England as a supporting tool to spiritual duties but limited only to the tolerable extent that should not interfere with any sacred concerns (p.38).

Still, on the element of accountability, Sanusi et al. (2015) emphasized that accountability not only related to the financial information reporting but included the nonfinancial information aspect (p.161). This conclusion was supported by McDowell et al. (2013) that donors to NPOs embraced nonfinancial information over financial information for donation decision-making and that this aspect of donors' need should be of relevance to the NPO managers and regulators (p.344). Also, Yasmin et al. (2014) found that nonfinancial information comprises an essential part of discharging accountability since this aspect requires knowledge and judgment in addition to mere compliance with the requirement for financial reporting (p.105).

Enofe and Amaria (2011) categorically indicated, as one of the solutions to curb the fraudulent practices in religious organizations, the need to mandate public disclosure of financial and nonfinancial information through the exempt NPO tax return form 990 (p.100). It is not clear, however, that this recommendation applies to the present day regulations in the U.S. where the constitutional concept of separation of Church and state is still enforced (Martin, 2014, p.9). Religious bodies with a tax-exempt status are not required to file the NPO tax return Form (Form

990) to the IRS, except for those engaged in unrelated business activities (Internal Revenue Service [IRS], 2015, p.27). The authors did not elaborate on how the filling of form 990 can be mandated for religious bodies either through the Congress or a voluntary campaign that will attract the interest of every religious leader. Enofe and Amaria make a compelling case for the findings and significantly contributed to practice and future research.

Yasmin et al. (2014), through their complementary analysis of 13 interviewees from the MCOs, found that donors' trust aid donations but contributed to complacency and lack of accountability on the part of MCO's management (p.117). Although the demand for accountability by donors seem trivial in this setting, it is, in fact, crucial regarding today's concern over the financial scandals impacting the level of public trust and confidence in religious leaders (Yasmin et al., 2014, p.103). This finding may not be a clear generalization of the trust existing between donors and MCOs due to the nature of small MCOs where the interviewees were selected. Research should be extended to include larger MCOs as described by Yasmin et al. that are in compliant with the reporting requirement (p.119). Yasmin et al. made a compelling case for the meaning and significance of findings. Overall the results of the research by these authors except for Sanusi et al. were logically consistent and reflective of data collected, and the findings were significant to practice and knowledge of NPO control. Also, recommendations by these authors can support areas of future research.

However important that NPOs increase accountability, one common factor to these Churches affected by fraudulent cases was a weak or no internal control system in place (Enofe & Amaria, 2011, p.89). Enofe and Amaria stated that internal control will be a source of protection for every organization against financial mismanagement and to ensure accurate financial reporting (p.89). Also, Sanusi et al. (2015) supported that internal control system is significant to effective financial management practices of NPOs (p.161). ACFE reported in the 2014 global fraud study that lack of internal controls majorly contributed to frauds cases in 2010, 2012 and 2014 (ACFE, 2014, p.39). Over 41% of frauds cases in businesses with less than 100 employees are attributed to lack of internal controls, which can be prevented if controls are put in place to mitigate any control weaknesses (ACFE, 2014, p.39). Tucker and Parker (2013) referred to a formal control system as a tool to demonstrated efficiency and responsible stewardship of resources by the NPOs managers (p.99). Enofe and Amaria's asserted that internal control over financial management practices would demonstrate transparency. However, the significance of internal control system over donors' trust remains unclear.

Church Financial Affairs and Donors

A religious organization like a Church requires the regular gathering of people of same belief meeting for the purpose of communal worship and fellowship (Cnaan & Curtis, 2013, p.9). The Church can be defined as an ecclesiastical organization with a tax-exempt status under the Internal Revenue Code (IRC) section 501(c)(3), and different from other religious organizations (IRS, 2015, p.2). A Church is a place of worship for Christian faith-based, and not a mosque or other religious organizations (Cnaan & Curtis, 2013, p.9; IRS, 2015, p.1). Church leaders include Pastors, Board members, volunteers, full or part-time paid members responsible for Church accounting and management controls (Enofe & Amaria, 2011, p.89; Heier, 2016, p.212).

Religious organizations largely depend on contributions from donors while other NFP organizations also rely on fees for services, tuition payments, patient revenue and ticket sales (McKeever, 2015, p.4). Wilson et al. (2016) defined a contribution as "a voluntary, unconditional and nonreciprocal transfer of cash or another asset to an NFP by an entity external to the NFP" (p.534). Although donors may give with no condition attached, some donors may require that their gifts get used for a certain purpose or in a period of time (Wilson et al., 2016, p.534). Churches and other religious bodies made up the most significant portion of the public charities that constituted over 70 percent of the entire NFPs with revenues of over $1.73 trillion in 2013 (McKeever, 2015, p.1). Churches and other religious organizations received 32 percent of the entire charitable giving in 2014, a slight drop from 33.2 percent in 2009 (McKeever, 2015, p.9). According to the Center on Nonprofits and Philanthropy, about 35 percent of NFPs that registered with the IRS in 2013 was approximately 1.41 million entities (McKeever, 2015, p.2). The NFP sector contributed about $906 billion to US economy in 2013, making up 5.4 percent of the gross domestic product (p.1).

Accounting and financial reporting differ between for-profits organizations and NFPs, but there are similarities between NFPs and governmental organizations except for accounting processes, financial reporting styles, donors and authoritative sources (Wilson et al., 2016, p.3). Conformity of accounting and financial reporting styles with GAAP requirements is similar across all organizations (FASB, 2008, p.1). Authoritative sources provide guidance on the accounting processes and financial reporting, as the governmental accounting standards board (GASB) guide governmental organizations, same as FASB for all NFPs (Fischer & Marsh, 2012, p.430; Wilson et al., 2016, p.526). FASB is responsible for the provision of guidance and new pronouncements on the GAAP requirements for NFPs (Fischer & Marsh, 2012, p.430). AICPA with other similar organizations standardizes the accounting, financial reporting, and auditing rules within the NFP organizations (Wilson et al., 2016, p.526). However, there have been very little efforts and low numbers of accounting literature concerned with the Church accounting and financial reporting procedures (Booth, 1993, p.38). Neely (2011) listed the IRS and the States' attorney general offices as the two bodies responsible for monitoring NFPs (p.108).

The Church Audit Procedures Act (CAPA) of 1984 allows a majority of Churches to not report to the IRS through the First Amendment and the CAPA that limit government influence on religious affairs (Martin, 2014, p.9). Most Churches especially those with no unrelated business income are not required to file Form 990 or report any financial statements whatsoever. Churches with a tax-exempt status are eligible to receive tax-deductible contributions and not required by law to file any tax returns to the IRS, except for Churches involved in any unrelated business activities (IRS, 2015, p.27). Without the Form 990, IRS or the public may not be able to monitor financial activities of Churches, as Enofe and Amaria (2011) and other few authors suggested that Churches should consider filing Form 990 in contrast to the constitutional right of Churches (p.100). Religious bodies with no requirement of form filing or financial reporting may be limited to very minimal methods of showing transparency and accountability. IRS uses Form 990 to identify non-profit activities that are not meeting the exempt status categories, and that need to be reclassified as non-profit taxable activities (Krishnan & Yetman, 2011, p.1010). Wilson et al. (2016) considered Form 990 as a tool in the hand of IRS that provides a substantial amount of information useful for evaluating tax-exempt entities (p.590).

ECFA was founded in 1979 to enhance trust in Churches after the financial scandals of the 1970s by applying the “ECFA’s Seven Standards of Responsible Stewardship” (ECFA. 2016, para.4). Although EFCA has been very effective in transparency and oversight concerns for the Church, recent scandals among Church leaders have threatened the donors’ trust and expose the insufficiency of the current self-regulation within religious organizations (Montague, 2013, p.258). Although, ECFA requires every member to abide by the seven Standards, as well as ensuring that the board conducts the assessment for any material weaknesses in internal control as part of the financial oversight (ECFA. 2016, para.8). ECFA membership is not compulsory and not regulated to ensure every Church becomes accountable and have the right control system in place.

The separation of state and religion limit governmental influence on internal religious affairs and no reporting requirement by any regulators (Martin, 2014, p.90). Within the last two decades, many religious leaders have charged with allegations of financial impropriety, and as a result, many of these leaders ended up in jail, some fled the country, and others are still under serious interrogation (Duncan et al., 1999, p.146; Enofe & Amaria, 2011, p.89). Many well-known Church founders have been convicted or accused of financial wrongdoings (Enofe & Amaria, 2011, p.88). The level of trust from all stakeholders are impacted, and donors are increasingly looking for an improved level of transparency in NFP operations (Elson, O'Callaghan, & Walker, 2007, p.123). It is embarrassing and not worthy of praise that Pastors bestowed with a high level of trust and respect are found wanting in the call for transparency and accountability.

Following the corporate scandals in the 2000s within public corporations that impacted investors' trust in capital market, Sarbanes-Oxley Act of 2002 was implemented with stricter rules that have immensely improved the quality of internal control over financial reporting (Schroeder, Clark, & Cathey, 2013, p.149; Singer & You, 2011, p.558). Increased fraud cases caused regulators and professional bodies to amend and set auditing standards that helped regain the public trust lost as a result of a high number of fraud cases going undetected by the auditors (Rezaee & Crumbley, 2007, p.45; Smith, 2015, p.19). Increased fraud cases by corporate executives and contributions from auditors created a loss of public confidence in the traditional public accountants and contributed to the demand for more improved accountants (Huber, 2012, p.260). SOX Act was implemented to restore integrity and public confidence to the market (Orin, 2008, p.141).

Section 404 of the SOX Act highlighted the consequences of failing to report fairly that include jail terms or serious fines, which has contributed to improved financial reporting, and reliance and relevance of annual reports to the statements users (Singer & You, 2011, p.583). In a way to oversee the audit of public companies, the Public Company Accounting Oversight Board (PCAOB) was created through the SOX Act (Schroeder et al., 2013, p.616). The Board enforces specified disclosures as a result of all material correcting adjustments as specified by a CPA during the annual or quarterly review (Schroeder et al., 2013, p.616). Also, PCAOB requires that CEO and CFO certify each annual and quarterly reports that the officer has reviewed the report and that no untrue or misleading statement is presented to the public. Also, the corporate officers must attest to the statement that they are responsible for establishing and maintaining adequate internal controls (Schroeder et al., 2013, p.616).

The professional bodies also support the role of internal control in an organization and as such is one of the typical tasks considered for audit committees of NPO to ensure internal control is in place (Primoff, 2012, p.55). Overall, the impact of SOX Act on the public confidence in corporate reporting and market reports have improved, but no regulation in place for the NPOs including Churches to adopt any of the SOX requirements (Elson et al., 2007, p.123). Meanwhile, some NPOs as reported in a study by an accounting firm to have begun voluntary adoption of some of the SOX requirements. The study of NPOs as reported by Elson et al. (2007) found that 48% of the respondents have voluntarily improved their procedures towards the SOX requirements. One major improvement was around internal control and audit exercise by an independent accountant.

As several religious organizations voluntarily accepted some measures of control practices, there are reports that these organizations are still faced with secrecy in the protection of identity and internal affairs which are a concern for transparency (Robbins & Lapsley, 2015, p.20). Whereas, Heier (2016) reported the existence of accounting and financial controls with the Southern Baptist Churches since 1845, and proactively setting stages for NFP requirements regarding financial reporting and audit procedures (p.210). Also, Zech (2017) reported that Catholic Churches in 1995, through the US Conference of Catholic Bishops embraced internal controls and issued a document titled “Diocesan Internal Controls: A Framework” (p.31). Several denominations like Presbyterian and Methodist Churches have some recommendations for local Churches on accounting and control measures that can prevent financial mismanagement (Duncan, et. al., 1999. p.150; Zech, 2017, p.31). Although no Church is required by law to present financial position publicly, several Churches have made progress in reporting like the NFP expectations (Brannan, 2013, p.2). The separation of state and religion inhibit regulatory enforcement of implementation of internal controls within religious organizations (Duncan, et. al., 1999. p.144; Martin, 2014, p.90).

Several fraud allegations and embezzlements in Churches have caused the public and donors to look towards Church leadership for measures to safeguard Church asset and improve financial management (Brannan, 2013, p.3; Zech, 2017, p.31). Zech (2017) reported cases where pastors and employees of local Churches engaged in financial irregularities and convicted of stealing (p.30). A pastor in a Church at Michigan was convicted of stealing over $500,000, and another pastor in Florida for stealing over $8 million from the Church (Zech, 2017, p.30). Also, Heier (2016) reported fraud cases where a former banker who served as a treasurer for the Southern Baptist Church foreign mission board stole $92,000 and was sentenced to 20 years imprisonment (p.224). Another treasurer who was a former auditor was jailed for stealing over $900,000 and fleeing the country, but repatriated from Canada and paid restitution with personal assets (Heier, 2016, p.224). Similarly, per Brannan (2013), an accountant with a Catholic Church in Minneapolis was arrested for stealing around $770,000 (p.3). More and more Church leaders have been charged or accused of financial fraud, sexual abuse, or cocaine possession within the last two decades (Brannan, 2013, p.2; Enofe & Amaria, 2011, p.89). Several scholars have concluded that excessive secrecy, lack of regulations, lack of internal controls, and general incompetence are part of the factors responsible for fraudulent acts in Churches (Brannan, 2013, p.3; Enofe & Amaria, 2011, p.89; Zech, 2017, p.31).

Summary

Stewardship theory's assumptions include that trust as motivating factors in a relationship between the parties involved. Part of Stewardship's assumptions supports the basis on which the religious leaders practice theology, accountability and overall administration of Church affairs. Increasing scandals against religious organizations for fraudulent charges and misconducts of their leadership has impacted the level of public trust and confidence of donors in local Churches. In a stewardship relationship, especially in a non-profit organization, the management will act in the interest of their donors to maintain a long-term relationship and to demonstrate custodial roles over assets under their care. Therefore, the board of directors is expected to ensure that internal control functions are in place. Although several scholars have reported that the lack of internal control within these local Churches is one of the underlying factors for the fraudulent financial practices, many Church leaders still consider internal control system as secular and not necessary to promotes trust. Also, some scholars concluded that internal control systems over Church affairs would demonstrate transparency and accountability of Church financial practices. Meanwhile, the role of internal control system over donors' trust remain unclear, but this study is used to examine the interaction between these variables.

Chapter 3: Research Method

The research method is used to explore the significance of internal control on donors' trust in Churches where the leaders practice accountability and transparency of their internal financial affairs. Recent fraud allegations against Church leaders have contributed to the loss of donors' respect and trust for the managers of Church financial affairs (Enofe & Amaria, 2011, p.87; Kisow, 2014, p.63; Sanusi et al., 2015, p.156). Several scholars suggested that the lack of internal control system in an affected Church is the top reason for financial improprieties and misappropriation of assets by their leaders (Brannan, 2013, p.3; Enofe & Amaria, 2011, p.89). Several authors of accounting literature have established the significance of internal control over management efficiency and responsible stewardship toward transparency and accountability (Tucker & Parker, 2013, p.99), but the significance of internal control over donors' trust remain unclear. Regaining donors' trust and reducing fraudulent acts and unnecessary accusations against Church leaders may ensure the sustainability of religious organizations in the long run (McDowell et al., 2013, p.329; Yasmin et al., 2014, p.117). Therefore, this study is used to examine the statistically predictive relationship of the internal control system, Church leaders' accountability and transparency on donors' trust. In this chapter, the research method and designs are explained with other components including the research questions, population, and sample necessary for this study with the envisioned instruments and data collection and analysis.

This quantitative study is used to answer the research questions below:

RQ1. What is the statistically predictive relationship between an internal control system and Donor trust?

RQ2. What is the statistically predictive relationship between Church leader accountability amd Donor trust?

RQ3. What is the statistically predictive relationship between Church leader transparency and Donor trust?

RQ4. What is the overall statistically predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust?

Moreover, the hypotheses below are aligned to each research questions listed above, and the hypothesis will either be accepted or rejected based on the results of this study.

$H1_0$. There is no statistically significant predictive relationship between an internal control system and Donor trust.

$H1_a$. There is a statistically significant predictive relationship between an internal control system and Donor trust.

$H2_0$. There is no statistically significant predictive relationship between Church leader accountability and Donor trust.

$H2_a$. There is a statistically significant predictive relationship between Church leader accountability and Donor trust.

$H3_0$. There is no predictive relationship between Church leader transparency and Donor trust.

$H3_a$. There is a predictive relationship between Church leader transparency and Donor trust.

$H4_0$. There is no overall statistically significant predictive relationship between an internal control system, Church leader transparency and accountability on Donor trust.

$H4_a$. There is an overall predictive relationship between an internal control system, Church leader transparency and accountability on Donor trust.

Research Methodology and Design

A non-experimental, correlational quantitative research design is used to test the hypotheses to determine the statistically predictive relationship between an internal control system, Church leader's accountability and transparency on donors' trust. This quantitative research method is used to analyze the data from study participants through a statistical approach for testing the existence of relationships among the variables: internal control, Church leader's accountability and transparency, and donors' trust. A multiple regression analysis is used to measure the statistically predictive relationship of the independent variables on the dependent variable (Bennett, Briggs, & Triola, 2014, p.261). The independent variables are internal control system, Church leader's accountability and transparency, while donors' trust is the dependent or criterion variable.

The statistical approach was used to measure the significance of internal control systems on donors' trust by leveraging on the existing research findings that Churches with internal control are less prone to fraud (Brannan, 2013, p.3; Enofe & Amaria, 2011, p.100). This research design was selected to utilize statistical procedures for testing the hypotheses in a testable form for operationalization of variables, measurable using an assigned evaluation score obtainable from the quantifiable responses from the prospective participants on the existence of internal control and the level of donors' trust. The quantitative correlational design is the most practical and ethical approach in measuring these variables and assessing their relationships, especially in a natural Church setting where donors cannot be randomly assigned to any conditions (Jackson, 2012, p.149). A multiple regression method is the most appropriate for this study based on the research design and nature of the research data that cannot be manipulated as in an experimental study, but useful for measuring relationships and making predictions (Bordens & Abbott, 2005, p.99). However, understanding the purpose and the limitation of the research approaches is an essential part to evaluate the validity of scientific claims (Bleske-Rechek, Morrison, & Heidtke, 2015, p.49). Therefore, the researcher watched for higher bi-variate correlations between the independent variables to detect any indication of multicollinearity (Bordens & Abbott, 2005, p.429). Correlational design may include two problems that include the difficulty in ascertaining the direction of cause and effect, and the possibility that the extraneous variables may be responsible for an observed relationship (Cozby & Bates, 2012, p.78).

This multiple regression method was used to analyze the data collected and to predict the variation in donors' trust based on the values of the predictor variables. The quantitative research approach allows collection of data in the form of numbers and statistics, which is more efficient for testing hypotheses (McCusker & Gunaydin, 2015, p.538). The statistical data needed for data analysis is gathered from participants' responses through a web-based survey questionnaire platform on Qualtrics website. The online survey platform is used to collect responses from participants in Churches selectable from the IRS' Exempt Organizations Business Master File Extract (IRS, 2017). Furthermore, the use of a quantitative design for this applied research with expected results that will apply to a real-world problem will allow for samples from the accessible population of interest (Bordens & Abbott, 2005, p.114; Trochim & Donnelly, 2008, p.34). The sample frame was established through the G*Power software to ensure that the right statistical power is achieved and maintained to contribute to a strong validity (Trochim & Donnelly, 2008, p.40).

Population and Sample

The population for this study consisted of members of Churches within the city of Greensboro in the state of North Carolina. Population, according to Jackson (2012) is the group of people that a study is expected to generalize (p.17). Churches, for this study, are the ecclesiastical organization with a tax-exempt status under the Internal Revenue Code (IRC) section 501(c) (3) (IRS, 2015, p.2). Presently, there are 516 Churches listed in the Yellow Book for Churches located in Greensboro, North Carolina (http://www.yellowbook.com). Contact information of Churches listed in the Yellow Book may not be reliable and not accessible for recruiting study participants. According to Trochim and Donnelly (2008), identifying accessible population will result in an accurate listing of the population and the ability to draw a sample (p.37). The sampling frame, defined by Trochim and Donnelly as the accessible population, from which the sample for this study are the Churches listed in the IRS database of all exempt organizations in the state of North Carolina (IRS, 2017).

The Churches listed in the IRS database are already registered as tax-exempt entities, and some of these Churches report annually to the IRS. The criteria for the accessible population for this study are the registered Churches in Greensboro with IRS Subsection code number 3 for tax-exempt classification and the National Taxonomy of Exempt Entities (NTEE) classification code of X20 or X21 for local Christian Churches (http://nccs.urban.org). This database contains the name and contact information of the representatives of these Churches in Greensboro. According to the 2016 IRS database of all exempt organizations in the state of North Carolina, the accessible population are 109 Churches in the city of Greensboro (IRS, 2017).

The Churches with study participants are selected through a stratified random sampling of the accessible population comprising of the Greensboro local Churches listed in the IRS database of all exempt organizations in the state of North Carolina (IRS, 2017). The study will comprise of a sampling frame of 109 Churches listed as registered Churches with IRS Subsection code number 3 for tax-exempt classification. The right sample size is determined through

G*Power to maintain the right statistical power for the population. Using the A priori analysis of the G*Power program, the sample size is 48 participants (Appendix A). The sample size is based on the power analysis on G*Power program using F tests, linear multiple regression with the critical F-value equals 2.82, and the centrality parameter is 12, and the actual power is 0.8030. Also, the input parameters will include small effect size at 0.25 (Piasta & Justice, 2010, p.6), alpha is at .05 and number of predictors is 3. According to Jackson (2012), the effect size shows the extent of the roles of the independent variables to determine the variance in the dependent variables (p.255). Also, participants from these local Churches must be 18 years and above, a financial donor to the Church purse, and a member of the Church for at least 12-month calendar year.

Materials/Instrumentation

A web-based questionnaire survey is utilized due to being a less time-consuming and less expensive method compare to mail survey system (Trochim & Donnelly, 2008, p.119). Qualtrics web-based platform is used for participant convenience and to generate quicker results and reports for further analysis (Creswell, 2013, p.160). The potential participants are from Churches listed as tax-exempt organizations in the IRS Exempt Organizations Business Master File Extract (IRS, 2017). The researcher sent invitation letters to selected Churches using the contact information available through the IRS database that will direct interested members to the web-based questionnaire for participation. The online survey platform will enable direct collection of results for further analysis of all questionnaires.

The instruments for this study contained two parts, since an already validated and published instrument will ensure reliability and validity (Creswell, 2013, p.160). The first part of the survey instrument is a questionnaire of 40 questions that measure internal control by a dichotomous response for each item of yes or no, replicated from Duncan, Flesher, and Stocks (1999). According to Duncan et al. (1999), the questions cover four areas of internal controls in Churches as evident by various kinds of accounting literature (p.5). The research instrument was pretested before mailing to the participants by the authors for content and construct validity. The questionnaire (Appendix B) contained questions on general controls, cash receipts, cash disbursements, and reconciliation practices necessary for internal control assessment. Each returned questionnaire contains an internal evaluation score that is used as dependent measures for hypothesis testing.

The second part of the survey questionnaire instrument was replicated from the Trust Inventory Questionnaire (Cummings & Bromiley, 1996) to measure on a 1 – 7 rating scale the degree of trust in Churches with the internal control system. The Trust Inventory Questionnaire consists of 121 questions, out of which 9 questions were selected and modified based on the relevance to Church perspectives and for the purpose of this study. Thus, scores on this test can vary from 9 (all 1's chosen) to 63 (all 7's chosen).

Operational Definitions of Variables

The key constructs below are associated with the proposed topic and defined as follows:

Internal Control. According to the Committee of Sponsoring Organizations (2013), internal control is "a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance" (p.3). The following definitions of internal control suggest the link between internal control and safeguard of assets. The National Council of Nonprofits (NCNP) defines internal control as "financial management practices that are systematically used to prevent misuse and misappropriation of assets, such as occur through theft or embezzlement" (NCNP, 2016, para.1). Also, the Greater Washington Society of CPAs defines internal control as "the financial processes and procedures that enable the organization to safeguard its assets" (GWS, 2009, para.1). Several Scholars supported that internal control can influence effective Church financial management and ensures Church leaders accountability and transparency (Enofe & Amaria, 2011, p.89; Sanusi et al., 2015, p.161). Internal control is the predictor variable, while the donors' trust is the dependent variable (Creswell, 2013, p.146). The predictive significance of internal control on donors' trust is measured through the questionnaires to establish whether to accept or reject either the null or alternative hypothesis. The questionnaire (Appendix B) with yes or no answers included questions on control components: general controls, cash receipts, cash disbursements, and reconciliation practices necessary for internal control assessment. The questionnaire is used to ascertain the presence of internal control systems in a Church through an internal evaluation score that is used as dependent measures for hypothesis testing.

Church Leaders' Accountability. Church is defined as an ecclesiastical organization with a tax-exempt status under the Internal Revenue Code (IRC) section 501(c)(3), different from other religious organization (IRS, 2015, p.2). Church in this context is a place of worship for Christian faith-based, and not a mosque or other religious organizations (Cnaan & Curtis, 2013, p.9; IRS, 2015, p.1). The term Church leaders will mean Pastors, Board members, volunteers, full or part-time paid members responsible for Church accounting and management controls (Enofe & Amaria, 2011, p.89; Heier, 2016, p.212). Accountability is a responsible means of providing reports both financial and non-financial for one's actions (McDowell et al., 2013, p.330; Yasmin et al., 2014, p.106). Moreover, Church leaders' accountability is one of the independent variables. The significance of Church leader's accountability as a predictor variable on donors' trust is measured using the Likert-type response scale on 3 specific questions with scores ranging from 3 (all 1's chosen) to 27 (all 7's chosen).

Church Leaders' Transparency. As described above, Church leaders may be in paid or volunteer positions bestowed with the responsibilities of leading or managing Church financial affairs. Transparency is the managerial effort to make accounting information visible to others and continuous openness in management affairs that are accessible to other stakeholders (Robbins & Lapsley, 2015, p.21). Moreover, Church leaders' transparency is one of the independent variables. The significance of Church leader's transparency as a predictor variable on donors' trust is measured using the Likert-type response scale on 3 specific questions with scores ranging from 3 to 27.

Donors' Trust. According to Yasmin et al. (2014), donors' trust can be defined in two ways as it relates to the relationship between the donors and the religious organizations (p.117). An identity-based trust is a confidence in the religious leader as a result of donors' knowledge and familiarity with the religious leader, knowledge-based trust is the confidence in the religious leader as a result of the understanding and awareness of the organization's activities (p.118). Donors' Trust is the dependent variable, and the significance as a criterion variable is measured using the Likert-type response scale on 3 specific questions with scores ranging from 3 to 27.

Study Procedures

Study participants volunteered from the randomly selected lists of Greensboro local Churches in the IRS database registered as tax-exempt organizations. The statistical data collected is analyzed to establish the significance of the independent variables on Church donors' trust. The survey instrument contained both the 40 dichotomous questions with equal weight listed per response and 9 Likert-type response scale ranging from 1 – 7 ratings for questions on accountability, transparency and trust. The statistical data collected is analyzed to establish the significance of internal control system, Church leader accountability and transparency on donors' trust. The statistical data collected is analyzed using a scatterplot graph, a Pearson product-moment correlation coefficient, a simple and a multiple linear regression analysis to measure the interactions among the variables (Bennett et al., 2014, p.261).

Data Collection and Analysis

Data was collected through the survey instruments. The survey instrument was used to gather responses from the participants on the level of internal controls through a 40-question questionnaire of yes or no answers, and a Likert scale for measuring their opinion of Church leaders in the management of Church finances. The variables were measured using the assigned evaluation score obtainable from the quantifiable responses collected through the web-based survey instrument. The analysis of the numerical data collected began by exporting the collected data from the Qualtrics platform for computer analysis and coding in a Microsoft Excel tool. The raw data on the study summary report was coded based on answers provided. The dichotomous responses of 'yes' were coded as 1, and 'no' were coded as 0. Also the 7-Likert type responses were coded as follows: 'strongly agree' = 7; 'agree' = 6; 'somewhat agree' = 5, 'neither agree or disagree' = 4, 'somewhat disagree' = 3, 'disagree' = 2, and 'strongly disagree' = 1. The statistical analysis began using SPSS with the General Linear Model (GLM) for statistical modeling that serves as the foundation for other statistical models (Scott, Flaherty, & Currall, 2014, p.530). The GLM is used because of its generality (Trochim & Donnelly, 2008, p.297) to begin with the scatterplot graph, then a Pearson product-moment correlation coefficient, simple and multiple regression analyses.

Assumptions

Based on the findings through the Yellow Book that 516 Churches reside in Greensboro, North Carolina, and the power analysis by the G*Power suggested a sample size of 48 may be obtainable through the sampling of all the 109 local Churches listed in the IRS database. The available number of Churches on the IRS record surpasses 20% of the entire number of Churches in Greensboro. For this reason, the sampling frame of 109 Churches was selected with the expectation of at least 50% response rate. However, response bias is possible, but that was prevented by assuring participant anonymity for more accurate and honest responses.

Limitations

One of the major limitation of this study is the non-availability of study instrument already designed to test for trust level in a religious organization. Since a self-development instrument is strongly discouraged due to the timeframe to secure an approval and testing exercise, modifying the closest instrument to a religious setting was considered. Also, due to limited public records for Churches, identifying Churches with internal control settings is difficult except using the accessible population through the IRS database. Due to the cost of interviewing each participants or using a census of Greensboro Churches, it is convenient and efficient to utilize the web-based survey approach for data collection from participants.

Delimitations

The topic is similarly sensitive, and there is a possibility of response bias attributable to participants' social desirability or direct contact (Trochim & Donnelly, 2008, p.123). The reason why the interview method and any form of participant's contacts are avoided to allow for honest and complete responses, especially where no personal identification information is requested. The population is limited to Churches in Greensboro, North Carolina to ensure that the samples are enough to suggest that the data represents the population for external validity (Creswell, 2013, p.165).

Prior plan to use the ECFA-certified Churches was changed due to the low number of registered local Churches in the state of North Carolina available in the ECFA database. The list of Churches for this study's samples is local Churches registered as exempt organizations with the IRS retrieved from the Exempt Organizations Business Master File Extract. IRS records of tax-exempt (501c3) Churches became necessary for this study due to the low available samples of local Churches in the ECFA database.

Ethical Assurances

Ensuring that the requirements of the institutional review board (IRB) are met is the paramount tasks before any research effort of seeking participants or permission of instrument usage (Vogt, Gardner, & Haeffele, 2012, p.228). Ethical concerns for human participants as established in the Belmont Report are critical to this study to avoid any ethical problems (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research [NCPHS], 1979, para.3). The three basic principles highlighted by the Commission include respect of persons, beneficence, and justice (NCPHS, 1979, para.5). During this study, ethical issues that may arise is prevented through planning, conducting and evaluating research on the requirements of informed consent, risk, and benefits assessment, and the selection of participants for research (Cozby & Bates, 2012, p.40; Wallace & Sheldon, 2015, p.275). The informed consent form (Appendix C) is used to provide participants with detailed information about the study and to obtain consent for voluntary participation (Vanclay, Baines, & Taylor, 2013, p.247). Also, additional care is taken to ensure selection process is fair and no harm to the participants by embracing participant anonymity and random selection criteria (Vanclay et al., 2013, p.247).

According to Roberts and Allen (2015), online surveys can expose participants to harm related to privacy and confidentiality if measures are not in place to minimize collection of personal identifiable data (p.100). Direct contact with the respondents was avoided, and letters to these Churches were used to encourage participants to visit the web-based platform for responding to the questions, to assure privacy and confidentiality.

An online questionnaire survey method was used to obtain data from respondents, which may constitute one or more ethical risk against respect of persons if the standards of informed consent are not satisfied (NCPHS, 1979, para.23). Application of informed consent will cover the three elements of consent process: information, comprehension, and voluntariness (NCPHS, 1979, para.23). Therefore, utilizing the informed consent will minimize any risk related to the data or identifiable private information obtainable from the participants (DHHS, 2009, p.4). The second requirement for the basic ethical principles is the assessment of risks and benefits, which is very critical to the research in assessing the inherent risk and benefits to participants (NCPHS, 1979, para.30). Also, the requirement appears to be related to the principle of beneficence since the risks and benefits of research was established to measure the harm to the human subject against the benefit (NCPHS, 1979, para.35). The third requirement is the selection of subjects relating to the principle of justice that looks for fair procedures and outcomes in the selection of human subject (NCPHS, 1979, para.41). Through the application of these requirements, the basic ethical principles were satisfied to conduct research with minimal risk to the human subject. Also, no personal information or name of the Church was required to guarantee anonymity and give room for true and honest responses.

Summary

This chapter is used to establish the research methodology and designs that are appropriate for this study, to establish validity and reliability, and to ensure an alignment of the study problem, questions, and purpose (Ihantola & Kihn, 2011, p.45). Furthermore, this chapter is critical before proceeding to field study of any sorts; IRB approval is necessary and to ensure that all areas of research ethics are addressed that there is an alignment (Vogt et al., 2012, p.228). To examine the role of the internal control system on donors' trust, this chapter contains explanations of the research method, designs, and other components including the research questions, population, sample, instruments, data collection and analysis necessary for this study. A quantitative, correlational research design is selected to test the research hypotheses and to utilize statistical procedures for testing and data analysis. This research methodology is considered the most appropriate due to the natural settings of Churches and the inability to randomly assign Churches to any conditions.

Chapter 4: Findings

The purpose of this quantitative, correlational study is to examine the role of internal control system, Church leader's accountability and transparency on donors' trust. The study is inspired by the increasing reports of Church financial mismanagement and the gap in the literature on the role of internal control system on donors' trust. A quantitative research design is used to examine the interaction between the study variables. The predictor variables for this study are the internal control system, Church leaders' accountability and transparency, while the donors' trust is the outcome variable. The variables are measured using the statistical data obtainable from the quantifiable responses from participants on the existence of internal control and donors' view of Church management. The Qualtrics web platform was used for data collection from study participants through a survey method. The International Business Machines' (IBM) Statistical Package for the Social Sciences (SPSS) was used for the statistical analysis. The statistical data collected were analyzed on SPSS using the multiple regression analysis methods to establish the predictive relationship between the predictor variables on donors' trust. This chapter contains the demographic statistics, descriptive statistics, multicollinearity testing, regression and correlation analyses, hypothesis testing, and study findings.

The research questions for this study are as follows:

RQ1. What is the statistically predictive relationship between an internal control system and Donor trust?

RQ2. What is the statistically predictive relationship between Church leader accountability and Donor trust?

RQ3. What is the statistically predictive relationship between Church leader transparency and Donor trust?

RQ4. What is the overall statistically predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust?

The null (H_0) and alternative (H_a) hypotheses below are aligned to each research question listed above, and the hypothesis is used to answer each research question either by accepting or rejecting based on the results of this study.

$H1_0$. There is no statistically significant predictive relationship between an internal control system and Donor trust.

$H1_a$. There is a statistically significant predictive relationship between an internal control system and Donor trust.

$H2_0$. There is no statistically significant predictive relationship between Church leader accountability and Donor trust.

$H2_a$. There is a statistically significant predictive relationship between Church leader accountability and Donor trust.

$H3_0$. There is no statistically significant predictive relationship between Church leader transparency and Donor trust.

$H3_a$. There is a statistically significant predictive relationship between Church leader transparency and Donor trust.

$H4_0$. There is no overall statistically significant predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust.

$H4_a$. There is an overall statistically significant predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust.

Validity and Reliability of the Data

Before the data collection, several steps were taken to reduce threats to study reliability and validity. One of the steps taken was ensuring that the study instruments replicated are already validated and published instruments that ensure reliability and validity (Creswell, 2013, p.160). In addition to ensuring validity, the G*Power program was used to achieve the right statistical power and effect size generalizable to the study population. The right sample size for the study was determined through G*Power that ensured that the right statistical power for the population was met. Using the A priori analysis of the G*Power program, the sample size was 48 participants. The sample size was based on the power analysis on G*Power program using F tests, linear multiple regression with the critical F-value equals 2.82, and the centrality parameter was 12, and the actual power was 0.8030. Also, the input parameters included a small effect size at 0.25 (Piasta & Justice, 2010, p.6), alpha was at .05 and number of predictors was 3. Also, selection criteria were set for study participants to ensure that true responses were received from Church donors. The web-based platform for the survey was designed to reject anyone below the age of 18 and anyone who is not a donor to a Church finance for at least 12 months.

Using the web-based platform and providing the link to only Churches selected in Greensboro area resulted in having a reliable source of data and prevented socially desirable responses (Jackson, 2012, p.98). The population was limited to Churches in Greensboro to ensure that the samples are adequate representations for external validity (Creswell, 2013, p.165). Also, the study design's assurance of participant anonymity created the platform for more accurate and honest responses and a reduced response bias. Avoidance of direct contact with any participant also contributed to more honest and complete responses. Out of the 109 solicitation letters sent, 56 responses were recorded resulting in 51.4% response rate, which is within a typical response rate in the published literature (Privitera, 2017). Before the commencement of data collection, the researcher secured the IRB approval that includes the review of the readability report of the participant recruitment letter, informed consent form, and other research protocol processes. The informed consent form (Appendix C) was used to provide the information regarding the study and the eligibility of the participants, as well as the participant consent to participate voluntarily.

The survey questions were measured and defined for all variables examined in this study to ensure validity. The researcher watched for higher bi-variate correlations between the independent variables and to detect any indication of multicollinearity (Bordens & Abbott, 2005, p.429). The responses on the Qualtrics web platform were recorded and exported for computer analysis in Excel format for coding. The raw data on the study summary report was coded based on answers provided. The dichotomous responses of 'yes' were coded as 1, and 'no' were coded as 0. Also the 7-Likert type responses were coded as follows: 'strongly agree' = 7; 'agree' = 6; 'somewhat agree' = 5, 'neither agree or disagree' = 4, 'somewhat disagree' = 3, 'disagree' = 2, and 'strongly disagree' = 1. Incomplete questionnaire responses were rejected and removed from the datasheet for analysis.

Results

Demographic Data. Exactly 109 solicitation letters were sent to the Churches selected as sample frame from the IRS list of registered tax-exempt Churches within Greensboro. According to the G*Power program, 48 responses were the desired sample size to achieve the right statistical power and effect size generalizable to the population. The actual power was at 80.3% using the critical F-value (2.82), and the centrality parameter (12). The input parameters included a small effect size at 0.25, alpha was at .05 and number of predictors was 3. Out of the 109 letters, 5 returned undeliverable, and four representatives from four Church representatives called to verify the authenticity of the letter and the timeframe for responses. Total of 56 participants signed the consent form for participation and as someone over the age of 18 years, and as a Church financial donor and a member of a Church for over 12 months calendar period. Six responses were incomplete and rejected, whereas 50 responses were considered usable for the data analysis resulting in a usable response rate of 45.9%. Out of the 56 respondents to the survey solicitations, 55 participants provided their demographic information (Table 1).

Table 1: Study participants by age group

Age Range	%	Count
Under 18	0.00%	0
18 - 29	14.55%	8
30 - 49	61.82%	34
50 - 64	18.18%	10
65 or older	5.45%	3
Total	100%	55

The age range of the study participants varies between 18 years to 65 years and older, as illustrated in Table 1 above. Study participants between the ages of 30 to 49 years were the majority, making up over 60% of the entire group. Similarly, the participants cut across different education level, ranging from high school to graduate level. Exactly 22 out of the 55 participants have a bachelor degree, followed by 16 participants with some college or associate's degree, while 12 participants have a graduate degree level of education. Overall 100% of the participants have attended schools with a minimum of high school diploma equivalent (Table 2). Majority of these participants belong to a Church that is affiliated to a denomination except 2 participants who identified their Church affiliation as non-denominational. Participants that identified with Evangelical and Methodist denominations are about 50% of the entire participant's list (Table 3). Also, participants who responded as other denomination are belonging to either the Church of Christ, Pentecostal, Evangelical Methodist, or Apostolic, amounting to 29.09% of the entire count (Table 3). Only one respondent identified with a Catholic denomination.

Table 2: Study participants' highest level of education

Education Level	%	Count
Less than high school diploma	0.00%	0
High school diploma or equivalent	7.27%	4
Trade/technical/vocational training	1.82%	1
Some college or associate's degree	29.09%	16
Bachelor's degree	40.00%	22
Graduate degree (MA, PhD, etc.)	21.82%	12
Total	100%	55

Table 3: Study participants' Church denomination

Denomination	%	Count
Baptist	12.73%	7
Catholic	1.82%	1
Evangelical	25.45%	14
Methodist	23.64%	13
Presbyterian	3.64%	2
Other	32.73%	18
Total	100%	55

Assumptions of the Statistical Tests. To ensure that that the multiple linear regression results are free from any biased estimates of variables relationship, it is important to address the core assumption of linearity (Olivia & Ilie, 2013, p. 699; Williams, Gomez Grajales, & Kurkiewicz, 2013, p. 1). Linear relationship assumption was examined between the predictor variables and the outcome variable. This type of relationship was measured using scatterplots to determine whether the relationship is linear, curvilinear or none. The test for linearity conducted through the scatterplot graphs below (Figure 1 - 3) confirmed that the predictor variables (internal control, accountability, and transparency) have a linear relationship with the outcome variable (trust). Also, the researcher ensured that the observed relationships were not assumed as causal in nature to avoid misinterpretation of correlations' results (Jackson, 2012, p. 153).

Figure 1: Scatterplot of the Internal Control (predictor) on Trust (outcome) variables.

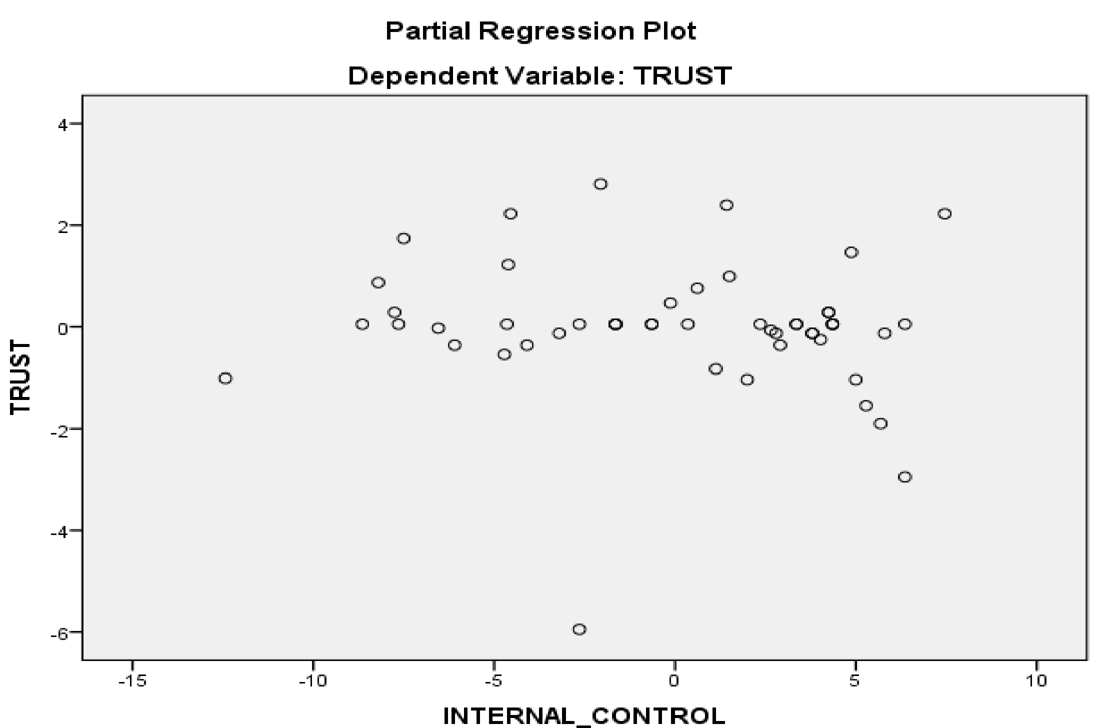


Figure 2: Scatterplot of the Accountability (predictor) on Trust (outcome) variables.

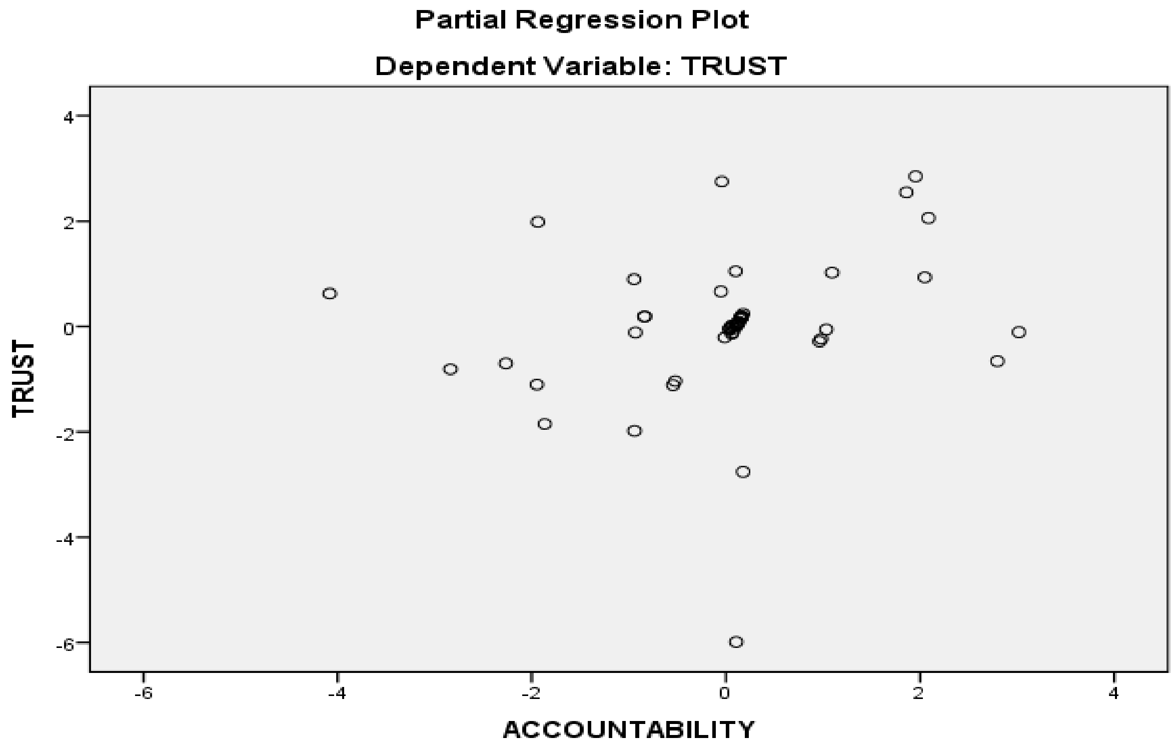
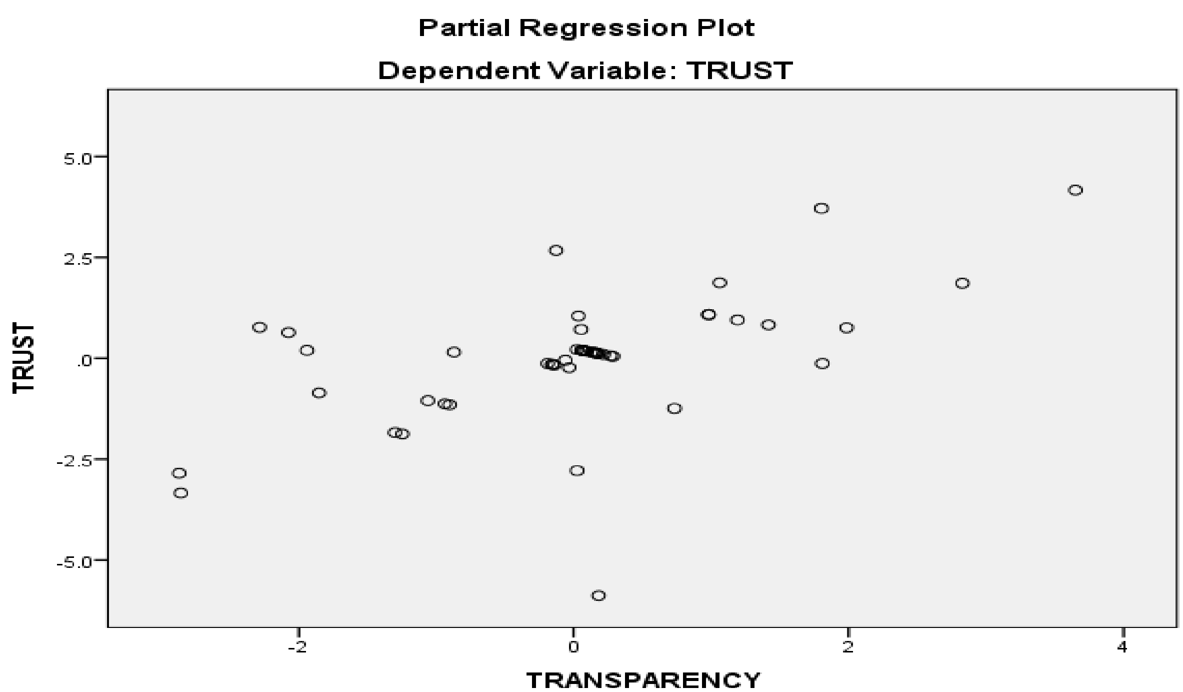


Figure 3: Scatterplot of the Transparency (predictor) on Trust (outcome) variables.



Another assumption of multiple regression analysis is that predictor variables should not be highly correlated with each other (Chen, 2012, p.1893; Williams, et al., 2013, p.1). The Pearson's correlation coefficient and the Variance Inflation Factor (VIF) were used to detect the presence of multicollinearity. The result of the Pearson's correlation coefficient showed a strong correlation of .943 between Accountability and Transparency predictor variables (Table 4). Correlation between accountability and transparency was statistically significant at $p < .01$. Whereas there is a weak correlation between the internal control predictor variable and either accountability (.108) or transparency (.124) variables. The collinearity tolerance for accountability and transparency predictor variables is less than 0.2 at 0.111, while the VIF test results are 8.985 and 9.020 that raised concern for multicollinearity within the variables (Table 5).

Table 4: Pearson's correlation of Multiple Regression Predictor Variables

		INTERNAL_CONTROL	ACCOUNTABILITY	TRANSPARENCY
INTERNAL_CONTROL	Pearson Correlation	1	.108	.124
	Sig. (2-tailed)		.457	.390
	N	50	50	50
ACCOUNTABILITY	Pearson Correlation	.108	1	.943**
	Sig. (2-tailed)	.457		.000
	N	50	50	50
TRANSPARENCY	Pearson Correlation	.124	.943**	1
	Sig. (2-tailed)	.390	.000	
	N	50	50	50

**. Correlation is significant at the 0.01 level (2-tailed).

Table 5: Coefficients of Multiple Regression Predictor Variables

Model		Collinearity Statistics Tolerance	VIF
1	INTERNAL_CONTROL	.984	1.016
	ACCOUNTABILITY	.111	8.985
	TRANSPARENCY	.111	9.020

a. Dependent Variable: TRUST

The two steps taken to avoid multicollinearity included merging the two highly correlated independent variables and retesting on SPSS. The data for accountability and transparency variables were merged to become one variable and to ensure that the predictor variables are not highly correlated with each other. The correlation between accountability and transparency was expected due to the interwoven relationship when reporting financial and non-financial information (Sanusi et al., 2015, p.161; Yasmin et al., 2014, p.106). Also, Enofe and Amaria (2011) stated that religious leaders fulfill accountability through transparency (p.87). Meanwhile, the Pearson's correlation coefficient indicated a weak correlation of .117 between the combined variables (accountability and transparency) and Internal Control (Table 6). The correlation between these variables was not statistically significant at $p > .05$. Also, the collinearity tolerance (Table 7) for the combined accountability and transparency predictor variables and internal control is greater than 0.2 at 0.986, and the VIF test result is 1.014 that indicated a very low level of multicollinearity.

Table 6: Pearson's correlation of Multiple Regression Predictor Variables

		INTERNAL_ CONTROL	ACCTBLTY _TRANS
INTERNAL_CONTROL	Pearson Correlation	1	.117
	Sig. (2-tailed)		.417
	N	50	50
ACCTBLTY_TRANS	Pearson Correlation	.117	1
	Sig. (2-tailed)	.417	
	N	50	50

Table 7: Coefficients of Multiple Regression Predictor Variables

		Collinearity Statistics	
Model		Tolerance	VIF
1	INTERNAL_CONTROL	.986	1.014
	ACCTBLTY_TRANS	.986	1.014

a. Dependent Variable: TRUST

Research Question 1 and Hypotheses Testing: The internal control predictive relationship was examined through RQ1. The null ($H1_0$) and alternative ($H1_a$) hypotheses below were formulated to answer the research question either by accepting or rejecting the hypothesis based on the results of this study.

RQ1. What is the statistically predictive relationship between an internal control system and Donor trust?

$H1_0$. There is no statistically significant predictive relationship between an internal control system and Donor trust.

H1a. There is a statistically significant predictive relationship between an internal control system and Donor trust.

The researcher conducted an analysis of the data collected through the survey questionnaire using the SPSS tool. The relationship between the independent variable (internal control) and the dependent variable (trust) was graphically represented in a scatterplot graph below (Figure 4) showing the correlation coefficient (Jackson, 2012, p. 150). The horizontal axis shows the trust level while the vertical axis shows the internal control score. The scatterplot shows a very little to no relationship between the variables due to the data points that scattered around in a random fashion and with a correlation of .005. A correlation coefficient that is very close to zero as in this case is considered as no relationship (Jackson, 2012, p. 150).

Figure 4: Scatterplot showing the relationship between Internal Control and Trust.

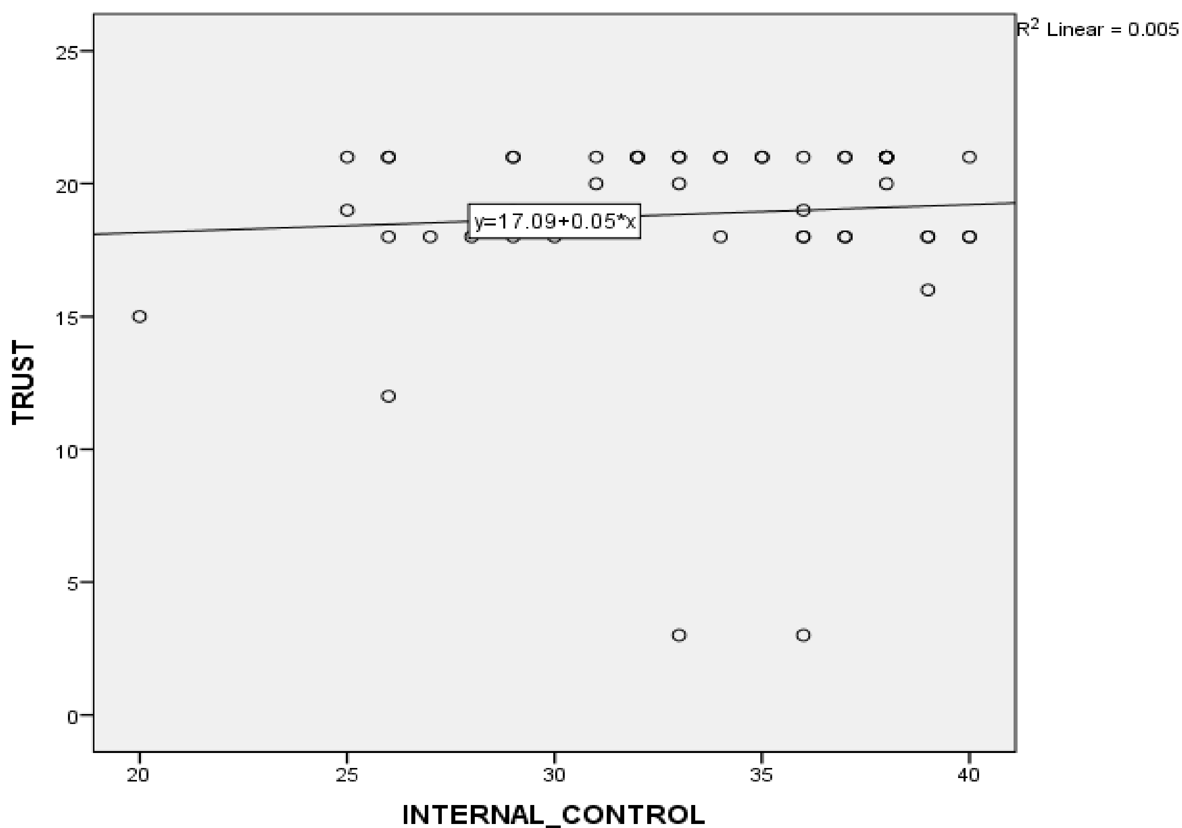


Table 8: Descriptive Statistics

	Mean	Std. Deviation	N
INTERNAL_CONTROL	33.36	4.910	50
TRUST	18.86	3.785	50

Table 9: Pearson's correlation between predictor and outcome variables

		INTERNAL_CONTROL	TRUST
INTERNAL_CONTROL	Pearson Correlation	1	.069
	Sig. (2-tailed)		.636
	N	50	50
TRUST	Pearson Correlation	.069	1
	Sig. (2-tailed)	.636	
	N	50	50

Fifty Church donors were surveyed about the internal control (M = 33.36, SD = 4.91) in their Churches and the level of trust (M = 18.86, SD = 3.78) for the Church leaders. A Pearson product-moment correlation coefficient was computed to assess the relationship between internal control and the level of trust. The relationship between these variables was not statistically significant and not related, $r(N = 50)$ = .069, p = .636.

Table 10: Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.069[a]	.005	-.016	3.815	.005	.227	1	48	.636

a. Predictors: (Constant), INTERNAL_CONTROL
b. Dependent Variable: TRUST

Table 11: Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.308	1	3.308	.227	.636[b]
	Residual	698.712	48	14.556		
	Total	702.020	49			

a. Dependent Variable: TRUST
b. Predictors: (Constant), INTERNAL_CONTROL

Table 12: Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	95.0% Confidence Interval for B Upper Bound
1	(Constant)	17.095	3.742		4.568	.000	9.571	24.618
	INTERNAL_ CONTROL	.053	.111	.069	.477	.636	-.170	.276

a. Dependent Variable: TRUST

A simple linear regression was calculated to predict trust based on internal control. A non-significant regression equation was found ($F(1, 48) = 0.227$, $p = .636$, $R^2 = .005$). Participants' predicted trust is equal to 17.095 + 0.053 (Internal Control), where internal control is measured as 1 = Yes, 0 = No. Participant's trust increase .053 for each level of internal control.

Based on the results from the scatterplot, correlation, and simple linear regression analysis above, the null hypothesis that there is no statistically significant predictive relationship between an internal control system and Donor trust was not rejected.

Research Question 2 & 3 and Hypotheses Testing: RQ2 and RQ3 were combined to avoid multicollinearity and due to the close nature of accountability and transparency (Enofe & Amaria, 2011, p.87; Sanusi et al., 2015, p.161; Yasmin et al., 2014, p.109). Therefore, the RQ2 and RQ3, and hypotheses were combined to measure the accountability and transparency variables. The combined variable (ACCTBLTY_TRANS) predictive relationship was examined through RQ2 and RQ3. The null ($H2_0$ / $H3_0$) and alternative ($H2_a$ / $H3_a$) hypotheses below were formulated and merged to answer the research question either by accepting or rejecting the hypothesis based on the results of this study.

RQ2 / RQ3. What is the statistically predictive relationship between Church leader accountability and transparency on Donor trust?

$H2_0$ / $H3_0$. There is no statistically significant predictive relationship between Church leader accountability and transparency on Donor trust.

$H2_a$ / $H3_a$. There is a statistically significant predictive relationship between Church leader accountability and transparency on Donor trust.

The researcher conducted an analysis of the data collected through the survey questionnaire using the SPSS tool. The relationship between the independent variable (accountability_transparency) and the dependent variable (trust) was graphically represented in a scatterplot graph below (Figure 5) showing the correlation coefficient. The horizontal axis shows the trust level while the vertical axis shows the accountability and transparency data. The scatterplot shows a positive correlation between the variables due to the upward trend of the majority of the data points on a straight line, and these variables increase together as well. Also, the correlation coefficient of .920 represents a strong relationship between these variables.

Figure 5: Scatterplot showing the relationship between Accountability/Transparency and Trust.

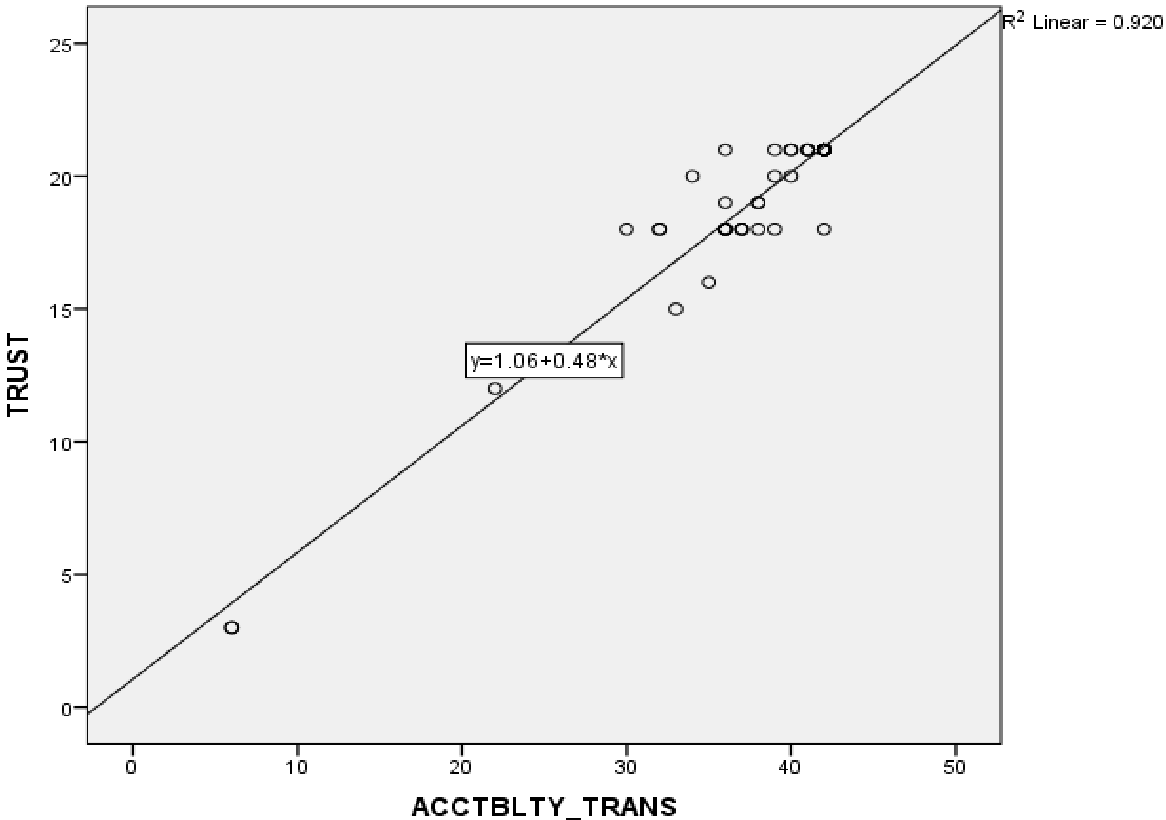


Table 13: Descriptive Statistics

	Mean	Std. Deviation	N
ACCTBLTY_TRANS	37.28	7.605	50
TRUST	18.86	3.785	50

Table 14: Pearson's correlation between predictor and outcome variables

		ACCTBLTY_TRANS	TRUST
ACCTBLTY_TRANS	Pearson Correlation	1	.959**
	Sig. (2-tailed)		.000
	N	50	50
TRUST	Pearson Correlation	.959**	1
	Sig. (2-tailed)	.000	
	N	50	50

**. Correlation is significant at the 0.01 level (2-tailed).

Fifty Church donors were surveyed about the leaders' accountability and transparency (M = 37.28, SD = 7.60) in their Churches and the level of trust (M = 18.86, SD = 3.78) for the Church leaders. A Pearson product-moment correlation coefficient was computed to assess the relationship between accountability and transparency and the level of trust. The relationship between the variables was statistically significant and strongly related, $r(N = 50) = .959$, $p < .01$.

Table 15: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.959[a]	.920	.918	1.081	.920	552.326	1	48	.000

a. Predictors: (Constant), ACCTBLTY_TRANS
b. Dependent Variable: TRUST

Table 16: Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	645.889	1	645.889	552.326	.000[b]
	Residual	56.131	48	1.169		
	Total	702.020	49			

a. Dependent Variable: TRUST
b. Predictors: (Constant), ACCTBLTY_TRANS

Table 17: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	1.063	.773		1.376	.175	-.490	2.616
	ACCTBLTY_TRANS	.477	.020	.959	23.502	.000	.437	.518

a. Dependent Variable: TRUST

A simple linear regression was calculated to predict trust based on accountability and transparency. A significant regression equation was found ($F(1, 48) = 552.326$, $p < .001$, $R^2 = .920$). Participants' predicted trust is equal to 1.063 + 0.477 (ACCTBLTY_TRANS), where accountability and transparency are measured on a 7 Likert scale. Participant's trust increase .477 for each level of accountability and transparency.

Based on the results from the scatterplot, correlation, and simple linear regression analysis above, the null hypothesis that there is no statistically significant predictive relationship between Church leader accountability and transparency on Donor trust was rejected.

RQ4. What is the overall statistically predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust?

$H4_0$. There is no overall statistically significant predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust.

$H4_a$. There is an overall statistically significant predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust.

Table 18: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change
1	.960[a]	.922	.919	1.079	.922	277.817	2	47	.000

a. Predictors: (Constant), ACCTBLTY_TRANS, INTERNAL_CONTROL
b. Dependent Variable: TRUST

Table 19: Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	647.269	2	323.634	277.817	.000[b]
	Residual	54.751	47	1.165		
	Total	702.020	49			

a. Dependent Variable: TRUST
b. Predictors: (Constant), ACCTBLTY_TRANS, INTERNAL_CONTROL

Table 20: Coefficients

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	Upper Bound
1	(Constant)	2.114	1.236		1.711	.094	-.372	4.599
	INTERNAL_CONTROL	-.034	.032	-.045	-1.088	.282	-.098	.029
	ACCTBLTY_TRANS	.480	.020	.964	23.512	.000	.439	.521

a. Dependent Variable: TRUST

Multiple linear regression was calculated to predict donors' trust based on the Church internal control and Church leaders' accountability and transparency. A significant regression equation was found ($F(2, 47) = 277.817$, $p < .001$, $R^2 = .922$). Participants' predicted trust is equal to 2.114 – 0.034 (Internal Control) + 0.480 (ACCTBLTY_TRANS), where internal control is measured as 1 = Yes, 0 = No, and accountability and transparency is measured on a 7 Likert scale. Participant's trust increased .480 for each level of accountability and transparency and decreased .034 for each level of internal control. Accountability and transparency were significant predictors of trust ($p < .001$), while internal control alone is not a predictor of trust.

Overall, the combination of these predictor variables explained 92.2% of the variance in donors' trust ($p < .001$). Based on the results from the multiple linear regression analysis above, the null hypothesis that there is no overall statistically significant predictive relationship between an internal control system, Church leader transparency and accountability on Donor trust was rejected.

Evaluation of the Findings

The purpose of this quantitative, correlational study was to examine the role of the internal control system, Church leaders' accountability and transparency on donors' trust. The study was inspired by the increasing reports of Church financial mismanagement and the gap in the literature on the role of the internal control system on donors' trust. A quantitative research design was used to specify hypotheses in a testable form for operationalization of variables and tested using statistical procedures for data analysis. Church internal control, Church leaders' accountability and transparency are the predictor variables, while the donors' trust is the outcome variable. These variables were measured using the statistical data obtained from the quantifiable responses from study participants on the existence of internal control and their view of Church management. This study is used to examine the interaction between these variables.

The results from the statistical analyzes for RQ1 indicated that there is no meaningful correlation between internal control and donors' trust alone. The results showed that the coefficient of determination ($R^2 = .005$) of internal control on trust was not statistically significant to determine the variability level of trust at the $p < .05$. This result was similar to the position of most Church leaders and some scholars for many years that internal control system is unrelated to the level of trust in a Church environment (Laughlin, 1988, p.23; Rixon & Faseruk, 2012, p.20; Rixon et al., 2014, p.12). Furthermore, the results for RQ2 and RQ3 indicated that there was a statistically significant relationship between the predictor variable (accountability and transparency) and the outcome variable (trust). The results showed that the coefficient of determination ($R^2 = .920$) of accountability and transparency on trust was statistically significant to determine the variability level of trust at the $p < .001$. This result supports the findings by Primoff (2012) that NPOs' financial and governance transparency are very significant to maintaining donors' trust (p.57).

Finally, all variables were tested through the multiple regression analysis in a regression model to test for the null hypothesis that there is no overall statistically significant predictive relationship between an internal control system, Church leader transparency and accountability on Donor trust. A significant regression equation was found ($F(2, 47) = 277.817$, $p < .001$, $R^2 = .922$). With all predictor variables together, the multiple correlation coefficients ($R = .960$) indicated a good level of prediction of donors' trust. Also, the coefficient of determination ($R^2 = .922$) accounted for 92.2% of the variability of donors' trust. In addition, the participants' predicted trust is equal to 2.114 – 0.034 (Internal Control) + 0.480 (ACCTBLTY_TRANS). The results for RQ4 indicated that there was a significant relationship between the overall predictor variables and the outcome variable. And, that the coefficient of determination of predictor variables on trust was statistically significant to determine the variability level of trust at the $p < .001$.

Summary

The purpose of this quantitative study was to examine how accurately the predictors of the internal control system, Church leaders' accountability and transparency predicted the criterion of donors' trust in a local Church using multiple regression analysis. This chapter is used to present the results of the statistical analyses of the data received the study participants. The Qualtrics web-based platform was used to gather data from the study participants through a survey method, and SPSS was used for the statistical analysis. Also, this chapter contains the demographic statistics, descriptive statistics, assumption testing, graphical representations, correlation analyses, simple and multiple linear regression analyses, and study findings.

The results of the statistical analyses were listed about each research questions. Also, the demography of the study participants was briefly addressed together with the study response rate. The relationships between the predictor variables and the outcome variable were individually measured to indicate the level of prediction of donors' trust through RQ1 to RQ3. The findings under RQ1 showed no statistically significant relationship between internal control and donors' trust (p = .636). Whereas, there existed a statistically significant relationship between accountancy and transparency on donors' trust. The overall findings showed the combination of these predictor variables explained over 90% variability in donors' trust. Although internal control alone has no statistically significant predictive relationship with donors' trust, there was a good level of prediction of the criterion of trust when combined with accountability and transparency. In the next chapter, the implications of this study will be reviewed in conjunction with recommendations for practice and future research.

Chapter 5: Implications, Recommendations, and Conclusions

Recent fraud allegations against Church leaders on financial matters and general conducts have contributed to the loss of respect and trust for the managers of Church finances (Enofe & Amaria, 2011, p.87; Kisow, 2014, p.63; Sanusi et al., 2015, p.156). The Center for the Study of Global Christianity reported in 2015 that Churches worldwide had lost about $50 billion to financial crime (Johnson et al., 2015, p.29). These adverse reports on religious organizations have consequences for the broader nonprofit sector due to Churches being the owners of many NPOs (Bradley & Pruett, 2013, p.47; Cnaan & Curtis, 2013, p.20). Many researchers have suggested that lack of internal control system in Churches is the top reason for fraudulent acts among Church leaders (Brannan, 2013, p.3; Enofe & Amaria, 2011, p.89). Also, that internal control system in Churches will increase efficiency and responsible stewardship, but the significance of internal control on donors' trust remains unclear. Whereas, for many years most Church leaders and some scholars have considered internal control system as unnecessary and secular, and not a part of the sacred beliefs that promote trust (Laughlin, 1988, p.23; Rixon & Faseruk, 2012, p.20; Rixon et al., 2014, p.12). This gap in the literature on the role of internal control system on donors' trust and the increasing reports of Church financial mismanagement motivated this study. And, the purpose of this quantitative, correlational study was to examine the role of internal control system, Church leader's accountability and transparency on donors' trust.

In this study, a non-experimental, correlational quantitative research design was used to determine the predictive relationship between an internal control system, Church leader's accountability and transparency on donors' trust. This quantitative research design was used to specify hypotheses in a testable form for operationalization of variables and tested using statistical procedures for data analysis. The internal control system, Church leaders' accountability and transparency were the predictor variables, while donors' trust was the outcome variable. The statistical data collected from study participants through a web-based survey platform were analyzed on SPSS using the multiple regression analysis methods to establish the predictive relationship between the predictor variables on donors' trust. A total number of 50 participants with complete data were included in the final sample for data analysis. Based on the A priori analysis of the G*Power program, the sample size was 48 participants to achieve the right statistical power for the population and alpha was at .05 level of significance.

The research questions and hypotheses below were tested to determine the predictive relationship between an internal control system, Church leader's accountability and transparency on donors' trust.

RQ1. What is the statistically predictive relationship between an internal control system and Donor trust?

$H1_0$. There is no statistically significant predictive relationship between an internal control system and Donor trust.

$H1_a$. There is a statistically significant predictive relationship between an internal control system and Donor trust.

RQ2 / RQ3. What is the statistically predictive relationship between Church leader accountability and transparency on Donor trust?

$H2_0$ / $H3_0$. There is no statistically significant predictive relationship between Church leader accountability and transparency on Donor trust.

$H2_a$ / $H3_a$. There is a statistically significant predictive relationship between Church leader accountability and transparency on Donor trust.

RQ4. What is the overall statistically predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust?

H4$_0$. There is no overall statistically significant predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust.

H4$_a$. There is an overall statistically significant predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust.

The result of the data analysis for RQ1 was achieved using the scatterplot graph, a Pearson product-moment correlation coefficient, and simple linear regression analysis. The scatterplot graph showed a very little to no relationship between internal control and donors' trust with a correlation of .005 (Figure 4). Also, the Pearson correlation coefficient (Table 9) showed no statistically significant relationship between internal control and donors' trust, $r(N = 50) = .069$, $p = .636$. Similarly, findings through the simple linear regression (Table 10) was non-significant, ($F(1, 48) = 0.227$, $p = .636$, $R^2 = .005$). Based on these results, the null hypothesis that there is no statistically significant predictive relationship between an internal control system and Donor trust was not rejected. The same steps were followed for the data analysis that answered RQ2 and RQ3. The scatterplot graph (Figure 5) showed a positive relationship between accountability and transparency and donors' trust with a correlation of .920. And, the Pearson correlation coefficient (Table 14) showed a statistically significant relationship between these variables, $r(N = 50) = .959$, $p < .01$. Also, findings through the simple linear regression (Table 15) calculation was significant, ($F(1, 48) = 552.326$, $p < .001$, $R^2 = .920$). Based on these results, the null hypothesis that there is no statistically significant predictive relationship between Church leader accountability and transparency on Donor trust was rejected.

A multiple regression analysis was finally conducted to determine the overall statistically predictive relationship of the independent variables on the outcome variable. This analysis was used to answer RQ4 about the overall statistically predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust. The regression model summary (Table 18) showed a statistically significant relationship among these variables ($F(2, 47) = 277.817$, $p < .001$, $R^2 = .922$). The combination of these independent variables explained 92.2% of the variance in donors' trust ($p < .001$). The results showed that internal control system alone was not a predictor of trust, but accountability and transparency were significant predictors of trust (Table 20). Based on the overall result from the multiple linear regression analysis, the null hypothesis that there is no overall statistically significant predictive relationship between an internal control system, Church leader transparency and accountability on Donor trust was rejected.

There are limitations to the study results that should be considered when replicating this study or for further research and generalization among Churches. Care must be taken when generalizing the results of this study to Churches outside of Greensboro due to the criteria for samples selection. Also, the samples selected from the available population from the IRS database may not be the best or the only method due to other population of Churches that are not listed as a registered tax-exempt entity. Also, the measurements for evaluating the level of internal controls and trust may not be the best and the only measures for evaluation among Churches due to the equal weight listed for each question, whereas some of these questions are more important than the others. Also, more than half of the Churches (Table 8) showed that there are controls in place which may not be accurate due to no other forms of assessments or comparisons. Another limitation was the researcher's care for anonymous responses that restricted the ability to link participants to Churches to specify the actual number of Churches represented from the population. Furthermore, this chapter will be used to discuss the study implications, and recommendations for practice and future research.

Implications

The research questions and hypotheses formulated for this study were carefully reviewed and answered following the findings from the data analysis. The study was used to determine the statistically predictive relationship between an internal control system, Church leader's accountability and transparency on donors' trust. This research provided the empirical data that support the significant relationship between Church leaders' accountability and transparency on donors' trust; as well as the non-significant relationship between internal control system and donors' trust (Enofe & Amaria, 2011, p.87; Rixon et al., 2014, p.12). However, the study supported the combination of internal control system and accountability and transparency as the predictors of donors' trust when these variables are present together in a local Church. More than half of the Churches represented indicated that accountability and transparency (Table 13) were present in the management of finance. The statistical computation using a multiple regression analysis (Table 18) showed a significant relationship among these variables ($F(2, 47) = 277.817$, $p < .001$, $R^2 = .922$). Therefore the null hypothesis that there is no overall statistically significant predictive relationship between an internal control system, Church leader transparency and accountability on Donor trust was rejected.

Another study by Cummings and Bromiley (1996) showed trust as having three characteristics of making a good-faith effort, honesty, and not taking advantage of anyone even when the opportunity is there (p.302). Not taking advantage of others could support where trust exists without internal control, especially where accountability and transparency are displayed by the leaders. Also, Primoff (2012) stated that financial and governance transparency are very significant to maintaining donors' trust (p.57). Similarly, Yasmin et al. (2014) found that donors' trust may be developed when donors are knowledgeable and made aware of the organization's activities (p.118). While there are scholars that reported internal control as unnecessary and not a part of the sacred beliefs that promote trust (Laughlin, 1988, p.23; Rixon et al., 2014, p.12). There are others that considered internal control as an efficient tool for responsible stewardship toward transparency and accountability (Tucker & Parker, 2013, p.99).

Stewardship theory was the theoretical basis for this study, which assumes that trust and goal alignment are part of the ingredient for a long-term relationship between the managers of NPOs and the donors (Coule, 2015, p.77; Kluvers & Tippett, 2011, p.277). Stewardship within SBC was reported as the connection between the sacred belief and secular nature of accounting, which is in contrast to the conflict in religious view of accounting and financial reporting (Heier, 2016, p.209). Also, stewardship in Church accounting implies that the Church leaders can run the Church with due care, accountability, and transparency (Birnberg, 1980, p.73). During the 15th century, accounting practices were considered by Church leaders as complimentary to sacred beliefs and spiritual duties (Bigoni et al., 2013, p.568; Laughlin, 1988, p.38). Whereas, several researchers claimed that the lack of internal control within local Churches is one of the underlying factors for the fraudulent financial practices, as well as the cause for Church leaders' wrongdoings or unwarranted accusations (Duncan & Stocks, 2003, p.213; Duncan et al., 1999, p.144; Enofe & Amaria, 2011, p.89; Mohamed et al., 2014, p.192). Also, as reported by ACFE (2016) in a report to the nations, about 30% of the survey respondents overwhelmingly chose lack of internal controls as the primary contributor to fraudulent behavior in an organization (p.46). Meanwhile, the recent survey by ECFA reported only 50% of Churches that participated in the study have effective internal controls in place (ECFA, 2015, para.3). Based on ECFA report, internal control system is not fully embraced across Churches.

Recommendations for Practice

The result of this study using a multiple regression analysis showed that there is an overall statically significant predictive relationship between an internal control system, Church leader transparency and accountability on Donor trust. Care must be taken when applying these findings to any local Church especially where there is no problem with donors' trust level. As stated in the ACFE (2016) report to the nations that trust is not an internal control, so no degree of trust in an individual should hinder putting appropriate controls in an organization (p.39). In 2002, after the corporate scandals in the public sector, the Congress passed SOX Act with stricter rules that improved the quality of internal control over financial reporting (Schroeder et al., 2013, p.149; Singer & You, 2011, p.558). Through SOX Act, PCAOB was created, which requires that public companies officers attest to the statement that they are responsible for establishing and maintaining adequate internal controls (Schroeder et al., 2013, p.616). As a result, public confidence in corporate reporting and market reports have improved after the passage of SOX Act (Elson et al., 2007, p.123).

Although NPOs are not guided by the SOX Act, the professional bodies supported the role of internal control in any organization and as one of the typical tasks considered for audit committees of NPO to ensure internal control is in place (Primoff, 2012, p.55). Some Churches are proactively making progress in ensuring that control measures are in place for financial reporting (Heier, 2016, p.210; Zech, 2017, p.31). Also, several Churches have made progress in reporting in line with the NFP requirements (Brannan, 2013, p.2). Since the Churches impacted by these fraudulent acts lacked internal controls then having these controls in place may prevent any form of financial malpractices (Brannan, 2013, p.3; Enofe & Amaria, 2011, p.89). Having internal controls in place may contribute to effective stewardship and reduce fraudulent acts.

Church leaders' accountability and transparency are statistically significant to donors' level of trust, and very important to ensure that donors are well informed of the affairs and activities of the Church. NPOs operations, especially the religious groups depend largely on individual donations, and trust is critical to the long-term relationship between these parties (Kluvers & Tippets, 2011, p.277; Yasmin et al., 2014, p.105). Although optional, IRS tax returns for churches may increase accountability and transparency of Church leaders and help to regain both public and Church member trust (Kisow, 2014, p.64). Church leaders should ensure that internal controls are put in place, and that accountability and transparency guide the Church financial management.

Recommendations for Future Research

Findings from this study showed that there is no statistically significant predictive relationship between an internal control system and Donor trust when internal control is the only independent variable. Whereas when all the independent variables are combined, there is an overall statistically significant predictive relationship between an internal control system, Church leader accountability and transparency on Donor trust. Therefore, there is a need for further study to identify other predictors responsible for donors' trust. Also, expanding the research methodology to include personal interviews may add verbal and nonverbal responses that may provide additional insights for more accurate and honest views of the participants. A combination of both quantitative and qualitative approaches is a mixed method that may elaborate the study findings and meet triangulation purposes (Gay & Weaver, 2011, p.29; Richardson, 2015, p.75).

In the study by Yasmin et al. (2014), trust between donors and religious organization can be viewed as the cause for the complacency and lack of accountability on the part of the managers of the charity organizations (p.117). Since donors' trust was the outcome variable in this study, future research should include making trust as a predictor of accountability. Also, public view on Church financial management was out of the scope for this study since the study eligibility was restricted to Church donors in a local Church. Therefore, further research on public view is necessary to examine the Church leaders' public outlook and public trust.

Conclusions

This chapter was used to discuss the result findings from chapter four and their implications. Also, the chapter was used to discuss the recommendations for the practice as well as for future research. The study was used to explain the predictive relationship between an internal control system, Church leader's accountability and transparency on donors' trust. Stewardship theory was the theoretical basis for this study, which assumes that trust and goal alignment are part of the ingredient for a long-term relationship between the managers of NPOs and the donors. Also, that stewardship in Church accounting implies that the Church leaders can run the Church with due care, accountability, and transparency. The result of this study using a multiple regression analysis showed that there is an overall predictive relationship between an internal control system, Church leader transparency and accountability on Donor trust. Therefore, these independent variables are recommended to be in place in Churches to increase donors' trust as well as to prevent fraudulent financial practices or any unwarranted accusations.

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