

MAKERERE UNIVERSITY

ACCOUNTABILITY AND MOBILIZED FINANCIAL RESOURCES: A CASE STUDY OF CENTRAL UGANDA CONFERENCE OF THE SEVENTH – DAY ADVENTIST CHURCH

BY

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DECLARATION

I, Jemba William declare that this research report is my original work. It has not been submitted to any other university or higher Institution for any award and where it is indebted to work of others, due acknowledgement has been made.

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APPROVAL

We hereby certify that this work entitled “*Accountability and mobilized financial resources: A case of Central Uganda Conference of the Seventh Day Adventist Church*” has been submitted with our approval for examination as university supervisors.

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DEDICATION

This piece of work is dedicated to my beloved brother Pastor Yafeesi Kimbugwe
Walugembe for being an inspiration to me and all the encouragements, my dear wife
Zipporah Namutebi Jemba for typing this dissertation and my son Jesse Tebandeke.

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LIST OF ABBREVIATIONS

NGO	Non Governmental Organizations
NPO	Not for Profit Organization
CUC	Central Uganda Conference
GC	General Conference
UU	Uganda Union
ECD	East Central Africa Division
EUFG	Eastern Uganda Field
WUF	Western Uganda Field
SWUF	South Western Uganda Field
SWUM	South Western Uganda Mission
NUM	Northern Uganda Mission

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ABSTRACT

The study investigated Accountability and Mobilized Financial Resources in Central Uganda Conference of the Seventh-Day Adventist Church. The main objectives of the study were to examine the relationship between accountability and building public confidence as well as examining the relationship between public confidence and mobilized financial resources in the Seventh-Day Adventist Church.

The study found out that there is a strong relationship between public confidence and mobilized financial resources in Central Uganda Conference. This is because when the Organization builds confidence through openness, transparency and accountability in the way they put to use the mobilized resources from members of the congregations, financial contributions increase.

However, it was found out that Central Uganda Conference was performing poorly in mobilization of resources for its activities from the tithe and field advances. This was attributed to the poor accountability mechanisms used that are not transparent to its stakeholders that have led to many decreasing their contributions.

In ensuring that there is public confidence, the study recommended that Central Uganda Conference need to conform to International accounting standards by putting emphasis on openness, disclosure and legitimacy. This will not only restore and promote public confidence but also enable all the stakeholders to own the organization. This in turn will enable the stakeholders contribute more resources towards the success of their organization.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Accountability can be defined as a fiscal or financial honesty and avoidance of fraud that makes sure that money is recorded and spent as agreed and according to appropriate rules, and that reports are given to stakeholders (Broody, 2001). The notions underlying accountability are those of accounting for, reporting on, explaining and justifying ones activities, and accepting responsibilities for the outcomes.

Transparency is an overriding requirement for accountability of all organizations. The concept of transparency is linked to openness and can be seen as the opposite of secrecy. As well as building trust, transparency can be viewed as a relational condition or variable that promotes accountability, collaboration and commitment.

When an organization's decision making operational processes are transparent, accountability is possible. Stakeholders are able to see where responsibility lies. As organizational transparency increases, the level of trust and accountability also increases, producing a by-product of increased levels of collaboration and cooperation (Parks Hilbert, 1995, cited by I Jahansoozi, 2006). Godard and Assard (2006) explain that formal accounting and accountability mechanisms are important factors in navigating legitimacy in the eyes of donors; more so in Non Governmental Organization.

Over the last two decades, concerns have been raised about the accountability of non-profit making organizations, particularly the adequacy of current reporting and oversight mechanisms. Church organizations and church related projects have not been an exception. These concerns have escalated as major financial scandals have come to light and have hurt the sector's credibility (UNDP Report, 2003). For example, Thrall (1997) reported that Ellen Cook, the former treasurer of the Episcopal Church Centre in New York City misappropriated roughly US\$2.2 millions of church funds during the six year period, 1990 to 1995. Similarly, Coker (1998) reported the association of a former General Secretary of the synod with the disappearance of almost US\$300,000 from Trinidad and Tobago Presbyterian Church. The Moslem faith in Uganda was recently hit by the embezzlement and illegal leasing of Moslem property; culminating into the rival group electing their own "supreme" Mufti, now sitting at Kibuli.

Over the last decade, the Seventh Day Adventist Church ministry in Uganda has not been static, but dynamic and ever changing. The church membership configuration has been changing. The people have become more literate and informed, more exposed, economically advanced, more civilized, multi-cultural and have embraced advancing information communication technology in the globalized economy of the 21st century. The Seventh Day Adventist Church members in the local congregations who are the key stakeholders and funders of organization's activities are now more conscious of the value for financial and non financial resources they invest in facilitating God's work.

1.2 Statement of the problem

Despite the stress put on the financial resource mobilization by the Central Uganda Conference, mobilized funds have not increased substantially. The average percentage participation in tithe return, which constitutes about 80% of total revenue collections, has remained at a mere 32%. (*Uganda Union Stewardship Director's year end report, 2008*).

As a result, 55% of the church Districts can not raise enough funds to support the Conference workers sent to their areas in terms of salaries and basic allowances. Over 70% of the incomes generating projects have their collapsed or operating at excess capacity due to lack of adequate funding. Service delivery and outreach activities have fallen in majority of the churches in the Conference.

(*Central Uganda Conference, Budget review report, 2008*)

Whereas there could be other factors which affect the mobilized financial resources in religious organization, lack of accountability mechanisms or their inadequacy seems to be a major factor affecting the mobilized funds in this Non Governmental Organization.

1.3 Purpose of the study

The study therefore sought to investigate the extent to which accountability affects the mobilized financial resources in the Central Uganda Conference of the Seventh-Day Adventist Church in Uganda.

1.4 Research Objectives

The researcher was guided by the following research objectives:

1. Evaluate the appropriateness of accountability mechanisms put in place by the Central Uganda Conference of the Seventh-Day Adventist Church in building public confidence.
2. Investigate the relationship between accountability and building public confidence in the Central Uganda Conference of the Seventh-Day Adventist Church.
3. Determine the relationship between accountability and mobilized financial resources in the Central Uganda Conference of the Seventh-Day Adventist Church.

1.5 Research Questions

1. Are the accountability mechanisms put in place by the Central Uganda Conference of the Seventh-Day Adventist Church appropriate in building public confidence?
2. What is the relationship between accountability and building public confidence in the Central Uganda Conference of the Seventh-Day Adventist Church?
3. What is the relationship between accountability and mobilized financial resources in the Central Uganda Conference of the Seventh-Day Adventist Church?

1.6 Scope of the Study

1.6.1 Geographical Scope

The researcher concentrated on the geographical area covering Central Uganda Conference of the Seventh-Day Adventist Church, which consists of all political districts that makes up the Buganda region. There are 60 Seventh-Day Adventist Church Districts in Central Uganda Conference divided into five zones namely: Kampala, Katikamu, Mityana, Mukono and Masaka zones.

1.6.2 Content Scope

This study focused on accountability mechanisms in the Seventh-Day Adventist Church and tried to determine the direction and strength of the relationship that exists between accountability and mobilized financial resources in the Central Uganda Conference of the Seventh-Day Adventist Church.

1.7 Significance of the Study

In recent years, concerns have been raised about the accountability of non-profit making organizations. Very little research has been carried out on accountability and its effect on mobilized financial resources in organization, especially religious organizations. This study sought to make an academic contribution to the subject.

Furthermore, the study would help church leaders in general, and the Seventh-Day Adventist Church in particular appreciate the effect of accountability on mobilized financial resources in their organizations.

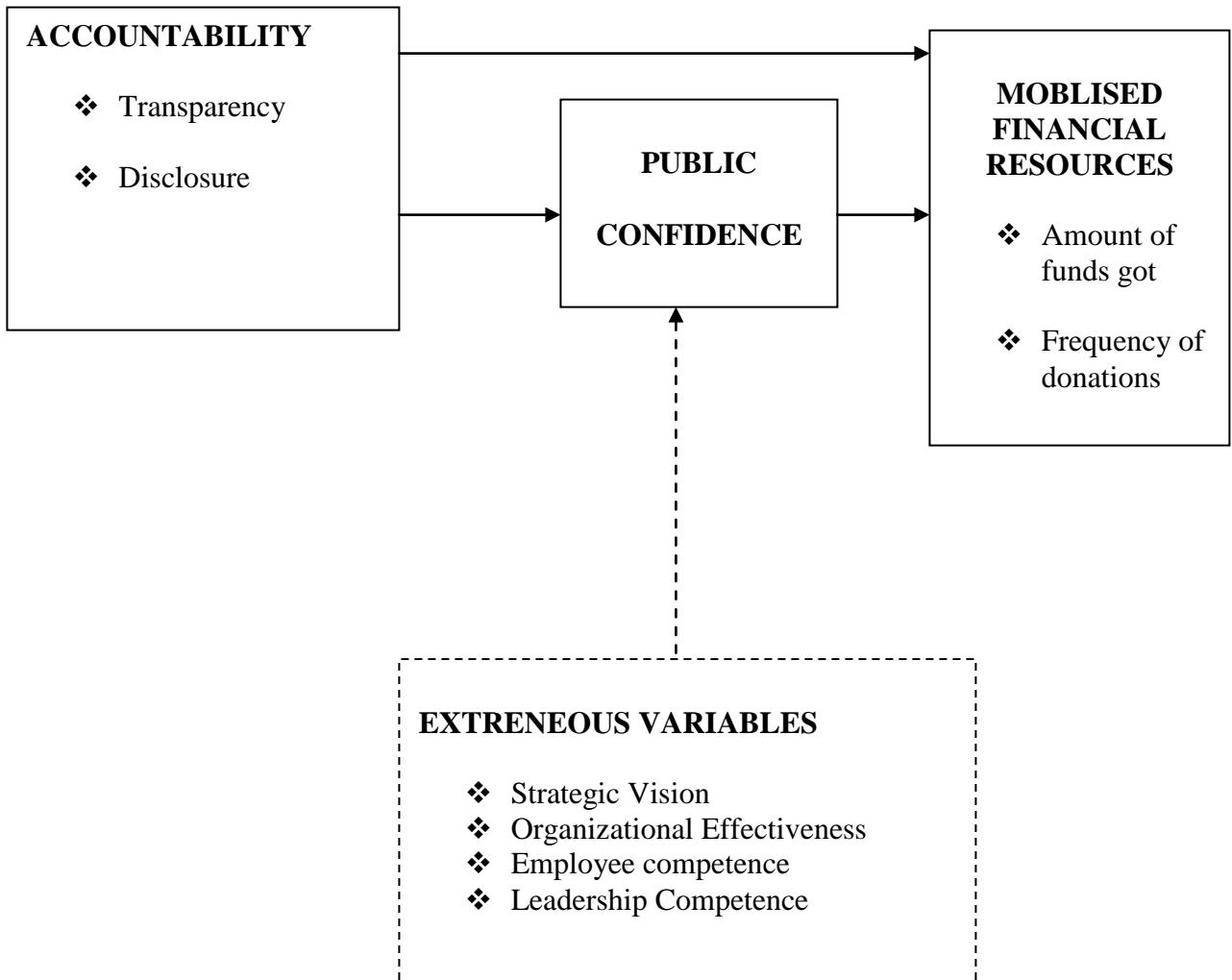
1.8 Conceptual Framework

The conceptual framework was developed from the research paper presented by Andrew Goddard and Mussa Juma Assard (2005) with some modifications to link Accountability mechanisms, Public confidence and their effect on Mobilized financial resources in NGOs. Accountability is the state of being accountable, subject to the obligation to report, explain or justify something. It is being responsible and answerable. Brody (2001) found four different elements of accountability: Fiscal honesty and avoidance of fraud, good governance, adherence to mission and demonstration of the charity's effectiveness.

Formal accounting and accountability mechanisms are important factors in developing legitimacy in the eyes of donors (Goddard and Assard, 2006). If NGOs communicate well with their stakeholders, they will have more trusting supporters and this will create public confidence and public support for their success.

Keating (2003) points out that financial accountability is important if NGOs are to get the public trust needed for their success. Accountability brings about confidence which is clearly reflected in the public's willingness to donate time and money, shapes the political and regulatory environment that governs the charitable organizations and has at least some influence on morale within the charitable membership and workforce.

Therefore, NGOs need to strength transparency and be accountable to donors, members, staff and the general public to increase donor trust that will eventually result into increased mobilized financial resources.



Developed from the research paper presented by Andrew Goddard and Mussa

Juma Assard (2005)

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides a critical review of related literature on the study variables. It provides literature on the major aspects of the study which include financial accountability: transparency and Disclosure as well Public Confidence and how they relate with mobilized financial resources in Non Governmental Organizations.

2.2 Non Governmental Organizations

A Non Governmental Organization (NGO) is a not-profit, voluntary citizens' group, organized on a local, national or international level to address issues in support of the public good. Task-oriented and made up of people with a common interest, Non Governmental Organizations perform a variety of services and humanitarian functions, bring citizens' concerns to government, monitor policy and program implementation, and encourage participation of civil society stakeholders at a community level. They provide analysis and expertise, serve as early warning mechanism and help monitor and implement international agreements. Some are organized around specific uses, such as human rights, the environment or health. (United Nations, 2005, cited by Gray et al, 2006). Edwards (2000) defines Non Governmental Organizations as a subset of civic organizations, defined by the fact that they are formally registered with government, receive a significant portion of their income from voluntary contributions (usually alongside grants from government) and are governed by a board of trustees rather than the elected representatives of a constituency. A good deal of attention has been made to the applicability of business practices to Non Governmental Organizations efficiency.

2.3 Nature and Scope of NGO Accountability

Accountability can be defined as a fiscal or financial honesty and avoidance of fraud that makes sure that money is recorded and spent as agreed and accordingly to appropriate rules, and that reports are given to stakeholders, (Brody, 2001). Accountability is concerned with giving explanations through a “credible story of what happened, and a calculation and balancing of completing obligations, including moral ones” (Boland and Schulze, 1996). Unerman and O’Dwyer (2004) view accountability as “the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible.” They maintained that the main propose of accountability is to provide mechanisms through which all those affected by the organization’s actions can demand an account from the managers of that organization (or person) regarding how and why the organization (or person) has acted in the manner it has.

According to Ebrahim (2003b) accountability can be broadly conceived of as a relational issue—being answerable to and held responsible by others for ones actions. This reflects and reinforces the findings of Najam (1996) who maintained that accountability is being answerable to ideas or missions and one’s own sense of responsibility. His perspective may particularly hold true in an organizational context based on the principal-agent model which assumes that some individual or organization (the principal) has certain “rights” to make demands over the conduct of the other (the agent), as well as seeking reasons for action taken.

In this sense, accountability is a rational concept, which does not stand alone, but is a reflective of relationships among organizational actors embedded in a social and

Institutional environment (Ebrahim, 2005). Accountability is thus, not only formal order, but also a moral order; a system of reciprocal rights and obligations.

Accountability is therefore conceived as “vital mechanism of control” (Mulgan 2000), which gives visibility to the previously invisible (Gray, 1992), thereby providing those stakeholders potentially affected by the individual’s or organization’s actions with information needed to challenge and react to the actions.

While these definitions of accountability are useful, discussions of accountability in Non Governmental Organizations are problematic. In particular, Non Governmental Organization accountability, often defined as “the means by which individuals and organizations report to a recognized authority, and are held responsible for their actions” is equated narrowly with the use of accounting procedures (for example the collection of receipts or compilation of annual reports) deemed to demonstrate and thereby enforce the responsible use of funds provided. This view may not fully reflect the relational and socially constructed nature of the concept of accountability in Non Governmental Organizations. Patton (1992) therefore suggest that Non Governmental Organization accountability typically suffers from imprecise meaning while Ebrahim (2003) argue that conceptual definitions tend to become too complicated and even ambiguous in an attempt to comply with the “New Public Management accountability models.”

Many Non Governmental Organizations occupy a space between public and private sector organizations and hence, the mechanisms required for effective accountability by

Non Governmental Organizations will usually be different. There is unlikely to be a single set of accountability mechanism suited to all, because the effectiveness of such mechanism depends upon a number of factors related to the characteristics of individual

Non Governmental Organization. However, flexibility and informal accountability mechanisms seem most suited to situations of close relationship between a Non Governmental Organization and its key stakeholders. Imposition of rigid hierarchical and procedural accountability mechanisms in such Non Governmental Organizations can not only be ineffective, but also threaten the viability of the Non Governmental Organization itself – thus jeopardizing the social or environmental benefits delivered by the Non Governmental Organization.

Nevertheless, Ebrahim (2003) observes that without the voluntary implementation of accountability mechanisms, some Non Governmental Organization may face threats to their continued legitimacy, and may also be subject to the imposition of more formal, rigid and inappropriate accountability mechanisms from powerful stakeholders or governments. Ebrahim (2005) and Lewis and Madon (2004) stresses that accountability should focus on “stewardship” and the “proper” use of financial resources and not on accountability as enabling the organization to meet and stay true to the needs of clients, as itself. Critics have observed that while many Non Governmental Organizations may claim accountability to the clients, in practice they find themselves acting as intermediaries more accountable to the outside donors who provide the funds. Lewis and Madon (2004) further argue that accountability in Non Governmental Organizations can be unbalanced and may result in goal displacement and unplanned growth. Nevertheless, Gray et al (2006) points out that given the closeness of many Non Governmental Organizations to their stakeholders, appropriate accountability mechanisms for many Non Governmental Organizations are likely to be informal rather than hierachical.

2.4 Comparative Accountability Framework

The four typologies of Ritchie and Richardson (2000) identified how specific types of accountability differ and configure in the variety of ways. This typology distinguishes vertical or hierarchical “rule” form horizontal “relational” based accountabilities while recognizing that hybrid forms may combine both.

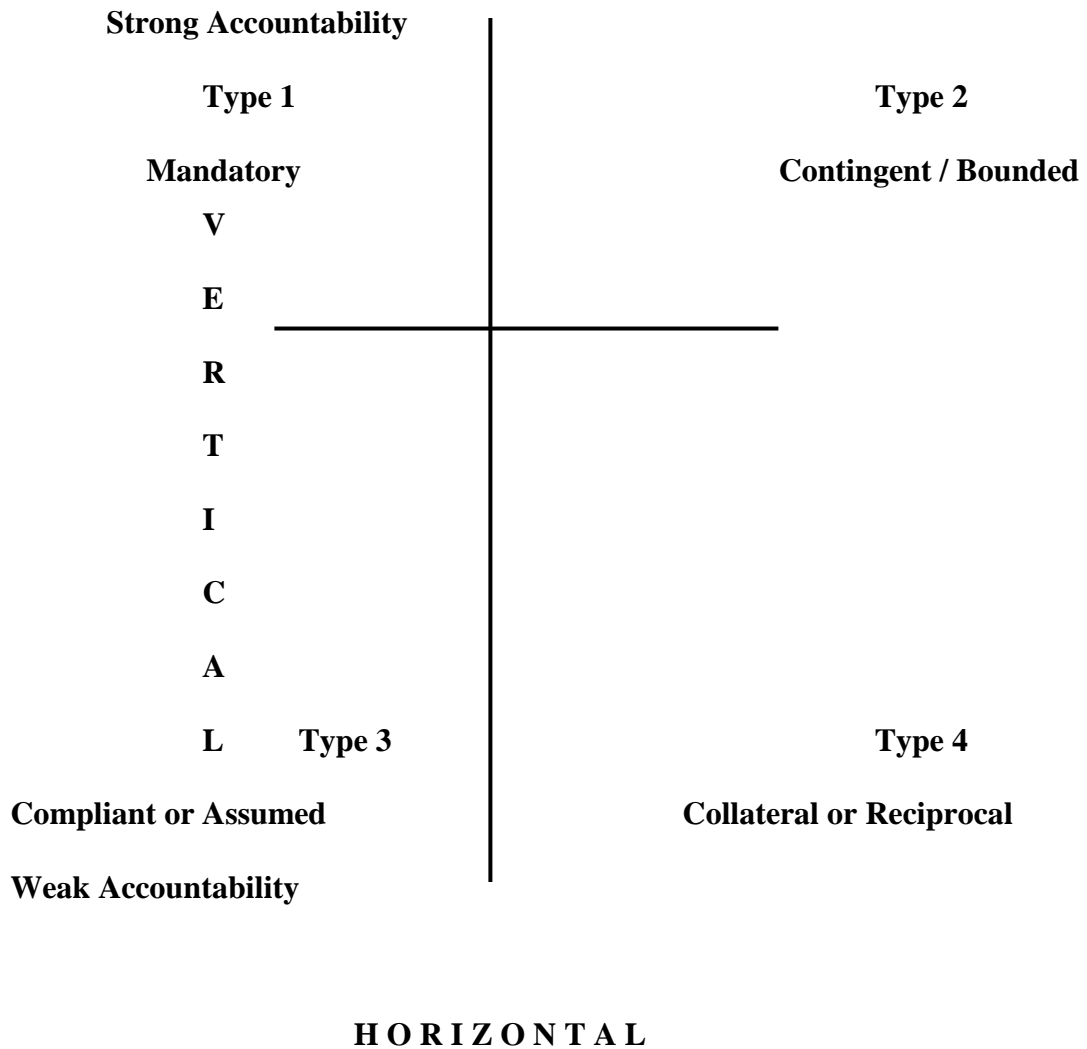


Figure 1: Ideal – typical forms of accountability

Source: Ritchie and Richardson (2000, page 454)

Accountability information plays a central role in formal, hierarchical accountability (Types 1 and 2), representing the “principal” and “agent” relationship respectively. Hilhorst (2003) and Jacobs and Walker (2004) observed that much of the formal literature on Non Governmental Organization accountability focus on type 1 and 2 denoting the more familiar and most narrow forms of accounting incorporating explicit standards of performance and procedures imposed and enforced either by outside stakeholders or in accordance with the NGO own internal rules.

Accountability here is primarily in terms of “rule bound responses by organizations and individuals who report to recognized authorities in order to ensure that the resources they receive are used properly.” Types 3 and 4, along the horizontal dimension, draw upon the idea that organizations are socially constructed entities. (Hilhorst 2003). Ritchie and Richardson (2004) designate types 3 and 4 as the most personal and socially diffuse accountabilities respectively and the ones which accommodate broader constituted definitions of accountability.

Ritchie and Richardson (2004) see type 3 as the “an almost everyday occurrence and that ordinarily appears to be taken for granted and the more likely accepted custom and practice” making it relatively unquestionable and routine. Types 3 lacks formal rules and wider relational commitment and is based on strength of the mutual ties, relies upon wider situated relationships and arises through diffused social networks whose governing norms may be public honor and shame into accountability processes. These address standards of accountability that are implicit, arising from shifting societal values and beliefs and are loosely defined and therefore negotiated, between different stakeholders.

2.5 Accountability mechanisms in Non Governmental Organizations

Keating and Frumkin (2003) argue that the Non Governmental Organizations future economic success depends not only on the quality of its social and economic activities, but also on improving its internal and external financial reporting systems.

Goddard and Assard (2006) explain that formal accounting and accountability mechanisms are important factors in developing legitimacy in the eyes of donors. Fundamental features of Non Governmental Organizations suggest that expanding and improving accounting systems could have significant financial benefits that are not being realized.

Ebrahim (2003) emphasizes the need for both ‘upward’ and ‘external’ accountability to donors and the development of ‘downward’ and ‘internal’ mechanisms as key elements in the financial resource mobilization efforts of any Non Governmental Organization. Westerdahl (2001) emphasized that accountability and transparency in Non Governmental Organization is a central force in establishing legitimacy within and beyond the organization. Ebrahim (2003) observes that without the voluntary implementation of accountability mechanisms, some Non Governmental Organizations may face threats to their continued legitimacy, and may also be subject to the imposition of more formal, rigid and in appropriate accountability mechanisms from powerful stakeholders or governments.

2.5.1 Transparency

Transparency is defined as the extent to which the financial information about the organization is visible and understandable to the stakeholders. Transparency plays a major role in making financial markets efficient, liquid and resilient in the world. (Gariyo, 2000).

Transparency has been viewed to include openness, use of correct controls and

formal procedures in the management of work. Glasgow (2005) saw transparency as the extent to which financial information about the organization is visible, available and understood by donors. Transparency enables stakeholders evaluate the organization so as to make smarter and sharper decisions, evaluate a management's effectiveness and take early corrective actions. It is critical that all organizations provide understandable, comprehensive and reliable information to portray a true and fair picture of the status quo of the organization.

(Herdman, 2001), Edwards and Hulme (1995) noted that the need to account transparently was an essential practice in relation to enhancing legitimacy. They also noted the possibility of donor requirements distorting accountability and a tendency for "accountancy" rather than "accountability". Gray et al (2006) maintain that transparency is an overriding requirement for the accountability of all organizations (be they private, public or Non Governmental Organization sector). They argue that appropriate mechanisms to render the actions of all Non Governmental Organizations transparent will pose little threat to Non Governmental Organizations that work for greater social and environmental justice.

Transparency and Openness leads to a long-term relationship with donors. Headman (2001) state that transparency is effective in developing stronger, more coordinated long channel partnerships. Frost (2000) observes that the partnership relationship can only continue to exist if a certain level of transparency has been developed between two parties. He cities attributes such as competence, integrity, openness and service guarantees to demonstrate transparency.

Rubimbwa (2004) stated that partnership relationships can only be achieved through mutual transparency. He considers transparency to be a crucial in all human interactions. He observed that the degree of confidence one has in a relationship will depend on the level of transparency exhibited.

2.5.2 Financial Accountability and Disclosure

Financial accountability can be defined as a fiscal or financial honesty and avoidance of fraud that makes sure that money is recorded and spent as agreed and accordingly to appropriate rules, and that reports are given to stakeholders (Broody, 2001). Financial accountability comprises of the accounting system and financial reporting. Financial statements form part of financial reporting.

The accounting standard number 117 “The financial statements for Not – for – profit organizations” by the International Accounting Standards Board requires NGOs to prepare the Balance sheet which shows the financial position of the entity as at a particular point in time, the Income and Expenditure statement which shows the financial performance of the entity over a particular period of activity and a Statement of changes in the financial position (Cash flow statement) which shows cash flow position changes of the entity over a particular period of activity.

The conceptual framework of accounting identifies the major users of accounting information as the present and potential investors, employees, lenders, suppliers and other trade creditors, customers, government and their agencies, and the general public.

The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions.

Financial statements show the results of the stewardship of management, or the accountability of management for the resources entrusted with it. Those users who wish to assess the stewardship or accountability of management do so in order that they make economic decisions. Financial statements are prepared using standardized formats to meet the common needs of most users.

In order to make the information provided in financial statements useful to users, the reporting entities ought to provide quality information (Choudhury, 2002). He defines quality information as that which is readable, reliable, consistent, accurate, complete, timely, accessible and cost effective. The conceptual framework of accounting also identifies relevancy, reliability, understandability and comparability as the principal qualitative characteristics and of appropriate accounting standards normally results in financial statements that convey what is generally understood as a true and fair view of, or as presenting fairly such information.

Drucker (2003) also affirm that integrity of the non profit sector is served best when NGOs are accountable to Stakeholders. Financial accountability gives NPOs legitimacy and credibility, contributes to their reputation and adds to their sustainability.

Good financial accountability limits frauds and mismanagement and also empowers beneficiaries and other stakeholders since information is power.

2.6 Accountability, Navigating NGO legitimacy and Building Public Confidence

Smillie (1995) refers to accountability as being the “Achilles” heel of the NGO movement. Lewis (2001) goes further to suggest that “concerns about NGO accountability and performance remain the key to the survival of the NGO movement”. Goddard and Assard (2003) explains that legitimacy is not a static phenomena but rather something which moves forward and backwards along a continuum, with the direction of travel determined by the variety of factors related to the standing and operational conditions of the Non Governmental Organizations.

Andrew Goddard and Mussa Assad (2006) undertook a comprehensive survey among Tanzanian NGOs and identified six strategies that are employed by organizations to manage the process of navigating legitimacy and building public confidence. These are: Judicious conformity, Character witnessing, Managing the audit, Improving governance, Fostering cultural identify and Engendering trust.

Independent sector report (2003), urges that trust is as credibility or reliability of a person or thing. It is synonymous with confidence, reliance or assurance. Donor’s confidence is the trust which the public have in the reliability of a person, organization or a thing. Joani (2004), Lloyd (2005), agree that trust reduces uncertainty and crates an environment that is very conducive to interests of all the parties concerned. Trust involves willingness to take risks in social contest based on the confidence. It is synonymous with confidence, reliance or assurance. Donor’s confidence is the trust which the public have in the reliability of a person and organization.

Wilson (2004) explained the theory of financial accountability and how it can be improved to the understanding of stakeholders and how possible the system can work. Wilson model (2005) captures the key elements of financial accountability. The model has components which include Organization conduct activities that are reflected in the internal accountability system and financial disclosure that disseminates information to stakeholders. The activities of accounting system and financial disclosure may be examined by both the internal and external parties. Wilson (2004) reported that the model has two key groups, the organization and the user or stakeholders in the community.

The organization relies on its internal accounting system to develop the financial information which is useful to stakeholders to create demand for information used for decision making purposes (Gordon & Khumawala 2000). Thornburg 2007 urges that the image of the non profit making organization has pushed the uses of non profit accountability, openness and financial reporting into public agenda.

According to (Thomas 2004), the role of these NGOs is advancing to what is seen as broader interest to stakeholders such as poverty eradication, addressing marginalization, achieving social justice and advancing human rights are the stakeholder benefits. Ramrayaka (2001) says that trust is based on the relationship between stakeholders and accountability and it is the key to donor commitment. If organizations communicate well with their stakeholders, they will have more trusting supporters and find new people more easily as well. Bothwell 2001; Frumkin and Keating 2003, Fumkin and Kim 2003; Light 2000; all agree that the non profit sector is dependent on public confidence and broad involvement of stakeholders support for its success.

Ashman (2001), agrees that accountability has beneficial effects not only for an organization's stakeholders, but the organization itself. Amongst others, it promotes a culture and practice of compliance with organizational policies and it advances learning and innovation and enables the organization to maximize its potential in relations to internal and external actors. Boice (2004), agrees that in any NPO, some of the most valuable assets are the donors, staff, clients and volunteers but they would be nowhere without NPO's integrity. It is absolutely crucial that the public believes the non profit sector is made up of any NPO. Maryland (2002) stressed that confidence in charities will be bolstered by knowing that they meet specific standards. When NPOs meet specific practices of ethics and accountability, the public's uneasy trust could transform into informed and assured support.

2.6.3 Managing the audit

The audit of financial statements has been suggested as a necessary condition in navigating organization legitimacy and building public confidence (Gray et al., 1995; Tower, 1993; Scott, 2000). The audit process has emerged as an important channel for attaining legitimacy and stakeholders view it as such. Not only is the audit report important but also the stature of the audit firm. Many organizations were found by Andrew Goddard and Mussa Assad (2006) to appoint a multinational accounting firm as auditors to replace a local audit firm, a decision that resulted in higher audit fees just to create public confidence and navigate legitimacy. The audit, as Jacob (2000) also found, is a powerful form of symbolic capital.

2.6.4 Corporate governance

The reciprocal and complex nature of Trust-control relationships is highlighted in the ongoing debate about corporate governance. This was set in motion by financial scandals in the 1980s (for example Maxwell, Poll Peck) which led to a failure of trust in the mechanism of corporate accountability – Financial reporting and the independent audit process that gives credibility to financial statements. The rationale for audit arises when there is an accountability relationship between two parties and is logistically difficult for monitoring the accountable party to be undertaken. Within this relationship, resources have to be entrusted with the agent but the distance between them makes an accountability mechanism necessary, to control the agent. The audit function acts to make this accountability mechanism trustworthy.

Although models of internal controls are predicated on control of lower organizational levels, recent events in the United States of America at Enron, WorldCom and other companies suggest that controls on fraudulent activities at highest organizational level are either missing or ineffective.

Cullinan and Sutton (2002) provide evidence from the USA during 1998 and 1999 that more than 70 percent of financial statement fraud uncovered during that period involved top executives of the organizations concerned, with a further 19 percent involving senior management. They went on to note “the accounting profession’s cultural affinity with the members of the upper management”, suggesting that such fraud is not effectively controlled because auditors and audit committees members may be too trusting, too reliant on assumptions about behavior at higher organizational levels.

Andrew Goddard and Mussa Assad (2005) found out that an organization regained the confidence and renewed interest of funding agencies by sacking the founder Chairperson of eight years who was associated with the demise of the organization. They noted that accountability also embraces issued accessibility and transparency. It was observed that the more accessible and transparent an organization, the more accountable it was perceived to be. Organizations therefore sought to portray themselves as committed to being transparent and accountable. Improving organizational governance as a credibility building strategy was found to be both real and symbolic. It is a strategy navigating legitimacy and building public confidence where this had been eroded by poor practices such as inadequate accounting, financial mistrust and inept leadership.

Roberts (2001) reconceptualizes the corporate governance problem to focus on the effects of accountability processes on corporate governance practices. He distinguishes between “individualizing” effects, which constitutes the self as solitary with an external and instrumental relationship to others, and “socializing” effects which constitutes the self as interdependent with others, with moral as well as an instrumental dimension to relationships. Individualizing effects are associated with remote governance practices, hierarchical accountability and the disciplinary operation of market mechanism, predicated on and reinforcing distant. Socializing effects in contrast are related to face – to – face accountability in relationships where power is relatively equal, with the potential to generate trust and make corporate governance mechanisms work more effectively.

Institutional theorists have also noted the importance of impression management as “a technique used by organizations to directly manage views of their legitimacy” in the bid to strongly build public confidence (Scott, 2001). Appointment of “acceptable” auditors and

management consultants may be examples of such impression management by Non Governmental Organizations. The importance of impression management in navigating legitimacy in organizations had also been noted by Meyer and Rowan (1977) who suggested that highly professionalized consultants who bring external blessings on an organization are often difficult to justify in terms of improved productivity, yet may be very important in maintaining internal and external legitimacy.

2.7 Relationship between accountability and mobilized financial resources

Ramrayka (2001) stresses that research polls and survey in Non Profit Making Organizations particularly in the Catholic Church show that there is a direct correlation between perceived accountability and giving. Raymond (2003) points out that initiatives including accountability, fundraising standards and external auditors are being introduced to build trust and to encourage giving to NPOs. Zechs (2000) agrees with his research that giving was significantly higher in those parishes where the laity believed they had sufficient information regarding management of funds. Any Non Governmental Organizations which has achieved a position in society where its members or supporters have given it a blank cheque for almost unlimited store of trust has even greater duties of accountability because these powerful stakeholders are less likely to demand accountability from a Non Governmental Organization with the unquestionably trust. (O'Dwyer, 2005). This argument in support of greater Non Governmental Organizations accountability should be seen as an opportunity, not a threat, by Non Governmental Organizations which aim to enhance social justice and seek financial support from the public.

McCathy (2005) agreed and stressed that it is more important now than ever that NPOs strengthen transparency and be accountable to donors, members, staff and the general public to increase donor trust that will eventually increase on mobilized financial resources. The success or failure of their stewardship and development programmes hinges upon taking immediate action. Until NPOs make a visible commitment to accountability, the donors will continue holding back their donations. Frumkin and Keating (2003) points out that financial accounting is important if NPOs are to get the public trust needed for their success. Light (2003) says that accountability brings about public confidence which is clearly reflected in the public's willingness to donate time and money, shapes the political and regulatory environment that governs the charitable organizations and has at least some influence on morale within the charitable membership and workforce.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents and discusses the methodology that was employed in carrying out the study. It describes the research design, study population, sampling procedures and techniques, data collection methods and instruments, validity of research instruments, reliability of research instruments, data presentation, data analysis and interpretation, and limitations of the study.

3.2 Research Design

This study used a cross sectional research design where qualitative methods of data collection and analysis were used. This design was adopted because the researcher wanted to find out the feelings, perceptions, attitudes and views of a cross section of respondents.

3.3 Area of Study and Target Population

The researcher concentrated on the geographical area covering Central Uganda Conference of the Seventh-Day Adventist church, which consists of all political districts that makes up the Buganda region. There are 60 Seventh – Day Adventist Church Districts in Central Uganda Conference divided into five zones namely: Kamapala, Katikamu, Mityana, Mukono and Masaka zones.

Church districts are administrative units at a congregational level with the Pastor appointed as an accounting officer. Each Church district has a Finance committee consisting of between 15 – 25 members that oversee financial matters including operationalising accountability mechanisms and mobilization of financial resources.

The researcher targeted the active Treasurers and Finance committee members in the church districts. In this respect, the units of analysis were the active Treasurers and Finance committee members in the church districts.

3.4 Sample size and Sampling design

Out of the study population of 668 active Treasurers and Finance committee members in the church districts. 459 Treasurers and Finance committee members were targeted. The sample size was arrived at using R.V.Krejcie and D.W.Morgan (1970)'s table of determining the sample size for research studies. The sampling units were selected using the simple random sampling technique.

3.5 Data Sources

Data was collected from both primary and secondary sources.

3.5.1 Primary Data

Primary data was obtained from all active Treasurers and Finance committee members in the church districts that constituted the sample. These filled the questionnaires and provided relevant data.

3.5.2 Secondary Data

Secondary data were obtained through reviewing related literature to the variables of the study. The literature included financial management text books, journals, magazines, church governance policy manuals, Central Uganda Conference departmental reports, dissertations and the internet. The data from these secondary sources were used to guide

the research in formulating the objectives of the study and structuring the research questionnaires, which were used in investigating the variables underlying the study.

3.5.3 Data Collection

Data was collected in July 2009. Quantitative data were collected. Qualitative data were necessary as reflection of the responses from respondents. Quantitative data reflect the numerical distribution of categorized responses by different respondents over particular issues and hence supplement qualitative data from the questionnaires and interviews.

Quantitative data also were suited for computerized programs for easy statistical and comparative presentation, analysis and interpretation.

3.5.4 Data collection methods and Instruments

Data was obtained through the use of questionnaires, and Documentary analysis from secondary sources. The researcher used self administer questionnaires for capturing the quantitative data. Questionnaires were used as they were cheap to administer to respondents who were scattered over a large geographical area, were quick in collecting data within a short time and respondents felt free to give answers to sensitive questions. (Kakooza 2002).

The questionnaires were designed in four sections. The first section had questions concerning the general background information of each respondent and each of the remaining three sections had questions that captured data in relation to each of the three specific objectives of the study. The majority of questions were structured and the researcher used a five point Likert scale in which respondents were asked to select from alternative responses ranging from strongly disagree to strongly agree. These alternative

responses were given codes 1, 2, 3, 4 and 5. Few questions were semi-structured and open ended allowing the respondents to fill in by writing their own responses accordingly.

3.6 Validity of the Research Instruments:

This refers to the extent to which the data collection instruments used to measure variables in a study actually measures what they are intended to measure. (Amin 2005). According to Enon (1995), Validity refers to the quality that a procedure or an instrument used in research is accurate, correct meaningful and right.

In considering the validity of the instrument due attention was paid to the content and construct validity. Content validity dealt with relevance of the questions used in the questionnaires and the interview guide instruments to the objectives of the study.

Construct validity dealt with how well the constituent elements of the instruments were arranged in order to accurately capture the required data for the study (Siegel 2004) and Amin (2005).

Content validity was tested by subjecting the questionnaires and the interview guide to two experts who scrutinized the instruments questions in each of the sub sections and judged their relevance to the objectives of the study. Their judgments were subjected to a scientific process used for the calculation of the content validity index. The content validity index was thus calculated as follows:

$$\text{CVI} = \frac{\text{Sum of agreement on every relevant judgment}}{\text{Total number of items in Instrument}} \times 100$$

The research instrument was valid since the Content Validity Index was 0.72 above 0.5 as required, an indication that the agreement on valid questions exceeded those that were invalid.

3.7 Reliability of the research instruments

Research questions were tested on how consistent they were answering the research objectives by using a pilot test in selected areas where the actual research did not take place but within the of the Seventh-Day Adventist Church – Central Uganda Conference. Cronbach’s coefficient Alpha (α) was used to test the reliability of the research instruments using the formula:

$$\alpha = \frac{K}{K - 1} \left[\frac{1 - \sum \delta^2 k}{\delta^2} \right]$$

Where α = Alpha coefficient

δ^2 = Variance of the total test

$\sum \delta^2 k$ = Sum of variance of the k questions in the instrument

K = Number of questions in the research instrument

The calculated Cronbach’s coefficient Alpha (α) was 0.67 which was above 0.5 an indication that the research instruments were reliable to generate acceptable results.

3.8 Data Processing and analysis

Data collected was compiled, sorted, edited, classified, coded and analyzed to find out facts and make conclusions on each objective of the study.

Data was analyzed systematically according to the objectives of the study. Pearson Correlation Coefficient was used to test the Correlation between accountability factors that affect mobilized financial resources in local church congregations while Regression analysis was used to test the relationship between accountability factors that affect mobilized financial resources in local church congregations in the Seventh day Adventist church in Central Uganda Conference.

Factor analysis was also used to determine the major factors that influenced variations in each of the constructs. Rotated Component Matrix was employed to capture the effect of the items under each construct on particular unobserved (latent) variables. A factor loading of 0.5 and above indicated that the influence of a particular item on the unobserved (latent variable) component was at least substantial.

3.9 Measurement of variables

The research variables were measured by using a questionnaire directed to Treasurers and Church district finance committee members. For all variables, the researcher used a 5 – point Likert scale in which the respondents were asked to choose alternative responses ranging from “Strongly disagree to “ Strongly agree”.

Accountability, the independent variable, was measured in respect of its sub components namely: Transparency and Disclosure.

Disclosures were measured basing on financial statements and reports. Financial statements were examined as to their presence and the extent to which the qualitative characteristics of financial reports such as relevancy, understandability, reliability and timeliness were exhibited.

Other forms of disclosure like management report, managerial accountabilities, results, social responsibility and organizational effectiveness were sought.

Transparency was measured in respect of openness, correct internal control systems in place and formal procedures being followed like procurement procedures, accounting processes and payment procedures.

Mobilized financial resources, the dependent variable, was measured in respect of volume of funds mobilized and frequency of donations received.

3.10 Limitations of the Study

The study was limited by the following issues:

The content scope of the study was limited to accountability factors which affect mobilized financial resources in local church congregations in the SDA Church in Central Uganda Conference. This was from a managerial and not from a theological and ecclesiological perspective.

The conclusions and recommendations of the study were based only on the respondents' views about the study as they conceived the issues through their personal experiences.

Area of study covered was large and the researcher used a lot of resources in terms of time and money.

Some respondents feared to respond to some questions due to suspicion and fear of misuse of information.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter presents results from the analysis and subsequent interpretations. The layout of the chapter followed the study's research objectives and the results therefore, were generated in regard to the research objectives and questions. The analysis included Descriptive Statistics, Factor Analysis, Correlation Analysis and Regression Analysis.

4.2 Descriptive Statistics

The characteristics of the sample were examined to see whether the respondents could be having knowledge on the effect on accountability and mobilized financial resources in the NGO

This involved the analysis and presentation of sample characteristics of the respondents such as their gender, age, occupation and level of education.

4.2.1 Level of response from respondents

A total 459 questionnaires were distributed to the respondents and 392 questionnaires were collected and / or returned back. This represented 85.4% response rate. However the questionnaires received back were from only 47 church districts out of the 52 church districts that constituted the sample. This represented 90.4% response rate. The researcher felt these response rates satisfactory and went ahead to analyze the data.

4.2.2 Distribution of respondents by Gender

Table 1:

SEX OF RESPONDENTS	FREQUENCY	PERCENTAGE
MALE	198	50.5
FEMALE	194	49.5
TOTAL	392	100

Source: Primary data

Results from the table above showed that the majority of the respondents were males (50.5%) while females were (49.5%). The percentage difference in gender distribution of the sample was minimal suggesting a fairly distributed sample suitable to be used for generalized results.

4.2.3 Distribution of Age of respondents

Table 2

AGE OF RESPONDENTS	FREQUENCY	PERCENTAGE
20-29	141	36.0
30-39	115	29.3
40-49	85	21.7
50-59	33	8.4
60 and above	18	4.6
TOTAL	392	100

Source: Primary data

The analysis of age distribution revealed that the majority of the respondents were between 20-29 years (36.0%) followed by those between 30-39 years (29.3%) while only a small proportion of respondents (13.0%) were between 50-59 years and above 59 years (8.4% and 4.6 respectively). Respondents between 40-49 years represented 21.7%.

4.2.4 Distribution by level of education of respondents

Table 3

HIGHEST LEVEL OF EDUCATION	FREQUENCY	PERCENTAGE
PRIMARY	13	3.3
ORDINARY LEVEL	72	18.4
ADVANCED LEVEL	76	19.4
TERTIARY EDUCATION	124	31.6
UNIVERSITY	107	27.3
TOTAL	392	100

Source: Primary data

The analysis of the distribution of respondents by level of education was also carried out and results indicated that the majority had attained at least tertiary level of education (31.6%) and university degree (27.3%). Those who had finished secondary education were 37.8% (Ordinary level education-18.4% and Advanced level education-19.4%). A very small proportion of the respondents had attained only primary level of education (3.3%).

4.2.5 Distribution by Marital Status of respondents

Table 4

MARITAL STATUS	FREQUENCY	PERCENTAGE
SINGLE	136	42.6
MARRIED	144	45.1
SEPARATED	28	8.8
DIVORCED	11	3.4
TOTAL	392	100

Source: Primary data

Results revealed that the majority of the respondents were married (45.1%) followed by singles (42.3%). The other categories of marital status (separated and divorced) were faintly represented with 8.8% and 3.4% of the sample respectively.

4.2.6 Distribution by occupation of respondents

Table 5

OCCUPATION	FREQUENCY	PERCENTAGE
BUSINESS PERSONS / SELF EMPLOYED	109	27.8
ENGINEERS	16	4.1
ACCOUNTANTS	37	9.4
TEACHERS	76	19.4
SECRETARIES	46	11.7
FARMERS	94	24.0
HEALTH WORKERS	14	3.6
TOTAL	392	100

Source: Primary data

The table above shows that the majority of the respondents were business persons / self employed as their occupation (27.8%) followed by farmers (24.0%). 19.4% of the respondents were teachers, 11.7% were secretaries, only 9.4% accountants, 4.1% Engineers and 3.6% health workers.

4.2.7 Distribution of Church Districts by Region (Zone)

Table 6

REGIONS (ZONE)	FREQUENCY	PERCENTAGE
KAMPALA	22	36.7
MASAKA	12	20.0
MITYANA	10	16.7
MUKONO	9	13.3
KATIKAMU	7	11.7
TOTAL	60	100

Source: Uganda Union Stewardship Director's Year end report 2008

The table above shows that the majority of the Church districts are located in Kampala zone (36.7%) followed by Masaka zone (20.0%). and Mityana and Mukono zones each house 16.7% and 13.3% respectively of the church districts and Katikamu zones comes last (11.7%).

4.2.8 Distribution of Local Church Congregations by Region (Zone)

Table 7

REGIONS (ZONE)	FREQUENCY	PERCENTAGE
KAMPALA	212	25.2
MASAKA	138	16.4
MITYANA	186	22.1
MUKONO	175	20.8
KATIKAMU	130	15.5
TOTAL	841	100

Source: Uganda Union Stewardship Director's Year end report 2008

The table above shows that the majority of the local church congregations are located in Kampala zone (25.2%) followed by Mityana zone (22.1%). Mukono and Masaka zones each house 20.8% and 16.4% of the local church congregations respectively. Katikamu zones comes last with 16.4%

4.3 Factory Analysis Results

The results in the table 8 were generated to explore the variables so that the researcher could further study them.

Accountability

Table 8: Rotated Component Matrix

Rotated Component Matrix(a)		
	Component	
	Transparency	Disclosure
Books of Accounts and financial statements are audited periodically	.507	
A budget is produced and followed every financial period.	.546	
Financial statements and management reports are produced at the end of year	.854	
Financial statements and management reports are timely.	.904	
Financial statements and management reports are reliable.	.852	
Financial statements and management reports are relevant to the decision makers.	.877	
Explanatory notes accompany every set of financial statements released.	.653	
Yours organization has financial accounting and reporting guidelines.	.496	
There is full and accurate reporting the organization / church affairs to stakeholders.		.643
When appropriate, a management seeks counsel and guidance form professional and experts.		.670
Employees are always consulted in the process of introducing ideas.		.781
Proposals are analyzed and debated vigorously by all employees before they are implemented.		.696
All stakeholders are fully informed of relevant matters affecting the organization.		.729
Organizations' / churches' meetings are conducted in a manner that encourage participation.		.701
Management meets the information needs of the stakeholders on a regular basis.		.746
Stakeholders of the organization / church participate in budgetary process.		.697
Eigen values	4.418	4.13
% variance explained	27.611	25.814
% cumulative variance explained	27.611	53.424
Extraction Method: Principal Component Analysis.		

Rotation Method: Varimax with Kaiser Normalization.		
A rotation converged in 3 iterations.		

Source: Primary data

The results showed that transparency (27.6%) was the most important mechanism for ensuring accountability followed by disclosure mechanism (25.8%). Results further revealed that the important aspects to attaining Financial accountability and Disclosure were expressed as; Annual production of financial statements and management reports (.854), timely financial statements and management reports (.904), reliable financial statements and management reports (.852), and relevant Financial statements and management reports to the decision making (.877), Books of accounts and financial statements audited periodically (.507).

Other issues that were salient under Transparency mechanisms included: Always consulting employees in the process of introducing ideas (.781), Proposals are analyzed and debated vigorously by all employees before they are passed (.696), All stakeholders are fully informed of relevant matters affecting the organization (.729), Organizations' / churches' meeting being conducted in a manner that encourage participation (.701) and Management meeting the information needs of the stakeholders on a regular basis (.746), When appropriate, management seeks counsel and guidance from professional and experts (.746),.

Overall, these two mechanisms in place were observed to explain 53.424% of overall accountability.

Table 9: Mobilized financial resources

Rotated Component Matrix (a)		
	Component	
	1	2
Accountability plays a major role in mobilizing financial resources in your organization/church.	.551	
The volume of donation and/or offerings received by your organization/church from abroad has been increasing.	.784	
The volume of donation and/or offerings received by your organization/church locally has been increasing.	.835	
Financial mobilization mechanisms in place encourage participation in resources mobilization.		.642
Your organization/church bow serve more people with its programs.		.795
Accountability has helped your organization/church mobilize more financial resources.		.718
Eigen values	1.705	1.619
% variance explained	28.412	26.991
%cumulative variance explained	28.412	55.403
Extraction Method: principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
A Rotation converged in 3 iterations.		

Source: Primary data

The factor analysis results for resource mobilization shown in the table above revealed the two components that altogether explained about (55.403%) of resource mobilization. These components were amount of funds got explaining (28.412) and frequency of donations (26.991%)

4.4. Descriptive analysis

Table 10: Descriptive analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Transparency	392	1.00	5.00	2.7684	.76988
Disclosure	392	1.50	5.00	3.1197	.76855
Public Confidence	392	2.50	4.83	3.9171	.47230
Accountability	392	1.75	4.90	2.9398	.52920

Mobilized financial resources	392	2.33	4.67	3.8294	.41649
Valid N (listwise)					

Source: Primary data

The results in table above explain the appropriateness of accountability mechanisms in building public confidence. It was revealed that transparency and disclose were not indicated as appropriate measures of accountability (mean equal to 2.77 and 3.12 respectively). This implies that transparency and disclosure mechanisms were low consequently resulting into low accountability (2.94). These results imply that respondents were generally not sure of the mechanisms used/appropriate for accountability and therefore not aware of any accountability in place. However, results suggested that there was considerably high level of public confidence as well as resource mobilization.

4.5. The relationships among the variables

This section presents empirical results for inferences based on correlation and regressions in order to come up with a plausible model. The analysis was carried out using the Pearson Correlations (r) to test the relationships among the study variables which were; Accountability (Transparency and disclosure) public confidence and mobilization of financial resources.

Table 11: Pearson Correlations

Correlations				
	Transparency	Disclosure	Public confidence	Mobilized Financial resources
Transparency	1			
Disclose	-.074	1		
Public confidence	.126(*)	-.061	1	
Mobilization of financial resources	.110(*)	-1.22(*)	.507(**)	1
<i>*Correlation is significant at the 0.05 level (2 –tailed)</i>				
<i>**Correlation is significant at the 0.01 level (2-tailed)</i>				

Source: Primary Data

4.5.1. Relationship between accountability mechanisms and building public confidence

Accountability was measured in terms of transparency and disclosure. The results in the table 11 showed that there existed a significant positive relationship between transparency and public confidence ($r=0.126^*$, $p\text{-value}<0.05$), implying that improved levels of transparency, corresponds with higher levels of public confidence and vice versa. However, there was no significant relation between disclosure and public confidence ($r=-0.074$, $p\text{-value}>0.05$). This implies strengthening accountability through increased disclosure would have no effect on public confidence.

Thus improved transparency in organizations as a measure fo accountability is likely to lead to increased public confidence.

4.5.2. Relationship between Public confidence and Mobilized financial Resources

Results from the table above showed that there is a strong and significant relationship between public confidence and mobilization financial resources ($r=0.507$, $p\text{-value}<0.01$). This implies that organizations that have strong public confidence have equally high potential for mobilization of financial resources. This is because high public confidence results into willingness to freely contribute more resources, hence high potential for mobilization by the said organization. Thus organizations that depend on the public for financial support will need to build their public confidence in order to have high mobilization of financial resources.

4.5.3. Relationships between Accountability and Mobilized Financial Resources

Results also revealed that there was significant positive relationship between transparency and mobilization of financial resources ($r=0.11$; $p\text{-value}<0.05$); While the relationship between disclosure and mobilization of financial resources was negative ($r=-0.122$; $p\text{-value}<0.05$). These results suggested that whereas transparency accountability mechanisms may help to augment mobilization of financial resources, disclosure may work against mobilized financial resources.

4.6. The Regression Analysis

The results in table below shows the extent to which the predictors explained mobilized financial resources. The dependent variable was taken to be resource mobilization, while the predictor variables that were fitted in the equation were: Transparent mechanisms, Disclosure mechanisms, and Public confidence.

Table 12: Regression Analysis Model

Model	Un standardized Coefficients		Standardized Coefficient	T	Sig.	Summary statistics	
	B	Std. Error	Beta			R Square	
(Constant)	.988	.843		.171	.242	R Square	.279
Transparency	.570	.214	1.054	2.662	.008	Adjusted R Square	.270
Disclose	-.135	.199	-.249	-.679	.497	F	29.946
Public Confidence	.745	.212	.844	3.512	.000	Sig	.000(a)

a Dependent Variable: Mobilized financial resources

Source : Primary Data

The results from a regression revealed that the predictor variables explained up to 27% of the observed variance in resource mobilization construct (Adjusted R Square = .27). Among the independent variables, transparency (Beta = 1.054, Sig. = .008) and public confidence (Beta = .844, Sig. = .000) were significant predictors of resource mobilization

CHAPTER FIVE

CONCLUSIONS AND POLICY RECOMMENDATIONS

5.0 Introduction

This chapter presents conclusions from the analysis and policy recommendations. The layout of the chapter followed the study's research objectives. Conclusions and policy recommendations' therefore, were generated in regard to the research objectives and questions.

5.1 Summary of Findings

The study found out that although Central Uganda Conference and its entities could be having other methods of mobilizing financial resources, tithe and field advances were taken as the most important sources of revenues for the church.

5.1.1 Appropriateness of accountability mechanisms in building public confidence

The findings of the study revealed that Central Uganda Conference entities have kept on using inappropriate accountability mechanisms that has lead to loss of public confidence from its congregations. There was little openness and transparency. Financial statements and reports presented were not accurate and complete which in a way has demoralized the congregation from giving more offerings to the church and therefore the reason for low contribution per person. These results are in agreement with Ramrayka (2001) who noted that research polls and survey in Non Profit Making Organizations particularly in the

Catholic Church showed a direct correlation between perceived accountability and giving. Zechs (2000) agrees with his research that giving was significantly higher in those parishes where the laity believed they had sufficient information regarding management of funds.

5.1.2 Relationship between accountability and building public confidence

The findings of the study revealed that there was a strong positive relationship between transparency and public confidence meaning that when transparency is strengthened, public confidence increases. These results are supported by the findings of the commission for Africa report (2005) which indicate that transparency is a must for NGOs for their survival since they are normally dependent upon donor funds for their continued subsistence.

5.1.3 Relationship between accountability and mobilized financial resources

The study further found out that there is a strong positive relationship between public confidence and mobilized financial resources in the Central Uganda Conference. In trying to find out how the church was performing in mobilization of resources for its activities, the study found out that financial resources were collected mainly from tithe and field advances and contribution per person was considerably low in all conference zones of the Seventh-day Adventist Church in Kampala, Mukono, Mityana and Masaka.

The findings are in agreement with Light (2003) who noted that accountability brings about public confidence which is clearly reflected in the public's willingness to donate time and money, shapes the political and regulatory environment that governs the charitable organizations and has at least some influence on morale within the charitable membership and workforce.

5.2 Conclusion

The study therefore concluded that when accountability is strengthened in an organization, public confidence from its clients increase. This will in turn lead to increased mobilized financial resources. This is because when the church becomes transparent and builds public confidence in the way they put to use the mobilized resources and members of the congregation see the value for money, they are willing to contribute more resources to ensure that all the planned activities are undertaken. Non Governmental Organizations future economic success depends not only on the quality of their social and economic activities, but also on improving their internal and external accountability mechanisms.

5.3 Policy recommendation

The study came up with the following policy recommendations:

In ensuring that there is public confidence, the Central Uganda Conference of the Seventh-day Adventist Church in Uganda needs to ensure improved levels of transparency, CUC is advised to be open regarding the utilization of funds that church members contribute. Information regarding financial transactions of the church should be well documented and readily available for the stakeholders to make informed decisions. Business meetings and workshops should be organized regularly to explain financial transactions undertaken and the results thereof.

In order to enhance financial accountability and build public confidence, CUC and its entities should ensure that there are controls in place to manage resources appropriately. This would minimize the risk of misappropriating the church resources.

5.4 Area for further research

This study explored the relationship between Financial accountability and Disclose, Transparency, Public confidence and legitimacy and their effect on mobilized financial resources in NGOs. The researcher recommend further research to be carried out on the relationship between Corporate governance, Employee and Leadership competencies, Organizational effectiveness and Mobilized financial resources in NGOs.

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APPENDICES

Appendix 1

Public Confidence

Rotated Component Matrix (a)		
	Component	
	1	2
Accountability plays a major role in mobilizing financial resources in your organization/church.	.551	
The volume of donation and/or offerings received by your organization/church from abroad has been increasing.	.784	
The volume of donation and/or offerings received by your organization/church locally has been increasing.	.835	
Financial mobilization mechanisms in place encourage participation in resources mobilization.		.642
Your organization/church bow serve more people with its programs.		.795
Accountability has helped your organization/church mobilize more financial resources.		.718
Eigen values	1.705	1.619
% variance explained	28.412	26.991
%cumulative variance explained	28.412	55.403
Extraction Method: principal Component Analysis.		
Rotation Method: Varimax with Kaiser Normalization.		
A Rotation converged in 3 iterations.		

Appendix 2: Sample Size (s) required for the given population sizes (N)

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	256	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	100000	384

Note: From R, V. Krejcie and D.W. Morgan (1970), determining sample size for research activities, Educational and psychological measurement, 30. 608, Sage publications.

Appendix 3: QUESTIONNAIRE

MAKERERE UNIVERSITY BUSINESS SCHOOL

Dear respondent,

I am a final student at Makerere University and as part of my course; I am conducting a study on the topic: **Accountability and mobilized Financial resources in Non Governmental Organizations.**

The study seeks to establish whether a relationship exists between Accountability and Mobilized Financial resources in Non-Governmental Organizations. As one of the target respondents, your opinions are very important to this study. The information provided will be used for academic purposed only and will be treated with confidentiality.

Kindly spare sometime and answer the questions by writing in the spaces provided or ticking against the answer of your choice.

Thank you for your co-operation.

Yours,

JEMBA WILLIAM

Name of respondent (optional)

Demographic Characteristics

Sex of the respondent

Male Female

Marital Status

Single Married

Separated Divorced

Others (specify)

Age of the respondent

20 -29

30-39

40-49

50 – 59

Above 50

Highest level of education

Primary

O Level

A Level

Occupation

TRANSPARENCY

No	Item	Strongly Disagree 1	Disagree 2	Not Sure 3	Agree 4	Strongly Agree 5
1	There is full and accurate reporting on the organization/church affairs to the stakeholders.					
2	When appropriate, management seeks counsel and guidance from professional advisors.					
3	Books of accounts and financial statements are audited periodically					
4	There is openness in order to enhance public confidence in your organization/church.					
5	Employees are always consulted in the process of introducing ideas					
6	Proposals are analyzed and debated vigorously by all employees before they are approved and implemented.					
7	All stakeholders are fully informed of relevant matters affecting the organization/church and they are never taken by surprises.					
8	Organizations'/churches' meetings are conducted in a manner that encourages open communication and participation.					
9	Management meets the information needs of the stakeholders on a regular basis.					
10	Transparency is a key factor in building public confidence within your organization /church.					
11	Stakeholders of the organization/church participate in budgetary process.					
12	Accountability is a key factor in building public confidence within your organization/church.					
13	Accountability plays a major role in mobilizing financial resources in your organization/church.					

DISCLOSURE

No	Item	Strongly Disagree 1	Disagree 2	Not Sure 3	Agree 4	Strongly Agree 5
1	Financial transactions are recorded immediately they occur.					
2	Source documents (receipts, invoices, vouchers etc) are prepared to facilitate record keeping.					
3	Day books and ledgers are used for recording transactions.					
4	Donations and/or offerings in form of physical things are acknowledged and recorded.					
5	A budget is produced and followed every financial period.					
6	Financial statements and management reports are produced at the end of every financial period					
7	Financial statements and management reports are timely.					
8	Financial statements and management reports are reliable					
9	Financial statements and management reports are relevant to the decision making and planning.					
10	Explanatory notes accompany every set of financial statements released by your organization					
11	Stakeholders are given a chance to assess the extent to which their needs are taken into account in a particular proposed or approved budget.					
12	Your organization has financial accounting and reporting guidelines that are always adhered to.					
13	Financial statements and reports are prepared and presented following internationally accepted accounting principles and practices.					

Mobilized Financial resources

No	Item	Strongly Disagree 1	Disagree 2	Not Sure 3	Agree 4	Strongly Agree 5
1	The volume of donation and/or offerings received by your organization/church from abroad has been increasing.					
2	The volume of donation and /or offerings received by your organization/church locally has been increasing.					
3	Members of your organization/church are satisfied with the way financial resources are allocated and utilized.					
4	Some of your staff and local people work voluntarily for your organization/church					
5	Your Organization/church gets enough money and resources to meet its budgeted expenditures.					
6	Financial mobilization mechanisms in place encourage participation in resource mobilization.					
7	Your organization/church now serves more people with its programs.					
8	The quality of services offered by your organization/church is constantly increasing					
9	Accountability has helped your organization/church mobilize more financial resources to meet its budgetary expenditures.					
10	All the stakeholders of your organization/church are satisfied by the quality of the services offered by your organization/church.					

Appendix 4: Seventh-Day Adventist church profile in Uganda

The Seventh-day Adventist Church in Uganda is part of the world body of Seventh-day Adventists. It has 13 demarcated regions known as Divisions. These make up the World Field with the Church's top Administrative level known as the General Conference of Seventh-day Adventists. (GC) The headquarters of the general Conference are at Silver Springs Maryland in United States of America. The Seventh-day Adventist Church in Uganda is known as Uganda Union. (ARCHDIOCESE). This is part of the East Central Africa Division (ECD), which is composed of ten countries namely; Uganda, Kenya, Tanzania, Burundi, Rwanda, Democratic Republic of Congo, Ethiopia, Somalia, Eritrea and Djibouti. The ECD headquarters are at Ongatta Rongai, Nairobi in Kenya.

(General Conference Annual Report 2006)

Uganda Union consists of one Conference, three Fields and two Mission stations. These entities are:

1. Central Uganda Conference (CUC) with headquarters at Kireka Hill in Wakiso District.
2. Eastern Uganda Field (EUF) with headquarters at Kamwonkoli in Paliisa District.
3. Western Uganda Field (WUF) with headquarters at Fort Portal in Kabarole district.
4. South Western Uganda Field (SWUF) with headquarters at Kasese in Kasese District

The two mission stations are:

1. South Western Uganda Mission (SWUM) with headquarters at Mbarara in Mbarara District.
2. North Uganda Mission (NUM) with headquarters at Lira District
(Uganda Union year end committee report Nov. 2006)

Church membership growth for UU entities for six years

ENTITY	2003	2004	2005	2006	2007	2008	Average % Growth
CUC	69,041	76,332	81,647	88,245	94,052	99,143	6.8
EUUF	13,033	12,812	13,382	13,328	15,292	16,148	5.3
SWUF	18,949	19,762	20,243	21,559	24,866	26,500	7.1
WUF		13,439		13,503	14,526	16,947	6.4
SWUM	10,517	11,387	11,981	10,985	11,667	12,299	5.9
NUM		4,000				8,700	

Source: Uganda Union Stewardship Director's Year end report 2008

Hence the average percentage growth in membership of Fields and mission stations has been only 6%. The Uganda Union average membership growth rate has only been 6.3%. This is a very low achievement against the ideal 100%.

Average Percentage participation in Tithe Return in Uganda Union Entities as of 2008 year end

ENTITY	Total Church membership 2008	No. of Participants	Percentage Participation of returners	% of Non participation
CUC	99,143	31,726	32.0	68.0
EUUF	16,148	6,380	39.5	60.5
SWUF	26,500	7,950	30.0	70.0
WUF	16,947	2,179	12.9	87.1
SWUM	12,299	3,074	25.0	75.0
NUM	8,700	2,462	28.3	71.7

Source: Uganda Union Stewardship Director's Year end report 2008

The average percentage participation of church members in returning tithe to facilitate provision of pastoral services and outreach activities in Fields and mission stations has been only 27.97% in the Uganda Union entities. This means that majority of church members in Uganda Union do not return tithe to facilitate provision of pastoral services and outreach activities.

Sustainability status of church districts in Uganda Union Entities as of 2008 year end

ENTITY	No. of Church Districts	High Sustainable (Over 2005)	Medium Sustainability (100-199)	Lower Sustainability Status 99(% below)	% of Financially Sustainable Districts
CUC	60	23	5	32	46.7
EUFG	16	6	7	3	81.3
SWUF	31	6	7	18	42.9
WUF	27	6	5	16	40.7
SWUF	16	3	3	10	37.5
NUM	12	2	2	8	33.3

Source: Uganda Union Stewardship Director's Yearend Report 2008

With the exception of Eastern Uganda Field whose sustainability status of church Districts in each entity where pastoral service delivery is received is 81.3%, all other Field, including Central Uganda Conference sustainability status is below the 50%. This implies that majority of church districts cannot raise enough funds to support the Union workers sent to their areas in terms of basic salaries and allowances.

Table 4: Accessibility of Sabbath School members to pastoral services as 2008 year end.

ENTITY	No. of Districts	No. of Sabbath School members	No. of Pastors	Ratio of Pastors to Sabbath sch. Members served	% Level of accessibility to Pastoral service by Sabb. Sch. members
CUC	60	181,015	76	1:2382	0.042
EUf	16	31,923	22	1:1451	0.069
SWUF	31	58,249	31	1:2648	0.053
WUF	27	25,000	35	1:714	0.140
SWUF	16	29,507	24	1:1229	0.081
NUM	12	16,200	15	1:1080	0.093

Source: Uganda Union Stewardship Director's Yearend Report 2008

The average percentage accessibility for church Sabbath school members to pastoral service in Uganda Union entities has been only 0.057%. This means that majority of church members, 99% cannot access pastoral services immediately they need them.

Table 5: Accessibility of baptized Church members to pastoral services as 2008 year end

ENTITY	No. of Districts	No. of Baptized church members	No. of Pastors	Ratio of Pastors to baptized church members	% level of accessibility to Pastoral service by church members
CUC	60	99,143	76	1:1304	0.077
EUf	16	16,660	22	1:757	0.132
SWUF	31	25,500	31	1:855	0.177
WUF	27	16,947	35	1:484	0.207
SWUF	16	12,299	24	1:512	0.195
NUM	12	8,700	15	1:580	0.172

Source: Uganda Union Stewardship Director's Yearend Report 2008

The average percentage accessibility for baptized church members to pastoral service in Uganda union entities has been only 0.15%. This means that majority of the baptized church members, 99% cannot access pastoral services immediately they need them.