

## ***Financial management and the members' perception of productivity in the south Bahamas conference of SDA***

*La gestión financiera y la percepción de los miembros sobre la productividad en la Conferencia de la Asociación de Desarrollo Sostenible en el sur de las Bahamas*

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Regardless of whether an organization is one operating for the purpose of generating a profit or not, financial management and productivity are seen as elements necessary for the determination of the success of the entity in question. This paper sought to answer the following research problem: The question to be answered is the following: "Is there a relationship between financial management and productivity in the South Bahamas Conference of SDA according to the perception of the members in the South Bahamas Conference of SDA ("SBC"). Due to exclusion requirements, participants were restricted to SBC members holding memberships for at least 2 years. Additionally, participants were required to either have been employed by the SBC or one of its affiliate organizations or to have held a position of a church officer for at least 1 year. The hypothesis was that there is a relationship between financial management and productivity in the South Bahamas Conference of SDA according to the perception of the members in the South Bahamas Conference of SDA. Pearson Correlation calculations resulted in "r" equating to 0.362. The hypothesis was accepted as the results of "r" equating to 0.362 indicates that there is a moderate degree of correlation between financial management and productivity in the South Bahamas Conference of SDA according to the perception of its members. Finally, based on the results of the questionnaire that was distributed, it was recommended that in order to improve member perception on productivity, the South Bahamas Conference of SDA should invest cash surplus into marketable securities to maximize return on cash assets. It is also recommended that the South Bahamas Conference of SDA explore other ways to maximize the use of its capital assets and infrastructure such as renting buildings not in use which can generate additional income and increase member perception on productivity.

**Keywords:** Financial management; productivity; Bahamas Conference.

**ABSTRACT**

Independientemente de que una organización opere con el propósito de generar utilidades o no, la gestión financiera y la productividad son vistas como elementos necesarios para determinar el éxito de la entidad en cuestión. El presente trabajo buscó dar respuesta al siguiente problema de investigación: La pregunta a responder es la siguiente: "¿Existe una relación entre la gestión financiera y la productividad en la South Bahamas Conference of SDA según la percepción de los miembros de la South Bahamas Conference of SDA ("SBC")? Debido a los requisitos de exclusión, los participantes estaban restringidos a los miembros de SBC que tenían membresías durante al menos 2 años. Además, los participantes debían haber sido empleados de la SBC o de una de sus organizaciones afiliadas o haber ocupado un puesto de oficial de la iglesia durante al menos 1 año. La hipótesis fue que existe una relación entre la gestión financiera y la productividad en la Conferencia SDA de Bahamas Sur según la percepción de los miembros de la Conferencia SDA de Bahamas Sur. Los cálculos de correlación de Pearson dieron como resultado que "r" equivale a 0,362. Se aceptó la hipótesis ya que los resultados de "r" igual a 0.362 indican que existe un grado moderado de correlación entre la gestión financiera y la productividad en la Conferencia de SDA de Bahamas del Sur según la percepción de sus miembros. Finalmente, con base en los resultados del cuestionario que se distribuyó, se recomendó que, para mejorar la percepción de los miembros sobre la productividad, la Conferencia SDA de Bahamas del Sur debería invertir el excedente de efectivo en valores negociables para maximizar el rendimiento de los activos en efectivo. También se recomienda que la Conferencia SDA de Bahamas del Sur explore otras formas de maximizar el uso de sus activos de capital e infraestructura, como el alquiler de edificios que no están en uso, lo que puede generar ingresos adicionales y aumentar la percepción de los miembros sobre la productividad.

**Palabras clave:** Gestión financiera; productividad; conferencia Bahamas.

**RESUMEN**

## 1. Introduction

Interest in this study has proliferated in recent times because of observations in the operations of the Church at large and the perceptions of individual members. Manners (2009) expounds upon an issue that is prevalent in the Seventh-Day Adventist Church worldwide, particularly with those regions that have subscribed to and comply with the policies of their respective divisions and by extension, the General Conference of Seventh-Day Adventists. The general policy under examination pertains to the remittance of 100% of the tithe to the local conferences. Manners (2009) proposes that this policy has had a detrimental impact on the development and productivity of the local churches, especially because the local churches in some regions are only allowed to retain a certain percentage of the free-will offerings received. For example, Stewardship Ministries (2016) shows that the Inter-American Division of the General Conference of Seventh-Day Adventists has prescribed that local churches within its jurisdiction are only to retain 60% of the local offering, while 100% of the tithes and 40% of the local offering are to be remitted to the local conference. According to Manners, this matter is of grave importance because by starving the local churches of financial resources, the adverse effects will

have an exponential impact on the productivity of the local conferences as the local churches constitute the “engine” of the Church.

Some local pastors and elders contend that due to the spiritually based nature of the Church, it's productivity is not one that can be tangibly measured. However, an organization that has a well-defined mission and precise objectives can measure its productivity by determining the levels of efficiency and degree of effectiveness that is needed to realize its goals and comparing them to the actual levels of productivity realized in a specific period.

Yadav (2015) describes productivity as the proficiency with which an entity utilizes its resources to achieve a desired result. In determining the productivity of an organization there are two concepts that come to mind – effectiveness and efficiency. Simply put, effectiveness involves doing the right things while efficiency means doing the right things in the right way. The English Oxford Living Dictionary (2019) states that effectiveness is “the degree to which something is successful in producing a desired result.” Meanwhile, Samuelson & Nordhaus (2005) define efficiency as the most constructive use of resources in attempt to bring a goal or objective to fruition.

The mission of the South Bahamas Conference of Seventh-Day Adventists (SBC) is to proclaim the gospel and to support and assist in the development of the spiritual lives of its members. In the case of the SBC, there are numerous questions which when answered can assist in determining whether a relationship exists between the management of the SBC's resources and the members' perception of productivity.

## **2. Definitions**

**Local Church:** A group of individual believers that share the fundamental beliefs of the Seventh-Day Adventist Church and are governed by the local Seventh-Day Adventist conference in their particular jurisdiction.

**Productivity:** the efficiency with which an entity utilizes its resources to achieve a desired result.

**Financial resources:** the resources from which enterprises obtain the funds they need to finance their investments, capital and current activities such as, Cash, Property, Plant & Equipment (PPE).

**Members:** An individual that has been baptized in the Seventh-Day Adventist Church in the SBC.

**Active Member:** A member who attends church regularly and continues to return tithes and give free-will offerings.

**Non-active Member:** A member who is no longer consistently attends church, nor does he continue to return tithes and give free-will offerings.

**Pastor:** Ordained ministers assigned to a church where they are tasked with leading rites and ceremonies and to serve as the spiritual leader of the church.

**Elder:** Person charged to assist the local church pastor directly through the visitation of members, leading of worship services, preaching during times when the pastor is not available, and contributing to the positive development of the local church.

**Treasurer:** Person elected by local church members to manage the finances of the local church.

### **3. Limitations**

Investigative methods employed in this research will be applied to the months of January to December for the years of 2019 and 2021.

As it pertains to the limitations of this research, due to the fact that local church officials change every year, it should be noted that the target sample will only consist of persons serving in the capacity of pastors, elders, and treasurers of a local church within the South Bahamas Conference of SDA during the year 2022. Additionally, please note that financial information used in this research will primarily relate to the years of 2019 to 2020. The factors that will be used to affect productivity will essentially be the number of baptisms, the number of new buildings that were constructed, the number of buildings that were abandoned, and the number of active and inactive members of the SBC.

## **4. Background of research**

### **4.1. Competency and Performance**

Kolibacova (2014) advocates that a relationship exists between competency and performance. Furthermore, not only does she propose that a relationship exists between the two variables, but she also proceeds to describe this relationship. Using both quantitative and qualitative methods, her research suggests that an increase in the competency of one worker over another, will result in an increase in performance of that worker over the other by 7% to 12.5%. At its conclusion, in Kolibacova's research, she recommends that organizations ought invest time and financial resources to increase the competencies of their workers which will in turn increase the performance and productivity of the organization as a whole.



## **4.2. Motivation and Productivity**

Olatunji, Lawal, Badmus, and Tejideen (2016) state that there is a nexus between workers' motivation and productivity. Their study concludes that motivation is a crucial determinant of the productivity of workers. Citing the Oxford Advance Learner Dictionary (2006), they define motivation as the element that propels a person to do something or behave in a particular way. According to Olatunji, so important is motivation that an unmotivated worker becomes a liability to the organizational setting.

They further expound and describe motivation as the process that accounts for an individual's intensity, direction and persistence of effort toward attaining a goal. Consequently, they recommend that organizations take employee motivations into consideration because these can be harnessed to support organizational objectives and improve levels of productivity within the organization.

Sakiru, Othman, Yero, Abdullahi, and Kia (2013) underscore the importance of leadership and its effect on the level of an organization's productivity. According to them, practical leadership is necessary for the establishment and implementation of sustainable productivity among organizational workers. In their research, it is contended that democratic leadership involving less bureaucracy is needed to ensure an organization's survival and success.

## **4.3. Communication and Productivity**

Finnerty (2014) highlighted the importance of communication and its effects on productivity. Depending on the way in which communication takes place, the attitudes of workers are affected which in turn affects their level of productivity. Finnerty focused on communication practices and the moods they bring about in workers. In her paper, she provided useful insights on the communication channels and attitudes of workers. She also noted that those insights are not only applicable to organizations but can be generalized to any collaborative situation and can be an important steppingstone for creating teams that are not only more productive, but more importantly engaged with their mission.

## **4.4. Work Environment and Productivity.**

Saidi (2019) expounds upon the importance of the working environment and its relationship to worker productivity. According to Saidi, productivity decreases when employees have a negative perception of their work environments. This leads workers to disobey rules which leads to declines in performance.

Saidi recommends that organizational leaders ought to engage their subordinates and include them in task-planning and decision making which will show concern for their employees. This will create a work environment to which the workers will feel they contributed to. They will therefore feel a sense of responsibility for the work environment they were instrumental in creating which will therefore increase productivity.

#### **4.5. Financial Management and Productivity**

Kimiti (2020) contends that the growth of Small and Medium Enterprises (SMEs) is stifled by financial management practice constraints. Kimiti's paper was aimed at assessing the impact of financial management practices on the growth of SMEs in Tanzania, a country in East Africa. Based on Kimiti's research financial management has various dimensions. They are Capital Structure Management, Capital Budgeting Management, Inventory Management, Cash Management, Accounts Receivable Management, and Accounts Payable Management. The results of this study revealed the existence of a significant positive relationship between financial management practices and growth within SMEs in Tanzania.

#### **4.6. Dimensions of Productivity**

Safarbeygi (2019) contends that productivity relies on an organization's ability to optimally use all of its capacities. He considers productivity to be an important development tool in any organization and he states that development is mutually dependent on the identification of dimensions, components and productivity indicators. Safarbeygi contends that productivity has two dimensions. They are effectiveness and efficiency. Safarbeygi suggests that productivity is heavily reliant on the way human resources of an organization operate. Further emphasis is placed on access to facilities and the implementation of strong management.

### **5. Research problem**

The question to be answered is the following: "Is there a relationship between financial management and productivity in the South Bahamas Conference of SDA according to the perception of the members in the South Bahamas Conference of SDA."

### **5.1. Statement of the problem**

Different decisions made by management tend to yield different results and may therefore affect productivity in the South Bahamas Conference of SDA according to the perception of members of the SBC.

### **5.2. Justification**

The purpose for performing this investigation is to know the way in which the pastors, elders, treasurers, and employees perceive the productivity of the Administration of the SBC. The outcome of this research will be used to advise the Administration on the perception of the pastors, elders, treasurers, and employees and recommend ways in which member perception may be improved.

### **5.3. General objective**

This research paper seeks to ascertain whether a relationship exists between the management of financial resources and productivity according to the perception of the pastors, elders, treasurers, and employees of the SBC.

### **5.4. Specific objectives**

1. This research paper seeks to determine the various ways in which financial resources are currently used by the SBC.
2. This research paper seeks to inform the Administration on ways in which the perception of the pastors, elders, treasurers, and employees can be improved in relation to their view of productivity of the management of the SBC's financial resources.

### **5.5. Hypotheses and null hypotheses**

H1: There is a relationship between financial management and productivity in the SBC according to the perception of its members.

H0: There is no relationship between financial management and productivity in the SBC according to the perception of its members.

### **5.6. Research design & method**

The aim of this paper is to determine whether a relationship exists between the management of financial resources and the perception of the pastors, elders, treasurers, and employees in relation to productivity in the SBC. To this end transversal quantitative research was performed. It involved field research

and was correlational in nature. Furthermore, the information was gathered from the distribution of questionnaires.

The sampling method was that of convenience sampling. Convenience sampling was chosen as the most appropriate method due to the fact that it is prompt, uncomplicated, and economical. Additionally, members of the SBC were deemed to be readily approachable to be a part of the sample. A sample size of 100 members were chosen in accordance with the following inclusion and exclusion criteria.

In order for members to have been eligible to participate in the research and complete the distributed questionnaires, members had to have been active members; baptized for at least two (2) years; held a position of church officer for at least 1 year. Members must also have been an employee of the SBC (or an employee of its affiliated organizations) or fall in the category of Pastor, Elder, Treasurer, or another church officer. The reason that these inclusion criteria were selected is because persons possessing these characteristics are presumed to have the most profound understanding of the way in which the SBC operates.

Exclusion criteria involved members who were deemed inactive; members that were not Pastors, Elders, Treasurers, or employees; members that were baptized for less than two (2) years; and members holding positions of another church officer for less than one (1) year.

Finally, Jamovi 2.2.5 was selected as the statistical tool and was used to determine Pearson's correlation coefficient ( $r$ ). Pearson's correlation coefficient was deemed suitable as it measures the relationship between two variables. Additionally, it stands to be reiterated that the purpose of this research is to determine whether or not a relationship exists between financial management and productivity in the SBC and not whether or not there is a cause-and-effect relationship between the two variables.

## **6. Results and discussion**

The questionnaire administered to the participants was derived from researcher Kimiti (2020) who authored the paper "An Assessment of the Impact of Financial Management Practices on Growth of SMEs." Kimiti used Cronbach's alpha in testing the reliability of the instrument construct. The main purpose of testing the reliability was to determine whether the instrument consistently measured the items which were in the intention of measurement. This study considered a Cronbach's alpha of 0.6 and above for all constructs as



an adequate for measurement. The instrument derived from Kimiti's research was used to assess financial management in the SBC.

To assess productivity, a researcher-made questionnaire was used to collect data which has the validity and the Cronbach's alpha coefficient was used to determine the reliability. Cronbach's alpha coefficient was calculated to be 0.87 for the questionnaire, which is statistically acceptable and indicates the reliability of the questionnaire. The questionnaire that was used to assess productivity is derived from Safarbeygi which he used in his paper entitled, "Identifying the Dimensions, Components and Indicators of Productivity in Complex Organizations of Ilam Province".

The questionnaire was distributed to 100 subjects that are employed by the South Bahamas Conference of SDA as Pastors, Local Church Elders, Local Church Treasurers, and Teachers at Bahamas Academy of Seventh Day Adventists. It was administered to persons between the ages of 21 to 80. Members were also asked to indicate their gender, as well as, years of membership and years of service. Additionally, members indicated the highest level of academics that they had attained at the point of completing the questionnaire.

Pursuant to the Table 1 below, there were 16 individuals between the ages of 21 to 30; 25 individuals between the ages of 31 to 40; 33 individuals between the ages of 51 to 60; 16 individuals between the ages of 61 to 70; and 10 individuals between the ages of 71 to 80 that participated.

**Table 1. Binomial test**

	Level	Count	Total	Proportion
Age	21-30	16	100	0.160
	31-40	25	100	0.250
	41-50	0	100	0.000
	51-60	33	100	0.330
	61-70	16	100	0.160
	71-80	10	100	0.100

Note: Moreover, of the 100 participants, 41 were female and 59 were male.

Pursuant to Table 2 below, 16 individuals attested to having been members of the SBC for a period that ranges between 11 to 20 years; 25 individuals claimed to be members for a period that ranges between 21 to 30 years; and 59

members stated that they have held their memberships for a period of 31 years or more.

Additionally, 40 of those members claim to have served in their roles for a period of 10 years or less; 9 of those members stated that they have served in their roles for a period ranging between 11 to 20 years; 43 members stated that they served in their roles for a period of 21 to 30 years; and 8 individuals state that they served the SBC for a period of 31 years or more.

**Table 2. Binomial test**

	Level	Count	Total	Proportion
Membership	11-20 years	16	100	0.160
	21-30 years	25	100	0.250
	31 years or more	59	100	0.590
Service	10 years or less	40	100	0.400
	11-20 years	9	100	0.090
	21-30 years	43	100	0.430
	31 years or more	8	100	0.080

Using Jamovi 2.2.5 to calculate Pearson's correlation coefficient, "r" was determined to be 0.362 as can be seen below in Table 3. This indicates that there is a relationship between financial management and productivity in the SBC according to the perception of its members. Furthermore, not only does it indicate that a relationship exists between the two, it indicates that there is a moderate degree of correlation as Pearson's correlation coefficient lies between 0.30 and 0.49.

**Table 3. Correlation Matrix**

		FM	PY
FM	Pearson's r	—	
	p-value	—	
PY	Pearson's r	0.362	—
	p-value	< .001	—

Due to the fact that the SBC is a non-profit organization, the dimension of financial management with the highest risk is that of Cash Management. Amongst other things, the results of the questionnaire revealed that according to the perception of its members, 67 persons agreed, and 25 persons strongly agreed that the SBC prepares cash budgets to assist in the management of its resources. Furthermore, 59 persons agreed, and 17 persons strongly agreed that the SBC applies internal controls over cash.

However, when asked if they agree that the SBC invests cash surplus into marketable securities, 34 strongly disagreed, 33 persons disagreed, 32 persons didn't agree or disagree, and only 1 person agreed.

Another important dimension of financial management in the SBC is Capital Budgeting. According to the survey, 16 persons disagreed, while 33 strongly agreed and 19 agreed that the SBC has adequate funds for investments in long term projects, stock exchange market investments and real estate investments. The remaining 32 persons neither agreed nor did they disagree. Additionally, 24 persons strongly agreed, and 8 persons agreed that the SBC fully utilizes its fixed assets. However, 9 persons disagreed and 59 persons neither agreed nor disagreed that the SBC fully utilizes its fixed assets.

As it pertains to whether or not the SBC reviews its investment and capital building projects on a regular basis, 34 persons agreed that it does, 17 persons disagreed, and 49 persons neither agreed, nor did they disagree.

## **7. Conclusions**

According to the research performed, the hypothesis was accepted as the results indicate that there is a relationship between financial management and productivity in the SBC according to the perception of its members. The results show that most participants of the survey are satisfied with their perceived level of productivity in the SBC. While the SBC manages its Accounts Receivable, Accounts Payable, and Inventory, due to the nature of the organization, most of its business risk is concentrated in the areas of Cash Management and Capital Budgeting.

Matters in which SBC management can improve the members' perception of productivity include increasing investment of cash surplus into marketable securities. In this way, cash surplus use will be maximized as it can be invested into securities that will yield returns and investment income.

Pertaining to the Capital Budgeting dimension of financial management, members' perception of productivity may be increased if the SBC can find

alternative uses for its buildings and infrastructures (i.e. leasing its buildings for short periods at a time). Moreover, as a considerable amount of participants selected the option of “neither agree or disagree” for many of the questions in this category, it is recommended that more initiatives be made for the purpose of educating the membership on the capital budgeting process, the way related decisions are made. Furthermore, it is recommended that capital budgeting decisions, once made, be communicated and disseminated throughout the membership in a more effective manner.

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