



# Analytical Inquiry of CFO Responsibilities: Aggregate Analysis of Perceptual Differences among Sda Conference Leaders in the USA, Canada and Bermuda

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## Abstract

The basis of this investigation was incited by the notion that the perceptions of Seventh-day Adventist (SDA) Conference leadership significantly impacts how the responsibilities of Chief Financial Officers (CFOs) are perceived in terms of their understanding and working knowledge of the importance and performance of CFO duties. Data was collected from a purposeful sample of N=399 at fifty-seven SDA Local Conferences in the United States of America (USA), Canada and Bermuda. A Mixed-Methods sequential exploratory research design utilizing Descriptive Statistics and Student-Newman-Keuls Post-Hoc Tests reflected significant differences among the aggregate results of conference leaders consisting of presidents {CEOs}, treasurers {CFO}, and board members {BM}, concerning CFO responsibilities. Discussion and Conclusions include potential conflicting leadership expectations of the CFO's responsibilities, and a negative influence on the organizational culture and climate. Implications are applicable to organizations where leadership expectations of the CFO's responsibilities have changed or may not be clearly defined or understood.

**KEYWORDS:** Board Members {BM}, CEO (Chief Executive Officer/President {P}), CFO (Chief Financial Officer/Treasurer {T}), expectations, General Conference (GC), leadership, North American Division (NAD), perceptions, responsibilities, Seventh-day Adventists (SDA)

## INTRODUCTION

The CFO represents the highest level of fiscal leadership and financial management service in the business sector (Witzel, 2010). The responsibilities of the chief financial officer has greatly increased over the years due to significant changes in global economies, governments, and globalization in the business and corporate society (Corson and Miyagawa, 2012; Zalud, 2012; MacManus, 2011). While global corporations, governments and organizations continue to experience one financial crisis after another which affects the CFO's position, the ultimate impact of these internal and external factors is the increasing responsibility resting on CFO's to safely guide their company's through the financial turbulence evidenced around the world (Corson and Miyagawa, 2012; Couto and Neilson, 2004; Cunningham, 2005; Ehrenhalt and Ryan, 2007; Heffes, 2009; Linden, 2012; O'Callaghan and Caulfield, 2006; Spanyl, 2011; Strategic Direction, 2004; Swanson, 2007; Tenkate, 2006). Financial reporting and managing information in a creditable manner was also cited as a very critical and essential responsibility of the CFO (LeBlanc, 2012; Vallario, 2011).

CFO's responsibilities necessitates a wide spectrum of relationships within the context of internal and external stakeholders comprising the financial community that are impacted by the organization's financial resources (de Jongh and Wielinga, 2011; Drucker, 1974; PricewaterhouseCoopers, 1999). A crucial responsibility of the CFO pertains to the CFO's relationship with the chief executive officer (CEO) and executive board as members of the organization's leadership team (Menkes, 2011; Carver, 1997; Gray, 1998). Acting as business partners, CFOs and CEOs serve together as executive officers providing each other leadership and support to ensure the organization fulfills its mission and achieves its strategic goals and corporate objectives (MacManus, 2011; Cardillo, 1998; Hartman, 2000). While expectations and perceptions of leadership may differ in some cases, it is vital to the organization's climate for CEOs and CFOs to communicate and work together, avoiding adverse relationships, to maximize the business operationalization of shareholder's value and stakeholder's interest (Shepherd, 2010; Krell, 2003; Millman, 2001).

The emergence of the Seventh-day Adventist Church as a global financial organization, and its rapid growth (Adventist World – NAD 2013, p. 5) as a global financial entity operating in multiple countries and industries has necessitated the emergence and development of skilled financial leadership that add substantial value to the organization (Adventist World – NAD 2013; Corson and Miyagawa, 2012; Menkes, 2011; Witzel, 2010; Voogt, 2010; Shepherd, 2010). CFOs in SDA local conferences function in a similar capacity to CFOs in businesses, corporation and other not-for-profit organizations. The SDA Accounting Manual (2011) refer to the CFO as the individual who has been given primary responsibility for the financial affairs of an entity" (p.4).

As with the business and corporate sectors, SDA local conferences are also directly impacted by the changes in our global societies, and CFOs are expected to navigate their organization financially during these changing times (Hollein, 2013; Vallario, 2011; Quinn, 2011). Barsky and Catanach (2013) stated that there has been a shift in CFO responsibilities, skill set, and an apparent increase in CFO Job responsibilities has occurred. As reflected in the changing organizational structure of the SDA church to accommodate its global mission in a changing world, so the responsibilities, understanding and working knowledge of SDA CFOs has appeared to change. However, it is not clear whether the expectations (Buckingham and Coffman, 1999), perceptions and work pertaining to the responsibilities of CFOs in SDA local conferences are clearly understood by conference leadership; specifically presidents, treasurers and board members.

### **METHODOLOGY**

A mixed methods research design (Creswell, 2014) was used in this study. Creswell (2003) "defines mixed methods research by incorporating the definition that focuses on collecting and analyzing both quantitative and qualitative data in a single study" (p. 210). A sequential exploratory design involving qualitative (Eriksson and Kovalainen, 2008; Nardi, 2003) and quantitative (Elsbach and Bechky, 2009) methods was utilized in the collection and analysis of the data.

In the qualitative phase, interviews were conducted in four conferences among the presidents (CEOs) and treasurers (CFOs). In the quantitative phase Descriptive Statistics were used to analyze the survey data. Analysis of Variance (ANOVA) and Chi-Square statistical data analysis were used to process and interpret the survey questionnaires. The Likert Scale (Tharenou,

Donohue and Cooper, 2007) was used as a survey response from the participants to measure the degree of agreement from strongly disagree (1) to strongly agree (5). Pertaining to this paper, Student-Newman-Keuls Post-Hoc Test were used to analyze and denote pairs and reflect significant differences among the groups.

Random selectivity from a sample to a population to generalize was one of the critical factor (Tharenou, Donohue and Cooper, 2007; Nardi, 2003; Drisko, 1997; Eisner, 1998; Patten, 2000) in this study. A survey was developed and distributed to a targeted group of 57 presidents, 57 treasurers and 285 board members in 57 Seventh-day Adventist local conferences comprising the countries of the United States of America (USA), Bermuda and Canada. The random selection of the executive board members from SDA local conferences in the USA, Canada and Bermuda enhanced generalization of the results of this research to a more global population.

## RESULTS

### Research Question

(1b) is there congruence between the perceptions of the presidents, treasurers, and executive board members as they relate to how the roles, responsibilities, and relationships of the treasurers are communicated?

### Qualitative Analysis

Overall, the interview participant's perceptions of the responsibilities of the CFO from the past, present and future differed between the presidents (CEOs) and treasurers (CFOs) as individual groups. The closest similarity in the past was between two presidents and a treasurer who perceived the treasurers' (CFOs') responsibilities as being a "yes-man" and "servant" to the president (CEO), doing what the president (CEO) says. These past perceptions changed in the present when two presidents (CEOs) and three treasurers (CFOs) indicated that the management of the finances" was the critical responsibility of the treasurer (CFO). The perceptions of the future responsibilities for the "management of the finances" held the same for one president (CEO) and one treasurer (CFO), however, the responsibilities as a whole changed for the groups.

Two of the participants, a president (CEO) and treasurer (CFO) expressed that "providing financial leadership" would be needed, while the remaining participants all expressed differing viewpoints on what the future responsibilities of the treasurer would be. The perceived responsibilities by presidents (CEOs) and treasurers (CFOs) as individuals groups changed from the past, present and future.

### Quantitative Analysis

A segment of the research question is expressed in the following manner pertaining to this topic: Is there congruence between the perceptions of the presidents (CEOs), treasurers (CFOs), and board members as they relate to the roles, responsibilities, and relationships of the treasurer are understood? The level of congruence is expressed in the mean (M) between the three groups.

The analysis and results of this research indicated that significant perspective differences exist among the aggregate of local conference leadership in the USA, Canada and Bermuda pertaining to presidents (CEOs), treasurers (CFOs) and board members concerning their level of understanding and working knowledge of the nature and working responsibilities performed by treasurers (CFOs) in their local conferences.

The three groups tended not to agree on whether the responsibilities (presidents,  $M=3.66$ ; treasurers,  $M=3.11$ ; board members,  $M=3.50$ ) are clearly defined in the conference policies and job descriptions. Pertaining to the responsibilities of the treasurer (CFO), the Student-Newman-Keuls Post-Hoc Test (table 1) indicated that the treasurers (CFOs) responded to this expectation significantly lower than the board members and the presidents (CEOs), but there is no significant difference in the responses between the board members and the presidents (CEOs).

**Table 1: Student-Newman-Keuls Test for Clearly Defined Responsibilities in Conference**

Position	<i>N</i>	<i>M</i>	Treasurer	Board	President
Treasurer	38	3.11			
Board	144	3.50	*		
President	35	3.66	*		

\* Denotes pairs of groups significant difference at the .05 level

Secondly, the three groups tended not to agree on whether they understand and have a working knowledge of the treasurer's (CFO's) responsibilities (presidents,  $M=4.38$ ; treasurers,  $M=4.05$ ; board members,  $M=3.72$ ). The Student-Newman-Keuls Post-Hoc-Test (Table 2) indicates that board members responded to this expectation significantly lower than the treasurers (CFOs) and presidents (CEOs); and a significant difference also existed between the treasurer (CFO) and president (CEO).

**Table 2: Student-Newman-Keuls Test for Understanding and Working Knowledge of Responsibilities**

Position	<i>N</i>	<i>M</i>	Board	Treasurer	President
Board	145	3.72			
Treasurer	39	4.05	*		
President	34	4.38	*		*

\* Denotes pairs of groups significant difference at the .05 level

In spite of the significant differences between the presidents (CEOs), treasurers (CFOs), and board members pertaining to their level of understanding, and having a working knowledge of the treasurer's responsibilities in their local conference; all of the groups believed that the expected responsibilities of treasurers (CFOs) are clearly defined in the North American Division

(NAD) and General Conference (GC) policy books. All three groups also tended to agree that it is the president's (CEO's) responsibility to communicate expectations, but they tended to disagree on whether expectations should be verbally communicated or in a written document.

### IMPLICATIONS AND CONCLUSIONS

Significant implications emerged in light of the findings of this study. Pertaining to the quantitative survey questionnaires that were distributed to the NAD local conference presidents (CEOs), treasurers (CFOs) and board members, the presidents' (CEOs') response appears to reflect their having a higher level of understanding and working knowledge of the

treasurer's responsibilities than the treasurers (CFOs) who "actually occupy the position and do the work".

The treasurers clearly did not perceive their responsibilities (M=3.11) as clearly as presidents (M=3.66) as indicated by lower means. This lack of agreement could create misunderstandings between the two leaders, (presidents and treasurers), as well as cultivate conflict in the leadership team. If the expectation of the treasurer (CFO) are not clearly defined and understood by presidents (CEOs), treasurers (CFOs), and board members; then there is a potential for confusion of expectations, loss productivity, and inter-relational conflicts among the conference leadership.

Because the board members (M=3.72) are less confident than the presidents (M=4.38) and treasurers (M=4.05) of their understanding of the treasurers' responsibilities it may be helpful to have training sessions to orientate and provide a clearer understanding of the treasurer's work.

These strategies may enhance organizational effectiveness while fostering greater accountability and corporate governance.

Failure to clarify expectations can potentially result in problems that may hinder the achievement of organizational goals and objectives; and create conflicting partnerships and relationships between presidents (CEOs), treasurers (CFOs), and board members. Similar outcomes of expectations may exist in other business entities and organizations, however, regardless of industry or sector, when expectations of the CFOs' responsibilities are not clearly defined, communicated or understood among the leadership team; a greater climate may exist for potential conflict between leaders and develop organizational inefficiency.

Therefore, the responsibilities of the treasurer (CFO) should be clearly defined, documented, and communicated in the policies of the governing local conference organizations. Policies regarding the treasurer's work should be updated to reflect the current understanding of presidents (CEOs), treasurers (CFOs), and board members and other key leaders in the organization. Change is to be expected and implemented to ensure that best practices among treasurers (CFOs) are realized in SDA local conferences. Treasurers (CFOs) should also consider and explore the possibilities of discussing their responsibilities with presidents (CEOs) and board members to clarify expectations, definitions and understanding before assuming the position in the conference.

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