



Composite Analysis of Means: Inquiry of CFO Roles, Responsibilities and Relationships in SDA North American Division Conferences

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ABSTRACT

This examination was aroused by thoughts that perceptions of SDA Conference leadership impacts how roles, responsibilities and relationships of CFOs are viewed in terms of their understanding and working knowledge of CFO duties. Data collected in Bermuda, Canada and USA. Descriptive Statistical analysis of Means indicated significant differences among leadership perceptions.

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

INTRODUCTION

The Chief Financial Officer (CFO) represents the highest level of fiscal leadership and financial management service in the business sector (Witzel, 2010). However, changing times in the CFO's world have resulted in changing expectations. Dergel (2014) stated "CFOs' job descriptions depend on a great deal on the companies they work for" (p. 22). But what happens when job expectations change? Understanding expectations at work is critical for leadership effectiveness and efficiency, and also for employee productivity, satisfaction and retention in the work environment (Buckingham & Coffman, 1999). This statement regarding understanding expectations influences every employee in the organization at all levels.

LITERATURE

Summation of CFOs Roles, Responsibilities and Relationships

The **role** of the chief financial officer has changed, evolved and expanded dramatically due to rapid globalization and economic changes in the corporate business sector and society (Corson and Miyagawa, 2012; Zalud, 2012; MacManus, 2011). "Traditionally, a CFO had a background in accounting and managed strictly financial matters. Today, it's much more than this and more than this in franchising. It's constantly evolving as business changes, particularly as a company turns in a new direction" (Anonymous, 2014). Corporations, governments and organizations continue to experience one financial crisis after another which has continued to significantly impact the perception, performance and position of chief financial officers (CFOs) in their organizations (Linden, 2012; O'Callaghan and Caulfield, 2006). The paradigm shift of the CFO's role has increased the influence of CFOs inside their organizations among departments,

executive boards, and stakeholders, as well as outside with Wall Street entities (Linden, 2012; Strategic Directions, 2004). This increase in CFO's influence has resulted in CFOs becoming a more dominate force in their organizations as the controllers of their company's financial resources (Witzel, 2010). CFOs who are committed to fully developing their financial leadership skills and influence add enormous value to their organizations (Corson and Miyagawa, 2012; Menkes, 2011; Voogt, 2010; Shepherd, 2010).

The CFO's role facilitates and 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 component to the fulfillment of the organization's mission is the CFO's relationship with the chief executive officer and executive board as members of the organization's leadership team (Menkes, 2011; Gray, 1998; Carver, 1997). In many organizations CFOs and CEOs serve together as executive officers and business partners providing each other leadership and support to ensure the organization fulfills its mission and achieves its strategic goals and objectives (MacManus, 2011; Hartman, 2000; Cardillo, 1998). 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; Millman, 2001).

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 (Khiyara, 2015; Murphy, 2014; 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 risk and turbulence evidenced around the world (Teach, 2014; Corson and Miyagawa, 2012; Linden, 2012; Spanyl, 2011; Heffes, 2009; Swanson, 2007; Ehrenhalt and Ryan, 2007; O'Callaghan and Caulfield, 2006; Tenkate, 2006; Cunningham, 2005; Strategic Direction, 2004). Financial reporting and managing information in a creditable manner was also cited as a very critical and essential responsibility of the CFO (Goldberg and Bettinghaus, 2015; LeBlanc, 2012; Vallario, 2011).

The ***relationships*** of chief financial officers are vital to all aspects of an institution's services. According to Dergel (2014) "CFOs are not only perceived as leaders for the people who work under their authority in finance but for other executives in the company, as well" (p. 22). A crucial component to the fulfillment of the organization's mission is the CFO's relationship with the chief executive officer (CEO) and executive board; both of which require a close working relationship with the CFO (Robinson, 2015; Carver, 1997; Gray, 1998). In many organizations, the CFO, serving as a strategic business adviser (Anonymous, 2014) and consultant (McCann, 2016) to the CEO while they serve together as executive officers of the organization; working together as a team; and supporting one another to achieve the goals, objectives, and mission of the organization (Hartman, 2000; Cardillo, 1998). Regardless of whatever differences may surface, as members of the organization's top management and leadership team, it is essential to the well-being of the company for CFOs to perform ethically (Warmoll, 2015) and competently (Byrnes, 2014). As CFOs report to the CEOs and their Executive Boards, they must communicate and work together to maximize the value of the organization in all aspects of its operations and avoid having an adverse relationship (Segarra, 2014; Hagel, 2014; Krell, 2003; Millman, 2001).

CFOS IN THE SDA CONTEXT

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). A composite aggregate of Means (*M*) were reported to assess the extend of agreeableness and significant differences among the three groups.

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

RESULTS

The results and analysis of this research highlights that significant perspective differences exist among conference presidents, treasurers and board members concerning their level of understanding and working knowledge of the nature and work performed by treasurers in their local conferences. These significant differences also existed in terms of the treasurer's roles and responsibilities being clearly defined and documented in their conference. A segment of the research question (1b) is expressed in the following manner pertaining to this topic: Is there congruence between the perceptions of the presidents, treasurers, and board members as they relate to how the roles, responsibilities, and relationships of the treasurer are communicated and understood? The level of congruence is expressed in the mean (M) between the three groups.

The three groups tended not to agree on whether the treasurer's *roles* (presidents, $M=3.71$; treasurers, $M=3.10$; board members, $M=3.55$), and *responsibilities* (presidents, $M=3.66$; treasurers, $M=3.11$; board members, $M=3.50$) are clearly defined. Pertaining to the *roles* of the treasurer, the Student-Newman-Keuls Post-Hoc Test indicated that the treasurers responded to this expectation significantly lower than the board members and the presidents, but there is no significant difference between the responses of the board members and the presidents.

Regarding *responsibilities*, the same test indicated that treasurers responded to this expectation significantly lower than the board members and the presidents, but there is no significant difference in the responses between the board members and the presidents.

The three groups tended not to agree on whether they understood and have a working knowledge of the *roles* (presidents, $M=4.38$; treasurers, $M=4.18$; board members, $M=3.74$), *responsibilities* (presidents, $M=4.38$; treasurers, $M=4.05$; board members, $M=3.72$), *relationships* (presidents, $M=4.41$; treasurers, $M=4.05$; board members, $M=3.77$) in their local conference. Pertaining to the *roles* of the treasurer, the Student Newman-Keuls Post-Hoc Test indicated that the board members responded to this expectation significantly lower than the treasurers' and presidents', but there is no significant difference between the responses of the treasurers and the presidents. Regarding *responsibilities*, the same test indicated that significant differences existed between the presidents, treasurers, and board members on how they responded to their understanding and working knowledge of this expectation. In reference to the treasurer's *relationship* to the president and board in their local conference, the test revealed that the board members and treasurers responded to this expectation significantly lower than the presidents', but there is no significant difference between the board members and the treasurers.

In spite of the significant differences between the presidents, treasurers, and board members pertaining to their level of understanding and having a working knowledge of the treasurer's *roles*, *responsibilities*, and *relationships* in their local conference; all three of the groups believe that the expected roles and responsibilities 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

Pronounced implications surfaced in the unveiling of this study. The analysis and results of this research indicated that significant perspective differences exist among the aggregate of local conference leadership in the Bermuda, Canada and the USA, 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. Concerning 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.

Neglect to clarify expectations may conceivably result in problems that may impede organizational effectiveness and efficiency as well as create conflicting partnerships and relationships among the leadership team of presidents (CEOs), treasurers (CFOs), and executive board members. Analogous outcomes of expectations may also 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 leadership and the governing board responsible for institution governance.

CONCLUSIONS

The expected role, responsibilities and relationships 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. Treasurers (CFOs) should discuss their role and responsibilities with the presidents (CEOs) and board members of prospective employing organizations during the pre-employment interviewing stage to clarify expectations, definitions and understanding before assuming the position in the conference.

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