

**HOW CHURCH OWNED BUSINESSES  
PROMOTE SUSTAINABILITY OF THE CHURCH  
A CASE OF SELECTED CHURCHES IN NAIROBI KENYA**

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**Abstract**

*The main objective of this study is to find out the role of church owned businesses on sustainability of the church. Church organizations have over the years been faced with many challenges for survival and sustainability. As such, many churches today have ventured into businesses with an objective of enhancing their going concern. This move has been received with mixed reactions with some churches perceiving it as a good initiative for self-reliance while others perceiving it as an endeavour which is not within the church mandate. The study adopted descriptive research design. For primary data collection, questionnaires were administered and interview conducted. Descriptive statistics were used to present the findings. The results of this study indicate that church businesses do contribute to the sustainability of the church. The financial stability also implies that the church is put in a good position to achieve its biblical mandate in terms of reaching out, evangelising and also supporting the needy in the society. The study concludes that church businesses play a critical role in promoting sustainability of its operations. However, precaution has to be exercised so that the core mandate of the church which is about reaching out with the message of the gospel of Jesus Christ through worship, discipleship, evangelism, missions and social action is not compromised at the expense of business pursuit.*

*Keywords: Business, Church, Evangelism, Going concern, Sustainability*

## INTRODUCTION

The church is a unique institution in that it is both divine and earthly. Divine because it relates to worship and service of God and will therefore be governed by divine rule; and earthly because churches have assets to manage, employees to pay and members who rightfully demand accountability for their financial contributions (Smith, 2011). Though divine, economic volatility has affected the church as it has affected other corporate organizations, resulting to churches giving consideration to their viability and sustainability in the long term (Bahme & Tsague, 2009).

Whereas for corporate organizations sustainability includes economic, environmental and social aspects; for charitable and philanthropic organizations of which the church is a part, sustainability may be defined as an approach to ensure continuity of services to the community (Weerawardena, McDonald, & Mort, 2010). Hastings (2002), emphasizes that sustainability for the church is not just about the numbers, it is more about people by establishing relevance to the congregation; and healthy leadership that is empowered, effective and entrepreneurial.

## Background

According to Chetkovich & Frumkin (2002), the number of churches and Para-church or social mission NGO's is growing, leading to volatility of support and intense competition for followers' offerings and donations within the church and Para-church sector. Therefore, financial constraint challenges, similar to those in the NGO sector have forced churches to adopt strategies aimed at building economic viability. The church therefore should take proactive steps to optimize their activities and ensure sustainability, and continuity of service into the future.

Engaging in business for profit within the church, though an emergent issue is not an entirely new thing. The Catholic Church is known for its massive business empire, though said to be secretive and completely tight lipped about its wealth; while the Church of the Latter Day saints has a corporate empire worth billions of dollars (Winter C. , 2012).

There are churches around the world known to have investments megamalls and other real estate developments, media companies, insurance conglomerates, education and training among other businesses. They also actively participate in politics with some churches funding political aspirants. One such church is the Latter Day Saints whose worldview is that it is as spiritual to give to the poor as it is to make millions of dollars; investment is all part of doing God's work (Winter C. , 2012). Another church is Harford Memorial Baptist Church that has invested heavily in real estate such as shopping malls and senior citizen housing so as to improve the livelihood of their community as well as create jobs (Hamilton-Pennell, 2009). In

addition, there are numerous schools and trainings especially in America and Europe that promote a vision for kingdom businesses, in partnership with and by church, which is said to be the communities' transformation model (Bahme & Tsague, 2009)

The church in Africa, despite numerous challenges in its social, economic and political areas has experienced growth at an unprecedented rate (Kiiru, 2010). The author goes on to state that for the church to sustain her growth despite the challenges, it calls for heightened mobilization of resources. The church has a history of being introduced in Africa by the missionaries, who had an objective of spreading the gospel while expanding the colonies of their countries. Due to this, the local church leaders over many years did not have ownership or vision for the programs or projects as they had been launched and managed by foreign missionaries for many years, which may have created dependency on missionaries for funding and administration even after nations gained independence (Schwartz, 2007). However, over the years as missionary presence has reduced in Africa, the support received from them by the church has also dwindled, resulting to the church experiencing financial challenges and therefore having to look for means to support themselves; making the issue of self-reliance and resource mobilization to gain significance (Kiiru, 2010).

Kenya, like other African nations faces social, economic and political ills and the church is needed more than ever to transform individuals as well as communities with the gospel and to champion social justice in the country. (Kiiru, 2010). He also observes that the church in Kenya is struggling for survival despite its rapid growth; and that to fulfil its role in society and support this growth, church leadership is challenged to mobilize resources. In order to sustain the life and work of charitable organizations, of which the church is a part, Barna (1997), says that it is important to develop strategies that guarantee long-term commitment and contributions. Non-profit organizations in developed countries have become increasingly effective and efficient in mobilizing resources through the application of business-like models (Kiiru, 2010).

Kenya has a population of over forty million people (KNBS, Population & Housing Census Report, 2009), with about 8,000 registered churches (KNBS, Kenya Facts and Figures 2012, 2012). For this study, the researcher will focus on and compare two churches in Nairobi, Kenya: Christ is the Answer Ministries and Nairobi Baptist Church.

## **Problem Statement**

Churches worldwide contribute to achieve important social, economic and political objectives in society. It is expected that the church will provide Bible-based solutions to the myriad of problems in society and individual's lives; solutions that no other institution can provide

(Monrose, 2012). Many of the solutions required involve financial resources and innovative methods to teach scripture, hence the engagement in business. However, business if not well integrated has potential of deviating the church from its mission and vision. In its endeavour to keep to the vision, churches ought to be selective in the nature of business they undertake to ensure that such business complements the role of the church.

### **Study Objective**

To determine the role which church businesses play in enhancing the sustainability of the church operations.

## **THEORETICAL FRAMEWORK**

### **The Sustainability Formula Model**

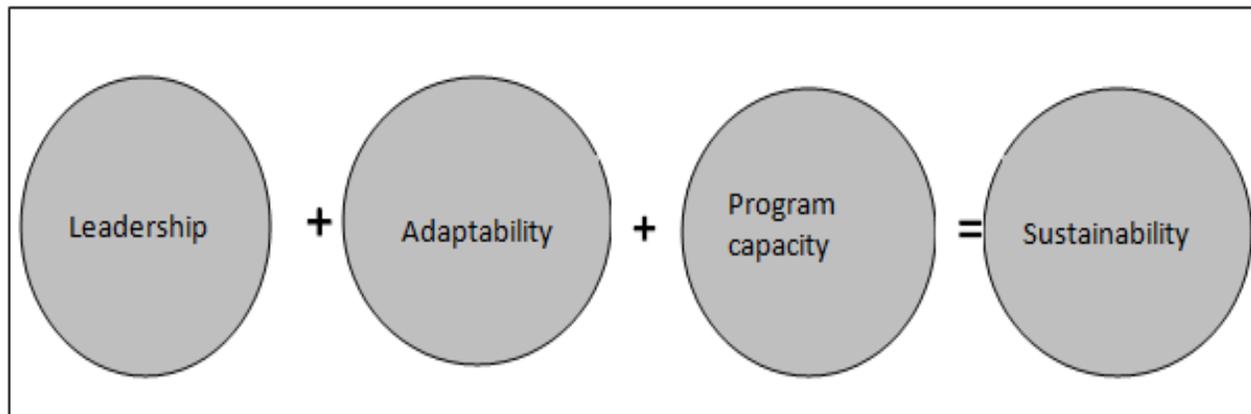
Different scholars argue and advance different key factors to sustainability. For some, the ability of an organization to swiftly and efficiently respond to changes in its context is critical for sustainability; this requires non-profit organizations to adopt business-like posture in their operations (Weerawardena, McDonald, & Mort, 2010). There are also researchers who recommend adoption of innovative practices to ensure sustainability, and in so doing pulling off the difficult task of doing more with less (Jaskyte, 2004). In addition innovation is pursued so as to deliver superior value to the target market and to have competitive edge (Weerawardena & Mort, 2001). Yet for other scholars leadership of both staff and the board and enhanced management systems that ensure greater cost efficiency and effectiveness are provided as the answer to sustainability. Many of these researchers have emphasized balance of mission and money for operational efficiency.

Weerawardena, McDonald, & Mort (2010) in their research emphasize that the core issue is not on operational efficiency, but on building a 'sustainable organization that can continue to deliver social value via the pursuit of its social mission' (pp.2). This view is supported by Padilla (2005), who writes that for a church organization, sustainability is not financial viability or organizational capacity as important as these are; it is more about the ultimate goal of the process – people (Padilla, 2005); it is for this reason that the TCC sustainability formula model is preferred (Figure 1).

Sustainable organizations exhibit leadership that is strategic, visionary, decisive, inclusive, inspirational, motivational and accountable (York, 2010). Leadership capacity is the ability to create vision, to prioritize, to provide direction and to innovate for the long term growth of an organization (Northhouse, 2007). Quality leadership according to (Barna G. , 1997) is a prerequisite to effective mobilizing of resources, through practise of good stewardship. Kiiru

(2010), states that people give because: ‘they are aware of the need to give and the difference their contribution will make in the work of the church’ (pp.84). Qualities that are critical to resource mobilization and result in increased giving of churches are vision, integrity, credibility, competence and commitment. Leadership provides vision as well as dynamism and influence and will therefore inspire followers to be committed and productive towards a given course (Kiiru, 2010). Accountable and faithful stewardship enhances stewardship within the church.

Figure 1: The Sustainability Formula



Source: York (2010)

## EMPIRICAL LITERATURE REVIEW

Stout (2008), in an integrative thesis titled ‘Fostering sustainability and minimizing dependency in mission finances’ sights the case of the Presbyterian Church in East Africa (PCEA) who had for many years received support from a mission society in Scotland. In the 1970’s they requested not to receive any further support in form of funds or volunteers. Within a five year period, the church supported its own ministers, build their church buildings and plant new churches. Following this they supported homeless children from Scotland. The Presbyterian Church operates the Presbyterian Foundation, a business company in Kenya that is in almost all sectors of the economy, most popular being education, health, real estate and hospitality industries (PCEA, 2013).

The Anglican Church of Kenya (ACK) also operates business through the Church Commissioners of Kenya (CCK) including real estate, hospitality and education sectors. In a study conducted by Nzuve (2013), on the Application of Diversification Strategy at the Anglican Church of Kenya, he established that the church has multi-businesses which are supported by multi-structures, all managed with an objective of achieving the vision and mission of the church. The author found that the motives of the church to engage in diversification strategy

are to generate sufficient profits for supporting the church activities and for future growth. The church acknowledges that society needs keep changing given the dynamic environment and therefore constantly seeks to understand and interpret the environment within which it operates and responds. It emerges from this study that the ACK applies diversification strategy as a powerful tool of acquiring and sustaining a competitive advantage. The success of the church was found to be in the ability of the ACK to separate its church mission work from management of the multi-business by creating an investment vehicle (CCK) (Nzuve, 2013).

Omura and Forster (2012), undertook a study, on sustainability of charitable organizations, in Australia on forty four charitable organizations. In their study they found that charitable organizations that engaged in fundraising and budgeted for fundraising expenditure raised more income. Although Kiiru (2010) supports and provides fundraising activities as a method to raise funds for the church, he cautions that this requires professionalism and innovation so as not to tire the congregation with money requests. For more sustainable fundraising, entrepreneurship is encouraged.

The Catholic Church though highly complex in its organizational structure has also its structures embedded socially, culturally and economically within respective national states. This church has also set up agencies that conduct business as well as raise funds that support evangelical and developmental activities throughout the world, such as CAFOD (England and Wales), TROCAIRE (Ireland) and MISEREOR (Germany). In addition to business activities, these agencies raise funds from government and international organizations and as a result have to comply with conditions which are imposed on grants. They also comply with their local governance and legality requirements (Stout, 2008). According to the church leadership, the legitimate role of profit is an indication that a business is functioning well. However, profitability is not the only indicator of a firm's condition. It is evident that for the Catholic church, business is not just about making profit, but is intended to have an impact on the people within the community in which it is operating (Miracle of the Rosary Mission, 2013).

## **METHODOLOGY**

The study adopted descriptive research design. Given the in-depth study of the selected churches, in addition to the quantitative study, qualitative research was also applied which involved study and collection of extensive narrative data on many variables.

The population of the study was four hundred and thirty (430) employees working for the selected churches under study. The target population constituted the pastors and senior to middle-level administrative staff of the selected churches, and the heads of business units totalling up to sixty three employees (63).

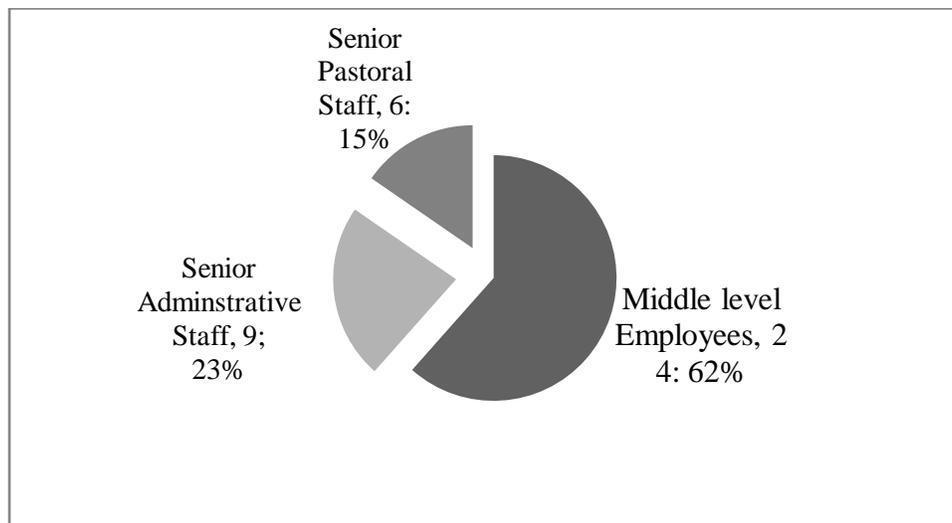
Questionnaires and interviews were used as tools for the correction of primary data. Documentary analysis was used to gather the secondary data. Questionnaire was pretested to ensure the reliability and the validity of the research instrument. Data analysis was done by the use statistical package for social sciences (SPSS) version 21. Both descriptive and inferential statistics were used to present the data. The researcher was committed to upholding the principles of research ethics in the entire research process to avoid deception and misinterpretations of the responses of the research.

## ANALYSIS AND RESULTS

### Demographic Results; Level of Employment

The research targeted senior and middle level pastoral and administrative staff. Figure 2 below represents the level of employment of respondents.

Figure 2: Respondents Level of Employment

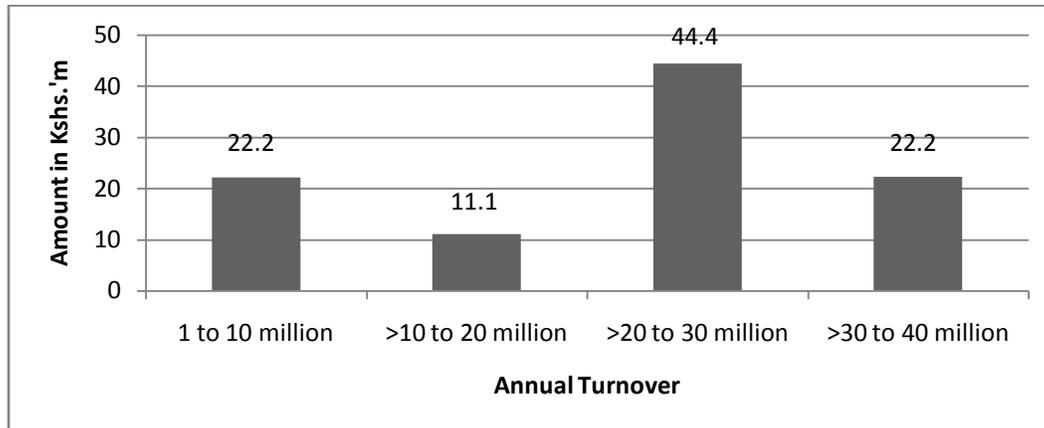


From the responses, 15% were Senior Level Pastoral employees, 23% were Senior Administrative staff while 62% were middle level employees, both pastoral and administrative employees. These were the select categories of staff that the researcher thought would have the information relevant for the study.

### Annual Turnover of the Business

The heads of business units were asked to indicate the income range of their business units. The results are shown in Figure 3 below.

Figure 3: Annual Turnover



22% of the respondents indicated that they have an annual turnover within 1 to 10 million shillings, 11% indicated that their business units have an annual turnover of between more than 10 to 20 million shillings. 22% have an annual turnover between more than 30 to 40 million shillings, while the majority of respondents being 44% who indicated that the businesses they head yield an annual turnover between more than 20 to 30 million shillings per year.

### How Financial Resources Contribute towards Achieving Church Objectives

The respondents were asked to indicate the extent to which they viewed financial resources from business units to contribute towards achieving church objectives. The resulting information is summarized in Table 1 below.

Table 1: Financial Resources Contribution towards Achieving Church Objectives

Statement	Very Much	Much	Not much	Not at All	Mean	Std. Devi.
The church's has been successful in meeting its annual objectives, over the past five years as a results of financing from business activities	5%	28%	13%	54%	3.15	1.01
The financial stability of the church has improved as a results of engaging in business	23%	8%	10%	59%	3.05	1.28
The financial contribution of the church businesses to the overall ministry has increased	28%	21%	5%	46%	2.69	1.32
The financial resources from business have increased ministry opportunities for the church	0%	26%	21%	54%	3.28	0.86
The financial resources from businesses have resulted to better pay/benefits for the employees	0%	28%	23%	49%	3.21	0.86
<b>Average</b>					<b>3.08</b>	<b>1.07</b>

A majority 54% of the respondents indicated that income from business units has not resulted to achievement of church objectives. This finding is consistent with results from review of audited financial reports of the church, in which the researcher observed that the churches receive sufficient financial support through congregational tithes and offerings. From their annual ministry reports, the ministry activities of the churches have grown, which the researcher has taken to be in line with their annual plans. 59% of the respondents indicated that the contribution of the business units to the financial stability of the church has not been much. Only 28% of the respondents indicated that the financial contribution of business units has been 'very much', with a majority pointing towards the financial contribution being 'not much'. Similarly most of the employees did not think that the financial contribution of the business units resulted to better remuneration.

From the churches reports, the churches raise sufficient funds through their tithes and offerings to sustain the church operations, with about 1.2% of church income going towards financial support of the business units. The above findings reveal that although the churches are financially stable, this cannot be attributed to the engagement in business activities. Similarly, employee satisfaction is not attributed to church owned businesses regardless of how extensively these businesses are integrated with church mission.

This implies that although the church owned business contribute towards the church income, with a turnover totalling hundreds of millions, the churches do not rely on income from the business units for their ministry and administrative operations. This is consistent with the expectation that a church should be funded locally by her congregation (Stout, 2008). The researcher had earlier assumed that the findings of Chetkovich & Frumkin (2002), who state that the number of Para-church or social mission NGO's is growing, leading to volatility of support and intense competition for followers' offerings and donations within the Para-church sector apply to a church institution. This may be true for Para-church and NGO's but not necessarily for a church institution. The churches under study display an ability to meet their operational needs. However, where it regards growth or expansion, the comment by Kiiru (2010), that 'for the church to sustain her growth despite the challenges, it calls for heightened mobilization of resources' is upheld by the findings. A challenge expressed by both churches was in adequate resources for expansion plans. The researcher noted from the financial reports that both churches had bank borrowings that were utilized to finance expansion projects.

### Ability of Business to meet all Operation Costs

The heads were also asked if their businesses were able to meet their operational costs. The respondents indicated that the church businesses break-even; where the institution is able to fully meet its operation costs, except one of the business units which is a health clinic. From the financials the high capital businesses of real estate and media, though breaking even are repaying on the initial capital cost thus closing financial years in a deficit position. On the question of transfer of profit to the church, the respondents indicated that the business transfers its profits to the church. Both institutions fully own their business units, with exception of a University Institution under one of the churches, with 60% ownership of the unit; this institution however is not among those examined in this study. The accounts of the church and business units are consolidated with the units, and like the church operated on annual budgets.

### The Role of Leadership in Church Sustainability

The church employees were also asked to rate statements that were intended to establish if role of leadership in sustainability of the church through focus on ministry, financial stewardship and effort to ensure employee satisfaction; the responses are summarized in table 2:

Table 2: The Role of Leadership in Church Sustainability

Statement	Excellent	Good	Satisfactory	Poor	Mean	Std Dev.
How would you rate the response of church leadership to ministry opportunities	18%	49%	21%	12%	2.28	0.92
How would you rate the financial stewardship/accountability of the church	28%	59%	8%	5%	1.90	0.75
How would you rate your satisfaction level as an employee of the church	13%	69%	10%	8%	2.13	0.73
How would you rate the effort of the church leadership in developing her staff	33%	49%	10%	8%	1.92	0.87
How would you rate the church leadership effort in motivating & retaining staff	31%	46%	10%	13%	2.05	0.97
How would you rate the church Leadership as regards focus on ministry	28%	44%	8%	20%	2.21	1.08
<b>Average</b>					<b>2.08</b>	<b>0.89</b>

Response of leadership to ministry opportunities was ranked as good by 49% being majority of the respondents, 18% having responded with excellent while 21% viewed leadership's response to ministry as satisfactory. Leadership was viewed to have a high focus on ministry with 28% rating leadership focus to ministry as excellent and 44% rating the same as good. This implies that despite involvement in business, the leadership of the church is not viewed to have mixed priorities, but having a clear focus towards ministry which is the primary role of the churches. There is however a significant 20% of employees who consider the focus of church leadership towards ministry as poor which indicates likely area of further investigation.

The employee rated financial stewardship of leadership highly, with 59% rating good and 28% rating excellent. Financial stewardship is an important aspect of organizational sustainability. When leadership is perceived to be accountable, then the congregation will more confidently give finances. Barna (1997) emphasized that quality leadership is a prerequisite to effective mobilizing of resources, through practise of good stewardship.

On parameters that result to employee satisfaction, leadership was ranked most as good and excellent: 49% and 33% respectively in their effort to develop employees while leadership effort in motivating and retaining staff as 46% good and 31% excellent. These results tie in with the earlier findings, where employees are seen to remain in employment of the church for many years. On the rating of employee satisfaction, 13% rated their satisfaction as excellent and a majority 69% as good. These results agree with York (2010), who in the Sustainability Formula indicated that sustainable organizations exhibit leadership that is strategic, visionary, decisive, inclusive, inspirational, motivational and accountable; leadership in the two churches is seen to be decisive as regards ministry as well as taking active methods to retain a motivated workforce.

Leaders of an organization have among their task to ensure employees have a sense of belonging and enjoy some level of satisfaction for them to be effective in their output. Employee satisfaction can be further enhanced through recognition, career and personal development as well as having the assurance and support of their supervisors (Northhouse, 2007). On the overall the leadership of the churches examined have made effort to ensure employee satisfaction which results to productivity and thus sustainability of the institutions.

## **DISCUSSIONS AND IMPLICATIONS**

The findings established that the churches under study were involved in business ventures owned by the churches. The businesses are in varied sectors, being education, medical/health, hospitality, media and real estate. The churches under study have undertaken business activities that increase their avenues to reach out to the community, while at the same time

earning the church some income, in this way, program capacity for the churches is not only enhanced, but also the churches are able to attract the community and in so doing able to share the gospel and advance the Kingdom of God. When comparing the income of business units relative to overall church income, the extent of involvement in business was found to be moderate when compared with the overall income of the churches. York (2010), in his study on sustainability concluded that sustainable non-profit organizations differentiate themselves by having adequate resources and facilities to deliver their services. These churches are seen to differentiate their products by engaging in activities that link them to the community yet keeping these activities not only self-financing but contributing to church income.

## CONCLUSION

The study concludes that churches have benefited in furtherance of their mission and program capacity through the business units. The churches are able to reach out to a wider community, through the business units, in which worship, discipleship, evangelism, missions and social action are propagated. The churches studied could consider a model of setting up a separate business arm so as to oversee the business units while maintaining full ownership. This separation is likely to lead to flourishing of the businesses while allowing church staff, especially administrative staff to concentrate on ministry support.

## LIMITATIONS OF THE STUDY

The study scope was limited to two selected churches in Nairobi Kenya and therefore the findings may not be generalized. However, the businesses venture and practices that the churches under study have adopted are to a large extent similar to other churches and therefore the findings in the study can be significant to churches across the board. Further research however, could be conducted in other churches with businesses in different sectors of the economy.

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