

# Financial Sustainability Of Churches In Zambia

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## Abstract

*This study investigated the financial sustainability of selected churches in Zambia, exploring the challenges and strategies for long-term viability and effectiveness. The core problem addressed is the heavy and unsustainable over-reliance on member contributions (tithes and offerings), which renders churches vulnerable to economic fluctuations, as demonstrated during the COVID-19 pandemic. The primary aim was to examine financial management practices, determine alternative funding sources, and identify strategies to enhance financial sustainability. A mixed-methods approach was employed, collecting primary data via questionnaires from 50 participants across five major churches and supplementing this with secondary data from reviewing financial reports. Data was analyzed using descriptive statistics, inferential statistics, and thematic analysis. Key findings revealed significant reliance on tithes and offerings (80% of revenue), coupled with limited financial literacy among leaders, and the prevalence of informal financial management practices and manual record-keeping. Additionally, a lack of transparency regarding legal documents like Title Deeds for church assets was noted. The main implication is that churches must urgently treat over-reliance as a high risk and implement strategies for revenue diversification, capacity-building in financial management, and increased transparency to ensure resilience and mission fulfillment.*

**Keywords:** *Financial Sustainability, Church Governance, Revenue Diversification, Zambia Article Body*

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## I. Introduction

### Background to the Issue:

The declaration of Zambia as a Christian nation and the subsequent economic liberalization led to an unprecedented establishment of new churches. This proliferation raised critical questions about the financial sustainability of these establishments and their ability to operate without member contributions. The issue was acutely highlighted during the COVID-19 pandemic (2019–2021) when many churches could not sustain their operations without contributions, resorting to requesting tithes and offerings via mobile money and exposing their financial fragility.

### Gap in existing research

While research exists on the financial sustainability of non-governmental organizations (NGOs) and faith-based development organizations (FBDOs) in Zambia, a clear, dedicated investigation into the financial sustainability of the churches themselves, particularly their self-sustenance capabilities, remained limited.

### Why this problem matters

The issue is critical both practically and academically. Practically, the scarcity of funds and heavy reliance on members hinder churches—which should function as public benefit organizations—from supporting vulnerable members during crises, often making the church appear "too desperate for money" for its own survival. Academically, this study addresses the identified gap, providing empirical evidence that contributes to the limited knowledge base on church financial management and stability in the Zambian context.

### Research objectives

The study sought to achieve the following objectives:

To establish the major sources of income for the selected churches.

To determine how the churches would sustain operations during a sudden, drastic reduction in member income.

To establish alternative ways through which the church would mobilize resources for effective operations.

To determine the legal status of the churches by indicating the availability of documents such as Title Deeds.

## **II. Literature Review**

### **Theoretical Foundations**

The study is underpinned by concepts drawn from various management theories relating to non-profit organizations. Key themes include the crucial role of effective Financial Management (budgeting, reporting, internal controls), the necessity of Resource Development through diversification of revenue streams (Lee & Kim, 2020), and the importance of Stewardship (responsible resource management). Additionally, strong Governance and Leadership (emphasizing transparency and accountability) is considered essential for financial sustainability (Trenholm, 2018).

### **Empirical Research**

Existing empirical research in Zambia, such as studies on NGOs funded by the Churches Health Association of Zambia (CHAZ), demonstrated that reliance on a single funding source necessitates diversification to mitigate risk and ensure viability. Research on Civil Society Organizations (CSOs) also highlighted that financial variables like income diversification, financial planning, and sound management practices significantly influence sustainability. These studies confirm that church finance, locally and globally, predominantly stems from member contributions (tithes and offerings), donations, and grants.

### **Key themes or models in management/business**

The literature suggests that churches should adopt a mindset akin to running a business by considering associated risks, focusing on investment ideas, and diversifying their revenue bases to become financially resilient. Globally, churches face challenges from declining donations and are increasingly urged to adopt management best practices, sustainable financial systems, and modern financial technology (FinTech) solutions to improve transparency and sustainability.

### **Limitations in existing literature**

Despite the importance of the topic, the literature has a notable gap concerning comprehensive, contextualized research on the financial sustainability of churches specifically in Zambia. Crucially, there is limited insight into how these churches could sustain themselves financially if contributions from their members were to cease.

### **Rationale**

The persistent problem of church financial fragility, exacerbated by external economic shocks, combined with the clear gap in dedicated local research on the mechanisms for self-sustenance, provides the strong rationale for this study. This study aims to fill this void by empirically investigating current practices and alternative strategies.

### **Conceptual / theoretical framework**

The conceptual framework for this study defines the relationship between key organizational variables and the church's financial health, drawing on organizational management and financial theory.

**Independent Variables (Factors that influence sustainability):** Financial Management Practices, Governance and Leadership, Resource Development, Financial Literacy, and Strategic Planning.

**Dependent Variables (Measures of financial health):** Financial Sustainability, Financial Performance, Financial Stability, and Financial Resilience.

### **Conceptual Model**

A conceptual model links the independent variables to the dependent variable of Financial Sustainability.

### **Linkages Between Variables/Themes**

Effective Financial Management Practices and high Financial Literacy among leaders enable informed Strategic Planning. Under strong Governance and Leadership (characterized by transparency and accountability), a church is better positioned for successful Resource Development (diversification), which ultimately leads to a robust state of Financial Sustainability (stability and resilience).

### III. Methodology

#### Research Design

The study adopted a mixed-methods research design, integrating both qualitative and quantitative approaches to provide an in-depth and comprehensive view of the financial sustainability challenges and practices.

#### Participants / Data Sources

The study focused on five traditional and well-established mainline churches in Zambia, including the Reformed Church in Zambia, United Church of Zambia, the Salvation Army, The Anglican Church of Zambia, and the African Methodist Episcopal Church. The target sample size was 50 participants, comprising 10 individuals (pastors, elders, treasurers, and ordinary members) drawn from each of the five selected churches.

#### Data Collection Tools

**Primary Data:** Research questionnaires were administered to the sample of church leaders and members to collect both quantitative and qualitative data. Interviews were also conducted with church leaders and financial managers to gather qualitative insights into financial decision-making.

**Secondary Data:** A review of church financial reports, annual reports, and relevant documents was conducted to provide insights into financial management practices and historical trends.

#### Data Analysis Method

**Quantitative Data:** Descriptive statistics (such as frequency distributions, means, and standard deviations) and inferential statistics were used to summarize survey data and identify trends.

**Qualitative Data:** Content analysis and thematic analysis were used to identify underlying patterns, themes, and insights from the interviews and financial documents. The findings from both data sources were then triangulated.

#### Ethical Considerations

Ethical clearance was obtained, and the research adhered to standards ensuring informed consent, voluntary participation, anonymity, and the confidentiality of all participants and the churches involved.

### IV. Findings / Results

The analysis of the collected data yielded several key findings regarding the financial landscape of the selected churches.

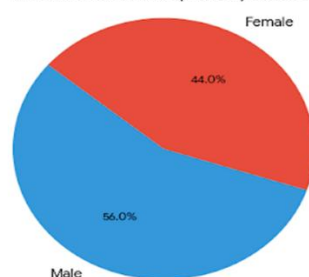
#### Demographic Characteristics

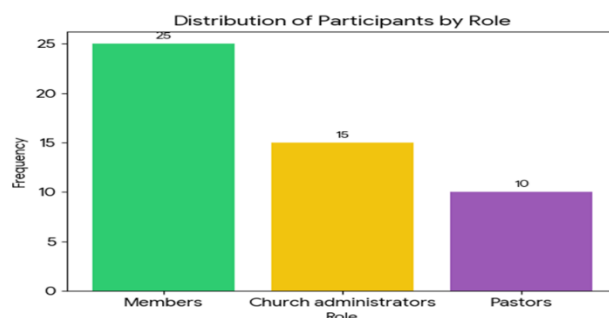
The study on financial sustainability of Churches in Zambia targeted 50 participants from 5 churches, with 10 participants per church. This is demonstrated from table 1 below. Out of the 50 targeted participants, 28 were males whilst 22 were females. This included 10 Pastors, 15 Church administrators and 25 ordinary church members.

**Table 1 Demographic Characteristics**

Demographic Characteristics	Frequency	Percentage
Male	28	56%
Female	22	44%
Pastors	10	20%
Church administrators	15	30%
Members	25	50%

**Distribution of Participants by Gender**



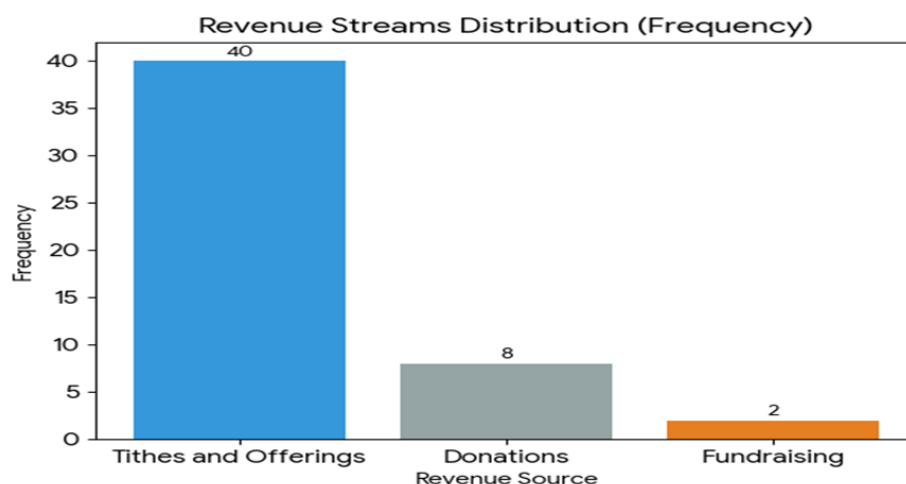
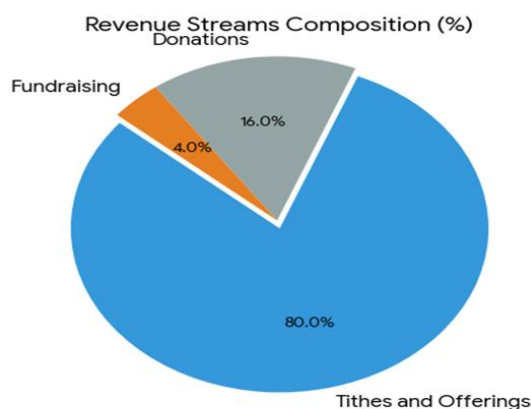


### Revenue Streams

The findings highlight a significant lack of diversification in revenue streams as seen from the below table 2:

Revenue Streams	Frequency	Percentage
Tithes and Offerings	40	80%
Donations	8	16%
Fundraising	2	4%

The research findings on financial sustainability of churches in Zambia as indicated in the above table 2 reveal a significant reliance on tithes and offerings, accounting for 80% of their revenue. This suggests that churches in Zambia are heavily dependent on the generosity of their members. In contrast, donations account for 16% of their revenue, while fundraising activities contribute a relatively small 4%. The findings point to the need of the Churches in Zambia to explore alternative revenue streams to reduce their dependence on a single source of income.



### **Financial Management and Literacy**

Churches were found to have informal financial management practices, lacking formal financial reporting systems and relying heavily on manual financial record-keeping. This is compounded by a lack of financial literacy and capacity among both church leaders and members, which hinders effective financial management and planning.

### **Expenditure Patterns**

The majority of expenditure is allocated towards ministry programs, with smaller, less substantial proportions directed towards church operations and community development projects.

### **Legal Status and Asset Ownership**

The study revealed a notable lack of awareness about crucial legal documents, specifically Title Deeds for church properties, among the general membership. This finding suggests a potential risk to the ownership and control of church assets.

## **V. Discussion**

### **Key Findings**

The finding of an 80% dependence on tithes and offerings empirically validates the central problem of this study: Zambian churches have a high-risk financial model. This severe lack of diversification directly explains why many struggled during the COVID-19 pandemic. The informality of financial practices and low financial literacy among leaders further exacerbate the risk by preventing strategic decision-making and undermining accountability.

### **Linkages of the Findings to Theories and Prior Studies**

The current financial model directly contravenes best practices highlighted in the literature, which advocate for Resource Development through diversified revenue streams (Lee & Kim, 2020) and the critical need for a risk-aware, resilient organizational approach. The lack of reporting systems and transparency also signals a failure in implementing strong Governance and Leadership principles (Trenholm, 2018), resulting in limited Financial Resilience.

### **Practical Implications for Organizations / Managers / Policymakers**

The key practical implication is that church leadership must immediately recognize the over-reliance on offerings as a huge financial risk. They are advised to move beyond manual and informal processes to establish a comprehensive financial plan and implement systems for transparency, such as formal financial reporting and internal audits. Capacity-building initiatives are essential to improve financial management skills.

### **What My Study Reveals About the Problem**

This study conclusively reveals that the current financial structure of churches in Zambia is fundamentally unsustainable and cannot withstand economic shocks without member contributions. This model limits their social impact and jeopardizes their long-term viability.

## **VI. Conclusion**

### **Summary of Key Insights**

The major insights confirm that selected churches in Zambia exhibit a high-risk financial profile, characterized by over-reliance on member contributions for 80% of their income, informal financial management practices, limited financial literacy, and a failure to secure or track legal documents for major assets (Title Deeds).

### **Contribution to Knowledge**

This research fills a critical gap by providing empirical evidence and a contextualized analysis of financial sustainability challenges specific to churches in Zambia. It establishes a baseline understanding of their financial risk and provides a clear framework for policy and strategic reform.

### **Practical Recommendations**

**Embrace Revenue Diversification:** Churches must actively explore alternative, sustainable funding sources, including investments (e.g., government bonds), grants, and commercial income-generating activities.

**Improve Financial Governance and Transparency:** Develop comprehensive financial plans, implement formal financial reporting systems, and promote transparency through audits to build trust and accountability.

**Invest in Capacity Building:** Deliberately invest in training and capacity-building initiatives to enhance the financial literacy and management skills of church leaders and members.

**Secure Asset Ownership:** Develop a robust system for managing, storing, and communicating the status of legal documents, such as Title Deeds, to mitigate the risk of asset loss.

#### **Limitations of the Study**

The study was limited in its scope, focusing only on five well-established traditional churches and using a relatively small sample size of 50 participants, which may limit the generalizability of the findings to smaller or newer church denominations.

#### **Suggestions for Future Research**

Future research should focus on a larger-scale study to validate and generalize these findings, investigate the specific impact and effectiveness of financial literacy programs, and explore innovative funding models like social entrepreneurship or partnerships with external organization

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