

CAUSES OF INSUFFICIENT REVENUES IN HISPANIC CHURCHES IN SOUTH FLORIDA

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ABSTRACT

Churches in the United States are currently facing an attendance crisis. With the decrease in membership comes a reduction in funds. This negative impact on the organization's finances can directly influence the church's operations. This article aims to evaluate and suggest a funding strategy for Hispanic Churches in South Florida, to raise sufficient funds for their effective and efficient operations. As a result, faith-based organizations need robust financial management to achieve economic sustainment. Church leaders must focus on external and internal factors, financial planning, and develop and maintain partnerships with external entities to expand their finances.

JEL: M1, M12

KEYWORDS: Personnel, Personnel Management, Management, Nonprofit, Hispanic Churches, Faith Based Organizations, Funding Strategies

INTRODUCTION

This article examines the causes of insufficient revenues in Hispanic Churches in South Florida. In 2017, the author entered a doctoral program at the School of Business Management in the United States and received a Ph.D. in Business Management in October 2021. His focus and dissertation are centered on how faith-based organizations can achieve financial independence. Some of his work is scholarly work is referenced in this article. There is an abundance of literature dedicated to the increase of funding and attendance for faith-based institutions. However, there is little information available for Hispanic Churches in South Florida. Most of the literature is dedicated to those in leadership and management positions within English-speaking churches. However, the research is limited to Hispanic churches, and no literature describes and evaluates the funding strategies for Hispanic Churches in South Florida. Currently, churches in the United States are suffering a decline in attendance. Corley (2018) states that Churches in America are seeking strategies to retain their active members. Many places of worship are battling to gain new congregations participants (Corley, 2018)—the latter results in an effect on the church's funding. Leadership and managers at these struggling congregations must develop a funding strategy to increase attendance and positively impact their faith organizations.

A lack of funding strategies has impacted many faith-based organizations in the United States (Salmon, 2016). Included with the latter, many other similar organizations failed to adopt a current funding strategy with the times. It is important to note that the problem affects English-speaking and Hispanic churches in the United States. Hispanics represent about 17 percent of the U.S. population (Pierce, 2017). This results in several Hispanic churches that are available to serve these communities. Pérez-Bullard (2019) states that another obstacle for Hispanic churches is the lack of knowledge and experience many leaders and managers have in raising sufficient funds for their operations. Many Hispanic leaders and managers are unaware of the funding resources that are available to them. Others do not have the tools or the training to develop a strategic plan or a funding strategy (Vale, 2019). Many leaders and managers are reluctant to change or be

innovative (Kang & Jaskyte, 2011). These impediments may lead to a lack of membership, which will correlate with a decline in the congregation's finances.

According to Hill (2019), a society must be self-sufficient, and the early Church understood the need to achieve this level of financial and economic stability. However, not having a financial strategy or economic system could be a factor that contributes to the congregations' decline in resources and attendance (Vale, 2019). The church's primary focus is to produce an encouraging environment for new attendees to have a positive experience (Johnson, 2018). However, if the Church is not successfully developing a funding strategy that could positively impact its economy, the chances of creating such an environment could be non-existent. The article is organized as follows: Introduction, Literature Review, Data Methodology, Results and Discussion, and Concluding Statements.

LITERATURE REVIEW

Nonprofit organizations are essential to society (Daft, Benson, & Henry, 2020). These companies provide services to a specific market; their main goal is generating social impact or a "civic virtue" (Neumayr, Schneider, & Meyer, 2015). The nonprofit organization is managed very similarly to its for-profit counterparts. Planning, organizing, leading, and controlling functions apply to nonprofits just as to for-profit business organizations (Daft, Benson, & Henry, 2015). The characteristics and needs of nonprofit organizations present a unique challenge for managers. According to Lorena (2020), nonprofit organizations raise funds for their operations from several sources. Financial resources typically come from government appropriations, grants, and donations rather than sales of products or services to customers (Daft, Benson, & Henry, 2020). On average, some 31% of nonprofits' total income in the United States and about 45% of European organizations stems from the State (Neumayr, Schneider, & Meyer, 2015). Federal, State, and local governments use a range of policy and funding instruments to support nonprofits in their work (Shea & Wang, 2016).

The Economy of Southeast Florida

Florida is one of the top destinations for many world travelers (Walton, 2020). Florida depends heavily on global trade, farming, aerospace and aviation, and life sciences (Walton, 2020). According to the Bureau of Economic Analysis (2020), The State of Florida had the fourth-largest economy in the nation behind California, Texas, and New York. Furthermore, the Florida Senate (2019) noted in their FY 2019-2020 General Appropriations Act that the Sunshine State has a GDP of \$1.1 trillion and a \$91.1 billion budget. Recently, South Florida has risen to global importance as a critical market for tech entrepreneurship. The rapid growth in startup ventures has outpaced institutional capital in the region (PR Newswire, 2021). These figures provide a panoramic view of Florida as a whole. However, a lack of direct economic data was noted while investigating the Southeast regions of Florida's economy. Due to this lack of data, different areas in the region that would impact the economy were researched. The goal is to provide a gross domestic product (GDP) for the State's Southeast region.

Southeast Florida is situated in what is typically considered South Florida; hence, Southeast Florida and South Florida are both in the same area. Finding the exact limits of this region is challenging, as different sources have different region limits for this area. For example, Ng et al. (2021) noted that the South Florida region starts in Palm Beach County and ends in Miami-Dade County before entering the Florida Keys. On the contrary, the American Red Cross (2020) has South Florida starting in Indian River County, moving west to Lee County, and ending in Miami-Dade County. For this study, the focus will be on the Tri-county area as proposed by Ng et al. (2021). This regional area consists of Palm Beach, Broward, and Miami-Dade counties. According to the United States Census Bureau (2019), Miami-Dade, Broward, and Palm Beach counties currently have a population of 6,158,825, which ranks the Tri-county area 8th in the United States by population size. The metropolitan statistical area (MSA) suggests that international migration has

increased by 508 percent since 2010 (United States Census Bureau, 2019). The same study states that Miami is the second city to increase the migrant population, New York City being the first. The latter suggests that the Tri-county area's economy may differ from the other surrounding counties in the South Florida region. As stated above, the GDP of the Tri-county area would provide an economic overview of the region.

Poverty

Recent research suggests that high-poverty neighborhoods within the United States are associated with concentrations of African Americans and Latinos (Walker & Brisson, 2017). Poverty affected 38.1 million Americans in 2018, 11.8 percent of the US population (Poverty USA, 2020). In contrast, 26 million families, representing 10.8 percent, were impoverished in 2010 (Kayitsinga, 2015). Between 1993 and 2000, this trend among families and individuals reflects decreased poverty levels and increased rates between 2000 and 2010 (Kayitsinga, 2015). Hispanics show a decline in poverty levels, representing a decrease of 5.4 percent between 2002 and 2006 (Kayitsinga, 2015). Nonetheless, an increase in poverty was noted in 2007 and 2010 (Kayitsinga, 2015). The latter represents an increase of 23.3 percent. The rate for non-Hispanic whites increased by 19 percent in 2002 and 2006 (Kayitsinga, 2015). Additional data was also noted in 2007 and 2010 for the same demographics, representing a 21.9 percent increase (Kayitsinga, 2015). African Americans also increased by 0.6 percent between 2002 and 2006 and 11.7 percent between 2002 and 2010 (Kayitsinga, 2015). Lastly, Asians represent an increase of 18.7 percent between 2007 and 2010 (Kayitsinga, 2015). Families with children under 18 have a higher poverty rate than those with children 18 or older (Gennetian et al., 2019). Families headed by females with children under 18 have a disproportionately higher poverty rate than married couples and males heading the family with no spouse. The poverty rate for Hispanic families headed by females with no husband and having children under the age of 18 was 53 percent, males as head of the family with no wife present were 28 percent, and married couples were 16 Percent for married couples as head of the family (Kayitsinga, 2015).

The poverty rate for Hispanic families with children under five years and between 5 and 17 years of age is higher (Kayitsinga, 2015). In 2019, the poverty rates were down for all communities but remained high for Hispanics. Wilson (2020) noted a 1.9 percent decrease in Hispanic poverty rates in the United States. In 2019, more than one-quarter of Hispanic children faced the highest poverty rates. Also, Hispanics under 18 lived at or below the poverty level in 2019 (Wilson, 2020). Wilson (2020) noted that the Supplemental Poverty Measure provides accurate measurements for poverty rates. The official poverty rate only captures the before-tax income, while the Supplemental Poverty Measure captures several noncash credits or benefits. Also, the Supplemental Poverty Measure allows for geographic changeability in poverty based on the differential cost of living. Wilson (2020) stated that the SPM poverty measurement for Hispanics in 2019 was 18.9 percent, and the official poverty measurement was 15.7 percent.

Income

Regarding income, the median Hispanic household in the US is \$40,483 between 2009 and 2011 (Kayitsinga, 2015). Compared to other groups, non-Hispanic Whites and Asians had the highest median annual income. African Americans represented the lowest income, \$34,625, and Hispanics represented an estimated \$15,395 per capita (Flores, 2017). According to Wilson (2020), in the 2019 Census Bureau report on income and poverty, despite Hispanic population growth, an income gap persists. Wilson (2020) noted that Hispanics' median household income increased by 7.1 percent. The latter represents an increase of \$52,382 to \$56,113. In the same year, the median Hispanic household earned 74 cents for every dollar income a white household earned. The latter has been unchanged since 2018 (Kochhar, 2019; Wilson, 2020). The Economic Policy Institute compared household incomes in 2007 and median household incomes in 2019. The Hispanic community reflected a 21.1 percent increase; however, due to the current COVID-19 pandemic, Hispanics have experienced a massive job loss (Noe-Bustamante et al., 2021).

Employment Status

Between 2009 and 2011, 65 percent of the employed civilian population was 16 or older (Kayitsinga, 2015). Hispanics represented 68 percent of the labor force. Also, 59 percent were used within the Hispanic population, and 12 percent were unemployed (Kayitsinga, 2015). African Americans and Native Americans represented the lowest unemployment rates. As of 2019, the Hispanic unemployment rate had a downward projection from 5.8 percent to 4.3 percent. The latter represents a period between 2017 and 2019 (Kochhar & Krigstad, 2017; Asante-Muhammad & Hernandez, 2019). The national average unemployment rate gradually decreases to 3.7 percent (Kayitsinga, 2015). The Hispanic community reflects a lack of valued resources. These include income, education, health, and employment status. Hispanics also face higher poverty rates when compared to other demographics. According to Kayitsinga (2015), low levels of poverty, high unemployment rate, and low income are rooted in the structural conditions of labor markets, particularly the restructuring of the economy. Lastly, a college degree is a critical path towards more excellent economic stability in today's economy. However, obtaining or creating an educational approach is challenging for the Hispanic community.

DATA METHODOLOGY

The decision to use an explanatory case study design was because one can better understand the perception of managers and leaders of the faith-based organization with other designs. The descriptive case study will be used if investigators seek to answer a question that explains the presumed causal links in real-life interventions that are too complex for the survey or experimental strategies. In evaluation language, the explanations link program implementation with program effects (Yin, 2018). The investigator collected and analyzed information from both Mision Vida Church officials and interviewed (2) A New Covenant of Love Ministry Church officials. The data and interviews were collected between 2019 and 2020. Data for the 2020 census was unavailable at the time of the data collection.

RESULTS AND DISCUSSION

Based on the research finding, the following recommendations are proposed:

Church leaders should focus on financial planning during a downturn in attendance. This will safeguard financial security if there is a decrease in donations. The finding suggested that one of the challenges is developing membership ownership and consistency with attendance. The most substantial source of income for the church has been donations. As stated above, Faith-based organizations rely on donations and may use this funding model to achieve this financial objective. Members of these nonprofit organizations donate money because the latter is an integral part of their life, and it is an action that many would consider beneficial to the organization (Christiansen et al., 2009). Due to the latter, churches must focus on financial planning to thrive in their finances. Nonprofit organizations are managed similarly to their for-profit counterparts. The following functions apply equally to nonprofit and for-profit business organizations: planning, organizing, and leading or controlling financial planning (Daft et al., 2015). Due to the constant changes in the socioeconomic environment, church leaders must be aware of any internal and external factors that may impact their financial strategies. According to the Bureau of Economic Analysis (2020), The State of Florida had the fourth-largest economy in the nation, behind California, Texas, and New York. Furthermore, the Florida Senate (2019) noted in their FY 2019-2020 General Appropriations Act that the Sunshine State has a GDP of \$1.1 trillion and a \$91.1 billion budget. The finding indicates that church leaders understand building trust within the community but may fail to develop a system sustaining internal or external factors. The latter is consistent with the literature regarding fluctuations within a nonprofit organization (Powell & Bromley, 2020).

Church leaders should develop partnerships with external entities and their members to expand their financial prospects. The study's results established information on the role of management within the church in various ways. For example, management is always searching for ways to build member loyalty while searching for business opportunities within the community. It is essential to note that Mision Vida Church services the Hispanic population. The median income for a Hispanic household in the U.S. is \$40,483 (Kayitsinga, 2015). In addition, Kayitsinga (2015) explains how poverty and employment status have affected the Hispanic community within the U.S. The church is aware of this socioeconomic factor, and for these reasons, they are actively seeking ways to create member loyalty and seek new opportunities for their operations. Creating and maintaining partnerships may result in 1) providing additional services to their members and 2) creating multiple giving channels. A nonprofit organization should consider activities that may increase donations (Chang & Chen, 2019).

CONCLUDING COMMENTS

This article is aimed to evaluate the causes of insufficient revenues in Hispanic Churches in South Florida. The correct funding strategy may positively impact church membership, resulting in adequate funds to provide additional services and improve overall organizational functioning. The author emphasized the importance of churches consistently evaluating their internal and external environments to enhance their financial strategies and recognize and implement an appropriate financial plan to improve efficiency and reduce operating costs. These organizations must also appreciate the value of their resources and services to the community and use them comprehensively to achieve financial sustainment. However, there is a necessity for additional investigations to increase or expand the understanding of the dynamics of how resource insufficiency impacts economic sustainment for churches. Lastly, churches need a robust financial management plan to achieve economic sustainment. Hence, church leaders must consider internal and external factors impacting their financial strategies. Church leaders should also focus on the financial planning for their organization to safeguard financial security during a lack of attendance, which may result in a decrease in donations. Finally, church leaders should generate and maintain partnerships with external entities and their followers to expand their financial prospects.

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