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WHO'S KEEPING SCORE? MANAGEMENT ACCOUNTING USE AND THE BRITISH COLUMBIA GOLF INDUSTRY

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Abstract

This study investigated how small and medium-sized enterprises implement management accounting techniques, the reasons for doing so, and whether those techniques and profitability may be correlated. Past research has largely focused on such implementation in large organizations. The current study seeks to fill this knowledge gap, using the golf course industry in Canada as exemplar. Using institutional theory as the framework, semistructured interviews were conducted with 25 general managers/owners of golf courses to identify the management accounting techniques golf courses were using and how they used this information to drive business decisions. Resulting techniques were found to be key performance indicators, variance analysis, and an informal version of the balanced scorecard. On golf courses whose general managers/owners consistently used budgets, took ongoing professional development courses, and had more than 20 years' experience, ordinal logistic regression found higher earnings before interest, taxes, depreciation, and amortization as a percentage of sales. Budgets were extensively used on the golf courses. Proximity to revenue centres created a different way of using budgets. General managers/owners whose offices were near revenue centres used budgets to confirm pre-existing financial assumptions, whereas those with offices at a distance from revenue centres used budgets to verify financial information. Over the last decade, the golf course industry in Canada has suffered great financial stress. More golf course facilities have closed than have opened, and core golfers are golfing less. A best practice for the golf course industry was prepared, to address this issue. It added a flexible budget and variable and fixed costs, and created a one-page dashboard with five key performance indicators to allow for a quick and efficient way to evaluate the finances of the golf course.

Keywords: management accounting, strategic management accounting, cost accounting, budgeting, key performance indicators, golf course industry, qualitative research, ordinal logistic regression, informal balanced scorecard, balanced scorecard, variance analysis

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List of Acronyms and Abbreviations

ABC	Activity-based costing
AI	Artificial intelligence
B.C.	British Columbia
BFCAP	Best financial and cost-accounting practice
BSC	Balanced scorecard
CM	Contribution margin
COVID	Coronavirus–19
CPA	Chartered professional accountant
CPGA	Canadian Professional Golf Association
EBITDA	Earnings before interest, taxes, depreciation, and amortization
FC	Fixed costs
GM	General manager(s)/owner(s)
IT	Institutional theory
KPI	Key performance indicators
MA	Management accounting
MCFA	Material cost flow accounting
NGCOA	National Golf Course Owners Association
NIS	New institutionalism
OECD	Organisation for Economic Co-operation and Development
OLR	Ordinal logistic regression
PGA	Professional Golf Association
R&A	The Royal and Ancient Golf Club
ROI	Return on investment
SMA	Strategic management accounting
SME	Small and medium-sized enterprise
VC	Variable costs
F&B	Food and beverage
PGM	Professional golf management

Chapter 1: Introduction

> Despite the many strides the profession has made over the years, some still believe that management accounting practices haven't taken as strong a hold in organizations as they should.
>
> —Alexander Mersereau (2006)

Management accounting (MA) "measures, analyzes, and reports financial and nonfinancial information to internal managers. The goal is to use past performance to predict future" (Horngren et al, 2016, p. 2). It may further be defined as a "practice that helps management in planning, assessment and control of the organization and is based on incorporating methods that will provide useful information for decision making that cannot be obtained by general accounting given the excessive rigidity" (Garcia-Unanue et al., 2014, p. 113). MA uses internal financial information to make, implement, and evaluate strategic business decisions. Managerial accountants and corporations' internal accountants have several MA techniques at their disposal to help in decision making. Some traditional tools include variance analysis, performance measurement (financial statement analysis), and various budgeting techniques such as flexible, operating, and capital budgeting (Sulaiman et al., 2004). More contemporary management accounting tools would be target costing, activity-based costing (ABC) and the balanced scorecard (see Kaplan & Bruns, 1987; Kaplan & Norton, 1992).

Over the last 30 years, great strides have been made toward developing an understanding of MA use in organizations. In the past, research was typically conducted in the form of surveys or case studies that looked at the frequency of use of specific MA tools (Armitage et al., 2016). Large organizations appear to be favoured in the literature. For example, Abdel-Kader and Luther (2008) considered the use of MA practices in the food and beverage (F&B) industry in Britain. Their results showed that the companies they surveyed widely used MA tools such as

direct costing systems and budgets. Budgeting approaches, such as financial statement analysis, flexible budgets, or zero-based budgets, were used for planning and control purposes while costing techniques (such as ABC and target costing) were less used (Abdel-Kader & Luther, 2008). Another study (Macinati & Anessi-Pessina, 2014) looked at the Italian National Health Service, where MA was found to be correlated with financial performance and influence on organizational decision making more broadly.

A consistent theme in the past research is its predominant focus on large corporations. Anecdotally, this is likely because of the availability of data. Conducting MA research using large organizations amounts to picking the low-lying fruit in this area of study.

Past research has suggested that accounting is an institutionalized process (Zimmerman et al., 2017). As will be discussed in greater detail in Chapter 3, the current study lends evidence that the golf course industry is so institutionalized. As such, using the lens of institutional theory, the current research focuses on the following questions:

Do all golf courses use the same MA techniques, and why are they using them?

Do golf course managers use MA techniques to make business decisions in the same way?

If so, is there a correlation between what techniques are used and the profitability of these golf courses?

Management Accounting Research and Small and Medium-Sized Enterprises

This study uses Statistics Canada's (2022) definition of a small and medium-sized enterprise (SME) as consisting of fewer than 500 employees. As SMEs tend to be private companies, there may be difficulty in getting access to good quality accounting information compared to getting such access in larger public companies. This has created a problem. There is

little information in the academic literature that focuses on what MA techniques are being used with SMEs (Armitage et al., 2016). Cash and tax considerations appear to be the focus of the practitioner, leading to limited use of cost information and MA techniques (Williams, 2010). In her PhD thesis, Fiona Williams (2010) investigated the history and recent research on MA in SMEs: "Prior to the 1990s there was very little evidence available of management accounting practices" (p. 53). This has been echoed more recently by other authors. Armitage et al. (2016) pointed out the fundamental gap in the literature about MA and SMEs: "Little is known about the extent of which SMEs use contemporary management accounting techniques such as costing systems, budgets, responsibility centre reporting, and analysis for decision making" (p. 31). Nandan (2010) also suggested that "management accounting research initiatives in SMEs have . . . been considerably lacking" (p. 65). Other gaps in the management accounting literature have also been expressed by Pavlatos and Kostakis (2015), specifically in the context of economic crisis.

Past research has indicated a need for more research in management accounting, especially in SME, as the majority of research is focused on large institutions. In their review of MA research and SMEs, Lopez and Hiebl (2015) noted only six articles that investigated how SMEs use MA compared to how large organizations use MA. They note that many SMEs "do not use management accounting for decision making but for providing information to external institutions. . . . SMEs not only use management accounting systems to a lower extent, but also for considerably different purposes than large firms" (Lopez & Hiebl, 2015, p. 106). As Welsh and White (1981) put it, "a small business is not a little big business" (p. 18). As a result, the question then becomes what MA techniques are being used by SMEs, how are they using them, and do they use them in the same way?

Current Trends

Most of the recent research that has been produced for MA and SMEs focuses on current trends in MA.[1]

One study (Timans et al., 2012) looked at the use of Lean Six Sigma in SMEs. It investigated manufacturing companies in the Netherlands and concluded, among other things, that a lack of resources was a reason for not adopting MA techniques.

Much of the research has been focused on start-up companies or comparisons between large companies and small companies with the use of budgets (Armitage et al., 2016).

Many of the studies (e.g., Abdel-Kader & Luther, 2008; Hein & Riegel, 2011; Sulaiman et al.) discussed the gap between what is taught in universities and what is used in practice.

Christ & Burritt's (2016) interesting study on the use of material cost flow accounting (MCFA) in the restaurant industry inadvertently touched upon the lack of information about MA and SMEs. (Arguably, most restaurants would be considered SMEs.) The authors specifically focused on implementation best-practice advantages for restaurants in adopting MCFA. The study alludes to the lack of management accounting research with respect to restaurants.

Other authors on MA and SMEs have focused on why SMEs might justifiably use various sorts of management accounting techniques. Gunasekaran et al. (1999) discussed the importance of SMEs implementing ABC (and by extension, activity-based management). They argued that ABC has not received enough attention from SMEs "although it has potential to improve performance" (Gunasekaran et al., 1999, p. 387). Lack of use limits the potential profitability of SMEs: "Meeting customer requirements is one thing, and meeting them profitably is quite

[1] A comprehensive review of the literature on MA and SMEs can be found in Chapter 2.

another" (Gunasekaran et al., 1999, p. 388). Management accounting techniques provide internal business users with data about the organization's performance; such data may help assess the financial health of the organization. This information, typically summarized as key performance indicators (KPI), provides empirical insight on how well the business is doing. A quote often attributed to Peter Drucker, "you can't manage what you can't measure," summarizes the importance, justification, and value of MA. MA gathers the data that allow the organization to measure performance, thus helping SMEs amass information to make better operational decisions.

In another study, budgeting and planning were the most important MA factors in SME success in Jamaica (Zaman & Gadenne, 2002).

Others (e.g., Bromwich & Scapens, 2016; Kaplan, 2006) have further echoed the advantages to organizations of using MA techniques. Broadly, MA provides a roadmap of where the company needs to go and how it will get there, and it uses past financial data as evidence for future decisions. What has been missing from the literature is evidence on how, why, and what MA techniques are used in practice by SMEs.

Some opponents may argue that MA techniques are by themselves not rigorous enough to help with business strategy. In the more recent history of accounting, strategic management accounting (SMA) has become in vogue in the literature. This "new" extension of MA proposes a marriage of equal partners (Langfield-Smith, 2008, p. 206) between marketing and accounting.

A review of the literature on SMA adoption revealed only a few articles that used case studies. Most noticeable was the lack of SMEs in the literature, which focuses rather on large organizations such as Hewlett Packard (Cooper & Turney, 1990) and Caterpillar (Miller & O'Leary, 1997), to name two.

The issue with SMA is its lack of focus on small and medium-size enterprises. Estimates suggest that 1 percent of a firm's workforce is in the accounting department (Langfield-Smith, 2008). At the upper end of SMEs, this would mean an accounting "army" of only five people. Owners of SMEs, who are seen as reacting to fires—and putting them out (Williams, 2010)—do not have a lot of time or available staffing requirements to perform the tasks needed to successfully implement SMA. Therefore, adopting and using MA techniques in SMEs is of more practical use than implementing the more rigorous SMA.

That said, the evidence points to a lack of academic research looking at the use of MA (or SMA) in SMEs, largely because these businesses lack available resources—typically, human capital. SME research that has been conducted has typically focused on startups or educational initiatives for MA. Their research conclusions have been fairly consistent: First, MA, especially budget use and financial analysis, among other MA techniques, helps SMEs with decision making. Second, the gap in the literature looking at SMEs and management accounting must be addressed. This knowledge gap is especially pronounced when we try to investigate a specific industry.

Management Accounting in the Industry of Sport

The management accounting literature has paid little attention to the field of sport. However, in a case study on how to implement a successful cost-accounting program, Garcia-Unanue et al. (2014) discussed implementing a cost-accounting system in eight multi-use sports facilities in Spain. The article skirts the issue of why, initially, no management accounting was used at the facilities (the study had been prompted because no cost-accounting system was in place in any of the multi-use facilities). For example, one of the sports facilities examined was located in a city with a population of more than 110,000 people—a large potential pool of

qualified individuals to run a management accounting program. Comparatively, a village of 3,000 people, another case the study examined, also had no management accounting program at their sports facility. One may have expected the facility in the larger city to have more MA use because of its population size, larger budget, and access to resources, but this was not the case.

Noting the absence of literature on MA and sport, I conducted a review of literature on a related industry, the hospitality industry. Golf, a leisure activity, belongs within the sphere of hospitality. Past research in this field would be beneficial for a complete understanding of management accounting, MA and sport, and MA and SMEs.

Hein and Riegel's (2011) article studied the importance that management accounting is given by decision makers in the hospitality industry. Further, it looked at the differences between perceptions of the importance of management accounting in practice and what was taught in hospitality courses. This study was conducted by survey, making in-depth follow-up questions impractical. The amount and frequency of management accounting techniques actually used in industry was not examined, nor was a rank order of importance conducted, which would have given the study additional richness. One can, however, draw certain inferences. Budgets, cash controls, financial statement analysis, and some rudimentary ratio analysis ranked high on the returned questionnaires, indicating that they were being used. This would support Armitage et al.'s (2016) assessment that "less sophisticated organizations would use less sophisticated MA techniques" (Armitage et al., 2016, p. 65).

In short, the literature on the use of MA is broad but has very little depth. Few researchers have studied management accounting and SMEs and fewer still have looked into management accounting in the industry of sport. Additionally, till Armitage et al.'s (2016) paper, "none focus on Canadian" SMEs (p. 38).

Management Accounting, Small and Medium-Sized Enterprises, and Canadian Research

Armitage et al.'s (2016) study investigated why SMEs did or did not use management accounting in their operations, and whether they did so for decision making. In-depth interviews were conducted with 11 Canadian and 11 Australian SMEs who were in either high tech, manufacturing, or automation industries; cross-country similarities were explored. Four areas of management accounting were looked at: costing systems, budgeting systems, responsibility centre reporting, and analysis for decision making. Results showed a consistency between the two countries in terms of what MA areas were used or not. Budgeting and financial statement analysis were most used, while responsibility centre reporting was the least used. Manufacturing companies used more in-depth management accounting techniques, since their business models were more complex and required these techniques. A company's age also showed correlation with their use of MA techniques. Younger firms were more concerned with cash and cash monitoring, whereas more established firms (older than 10 years) had less need to monitor cash with as much rigour. In short, the younger the firm, the less use of MA techniques (Armitage et al., 2016). Because of its small sample size, the results from Armitage et al.'s study cannot be generalized to the entire SME population; however, the in-depth interviews allowed the researchers to gain a deeper understanding of why (or why not) MA techniques were being used in SMEs.

Monk (2000) looked at failure rates of Canadian SMEs and found that better financial management tools were needed. He suggested that failure rates would decrease if SMEs were to use modern management tools—the balanced scorecard, for example, would allow SMEs to evaluate financial and nonfinancial information to make better business decisions.

No other research articles were found that specifically looked at MA techniques and Canadian SMEs. The area is clearly in desperate need of more research. Abdel-Kader and Luther's (2008) influential paper proposed the classification of the different types of MA techniques. Their results have been replicated or used as guidance in several MA studies (for example, Armitage et al., 2016, in terms of methodology and historical value; Pavlatos & Kostakis, 2015). As is consistent with other research articles since 2008, the balanced scorecard and other nonfinancial measures of performance have been viewed as important although not extensively used in practice. There appears to be a disconnect between what MA techniques are thought to be important and what techniques are actually used.

This is an important point. We simply do not know, with any certainty, what MA techniques SMEs are using in practice, more broadly in Canada and specifically in the field of sport. Gunasekaran et al. (1999) highlighted the financial and strategic advantages SMEs could experience when implementing MA in their operations; however, as Timans et al. (2012) suggested, SMEs may not have the resources to implement much of MA techniques on a day-to-day basis.

A specific industry that could benefit from the knowledge and application of MA techniques is the Canadian golf course industry, about which a more thorough discussion follows. The majority of these organizations qualify as small or medium-sized businesses. Before discussing why the golf course industry was an ideal candidate for studying this topic, a brief discussion of Canadian small businesses is addressed.

Small and Medium-Sized Enterprises in Canada

There are many definitions of SMEs. The European Commission (2018) defined them as having fewer than 250 employees, depending on the country. The Organisation for Economic

Co-operation and Development's (OECD, 2005) definition suggests fewer than 200 employees for some countries, and fewer than 500 employees for the United States. The Canadian Bankers Association (2016) defined an SME as a company that can have authorized borrowings less than $5 million. Industry Canada (2012) acknowledged that there are many different and diverse definitions of SMEs. It broadly defined a small business as one with fewer than 100 employees and a medium-sized business as one with fewer than 500 employees. In some instances, Industry Canada considered service-producing firms with fewer than 50 employees small businesses. Clearly, there is some debate on a unified definition of a small and medium-sized business.

This study has defined an SME as having fewer than 500 employees. Most golf courses in Canada, and likely around the world, would have fewer than 500 employees. Most golf courses in this study had fewer than 100 employees. Employee count as a measure of business size is seen as most appropriate for several reasons. First, a running assumption for SMEs is that adopting and using MA techniques hinges on the resources available to the organization. In this study, there would be fewer employees qualified to produce and interpret accounting information in golf courses with fewer than 100 employees. Second, as participants of the study were randomly selected by a cold call from the researcher, an intrusive, financial first question might have turned golf courses off from participating in the study. Using employee count was less intrusive. Third, Industry Canada and Statistics Canada both use employee count when classifying SMEs. By using the same parameters, the data on SMEs both institutions publish could be used as a comparative for later research.

Small and Medium-Sized Enterprise Membership in Canada

SMEs account for 99.8 percent of all employer businesses (as opposed to public sector/government organizations) in Canada; 98 percent of these businesses have fewer than 100

staff (Industry Canada, 2012, p. 8). There are almost 1.1 million SMEs in Canada, 55 percent of which have fewer than four employees. During the period 2002 to 2012, small businesses (fewer than 100 employees) were responsible for 77.7 percent of all jobs created in the private sector in Canada (Business Development Bank of Canada, n.d.); between 2010 and 2015, they accounted for 500,000 net new jobs (MacDev Financial Group, 2016). Approximately 96,000 new firms are created each year in Canada. Their survival rate after five years is 63 percent, and 43 percent survival rate after 10 years (Government of Canada, 2018). The highest birth rates of new SMEs in Canada were in the accommodation and food service industries; these same industries also saw the highest death rate. This was yet another reason to investigate management accounting and SMEs.

Age and Education of SME Owners

According to Government of Canada (2016), the owners of SMEs tend to be more mature (85 percent of small-business owners and 92.5 percent of medium-sized business owners were older than 40 years of age,); experienced in the industry (75 percent of small-business startups and 83 percent of medium-sized businesses had more than 10 years' experience); and were well educated (69 percent of small-business owners and 83 percent of medium-sized business owners had at least a college or trade school diploma). SMEs accounted for 54.2 percent (CAN$576.9 billion) of the business sector GDP in Canada in 2005 (Statistics Canada, 2015). In 2021, nearly 40 percent of SMEs were owned, wholly or in part, by women (Statistics Canada, 2022).

SMEs clearly have a significant impact on the economy. As a result, the lack of literature relating to how SMEs incorporate financial decision making in their organizations is surprising. Further, the life experiences of the owner/manager, specifically their education, age, and

experience (known in the literature as *human capital*), should also be considered as factors that can lead to the success of a business.

One study (Karadag, 2017) looked at SMEs in Turkey; it found that "the education level of SME owner/managers has a significant impact on financial management performance" (p. 309). Another study, which verified previous research in the same area, looked at the exit rates (due to business failure) of entrepreneurs from the United States. The study found that older entrepreneurs (median age of almost 37 years) with more formal education (a bachelor's or master's degree) and experience (management experience at 6.5 years) had lower rates of business failure (Gimeno et al., 1997). Davidsson and Honig (2003) examined the effect of human capital on successful businesses and found that experience was more responsible for the success of a company than formal education, but education was still an important factor overall. Anecdotally, these studies speculated that entrepreneurs' education levels showed their persistence in completing a degree, persistence being a trait needed by successful entrepreneurs. The older age of owner/managers additionally allowed for those individual to have more contacts and resources which in turn would help in the business's success. Knowledge of accounting was not specifically considered.

The current study investigated the use of MA in SMEs. Since the age, experience, and education of a GM appear to be contributing factors to the success of a business, they were not ignored. I expected that GMs with more experience and education would use MA more than their novice counterparts. Consequently, these variables were also considered during the data gathering and analysis phases of the study.

There is a gap in the literature with respect to MA use and SMEs generally. Particularly of interest is the lack of research on management accounting and SMEs in Canada. This study

attempts to fill this gap in the literature by focusing on one Canadian industry, the golf course industry.

Why Golf Courses Are a Good Candidate for Study

The Popularity of Golf in Canada

Why do people golf? This is not an easy question to answer. To some, it is a long walk spoiled; to others, it is a challenging game. In an interview during the 2016 RBC Canadian Open (a Professional Golf Association tour golf tournament), then president of Golf Canada, Roland Deveau, stated that even in a hockey-crazed country like Canada, there are more golfers than there are hockey players (R. Deveau, personal communication, August 2016). His statement was not off base. According to the Ipsos Reid (2006) Canadian Golf Participation Survey, the largest and most robust survey examining golf in Canada, 5.95 million Canadians played golf, representing a 21.5 percent participation rate for the country. The National Allied Golf Associations' ("Canadian Golf Consumer Behaviour Study," 2014a) consumer behaviour study showed this to be a continuing trend, with a golfing population of 5.7 million people. In comparison, Hockey Canada (2018) had 637,000 registered participants, aged 15 years and younger, in 2017; in 2013, the estimated total number of hockey players in Canada over the age of 15 was about 1.2 million (CBC News, 2013). Combining the two numbers would give us an approximate participation amount of 1.8 million people. Golf participation in Canada still outnumbers hockey about 3:1.

Industry trade organizations are trying to answer the question of why people play golf. These include Golf Canada and the PGA of Canada's (2015) golf facilities report; the National Allied Golf Associations' (2012) Canadian golf consumer behaviour study; and Ipsos Reid's (2006) golf participation in Canada report for 2006. Arguably, people play for more than one

reason, and there are likely competing reasons for each individual golfer. Health benefits, socialization, competition, social status, and difficulty are but some of the possible reasons. There could be (and likely are) countless variables that drive or hinder participation at each golf course.

Anecdotally, golfers tend to be fair weather players. Weather conditions may contribute to the success (or failure) of a golf course. The seasonal nature of the sport in Canada limits the golf season, and therefore the time for a golf course to generate income.

Declining Participation—Pre-COVID

Golf Canada and the PGA of Canada's (2015) survey concluded that golf participation overall in Canada had increased between 2001 and 2006. However, the National Allied Golf Associations (2012) reported that the increase seen in 2006 had now levelled off. The number of new golfers entering the sport was about equal to the number of golfers exiting the sport—1.026 million people per year (National Allied Golf Associations, "Key Findings Report," 2014). More importantly, people were playing less frequently; core golfers were golfing less. This was putting financial pressure on the existing golf facilities. Numerous articles and anecdotal evidence have pointed to how customers now want a quicker round of golf as the main reason they are leaving the sport. For example:

- Women and junior golfers were the largest demographic to leave the sport (Furlong, 2011). Time was seen as a major factor in this decline.
- Golf was in competition with other sports and leisure activities that do not take four or five hours to play. Golf is a great networking activity; however, "executives are too busy to commit five hours or more to an 18-hole game" (Posadzki, 2015, p. 1). "There are a lot of people who are time-starved, but they still want to play golf"

(Costa, 2017, p. 1). Again, time was seen as a major factor in people not playing the game.

- The Canadian Golf Consumer Behaviour study (National Allied Golf Associations, 2012) recommended decreasing the length of time people play golf to sustain and attract new golfers.

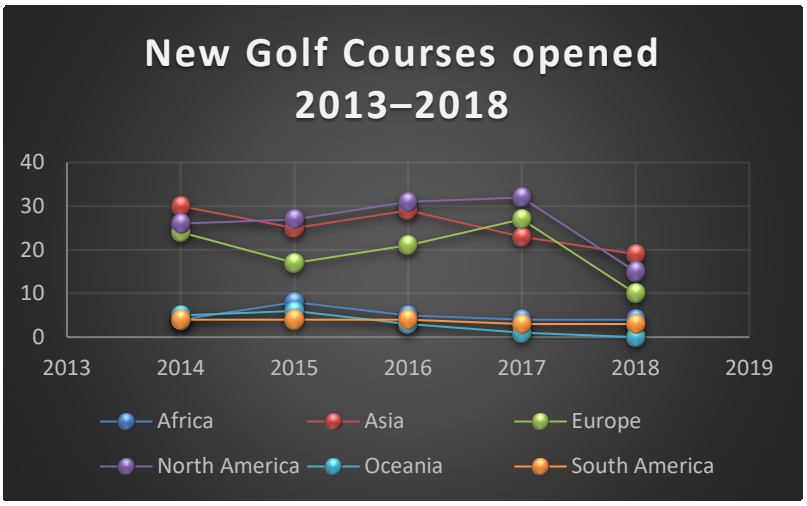
These trends continue in the industry. Before COVID, core golfers were golfing less; participation in the sport was declining. The consensus was that the game takes too long to play, and people do not want to invest that amount of time in it. Golf courses—the golf industry as a whole, really—were feeling the pressure.

Closing Facilities

The Golf Canada 2015 Facilities Report (Golf Canada and the PGA of Canada, 2015) noted that 158 golf courses had closed in Canada in the previous five to 10 years. (Exact dates for closures were not available.) By contrast, 17 new courses were under construction nationally and an additional 14 were in the planning stages—all, 18-hole courses. Of the existing golf courses in Canada, only 12 of the 2,346 golf facilities (representing 0.5 percent) had something other than the traditional 9- or 18-hole golf course (Golf Canada and the PGA of Canada, 2015). But customers want something different: "Organizations may incorporate positions or activities perceived as important by larger society and this increases its legitimacy but are not . . . rational with respect to workflow and products or services" (Daft 2001, as quoted in Vibert, 2015, p. 107). Traditional 18-hole golf courses are being built, while building nontraditional 4-, 6-, or 12-hole golf courses would fill a specific demand from the public.

Figure 1

New Golf Courses Opened Globally Between 2014 and 2018



Note. Source: The Royal and Ancient Golf Club, 2019.

The issue of golf course closure is not Canada's alone. A decline in the number of new golf courses opening has been seen globally (see Figure 1). A sharp drop was seen in 2018, a trend that is likely to continue, since there is a lag effect—it takes several years to build a golf course (The Royal and Ancient Golf Club, 2019).

In Hawaii, for example, discussions to close the 87-year-old Waiehu Municipal Golf Course on Maui were proposed by Mayor Alan Arakawa in March 2017, since the course was losing nearly US$3 million per year, for a total of US$16.3 million lost over the previous decade (Sugidono, 2017). The Koele Golf Course on the island of Lanai was recently closed in favour of a zipline course (Shimogawa, 2017). Suddenly and unexpectedly, the popular Olomana golf course in Honolulu also closed, due to financial shortcomings (Arevalo, 2018). Additionally, in mainland United States, over the last13 years more golf courses have closed than new ones in development (Passov, 2019); "nearly 200 golf courses closed over the last year in suburbs across the Sun Belt [the southern quarter of the United States]" (National Association of Realtors, 2019). A similar trend is also being seen in the United Kingdom (Bunkered.co.uk, 2019), Japan

(Hu, 2017), China (Lei, 2019), and Australia (Australian Leisure Management, 2019), to list but a few. This decline in golf course supply is an issue spanning all golfing nations.

The decline in the number of Canadians who are playing golf is reflected in the closure rate of golf courses in Canada. It has even affected successful golf courses. Recently, one of the most historic golf courses in Canada, Glen Abbey, is set to permanently close, since it is slated to become a housing development (Petrovsky, 2019). Considering these closures, what economic impact does the sport have on the Canadian economy?

Economic Impact of Golf Courses

The National Allied Golf Associations (2014b) has produced a key findings report on the economic impact of golf in Canada. It found that the golf industry in Canada accounted for CAN$11.3 billion of Canada's GDP[2] (Strategic Networks Group Inc., 2009), and contributed $29.4 billion of direct, indirect, and induced spending. The golf industry accounted for about 155,000 direct jobs and 340,000 jobs when indirect employment was considered. The business of golf clearly has an impact on the Canadian economy and any potential downturn or closures of courses would have a negative effect to the larger Canadian economy.

Golf Course Structural Changes

North America accounts for 51 percent of the world's golf courses, and 76 percent of the golf courses in North America are publicly accessible (The Royal and Ancient Golf Club, 2019). There has been a "jolt" in the golf environment—a change in the demands of the golfing public

[2] About 0.6 percent of the GDP, given that the Canadian GDP in 2009 was CAN$1.8 trillion (Trading Economics, 2016).

and reaction from the golf courses themselves—which, arguably, has created conditions for change (Suddaby & Greenwood, 2005), a change not unique to Canada.

Two of golf's leaders, Tiger Woods and Jack Nicklaus, are heading this change. Jack Nicklaus has made two of his signature golf courses, the Muirfield and the Bear's Club, special 12-hole courses to accommodate the new demands (Furlong, 2011). Nicklaus's Oasis golf course has been designed as a 12-hole, par-3 course; or a 3-hole, par-3, -4, and -5 course. In an interview, Nicklaus stated: "I want to design fun, playable courses that bring people together and bring golfers back to the game" (Steineman, 2016). Nicklaus is also designing another 12-hole golf course comprising all par threes (Nicklaus Design, 2015). Tiger Woods is following suit. He has designed a 10-hole course in the Bahamas with various other short courses planned (Golf.com, 2017). Such a change in attitude is needed in the golf industry, which, however, is slow to change. "Well, you have to start thinking about it (changing the structure of the game). Times have changed. It's not 1925 anymore" (Costa, 2017, p. 1).

Golf courses are facing an economic crisis now and some have started to take action. To stay solvent, some golf courses are diversifying—adding previously unrelated services to maintain profitability and reduce risk. Some courses have "started hosting funerals to make an extra buck, while others are building swimming pools, tennis courts and spas to attract more visitors" (Posadzki, 2015, p. 1). "Soccer golf," a sport in which players kick a soccer ball (and use larger holes) to play the game, has gained some traction (Costa, 2017). There has also been a slow shift in the dress code standards that were a part of the game: "Rules governing dress codes and the use of smartphones on the golf course are also beginning to loosen in a bid to accommodate younger players" (Posadzki, 2015, p. 1).

Anecdotal evidence suggests that there is an oversupply of golf courses for the current demand. This creates pressure on the existing golf courses to break even or to turn a profit, especially in smaller communities. Ipsos Reid's (2006) golf participation survey stated that the optimal population base to support one golf course would be between 25,000 and 30,000 people. While there are several large golf management companies in Canada (Golf B.C. and Clublink as examples), the majority of golf courses in the country are privately owned, board run, or family operated; they are small businesses.

A Common Story

Adam Hicks is the general manager of the Pineridge Golf Course in Kamloops, B.C. He is an accomplished golfer (Canadian Professional Golf Association [CPGA] golf professional) with more than 25 years' experience in the industry. In an informal conversation with me, he discussed the difficulties in sustaining a positive bottom line over the last several years. His focus, and frustration, was geared towards revenue growth. Orser et al. (2000) reported that fewer than 25 percent of Canadian SMEs reported two consecutive years of revenue growth. Meanwhile, Gorton (1999) reported that SME profitability was strongly correlated with sound accounting practices and business plans (Zaman & Gadenne, 2002). Rather than add ancillary services to the golf course, is there a more practical way for golf courses to be economically sustainable?

Chicken or the Egg?

To increase revenue, one alternative Adam considered was to lower the price for a round of golf. He thought this would likely attract more golfers; however, with more golfers would come increased costs, for example to repair and maintain the course itself. Conversely, lowering the green fee rates might only give the existing clientele a discount, compounding the revenue

problem further. A discounted green fee meant it would become difficult to make ends meet. This, in his view, was not a viable long-term strategy. His golf course is typical of most golf courses. It has 18 unique golf holes, a restaurant, pro shop (retail store), and a small staff of fewer than 30 employees. Adam runs a small business in Canada.

Some interesting questions for Adam would be around whether he knew what segments of his business were profitable or were operating at a loss. What was the break-even point for the golf course? How did he monitor his costs? Was he using different MA techniques, such as financial statement analysis, budgeting, different costing techniques, or separating out his costs into fixed, variable, and mixed components? How would Adam know if the company was making money?

Research Questions

This study focuses on the British Columbia golf course industry and focuses on three research questions:

1. *Do all golf courses use the same management accounting techniques, and why are they using them?*
2. *Do golf course managers use management accounting techniques to make business decisions in the same way? And if so,*
3. *Is there a correlation between what techniques are used and the profitability of the golf courses?*

These questions are important because until now only suppositions and anecdotes have existed to show why small organizations use (or do not use) management accounting.

Management accounting has long been used in organizations to monitor and control costs (for the history of MA, see De Roover, 1955; Fleischman & Tyson, 2006; for the organizational

use of MA, see Kaplan, 1984; Langfield-Smith, 2008; Loft, 1986). The use of management accounting techniques is by no means mandatory—in fact, there are no reporting requirements that an organization must use MA at all (Brewer et al., 2017). Despite this, management accounting has been used, in one form or another, for centuries (see Chapter 2).

Anecdotally, organizations use it because the techniques provide information to help control the organization. It simply makes organizations better. To use a cooking analogy, a great chef doesn't need to be classically trained; however, learning the appropriate use of spices, cooking techniques, and cooking theory will likely make a person a better chef. The same logic holds true for management accounting in organizations. A business can be run without the use of management accounting techniques; however, with them the business owner will be more informed and better positioned to make smarter business decisions. This logic holds true for all organizations, not just the golf course industry.

MA adds value to the day-to-day operations of a business. Any organization that does not imply MA techniques would, frankly, be imprudent. Blindly running an organization without having insight into its financial performance provides no road map on how the company is performing. Unfortunately, our current knowledge on what and how SMEs—golf courses in particular—use MA in practice is nonexistent.

Golf Business magazine briefly highlighted four American golf courses that were on the brink of closing but successfully staved off bankruptcy (Gould, 2015). Three of the four general managers interviewed in the article pointed out that selling land for a housing subdivision was part of the overall fix. This did not appear to be a financially sustainable business model. The fourth general manager credited their course's turnaround to starting a 13-week cash budget for

creditors so they could see when they would be repaid; this drove the focus (and survival) of the golf course.

Perhaps better internal reporting is where to look for solutions to these problems. Researching MA techniques in use at golf courses could help provide some answers, as would looking at the Canadian marketplace, SMEs, sport, and the use of MA techniques generally, since:

- SMEs comprise an area underserved in the academic literature. Most individual golf courses would be considered SMEs, since they likely have fewer than 100 employees; the vast majority of them have fewer than 500 employees.
- The structure of golf courses is all relatively the same, allowing for trends to be inferred to the rest of the industry.
- Golf courses typically include four other industries as components in their business operations: food and beverage, retail, social activities, and agriculture.

This study is valuable for several reasons:

- The study would increase the knowledge base in MA in SMEs in sport and in the Canadian business environment more generally.
- It could help the golf industry control/understand costs by providing direction for ongoing education initiatives by the various trade organizations (e.g., Golf Canada, NGCOA, CSCM).
- It would help golf courses themselves understand and apply best practices for the use of MA.

Summary

There is a shortage of academic research on MA in the area of small businesses, sports, and more generally, in Canada: "It is difficult to imagine how research in an applied discipline such as management accounting could evolve without the benefit of detailed examination of actual practices" (Abdel-Kader & Luther, 2008, p. 337). To understand how an industry (or organization) can be successful, a "performance measurement system . . . is critical to an organization's (long-term) financial success" (Abdel-Kader & Luther, 2008, p. 338).

In the golf industry (as in SMEs in Canada generally), it is unknown what MA techniques are currently being used or not used—in practice. As the golf industry has been facing a financial crisis that will potentially extend into the future, controlling costs and having a performance measurement system are likely important for each golf course's continued success. At issue is that there is no research to guide the golf course industry on what best MA practices should be implemented or on what is currently being used in the golf course industry.

The study's research questions are designed to expand the knowledge base in three research areas that are currently underserved: management accounting and SME, management accounting and the sport industry, and management accounting in the Canadian small-business environment.

Prior to COVID, there was a clear attrition rate of golf courses in the country, as well as an increased competition for a decreasing number of golfers. Time will tell if this trend will continue. The current study hopes to answer questions such as the following. Are all golf courses using management accounting techniques to identify and ward off a potential financial crisis? What MA techniques are used in their daily operations, if any? Could better MA practices help protect the golf courses from future closures? Would better financial management practices make

golf courses financially stronger? Can best practices for the industry be found for monitoring and using internal financial data to make better business decisions?

Chapter 2: Review of the Literature

As noted previously, there is a troublesome gap in the academic literature about the use of management accounting in SMEs, including what is actually used in practice. Little is written on this subject, either in Canadian SMEs generally or specifically in the leisure sports industry. This research attempts to fill this gap. The need to align academic knowledge with what ought to be done *in practice* is overwhelming (Baldvinsdottir et al., 2010).

To understand this gap, it is important to appreciate the history of MA, including the role it has played in academia and in industry.

Sharaf-Addin et al. (2014) reviewed the International Federation of Accountants' 1988 conceptual framework. Discussing the historical development of target costing, they outlined the four stages of management accounting outlined below. These will guide the current discussion of the history of MA:

- *Stage* 1. Prior to 1950, MA was extensively used as a tool for cost determination and financial control. At this time, MA was more correctly called "cost accounting," a term that can still be seen in many textbooks today.
- *Stage 2*. From 1965 to 1985, MA was used to supply management with financial information for planning and control. The term "management accounting" became more in vogue as the role of the accountant (and the accounting department) had slowly transformed to help manage the business.
- *Stage 3*. From 1985 to 1995, MA was used to gain efficiency of resources in the business processes. Simmonds's (1981) seminal work has been credited for coining the term *strategic management accounting* (SMA). This new role of MA, including

newly introduced, related techniques such as the balanced scorecard, has now been classified under this umbrella term (Langfield-Smith, 2008).

- *Stage 4*. 1995 to present. Creation of value through effective resource use. More recently there has been an added layer of MA, focusing more on managing risk and strategy.

These stages likely oversimplify how MA came to be. "Management Accounting's Roots," following, allows for a cursory understanding of its roots. While exact advancements and milestones do not nicely fit into each stage, the history of MA focuses on advancements before 1950 and influences on it after 1950. An appreciation of MA's roots is important in considering the need for the current research. To set the stage, a brief discussion of MA's history shows how the profession has developed over the last 150 years, culminating in the need for the current research focus. Next, current research on management accounting and SME is discussed. The chapter closes with a discussion of how the current research fills the literature gaps.

Management Accounting's Roots

Prior to 1950

Double-entry accounting dates as far back as 1296, in Italy (De Roover, 1955). Management accounting is said to have had its start in the Industrial Revolution, which saw the rise of large-scale factories, the likes of which had never been seen before. There was a significant change in how things were made, with a move away from artisan labour to mass production factories. From an accounting point of view, this created a challenge. Gone was the time where an artisan's costs (of materials, for example) could easily be measured and applied to a product. The new factory setting had various employees who all contributed to the product, creating the problem of how to allocate the cost of their pay (direct labour), materials (direct

materials), and to a lesser extent, manufacturing overhead to each product. MA was born to help solve this problem.

Internal financial reporting has North American roots in large part in the textile, armoury, and railroad industries.[3] Management accounting began to be used in the New England textile industry in the early 1800s. At the turn of that century, that industry was booming. It changed from using small operators to large-scale manufacturing to compete in what had become a national and international market: "large-scale textile manufacturing in New England reflected the transition from mercantile to industrial accounting in the U.S." (Fleischman & Tyson, 2006, p. 1072). Accounting information was being used to make business decisions. The focus for the accounting information at this time was largely on make-or-buy decisions, efficiency and expansion decisions, as well as sales price determination. The accounting function was largely used as a management control tool.

For example, one company that led the use of management accounting was Lyman Mills, based in Holyoke, Massachusetts. The company needed a way to allocate (and keep track of) raw goods and labour as the product moved through the factory, from the creation up to the point of sale. Faced with expansion and forced by a changing business environment, the company created ways of using their current accounting information to monitor and allocate costs. Thus, they created a better understanding of their costing structure. This was the beginning of changing the way the double-entry system of accounting was used (Mepham, 1988).

If the textile industry invented MA, the Springfield Armory legitimized it (Mepham, 1988). Prior to the U.S. Civil war (1861–1865), the armoury was the first and largest prototype

[3] All historical information is cited in the References, following a similar approach used by Leblebici et al. (1991).

of a modern factory. It has been credited for the birthplace of norm-based costing and the managerial enforcement (discipline) of labour—that is, managerialism. This should come as no surprise—the armoury had been under military control since 1815, so a rigid work structure could be expected. This rigidity allowed for the armoury to understand and properly record and allocate the costs associated with making the goods. The armoury was seen as the exemplary model for the use of MA.

Later in the 19th century, the railroad industry was facing similar expansion as the textile industry. An exponential increase in travel and cargo shipments was creating the need for the railroad industry to keep track of their costs differently than before. This change was needed to help them in their operational planning and cost control. Some scholars have credited the railroad industry for changing the function of financial record keeping away from purely bookkeeping to the emergence of accounting. By the 1860s and 1870s, the railroad industry had implemented cost-accounting practices and even had evidence of performance metrics such as cost per ton-mile and other various operating ratios. Once these ratios were refined, performance metrics on subunits (that is, different organizational divisions) of the railroad were produced regularly. Interestingly, missing from the cost equation was the allocation of fixed costs.

Monitoring costs was essential, since the economy was changing from sourcing and selling items locally to shipping and selling nationwide. For example, Andrew Carnegie, a railroad mogul in the 1860s, was notorious for poring over cost sheets from his various businesses. As his companies became more refined at getting cost information and analyzing it, Carnegie would receive costing reports daily—a practice that was decades ahead of its time.

Turn of the 20th Century

The scientific management movement has been credited with the practice of allocating overhead costs to production, at the turn of the 20th century. This movement, developed by such notable scholars as Fredrick Taylor, Alexander Church, and Henry Towne, focused on the set-up of ideal standards and maximum efficiency. Factory burden (indirect costs) was a major innovation at this time. Church developed ways to uncover idle time (time when machines were down), effectively starting the movement to identify and allocate indirect costs. Henry Gantt and others used direct costs to create standards—and by extension, standard costing methods—for manufacturing (Chandler, 1977).

1925

By 1925, significant cost-accounting theories and practices had been put in place. These techniques would serve as the backbone of management accounting. The DuPont Company, for example, has been credited with implementing a return on investment (ROI) metric into their decentralized decision making. This was the first example of applying profit measures when analyzing the performance of several operating departments:

> DuPont was also very involved in the business forecasting for inventory control and its central purchasing. In this regard, it stands as an early example of a demand-pull manufacturing environment as later expanded and refined in Japan as the just-in-time approach. (Fleischman & Tyson, 2006, p. 1078)

When Pierre DuPont took over General Motors, he implemented several MA techniques that restructured and helped save the company. Introduced into operations were, first, operating forecasts that management prepared and allowed them to coordinate different divisions' performance. Second, sales reports and flexible budgets were introduced. These allowed for management to quickly monitor and evaluate whether actual results deviated from the planned

activities for the organization. The MA systems DuPont introduced allowed for a sharing of resources in the company and promoted a change in the organizational culture to drive company-wide financial goals. This success pushed the accounting information away from simply a cost monitoring function to the ability to drive strategic organizational decisions.

At this time, budgets were primarily used in municipal accounting. It wasn't until the 1920s, spurred by a need to curb corruption, that the adoption of variance analysis and budgeting became commonplace in industry.

The First World War brought MA into the forefront as the knowledge of costs was needed for munitions purchases and manufacturing. This was more apparent in the U.K., likely as there was more direct pressure to win the war that was being fought on their doorstep. However, the increased use of MA was also seen in the United States.

1930 to 1960

This time period has been referred to as the Dark Ages of MA. A few major developments slowed the MA's progress in gaining a foothold in industry.

In June1933, during the Great Depression, the National Industrial Recovery Act was introduced in the United States. The Act was designed to set minimum prices for goods and also to set a standard for cost calculations. However, it was seen by some as a veiled attempt at price fixing and was therefore deemed unconstitutional. Financial accounting (and its reporting) was prominently seen as such in the minds of the public and industry.

The U.S. Congress also passed the Securities Act (in May 1933; Kenton, 2023) which was designed to help regain consumer confidence in the financial markets. As audited financial statements were the backbone of assuring consumer confidence in the markets, the auditing and financial reporting function of the accountant far outweighed the MA function. Management

accounting was starting to be the second-class citizen of accounting. MA associations were losing membership and students were moving away from management accounting as a profession: "The (accounting) student may come to associate cost accounting with the green eye shade, the high bookkeeper's stool and an endless diet of dry mathematical computations. Something must be done" (Fleischman & Tyson, 2006, p. 1081).

The start of the Second World War in the 1940s also did not help the perception and health of the management accountant. During WWII there was less emphasis by the government on standard costs but rather on the actual costs of anything that they purchased. This made the role of the management accountant less prestigious and relevant in industry.

Only a few notable innovations in MA arrived in the 40 years following 1925. DuPont's changes at General Motors saw little in the way of unique new insights, but rather only incremental changes. However, direct costing, used since the 1930s, began to be more prominent during the 1950s and 60s. In 1951, Joel Dean was credited with modern capital budgeting including the use of discounted cash flows. Articles published in the late 1960s and early 1970s promoted the use, measurement, and utility of MA in helping make business decisions:

> Academic management accounting literature is devoid of references to actual organizations (during this time period). . . . Researchers do not learn about cost accounting and management control from studying IBM, Texas Instruments, Proctor & Gamble, 3-M, Johnson & Johnson or McDonalds. Rather, the references in today's management accounting literature are to economists. . . . That is, contemporary researchers' knowledge of managers' behavior is based not on studying decisions and procedures of actual firms, but on the stylized models of managerial and firm behavior that have been articulated by economic theorists who, themselves, have limited first-hand knowledge of the behavior they have modelled. (Kaplan, 1984, p. 407)

From 1965 Onward

From 1965 onward, MA saw more effort to monitor and effect cost control. Contemporary techniques that were introduced and used during this time period were:

> [Activity-based costing], value added cost analysis, and life cycle, target, and strategic costing . . . [are] all founded on the belief that cost information must aid managers in decision making, especially their efforts to continuously reduce costs in response to unrelenting global competition. (Fleischman & Tyson, 2006, p. 1084)

A shift was beginning as the managerial accountant was moving away from simply understanding and allocating costs to taking on the role of helping the overall management of the organization:

> Cost accounting transformed into management accounting in the period 1945 to the 1960s. While management accounting emphasized the role of financial information in decision making across a range of business problems, it did not consider, explicitly or even implicitly, the business context in which those decisions were embedded. (Langfield-Smith, 2008, p. 207)

In a 1981 paper, Simmonds put forth the idea of adopting strategic management accounting. Bromwich (1990) also published opinions that called for an increase call for SMA. Other distinguished academics, notably Robert Kaplan, Robin Cooper, and John Shank, voiced their concerns about the lack of adoption and relevance of MA (Langfield-Smith, 2008). The scope of management accounting was changing, from cost accounting in the beginning of its history, to management accounting after 1930, to SMA by the start of the 1980s.

There is no agreed-upon definition of SMA (Juras, 2014). At its simplest, it uses accounting and marketing information to make strategic business decisions. Simmonds (1981) defined SMA as

> the provision and analysis of management accounting data about a business and its competitors for use in developing and monitoring the business strategy, particularly relative levels and trends in the real costs and process, volume, market share, cash flow and the proportion demanded of a firm's total resources. (p. 26)

Bromwich (1990) defined SMA as:

> the provision and analysis of financial information on the firm's product markets and competitors' costs and cost structures and the monitoring of the enterprise's strategies and those of its competitors in the markets over a number of periods. (p. 28)

By the 1990s, SMA and its various umbrella techniques (e.g., target costing, ABC, strategic performance measures) were prominently discussed. However, there was still no agreed-upon classification of what techniques were considered part of SMA (Juras, 2014). Consulting firms, practitioners, and academics widely used and wrote about the effectiveness of and need to implement SMA in organizations. This time period was referred to as the glory decade of SMA. It did not last.

The subsequent decade saw the introduction of the Sarbanes-Oxley Act in 2002 (Sarbanes-Oxley Compliance Professionals Association, 2024) in the United States. A renewed focus on auditing and financial reporting took precedence over management accounting. As was seen with the decline in MA in the 1930s, so was the case with SMA in the 2000s. The literature about the adoption of SMA in organizations that was highly coveted in the 1990s seldom grew beyond pilot studies. Few organizations could show any success having implemented SMA. Management accounting associations were losing members and there was discussion about whether accountants were "intellectually and emotionally un-equipped for the transformation (to

SMA)" (Shank, 2007, p. 359, as quoted in Langfield-Smith, 2008, p. 208). The expectation that SMA was going to be used abundantly in practice did not come to fruition.

The history of MA has gone from *cost accounting*, where the managerial accountant was concerned for the cost determination and financial control of assets, to *management accounting*, where the accountant was used to help run the financial planning and control of an organization, to *strategic management accounting*, where the expectation was that the management accountant would gain a larger strategic function in an organization. This lack of adoption seemingly has moved the needle back to a MA function, where the managerial accountant predominantly helps plan and control the organizations assets (Langfield-Smith, 2008).

Interestingly, in the century-long history of management accounting, there seems to be no mention of SMEs' contribution. The role of the management accountant in organizations is changing—from the traditional bean counter to business adviser: "Internal analysis and risk management have become fundamental aspects of the daily work of management accountants" (De Loo et al., 2011, p. 302).

However, SMEs likely do not have an army of accountants, marketers, or human resource professionals to help guide the business. Small-business employees, such as managerial accountants or general managers, are likely called upon to wear multiple different hats. What label we use to classify the activities of the accountant, cost accounting, MA, or SMA, frankly, seems irrelevant. To establish camps naming which techniques belong to whom, or to label certain activities, loses the focus of what role the managerial accountant plays *in practice* and confuses academic rigour with practitioner practicality.

There is likely little debate that internal financial documents are essential for operating a successful business. The accounting practitioner would likely have a difficult time to explain

what SMA is and what techniques are under this academic umbrella. Adopting SMA appears to have waned, but its legacy of techniques lives on:

> There is limited value in conducting future surveys of the adoption and implementation of SMA or SMA techniques. Rather, the focus should be on how SMA-inspired techniques and processes diffuse into general practice in organizations. (Langfield-Smith, 2008, p. 204)

Cost Accounting, Strategic Management Accounting, and Management Accounting

I focused on the use of MA information in small and medium-sized businesses—specifically, in the golf course industry. A search for articles was performed using the keywords found in the history of MA discussed above. Variations of the keywords were used. Articles successfully relating to the research questions rested on a few key phrases, namely:

- cost accounting
- management accounting
- strategic management accounting
- small and medium-sized enterprise.

The terms *golf course*, *golf industry*, and *golf management* were also used in the searches. However, no articles dealing with accounting and the golf course industry were found. Most golf-related searches turned up articles on turf grass management and other agricultural issues in the golf industry. As such, golf-specific terms were ultimately excluded from searches.

Several different terms were used to describe MA, making searching for articles problematic. Most articles dealing with this topic used *MA*, *cost accounting* or *SMA*. Some used broader terms, such as *financial performance* or *cost management*. For example, Špičková (2013) used *cost accounting* in her title, but the article itself dealt with SMA. Perhaps this is a

symptom of the overall confusion between terms and techniques. The main difference between cost accounting and SMA is that SMA uses cost data to inform, develop, and monitor strategy, whereas cost accounting implies solely a function of monitoring costs (Association of International Certified Professional Accountants, 2020). This may be over simplistic. Increasing the frustration, Špičková's (2013) article title leads the reader to assume that the article investigates SMA use and SMEs, but the only mention of small and medium-sized enterprises came in the conclusion, where SMEs should consider adopting strategic management techniques because of the overall potential benefit of controlling and monitoring costs.

Compounding the difficulty was filtering these results to include SME. While most of the articles found used small and medium-sized enterprises, some search results used *business* or *organization* rather than *enterprise* and one referred to SMEs as *micro organizations*. This created some challenges in finding research on a topic that was already underserved.

The following sections have been organized based on the more common descriptions used for describing internal financial reporting, cost accounting, SMA, and MA. The sections focus on relevant SME literature, however some of the frequently cited, seminal articles that do not directly address SME, but which are relevant to the overall understanding are also discussed.

Cost Accounting

Searching for articles on cost accounting returned several thousand results, many of which were accounting textbooks. Refining the search by adding *SME* cut the results down to fewer than 100 articles. Many of them were about material flow cost accounting, typically dealing with the food and beverage industry or corporate waste management initiatives. As *cost accounting* is generally thought of as an older term, the lack of articles using this key term is not surprising but was required to gain a global sense of what has been written in the accounting

literature with respect to accounting and SMEs. This lack of research focusing on SMEs is both troubling, knowing we have a gap of knowledge in this area, but also exciting: this research paper will be contributing to the literature.

A pertinent article looking at cost-accounting implementation in small businesses came from Malaysia. Sulong et al. (2015) looked at a Malaysian small business that produced automobile parts for a larger manufacturer. The case study consisted of in-depth interviews on how the company incorporated MFCA into its operations to reduce waste and simultaneously become a more environmentally conscious organization. According to the authors, Malaysian small businesses operated from the considerable belief that cost reduction and environmental stewardship could not go hand in hand. The paper tried to show how Malaysian SMEs could indeed achieve both by implementing MFCA. They noted that a barrier in adopting it came largely from internal remuneration policies—specifically, waste reduction was not an element in its key performance indicators (nor did they have environmental KPIs), and hence part of their bonuses. The results from this case show that small and medium-sized businesses are not against adopting different costing techniques, although there is some resistance to change that could challenge the status quo. The results of the study were limiting, since it was focused solely on one organization. However, the article does provide evidence of cost accounting used in practice by an SME.

Hopper et al. (1999) surveyed 11 Japanese SMEs to find out how they used costing in their organizations. These organizations were mostly medium-sized, and all but one were manufacturing firms. Written primarily with an interest in exploring cultural differences between the Western use of costing and practices in these Japanese firms, the research concluded that costing techniques were used by all the firms, but no one technique was seen in every company.

Consistent between interviewees was that costing and the use of the costing information was important to each company.

In Japan, formulating cost strategies had greater prestige than analyzing the results; costing strategies formed by management were pushed down to the workers for implementation. The management group would discuss cost management at length and state that accounting information was very important for driving decisions. However, the details of the costs were typically closely held. Strategies and costing information would stay in the management group, away from the rank-and-file worker.

It appears that Japanese firms are more connected to one another than their Western counterparts. *Keiretsu*, a Japanese term referring to the connectedness of organizations, is becoming more pronounced between SMEs and larger organizations in Japan. For example, sharing cost data is common, but that is likely a result of cultural pressure rather than a willingness to share cost information. All firms that were interviewed agreed that the costing information was important for pricing decisions and for forming strategy; a sentiment also seen in the current study.

Interestingly, Hopper et al. (1999) commented on the difficulty in conducting research with the Japanese SMEs, more difficult than they would have imagined. For example, they noted the difficulty in getting participants to join their research. They theorized that this difficulty was partly cultural. Introducing a researcher to the organization was culturally appropriate in Japan, but cold-calling organizations to participate in the research yielded low response rates. Difficulty also arose because the SMEs were guarded about their financial information and as a result hesitant to join any research. In the West, small and medium-sized businesses were also reluctant

to share financial information (Zaman & Gadenne, 2002). This same reluctance to share financial information was seen in the current research.

Zaman and Gadenne (2002) conducted a questionnaire survey of 245 SMEs in Queensland, Australia, looking at what cost-accounting measures were being used in practice, in order to develop a best practice:

> Large corporations have reaped the benefits of following best practices in financial and management accounting. . . . Very few studies have been undertaken to determine whether such best practice can be used as a benchmark to improve performance in small and medium enterprises. (Zaman & Gadenne, 2002, p. 15)

The target organizations for Zaman and Gadenne's (2002) study were the manufacturing and the service industries. They aimed to see what cost-accounting practices were in use at these SMEs, in order to evaluate whether some sort of benchmarking was being used. Results showed that only half of the SMEs surveyed had a formal budgeting system, and only 25 percent had a written strategic plan. Nevertheless, 68 percent were planning on future growth. They were anticipating growth, but were not using rudimentary costing techniques to monitor their financial bottom line. Based on a best financial and cost-accounting practices (BFCAP) model, Zaman and Gadenne found no link between the use of some of the costing techniques explored and financial effectiveness. Their results and research are interesting for several reasons.

The respondents to the questionnaire came from various industries in Queensland. Results could have been clouded, perhaps, if one industry (manufacturing) focused more on cost control and costing techniques, where another (the hotel/motel industry) would concentrate on capacity or customer metrics to drive strategy decisions (Turner et al., 2017). In addition, the nature of the data only allowed for an exploratory view of what was being used in practice. The questionnaire approach to gathering data did not allow for a deeper understanding of why and

how each respondent used or did not use specific costing techniques. For example, the absence of a formal budget—one of the questionnaire questions—did not necessarily mean that there was no budget at all. In one interview, a small-business owner expressed a different strategy when it came to budgeting:

Jeff Kent:	How do you keep track, or verify if you are on budget? Do you have budgets?
Rob Lemire:	No budget, no . . . no budget.
Jeff Kent:	Even informally?
Rob Lemire:	I run numbers myself, based on projected revenue and what the cost would be associated. If I were to make "X," if we were to grow this much a year. I run my fixed costs every year. And then I do a review of the numbers every year. But this company is so small it doesn't warrant getting any financials (budget) done.
Jeff Kent:	Right, so you're basically doing an informal budget in your head, once a year.
Rob Lemire:	Correct. I do write it down. I share it with my partners. . . . Usually. (*Gives the interviewer a wink and smile.*) (R. Lemire, personal communication, 2019)

Only half of Zaman and Gadenne's (2002) respondents used a formal budget, but that does not necessarily mean that budgeting was not done in half of the small businesses. Investigating how and the why small and medium-sized businesses use cost information would yield a better understanding of what is used in practice. For this purpose, using interviews as the primary data collection, as the current research did, would allow for a better understanding of what was being used. This is something a questionnaire cannot adequately assess.

Beginning in the 1980s, the trend has been to have the accountant and the accounting information become more in line with devising strategy, using the MA technique called strategic management accouinting.

Strategic Management Accounting

A search for articles and periodicals on SMA returns resulted in the thousands.[4] When filtered for articles addressing the use of SMA in SMEs, the number of relevant articles substantially decreased. Seminal articles discussing the emergence of strategic management accounting are by Kenneth Simmonds (1981) and Michael Bromwich (1990).

Kenneth Simmonds, professor at the London Graduate School of Business Studies, published "Strategic Management Accounting" in the April 1981 edition of *Management Accounting*. In it, he discussed the needed evolution of the management accountant to move from solely looking at the internal cost structure to start assessing the overall competitive landscape in which the organization was operating. Essentially, he wanted to move the accountant into a position of thinking about overall corporate strategy.

SMA seeks to collect large amounts of data on a business's competitors, in order to incorporate market share analysis into the strategic analysis and vision of the organization. Simmonds (1981) argues, as an example, that budgets should focus variance analysis on one's own company's actual results in comparison to other organizations' actual results, rather than on one's own company interperiod variance analysis. He implied that SMA therefore needed to be a long-term strategic course for organizations to take, in which there would be some short-term pain for a long-term gain. For long-term success, a strategic view must be incorporated into the DNA of the organization. Organizations should employ this long-term strategy for these reasons:

> When competitive position (of the organization) has been improved, it is very likely to have reduced current profit because of the cost of gaining on competition. Conversely, increased profit can be a reflection of decay in

[4] Based on an Athabasca University library web search and as also mentioned in Langfield-Smith (2008).

> competitive position as a result of higher price, decreased quality, reduction in advertising or any other reduction in spending that reduces market share. (Simmonds, 1981, p. 26).

Broadly speaking, SMA is implemented as a cyclical process. Langfield-Smith (2008) described it as a five-step process, where organizations:

- collect competitor information;
- find cost-reduction strategies;
- match accounting to strategic positions (by finding appropriate SMA techniques to help drive the organizations strategy);
- collect competitor information to exploit cost reduction; and
- match accounting emphasis (to monitor strategy and competitor performance).

As previously mentioned, SMA has been little adopted by SMEs. Anecdotally this is likely a result of the short-term thinking that has perpetuated an organizational culture, where there is increased pressure to continually show profit and increase an organization's share price. According to Simmonds's (1981) point of view on developing and implementing strategy, the pressure to show immediate profits has conflicted with these long-term corporate goals.

Michael Bromwich's (1990) article supports the use of strategic management accounting. He looks at its use through the lens of two economic theories: product attributes and contestable market theory. Arguing that management accounting needs to take a next step, from a strictly cost function to a strategic function, he suggested that "there is a need to release management accounting from the factory floor" (Bromwich, 1990, p. 28) and become a strategic tool for business. He echoed Simmonds's (1981) view—accountants must now incorporate strategic information in their reports.

For Bromwich (1990), a product's demand and cost must be known—not only for one's own organization but for any competitors as well, in order to produce valid decision-making information. Cost advantages must be found, and for that a consistent monitoring of competitive demand, competition, and costs, both current and future, must be the new normal for the accountant. With this information at hand, proper strategy can be formed.

In an often-cited review of SMA (a review of reviews), Kim Langfield-Smith (2008) highlighted the status of SMA research. Notably, Langfield-Smith found no clear consensus as to what techniques should be considered a part of the strategic management umbrella. This lack of agreement is likely a root cause of SMA's poor adoption. Additionally, how to use a given technique may not necessarily be known, and the technique may bear a different name in different organizations. Thus, there is confusion about the techniques themselves, which has also led to the low adoption rates in organizations.

Most of the prior empirical research looked at the adoption and implementation of various strategic management techniques. Follow-up studies noted that the actual rates of adoption of these techniques *in practice* were low. Some papers on the subject were case studies; others were theoretical, looking at how to implement SMA. Some case studies focused on the benefits of strategic management accounting; others were grounded in various theoretical perspectives; yet others looked at the adoption and/or benefits of strategic management accounting and its techniques. All found that management accounting practices were generally used but that more advanced SMA techniques were not. For example, papers looking at the use of ABC generally failed to dive into how firms used the technique, and more importantly, why firms used (or did not use) the specific techniques.

Notably absent was research using SMEs. Instead, it looked at large organizations. One example is Cooper and Turney's (1990) case studies on Hewlett Packard's adoption of ABC. Langfield-Smith (2008) concluded her review with a call for additional research, specifically pointing out that "it would be useful to understand how techniques diffuse into more general practice and into organizational process" (p. 224). This is the aim of the current study.

New research exploring how SMEs use and implement MA is not only important: it is also needed.

Strategic Management Accounting and Small and Medium-Sized Enterprises

Few articles dealt directly with SMA and SMEs, although several identified some insight into the relationship between SMA and SMEs. On closer inspection, they were more focused on theoretical assumptions or calls for more research than on investigating the use of the SMA techniques themselves (for example, Kalkhouran et al., 2015; Špičková, 2013).

A few articles did look at SMA techniques and SMEs. In one such study (Santini, 2013), using a mixed-methods approach, 40 Italian SMEs were interviewed and participated in a questionnaire surveying the use of strategic management techniques. Results showed that businesses with more complex business environments used strategic management techniques more than those operating in less complex environments.

Turner et al. (2017) conducted exploratory research into the use of SMA in the hotel industry. Ninety-five hotels, ranging from luxury brands (14 percent of the sample) to economy brands (3 percent of the sample) were given a questionnaire and asked questions to assess their use of various strategic management measures. The hotels were in eight different countries and had a mean employee count (full-time equivalent) of 218 employees. The results showed a positive relationship between the use of SMA and the hotel's business strategy and financial

performance. Luxury hotels, focused on the customer, used SMA and saw positive financial performance (Turner et al., 2017). The research is interesting for several reasons.

First, it focused on one industry. While the results may not be transferable to the larger SME population, they do give the hotel industry some evidence about best practices. Second, since various countries were represented in the sample, the results could have been a function of business strategy rather than cultural preferences. The authors admitted that the overall result, which was that business strategy correlated with SMA use, was a chicken-and-egg scenario. They could not decisively tell if the business strategy dictated the use of SMA or if the use of SMA led to a business strategy. As the current research is looking at the use of MA techniques in one industry in one country, the findings will be interesting to evaluate against this research.

Strategic Management Accounting: Other Research

An article by Pavlatos and Kostakis (2018) looked at the usage of strategic management techniques by top management teams in manufacturing companies in Greece. A questionnaire was given to several hundred of the largest manufacturing firms to assess what SMA techniques were in use in this industry. Financial data from the participating firms showed that organizations that had poor financial performance were most likely to implement SMA techniques with the hope to increase the bottom line (Pavlatos & Kostakis, 2018). Similar results were also seen by Cadez and Guilding (2008), who argued that as SMA is introduced into organizations, financial results improve. Additionally, Pavlatos and Kostakis (2018) discussed the lack of empirical research in the SMA literature, alluding to a gap with respect to SME; a sentiment that has been shared by many authors, as previously discussed.

Several papers have investigated the state of SMA (e.g., Juras, 2014; Langfield-Smith, 2008). They agree on several grounds, most notably that the implementation of strategic

management accounting has not come to fruition the way Bromwich (1990) and Simmonds (1981) envisioned. While most of the techniques that fall under the SMA are used (such as ABC and the balanced scorecard), the overall integration of marketing data and corporate competition costs is not. What has been missing from the literature is the lack of information on how SMEs use SMA—an opinion shared by countless authors.

Guilding et al. (2000) surveyed 314 large organizations in various industries in English-speaking countries: the United Kingdom, New Zealand and the United States. They found that the use of 12 SMA techniques was low in all countries. The authors noted in their conclusions that this result was generally anticipated and that it confirmed the low adoption rates of SMA noted in previous literature.

Langfield-Smith's (2008) recommendation, that most strategic management accounting research look at implementation, adoption, and the benefits of SMA, appears to have been followed. For example, Agasisti and Arnaboldi (2008) researched the implementation of SMA in Italian universities as a result of government policy changes. Mohamed and Jones (2014) researched how to develop a new predictive model to assess profitability with the use of SMA.

Anecdotally, SMA appears to be more of an academic concept than an applied discipline. This appears to be confirmed by the low adoption of SMA in organizations, at least from a practitioner's point of view. This could be a result of confusion in the techniques or possibly a poor understanding of the techniques themselves. A broader terminology of management accounting could yield better research results.

Management Accounting

Some research articles discussing the use of MA were mentioned in Chapter 1. Several mentioned how little research was done on the use of MA, especially with SMEs. There are several potential reasons for this.

Lopez and Hiebl (2015) identified several items in their review paper. First, owner/managers of SMEs tend to view their financial data as confidential. Researchers have had a difficult time accessing this information. Second, and most telling, the limited amount of literature has been published

> . . . in a variety of fields, such as accounting, small business and entrepreneurship, general management, or operations and production management . . . and predominantly . . . in large firms. (As a result) no clear picture of the specifics of management accounting in SMEs has yet emerged. (Lopez & Hiebl, 2015, pp. 81–82)

This situation has created confusion and difficulty in compiling what and how SMEs are using MA in daily operations. Third, owner/managers of SMEs simply don't have the resources of money, time, and expertise, to fully understand and use (or employ people who can use) MA in their organizations. Many of the SME firms that do use some MA functions downsize the technique to adapt it to their firm. In downsizing, only parts of a technique may be used; alternatively, the technique is not fully used as intended, diluting the potential effectiveness of MA. An example would be to create a budget but fail to monitor its results. "SMEs use management accounting to a lesser extent than large firms do. SMEs not only make less use of management accounting, but they also use it differently than larger firms" (Lopez & Hiebl, 2015, p. 83). Additionally, Alsharari and Lasyoud (2019) alluded to how MA techniques used by organizations change over time. As it grows, an organization may change the use and function of

such techniques. The specific MA techniques that organizations use change over time. This is dependent on the industry and environment in which they operate (Alsharari & Lasyoud, 2019).

Lopez and Hiebl (2015) concluded that previous management accounting research showed that the size of the organization correlated with the use of MA. Smaller firms used MA less than larger firms.[5] Factors for adopting MA techniques in organizations were also identified, including environmental, staffing characteristics, and organizational structure:

- *Business environment considerations.* The use of MA techniques increases in a highly competitive business environment with high environmental uncertainty. Decreased usage was found with SMEs in developing countries that had lower educational opportunities or that lacked human capital resources.
- *Staffing considerations.* Management accounting use increases with a nonfounder CEO or CFO, or if the owner is not involved in the operations of the business. Decreased MA use was associated with an owner/manager's lack of training and a lack of knowledge among the finance/accounting staff.
- *Organizational structure.* MA was more highly adopted when the organizational structure was more complex and decentralized. MA usage decreased where the organizational structure was simple, resources were limited, and where family influence was higher (Lopez & Hiebl, 2015).

Of note from the review of the existing MA literature and SMEs is that virtually all the studies looked at what MA techniques were being used, not why or how these techniques were

[5] Of note was that many of the articles had different classification of what is a SME. However, virtually all used an employee count as the basis and all were under 500 employees for the SME ceiling, consistent with the current research.

used in industry. This is what sets the current study apart: it assumes that better use of MA in golf courses would result in a stronger golf course industry.

Randall and Horsman's (1998) ISBA conference paper discussed whether business failure of SMEs could be reduced with better use of MA. Their paper draws some interesting conclusions. First, noting a lack of academic research, these authors echoed previous recommendations: more research was needed in the area of MA use and SMEs. Second, they felt that owner/managers of small businesses likely did not fully understand what MA encompassed; its terms and techniques were not well understood. MA may be a fuzzy concept for the SME owner/manager. The authors suggested that owner/manager's increased awareness of the use of MA could mitigate business failures. Third, Randall and Horsman concluded that appropriate use of MA by the decision makers in firms would help reduce business failures, whether slow or catastrophic and quick. Using appropriate MA techniques could sound warning alarms and help business react to sudden business changes.

An interesting field study conducted in Romania (Cuzdriorean, 2017) attempted to look at how SMEs used MA techniques. A questionnaire was used to collect data from various SMEs in different industries, to examine the use of modern and traditional management accounting techniques and their perceived importance in SMEs. Results showed that failing to use management accounting was largely a result of a business model being inappropriate for most of the management accounting techniques. In addition, cost, time commitments, and lack of knowledge to properly implement were the largest barriers to implementing MA. As well, the firms under study considered modern MA techniques low in importance. Cuzdriorean pointed out the techniques being used, but the results must be regarded with a healthy degree of skepticism. Since the study was conducted using a questionnaire, interpretations of what was

being asked could have varied between respondents. A more meaningful methodology would adopt interviews. Management accounting techniques were unknown as such by some respondents; however, the companies could have been using a variation of a technique, or the technique itself, known by a different name.

Additional questions are needed to deepen our understanding of MA and SMEs. The current research methodology tries to overcome the pitfalls seen in Randall and Horsman's (1998) and other previous studies.

Other Managerial Accounting Research

Research articles discussing the use of management accounting and SMEs, as countless authors have attested, are few. Some articles looked at how using MA affected risk (Kose & Agdeniz, 2019), strategy (Kabit, 2019; Uyar, 2019), and organizational change (Alsharari, 2019). However, all such articles used a questionnaire design to collect data and, by and large, came to the same conclusions. More research was needed in the area of management accounting and SMEs, since management accounting had a positive impact for the organization—whether that was on decreasing or identifying risk, improving strategy, or facilitating organizational change.

Calls for additional research investigating SME and management accounting were common themes in virtually all the articles reviewed. Welsh and White (1981) argued that a difference between SMEs and large organizations was a special condition in SMEs that they referred to as *resource poverty* (Welsh & White, 1981, p. 18). Small businesses do not operate like big businesses. This concept appears to be very applicable to the use of MA in SMEs. Nandan (2010) suggested that we cannot think of the use of management accounting in SMEs as equivalent to the practice that a large organization might use:

> Our contention is that SMEs face similar forms of complexities, and are more prone to failures and, therefore, management accounting information is especially

> important to them for better resource management and allocation decisions. (p. 69)

Nandan additionally called for further research in this area. SMEs do not have the same capacities of large organization, particularly in terms of human capital. To assume that they would or could use MA techniques with the same vigour as a large organization would be naïve.

Of the published studies, evidence that MA techniques—e.g., cost accounting or SMA techniques—should be used in organizations is abundant. The consensus is that there are many benefits to the use of management accounting. However, little research has been done to understand how and why SME are using such techniques—or not using them. Past research seems to show that a lack of resources is a primary reason for low adoption rates of MA use. As was stated previously, most of the studies were questionnaires, which could create confusion for respondents, and which do not give researchers the ability to ask follow-up questions to gain additional understanding. Additionally, past research generally focused on implementation of management accounting, benefits of management accounting, what techniques were being used in organizations, and the overall state of management accounting in organizations—but in large organizations.

Identifying what MA techniques are in use by SMEs is long overdue. Gaining a better understanding of how GMs of golf courses use MA on a day-to-day basis is essential for them, and also for our academic understanding. How this is done in a specific industry—such as the golf course industry in one country—amounts to a deep dive into an area of research that has been overlooked.

Summary

In their paper on strategic management accounting, Bill Nixon and John Burns (2012) called for research that would address the gap between strategy, practice, and SMA. Other authors have also made such a call, particularly regarding the use of MA in small and medium-sized business (e.g., Abdel-Kader & Luther, 2008; Armitage et al., 2016; Pavlatos & Kostakis, 2015).

Studying solely large organizations creates a false economy in an understanding of what MA techniques are used in SMEs. SMEs do not have the same manpower. Many MA techniques, such as the balanced scorecard, ABC, and (to a lesser extent) in-depth budgeting techniques, require a lot of time, energy, know-how, and human capital to be done correctly. Organizations with thousands of employees have entire accounting departments with the capacity to spend the time to implement various MA techniques. An SME will have only a few people—a single bookkeeper or possibly only the owner/manager—looking after all the accounting duties. As such, inferring what SMEs use by looking at large firms is not comparing apples to apples.

Most of the prior research on MA (and its related terms) has explored the adoption rates or benefits of using MA. Most of these empirical research studies used questionnaires to assess what was being used in the industry. For example, Pavlatos and Kostakis (2018) used demographic information in their questionnaire to assess whether there was correlation between SMA use and the demographic of Greek manufacturing firms. Their results showed a higher use of SMA techniques by younger CEOs.

The prior research on the use of cost accounting, MA, and SMA has yielded some conclusions. First, most of the research has been done on larger organizations. This is likely a result of the data being freely available. As a result, most small and medium-sized business are

underserved in the research. Second, there has been low adoption of SMA. This is likely due to not only the difficulty of getting and producing the data but also because of confusing terminology (Langfield-Smith, 2008).

Third, most of this research has been exploratory in nature. It has used questionnaires to gather information about what MA techniques organizations are using. As a result, answering more basic questions (such as why certain techniques are used, or why not) has largely been a matter of speculation. Speculation is a driving force for conducting the current research. Questionnaires miss the opportunity to clarify ambiguous questions and gain a deeper understanding on what, why, and how organizations use MA techniques.

Finally, past research using questionnaires has largely examined multiple organizations in different business sectors. Presumably this was a function of gaining enough participants for a quantitative analysis of the survey questions. For example, studies have compared large companies in different countries (Guilding et al., 2000); adoption rates in different types of Nigerian financial institutions (Oboh & Ajibolade, 2017); and analyzing SMA profitability in Egypt (Mohamed & Jones, 2014). Research focusing on small and medium-sized businesses using a questionnaire design has looked at MA use in various industries in Canada and Australia (Armitage et al., 2016) or an international comparison of strategic management use in the hotel industry.

Many authors have called for further research into the use of MA and SMEs. Ferreira and Merchant (1992) suggested that any new research should set out to meet specific criteria, which the current research aims to do:

- The researcher should have direct, in-depth contact, particularly in interviews. These interviews should form the primary source of research data.

- The study should look at real-world use of MA.
- The study should use a semistructured research design.
- The results should be published in an academic setting.

Prior research has not focused on one industry in one country, but rather multiple industries in one country, or the same industry across various countries. The current research question focuses on one industry in one country and uses research design criteria as suggested by Ferreira and Merchant (1992).

Chapter 3: Conceptual Framework

In order to use institutional theory as a conceptual framework, the study had two distinct areas to consider: the golf course industry under study, and the use of internal financial reporting (management accounting) in this industry. At issue was whether institutional theory was an appropriate lens through which to view the golf course industry and MA research more broadly, and whether the accounting function at golf courses was institutionalized. Since I found no prior research that used IT when researching the golf industry and management accounting, it was necessary to show that the golf course industry is institutionalized.

There is support for using institutional theory when doing accounting research. The often-cited work of Scapens (1994) and Burns and Scapens (2000), for example, illustrates that MA in organizations is institutionalized. That is, the accounting function is a set of repeatable routines that allow for legitimate behaviour for organizational cohesion. The use of IT allows for management accounting researchers to "understand, . . . implement and evaluate an integrated form of tools (MA techniques)" (Zyznarska-Dworczak, 2018, p. 258). With the substantial existing precedents for using IT in MA research, and supported by the discussion below (in "How the Golf Industry Became Institutionalized"), IT was seen as appropriate as the framework for the study.

Institutional theory (IT) "suggests that internal and external social pressures reduce the variation of structures and strategies found in today's world of commerce" (Vibert, 2015, p. 107). It asks: "why are organizations the same?" Firms gain legitimacy with their peers and other stakeholders the more they conform with the norms in that industry. Being "the same" reinforces the fact that they belong in that industry. "The formal structures of many organizations reflect the expectations and values of the environment rather than the demand of work activities" (Daft

2001, as quoted in Vibert, 2015, p. 107). IT therefore is the study of why and how organizations in the same field are structurally the same (hospitals, for example) and try to maintain legitimacy (Washington & Patterson, 2011).

In IT, organizational fields can be thought of as organizations that are part of the same industry. A variety of companies operating within the same industry (for example golf courses, equipment manufacturers, and food and beverage suppliers) often share connections or associations with other companies in that industry.

> [Organizational fields are] those organizations that, in aggregate, constitute a recognized area of institutional life: key suppliers, resources and product consumers, regulatory agencies and other organizations that produce similar services or products (make up the organizational fields). (DiMaggio & Powell, 1983, p. 148)

Stakeholders in an organizational field are connected to one another and are structurally equivalent. As one organization in the field changes, the other organizations might be expected to experience the same pressure to change accordingly. All organizations in the field would thus maintain their legitimacy. For example, when Ernst & Young (an accounting firm) added a law firm to their practice, the other "Big Five" firms followed suit (Suddaby & Greenwood, 2005).

In this institutional view, organizations legitimize themselves by succumbing to coercive, mimetic, and normative pressures in their population or given field (DiMaggio & Powell, 1983). Coercive pressure refers to pressures exerted by external stakeholders, such as governments or trade organizations, to act in a similar way. Mimetic pressure refers to the pressure from organizations to copy other organizations in the same field when the behaviours of these other firms are seen as beneficial. Normative pressure refers to the pressure from the members,

typically professionals, for how organizations (and the actors in the organization) should conform with the same behaviours.

This macro perspective, referred to as new institutionalism (NIS), is an appropriate framework within which to view the golf course industry.

Past Research Using Institutional Theory and the Golf Course Industry

Reviews of the literature found no articles supporting the use of an IT framework when analyzing the golf course industry specifically. In fact, no articles were found supporting any framework for use in investigating the golf course industry.[6]

There is, however, a broad literature supporting sports management research using IT as a framework:

> All sport organizations are embedded in organizational fields, and are subject to pressures from key suppliers, resource and product consumers, competitors and regulatory agencies. This makes the organizational field level of analysis extremely apropos for analyses of organizational changes in sport. (O'Brien & Slack, 2003, p. 419)

An institutional perspective on sport has been well documented in past research. For example:

> Slack and Hinings and colleagues (Amis et al., 2004; Danisman et al., 2006; Slack & Hinings, 1994) have published numerous studies examining the changes in a variety of National Sport Organizations that are a part of Sport Canada. (Washington & Patterson, 2011, p. 7)

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[6] One article (Arthur et al., 2009) discussed the relationship between U.S. political ideology and the distance between men's and women's golf tees using an institutional perspective. However, this was not pertinent to the current study.

Additional sport research using IT has investigated the percentage of minority coaches in the NCAA (Cunningham et al., 2001) and a Canadian amateur hockey organization (Stevens & Slack, 1998).

Zyznaska-Dworczak (2018) suggested that IT was most applicable when studying homogeneous groups. My research proposes that the golf course industry is homogeneous and institutionalized.

Golf Courses as Institutions

In the absence of supporting literature to assess the golf course industry as institutionalized, a brief analysis of the industry is required. DiMaggio and Powell (1983) suggested the following attributes as determinants for whether institutionalization is present:

- an increase in interaction among organizations in the field;
- the emergence of sharply defined interorganizational structures of domination and patterns of coalition (i.e., a common organizational structure and partnerships between organizations in the field);
- an increase of information in the field that organizations must deal with; and
- an awareness that participants in the field are part of a common enterprise.

The presence of these attributes sets the stage for institutionalization. As the structures of the organizations in the field become homogeneous, there is now a catalyst for organizations to act the same. That is, belonging in the same field is a result of conforming to the norms of the organizations in that field. Institutionalization also requires the additional push of DiMaggio and Powell's (1983) three isomorphic change mechanisms. These operate as a result of and reinforce institutionalization:

- *Coercive change* is a result of political influence or problems with gaining legitimacy. It can comprise formal or informal pressures, cultural expectations, or governmental controls on organizations in the field.
- *Mimetic change* occurs because of standard responses to uncertainty. When there is uncertainty or ambiguity in the environment, an advantage for organizations is to do what others in the field are doing.
- *Normative change* occurs when professionalization demands that the organization conform to institutional norms.

Several factors can lead to institutional isomorphic change, including a combination of any of the above mechanisms. None of them operate in isolation. (See "How the Golf Industry Became Institutionalized" and "The Golf Course Industry As an Institution," below, for a further discussion of these factors.)

Institutional theory, then, looks at how stakeholders in the same field interact with one another, as well as how and why organizations in the same field use the same formal structures. Institutionalization allows for the organizations to conform to the norms of the field in an attempt to gain legitimacy. It aims to deliver products and expectations that are consistent with other organizations in the same field, making for organizational effectiveness. Essentially, institutionalization attempts to answer why organizations in the same field have similar structures.

How the Golf Industry Became Institutionalized

The Royal Burgess Golf Society of Edinburgh, the oldest known society to play the organized game of golf, was formally founded in 1735 (Scottish Golf History, 2024a), although there is evidence that the society was operating before this time. Other clubs emerged and a "golf

club" became a social club and a dinner club, as well as well as a place to play the game of golf (Scottish Golf History, 2024d).

Golf is now an 18-hole game; however, it did not start this way. At first, there was no standard for how many golf holes made a round of golf. Leith Links began as a five-hole course in 1744 and added two holes in subsequent years. Bruntsfield Links (founded 1761) also started as a five-hole golf course and added six holes in 1818, for a total of 11 holes. Some courses, such as Montrose Links in 1866, were known to have 25 unique golf holes, and even the old course at St. Andrews, which is now known as the "home of golf," had 22 holes (Scottish Golf History, 2024c). In 1764, St. Andrews was the first to adopt an 18-hole round (consisting of 10 unique holes, eight of which were played twice; Scottish Golf History, 2024b).

As golf grew in popularity, more clubs emerged. With the increase in golf clubs there was also an increase in rules for the game. Many golf courses adopted their own set of rules. The first known rules of golf were formed in 1744 for an open golf competition at the Leith golf course. At the request of the city of Edinburgh, which was sponsoring the winner's prize, rules were drawn up, creating a legitimate structure for the sport. The first rules consisted of 13 articles.

In 1858, Rule #1 of The Royal and Ancient Golf Club stipulated that "eighteen holes is reckoned a match." It took a little over 25 years for the other golf courses to adopt this 18-hole standard (The Royal and Ancient Golf Club, 2017a). Subsequent Royal and Ancient rule books referenced Rule #1, although it was absent in the 1888 rule book onward; 18 holes was therefore considered a default. It was subsequently added back in as a rule in 1950. (Anecdotally, there is also folklore that 18 holes was chosen as there were 18 shots in a bottle of Scotch.)

There was no one set of rules until The Royal and Ancient Golf Club (R&A) began selling printed copies of the Leith rules of golf. In 1897 the R&A were given control of the rules

of golf by a common agreement of the existing golf clubs (who were mostly British; Scottish Golf History, 2024e). In 1899 they published a so-called national set of rules. R&A was then regarded as the governing authority on golf. In North America, the U.S. Golfing Association (USGA), founded in 1894, adopted the R&A rules. They made slight changes to the rules until 1952 when the USGA and the R&A adopted a universal code for the rules of golf. Currently, 34 rules have been adopted for the game of golf.

I argue that the golf industry became institutionalized upon the adoption of 18 holes and a common set of rules. The rules, the unified authoritative figure (R&A) and a standardized physical golf course form provided legitimacy for each golf course in the field. Golfers now had the ability to play at and compete against other golf clubs using one set of standardized rules. This sameness was required to grow the game. Without a unified set of standards, expectations, and norms, there would have been too much variance in the game, creating confusion in the public. Thus, sameness lowered marketplace ambiguity. The golf industry, at the beginning, yielded to coercive isomorphic pressure (political influence by The Royal and Ancient Golf Club) and mimetic and normative isomorphic changes (lowering the ambiguity to the general public with a common set of rules) to become institutionalized. (See Table 1.) The golf industry further yielded to normative change as golf courses adopted the R&A rules.

Table 1

Structural Attributes of Institutionalization

Structural attribute of institutionalization	Support
There is an increase in interaction among organizations in the field.	True. The golf societies worked together to form a set standard of the rules and agreed upon a set length of the game (eighteen holes).
A common organizational structure and partnerships between organizations in the field.	True. The golf club was a social club that had many of the same attributes; namely dinner, golf and social activities. As noted above, the societies occupied the same field partnered from a set standard for the rules of the game.
An increase of information in the field that organizations must deal with.	True. As the rules of golf emerged, the golf courses all adopted the R&A rules and any subsequent changes to these rules.
An awareness that participants in the field are part of a common enterprise.	True. Golf courses agreed upon a set standard to further the game is evidence that all the organizations were aware that they were part of something larger than only themselves.

Note: *Source*: DiMaggio & Powell, 1983.

The Golf Course Industry As an Institution

Considering whether the golf course industry continues to be institutionalized necessitates examining the field in which the golf course industry operates—namely, the stakeholders and how they fit with DiMaggio and Powell's (1983) four structural attributes and three isomorphic mechanisms that lead to institutionalization, as recommended by O'Brien and Slack (2003). While the list of stakeholders below may not be exhaustive, they are the main stakeholders shaping the institutional field of the golf course industry.

Table 2

Main Stakeholders in the Golf Course Industry

Stakeholder	Main institutional attribute	Main institutional isomorphic mechanism
Golf courses	Common organizational structure and partnerships between organizations in the field.	Coercive and mimetic
Golfers	An increase in interaction among organizations in the field.	Coercive, mimetic, and normative
Employees	Common organizational structure and partnerships between organizations in the field.	Coercive
Trade organizations (CPGA, CSA, NGCOA, CSCM, USGA, R&A)	An awareness that participants in the field are part of a common enterprise.	Coercive and mimetic
Suppliers (food suppliers, retail clothing suppliers, chemical suppliers, lawn equipment)	An awareness that participants in the field are part of a common enterprise.	Mimetic
Golf equipment manufacturers (golf clubs, balls, bags and other equipment)	An awareness that participants in the field are part of a common enterprise.	Mimetic
Municipal, provincial and federal governments	An awareness that participants in the field are part of a common enterprise.	Coercive

Note: See following pages for a further explanation of how each isomorphic mechanism was selected.

Analysis of Golf's Stakeholders

Golf Courses

Physical Structure

Golf courses in Canada tend to have nine or 18 holes, with few exceptions (Golf Canada and the PGA of Canada, 2015). As noted previously, the 18-hole golf course design has its roots in the implementation of a standard set of rules for the game:

> In our industry we're a little bit slow to innovate, because the tradition of the golf experience is such a big part of the game. . . . It's this balance between progress and tradition that has to be found. . . . The traditions are what made it such a popular game in the first place. (Posadzki, 2015, p. 1)

Golf course structure and traditions are a result of mimetic and coercive forces that have shaped the golf industry since rules for the game were adopted in the late 19th century.

In the beginning, there was some uncertainty as to how the game was going to evolve. A mimetic response resulted from adopting rules for how to play the game of golf. Once the sport gained popularity, a coercive force was then applied to the industry. As The Royal and Ancient Golf Club became the legitimate voice of the industry, new and existing golf courses were pressured to adhere to the norms of an 18-hole facility. R&A acted as a political/organizational influence on the structure of golf courses; its 18-hole structure has been adopted continuously ever since. For a golf course, the nine- or 18-hole design gives it legitimacy in the industry. Anecdotally, any golf course deviating from this norm would be considered an outsider.[7]

Managerial Structure

The managerial structure of golf courses also has a typical form. With little variation between clubs, golf courses operate within a top-down, pyramidal structure. Two or three department heads—usually, the head of golf operations, the food and beverage manager, and the superintendent—report directly to a senior manager/general manager.[8] This scheme fits with DiMaggio and Powell's (1983) organizational structure commonly seen in institutionalized organizations.

The services that a golf course provides also allow us to consider the golf industry as institutionalized. For example, golf courses all provide a food service component. Typically, they

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[7] Having worked in the golf industry for 15 years has granted me access to conversations with each stakeholder group. The idea that a golf course could be anything other than a nine- or 18-hole facility would be seen as odd or illegitimate. Any differences from this model would be met with skepticism.

[8] In some golf courses, the general manager also acts as the head of one of the other departments as part of their ongoing duties—hence the distinction between the two or three direct reports.

also offer leagues to play in, such as a men's night, ladies night, senior days, junior camps, and other forms of competition. Competitions are also held between different golf courses, and clubs host corporate or special tournaments to attract golfers. Employees from one golf course can generally play on other golf courses free of charge, a benefit of working in the industry. Most, if not all, golf courses have power carts and golf clubs to rent, and beverage carts that service the golfers while they play.

Superintendents of golf courses maintain working relationships with each other, in addition to the trade association to which most belong. They openly share knowledge about how best to prevent and treat common issues, such as diseases on a golf course. For example, a superintendent may discover a certain fungus or invasive grass and seek the advice of other superintendents about how best to eradicate it.

Tying these services back to DiMaggio and Powell's (1983) institutional criteria, we find (a) interactions between golf clubs in the field, including hosting and promoting interclub tournaments and allowing complementary reciprocal golf privileges for golf course employees; and (b) an awareness that participants in the field are part of a common enterprise, such as the exchange of horticultural knowledge between superintendents.

Golfers

Why do people golf? This is not an easy question to answer. There are many reasons and, arguably, there are likely competing reasons for each individual golfer. Health benefits, socializing, competition, social status, and difficulty are all possible reasons. If golf were easy, no one would play: a professional golf tournament typically consists of four 18-hole rounds and

a player very often wins by only a stroke or two. Additionally, a benefit of the sport is that players with different skill levels can compete against one another.[9]

Do golfers conform to institutionalization in the field? They do. When golfers play the game, they follow the rules,[10] adhere to a common dress code, and conduct themselves in predictable and consistent ways. For example, it would be unlikely to see golfers wearing bikinis, running on the greens, and yelling and screaming after each shot. Golfers' behaviour conforms with expectations based on informal pressures and industry expectations. These are further reinforced by golf professionals, either as seen on TV or at the local club, who continue to set the example for how golfers should look and act. Additionally, golfers play at designated golf facilities. In an unwritten rule, they practise and play at a golf course and not, for example, at a local park.

In terms of institutionalization, I argue that all such common golf course behaviours are coercive. Under mimetic pressure, golfers seek to look and act like other golfers in the field. They thus play under coercive, mimetic, and normative isomorphic change mechanisms and pressures; they seek to fit in with the informal and cultural expectations of how a golfer will conduct themselves and follow the rules of the game.

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[9] Golf Canada provides golf courses with a "slope" and "rating" for each facility. These are used as metrics for identifying the difficulty of a golf course. A mathematical formula based on the slope, rating, and what an individual scores during their round constitutes the handicap system, which allows for golfers of different skill levels to compete against one another. Based on this handicap system and the relative difficulty of the specific golf hole (ranked 1 through 18), strokes may be added (or subtracted) from a player's score to even out the skill differences.

[10] From experience, golfers know the broad rules of the game. Some rules broken during noncompetitive play—such as taking a "gimmie" on the putting green, a "mulligan" from the tee, or grounding a club in a hazard—are widely accepted as inconsequential by most players.

Employees

Similar employment arrangements are found at most Canadian golf courses. Only an exceptionally rare golf course would have more than a few full-time staff year-round. The National Allied Golf Associations (2014b) reported that Canadian golf courses employ an average of 7.3 full-time, year-round employees and 54.2 employees during the summer months. Since they are a service industry, golf courses are open on holidays and conform to the hours of operation that service jobs have. That is, they are open from dawn to dusk and, for the most part in Canada, are open six to eight months of the year. Typically, the industry uses seasonal workers who earn the minimum (or near minimum) wage. These seasonal employees tend to be a younger workforce. Benefits that employees have (or do not have) are typically the same in the industry; golf privileges tend to be a common benefit. Health benefits that we would likely see in other industries are missing, but this absence is common for a seasonal workforce.

Golf jobs are summer jobs. They tend to be a fun work environment with most of the employees in the same age bracket. On the one hand, these jobs could be seen as providing a DiMaggio and Powell (1983) coercive metric, since there are organizational pressures to keep them as entry level positions. Logic dictates that this structure is likely a function of the seasonality of the industry and lends more to the argument that the employees in the field are the same because of a common organizational structure. Regardless, the employees in the golf industry follow an institutionalized model.

Trade Organizations

Golf Canada (2017a, 2017b) is the governing body of golf in Canada. It is not a trade organization as such, but it promotes the game of golf in Canada from the recreational level all

the way to the professional level. Broadly speaking, it is responsible for growing the game of golf. In addition, it upholds the rules, standards, and values of the sport.

As a means of gaining legitimacy, there are trade associations that most, if not all, golf courses belong to. Employees in golf operations tend to have experience playing and working in golf. The CPGA (and its related provincial bodies) offers a certification for its members (PGA of Canada, 2017), which requires a diploma in professional golf management as well as a playing aptitude test and industry experience. Many superintendents belong to the Canadian Golf Superintendents Association (2004) where they gain knowledge in horticultural, agricultural, and pesticide application best practices.[11] The National Golf Course Owners Association (1995) is a forum where owners may collaborate on issues in the industry. Food operations have their own trade organizations, none specific to the golf industry, but to which many belong. For example, many golf courses are members of the British Columbia Restaurant and Foodservices Association (2024), a provincial body.

Trade organizations increase the interaction amongst organizations in the field. They put on trade shows, buying shows, and education seminars where individuals in the industry can come together and collaborate. Changes in the industry (such as rule changes, industry research, or best practices) are filtered through these organizations to their membership. Most golf courses belong to at least one trade organization, so they are aware that they are all part of the same field.

Membership in these organizations applies coercive pressure, since nonmembers could miss out on important information or networking. Further, in recent years there has been mimetic pressure to join these trade organizations as the industry has seen some changes in golfers'

[11] There has been a push in the last number of years to focus on "greening" the environmental practices in sport (Millington & Wilson, 2013; Trendafilova et al., 2013).

behaviour. Joining these organizations is a way for members to stay abreast of current information and for the institutional norms of the industry to be increased.

Suppliers and Manufacturers

The game of golf has special equipment (clubs and balls) and tools—a tool to cut the golf hole on a putting green, for example. The suppliers and manufacturers to the golf industry are institutionally mimetic. For example, if one golf club manufacturer comes out with a new type of driver, wedge, or golf ball, the other manufacturers in the field will come out with equipment with similar technology or specifications. Golfing equipment only changes incrementally. In recent memory, some manufacturers have come up with unique and new designs. For example, Nike and Cleveland each developed clubs that did not look traditional.[12] But sales of these designs were poor. The new designs could not gain legitimacy, and the companies consequently stopped their production. Traditional equipment—drivers, irons, and a putter—has not changed in decades. While this dissertation does not cover the history of golf equipment, from an IT point of view the mimetic attribute will likely lead to a structural possibility of institutionalization (see "Golf Courses as Institutions").

Governments

Finally, governments are part of the institutional field of golf, since they provide regulations and gain tax revenue from the industry. They create standards and rules for the application of the pesticides and herbicides used on golf courses. They receive provincial and federal sales tax (GST/PST/HST) as well as corporate income tax and personal income taxes

[12] Nike sasquatch driver (Ritter, 2016) and the Cleveland VAS irons (Golf Monthly, 2008).

from the employees in the industry. Governments wield coercive control as they require the payment of these taxes and adherence to the pesticide and herbicide application rules.

Stakeholder Summary

Each stakeholder in the field is intertwined with and dependent on one another. The golf courses could not exist without the employees and the golfers. Suppliers and manufacturers need the golfers and the game to survive. Governments need the revenue collected from the game. Trade organizations also need the game of golf to be a going concern and to be relevant. Revisiting DiMaggio and Powell's four institutional criteria:

1. *Is there an increase in interaction among organizations in the field?* Yes. Golf courses require ongoing support from and interaction with other golf courses, trade organizations, and suppliers and manufactures. The interaction between these groups forms a cohesive and unified ideology of what golf is and what it will look like going forward. Trade organizations, such as R&A and Golf Canada, exist to maintain the rules and history of the game. Their interest is to regulate the game's status quo and therefore maintain the institutional nature of the sport.
2. *There is a common organizational structure and partnerships between organizations in the field*. True. Golf courses have adopted a pyramid structure.
3. *An increase of information in the field that organizations must deal with.* True. Manufacturers, golfers, and golf courses have had to deal with an increase in technology. This has resulted in changes to rules, such as the compression standards for golf balls and golf clubs (The Royal and Ancient Golf Club, 2017b), and subsequently the design of golf courses to accommodate these changes.

4. *An awareness that participants in the field are part of a common enterprise*. True. No one stakeholder operates in a vacuum. One stakeholder's changes affect other stakeholders. For example, a rule change can affect the golfer, the equipment, manufacturers, golf courses, and, ultimately, governments.

Revisiting DiMaggio and Powell's (1983) three isomorphic change mechanisms:

1. *Coercive*: Golf has informal and formal pressures to be the same. To be different in this industry is to ostracize your organization from the golf community. Manufacturers develop and golfers use relatively similar equipment. Generally speaking, all golf courses have adopted the same nine- or 18-hole facilities.
2. *Mimetic:* Changes in the game of golf and in the golf industry affect all the stakeholders. With the application of a standard set of rules, legitimacy in the industry has pushed golf courses and other stakeholders to become institutionalized. Manufacturers conform to the same standards. Golfers play by the same set of rules.
3. *Normative:* The rules of the game have laid the normative foundation for all golf courses.

In summary, the golf course industry is still institutionalized. Golfing behaviours conform to the rules and perceived appropriate conduct of "a golfer." Golf courses conform to the rules of the game and as such have a typical nine- or 18-hole form. Intertwined industry stakeholders meet these expectations. Manufacturers deliver consistent products for golfers, who use them on golf courses that typically have par 3s, 4s and 5s. Deviation from what is perceived as the norm, in this industry, is not an advantage; the industry has done a good job of self-regulating, to enforce this ideology (N. Phillips et al., 2004). Golf courses will compete in other intangible

aspects (such as price, course condition, or difficulty), but at the root of the industry, they will all be much the same.

Past Research Using Institutional Theory and Management Accounting

Institutional theory has provided a robust framework for management accounting research for over 40 years (Zimmerman et al., 2017). It has helped to conceptualize various accounting research projects such as budgeting (Covaleski & Dirsmith, 1986), peer review (Fogarty, 1996), auditing (Baker et al., 2014; Gupta et al., 1994; Zimmerman et al., 2017), and environmental management accounting (Jalaludin et al., 2011). Much of the use of IT and MA focuses on MA and organizational change (Arroyo, 2012; Guerreiro et al., 2006; Scapens, 1994; Zyznarska-Dworczak, 2018).

Institutional Theory and Managerial Accounting Techniques

Since the golf course industry is institutionalized, and since prior research shows that accounting in organizations is an institutionalized process, it stands to reason that the golf course industry would use an institutionalized accounting process. The question now becomes: What techniques would we expect to be used in the golf course industry?

Anecdotal evidence suggests that the leaders of a golf course—general managers or owners—likely come from the golf operations or food and beverage side of the business (Liddicoat, personal communication, 2019; McKay, personal communication, 2019).[13] A GM from the food and beverage side likely has a degree or diploma in hospitality management. Such programs offer financial accounting and MA courses (see, e.g., Camosun College, 2024;

[13] To protect anonymity, the titles *owner* and *general manager* will be referred to as GM or GMs throughout the dissertation, unless otherwise specified.

Thompson Rivers University, n.d.). An owner/general manager from the golf operations side is very likely a Class A CPGA professional. To become a Class A CPGA pro one must have a business degree or a Professional Golf Management (PGM) diploma. In recent years, this formal education requirement has been brought in-house by the PGA of Canada, to include an online education component (Golf Canada, 2024). Some of the courses required in the program are the same sort of courses one would expect to see in any business program—human resources, marketing, law, accounting—as well as golf-specific courses such as turf grass management or golf product knowledge. At Camosun College, for example, I was required to take three different accounting courses over a three-year PGM diploma program: financial accounting, accounting for small business, and hotel management accounting (both MA courses).

There is no hard and fast need for golf course GMs to have any particular academic background. Presumably, some might have no business school background at all. However, it is likely that they will have some sort of business diploma, whether in food and beverage/hospitality or PGM, or a bachelor's degree in business. Regardless, they will be familiar with some degree of MA, whether from courses they took or from learning on the job. Experience does count for something.

The more pertinent question is: What techniques are actually being used, in practice, in the golf course industry? For example, when making business decisions, are golf courses using relevant costs or sunk costs, or considering opportunity costs? To identify a base list of MA techniques that one would expect to see in practice, two first-year MA textbooks (Brewer et al., 2017; Datar et al., 2019) were examined, to identify areas that would have been taught and techniques that could realistically be used.

The list in the following section, although not exhaustive, encompasses virtually all the management accounting techniques that would be taught in an introductory MA course. The goal of MA is to provide prospective decision-making abilities to

> plan for the future, implement the plans and control the operations. Managers need information that focuses on internal activities. MA provides managers with the essential information they can use to run organizations. (Brewer et al., 2017, p. 1)

To this end, several popular techniques are used. In what follows, various MA techniques are discussed, accompanied by a discussion of the likelihood of their being used. .

Management Accounting Techniques

Job Order Costing

Job order costing is a way for companies to trace the direct and indirect costs of making specific products or delivering specific services, in such enterprises as car repair shops, a marketing firm's advertising campaigns, or a public accounting firm's year-end financial statements. "Each job generally uses different amounts of resources . . . (and) the product or service is often a single unit" (Datar et al., 2019, p. 101). Job order costing allocates out direct labour and material costs to the project and also a budgeted indirect costs associated with the project. Such indirect costs would be allocated out on a common driver. For example, if the F&B department of Anytown Golf and Country Club were to use job order costing for weddings, it might choose to allocate indirect costs based on an estimated number of weddings per year, or on the potential number of wedding guests. If it expected to have 10,000 wedding guests for the year, if the allocated indirect costs for the year were $10,000, and if Anytown used the number of wedding guests as their driver, they would allocate $1 for each wedding guest to cover the indirect costs associated with hosting the wedding.

Job order costing in the golf course industry could be applied in several potential areas. If Anytown's retail golf shop sold custom-made golf equipment, for example, they could allocate and keep track of the direct and indirect costs associated with the production of that equipment. The grounds crew could use job order costing for large, one-off facility repairs such as redesigning or repairing a golf hole. The clubhouse, or F&B department, could use job order costing for specialized events such as hosting weddings or tournaments.

Very likely, some degree of job order costing is in use at golf courses. Courses might allocate direct costs to specified projects, but it is unlikely that they would allocate indirect costs (such as amortization on the facilities, utilities, or property taxes). Such costs may be overlooked when analyzing a job, but may be added as markup to the revenue side, as a cost recovery.

Process Costing

Process costing is like job order costing—it attempts to allocate direct and indirect costs. Process costing is most widely used when producing goods or services that are the same, such as making Bic pens or "beverage production by Molson Inc. or cheque clearing by TD bank" (Datar et al., 2019, p. 102). In practice, this form of costing is used by divisions or departments to try to find the departmental cost per unit (Bell, 2019a).

Process costing techniques would not likely be implemented at golf courses, since golf courses do not make products. However, some elements of process costing may be seen in the golf course operations, such as allocating costs to departments (F&B, golf, and grounds), but if it were used, this would likely be an inappropriate use of the technique for the industry. A better alternative for allocating costs and evaluating departments would be divisional budgets (discussed in Chapter 6, "Operational Budgets").

Activity-Based Costing

Direct costs, such as direct material and direct labour costs, can be reasonably calculated when making a product or providing a service. Indirect costs are more difficult to allocate. Where job order costing allocated out the indirect costs based on one driver, activity-based costing (ABC) goes into more specific detail to determine indirect cost allocations, by using multiple different drivers or activities. Cooper and Kaplan (1988) coined the term *ABC* to more appropriately cover the shortcomings of typical costing systems. They found that "simplistic approaches (to managing costs) are no longer justifiable—especially given the plummeting costs of information technology" (Cooper & Kaplan, 1988, p. 96), and suggested a more robust cost allocation. "An attempt is made to trace these costs directly to the activities that cause them. These activities are believed to drive the costs; therefore, they are called cost drivers" (Brewer et al., 2017, p. 230).

Expanding on the indirect cost allocation example for Anytown Golf and Country Club, perhaps the indirect costs at weddings could be separated into three distinct areas: food preparation, bar, and set-up/take down. ABC costing would likely see different drivers for each cost centre, such as the number of guests for the food preparation, number of drinks served for the bar, and number of weddings for the set-up/take down function of weddings golf course. The important takeaway is that ABC costing provides a more refined allocation of indirect costs that better reflect the usage of each activity and the indirect costs associated with those activities.

There appears to be some consensus that it is difficult for SMEs to survive (Reynolds et al., 2018). A traditional ABC system could help in their overall success:

> If effectively implemented, ABC could provide more accurate product cost information than direct or absorption costing. The concern with ABC implementation is that intensive implementation may be counterproductive and may require too many resources. (Reynolds et al, 2018, p. 1)

This said, in a case study (Ozkan & Karaibrahimoglu, 2013) of a small engineering company, the use of ABC "provides the organization with the means to determine both value-added and non-value-added quality related activities and to detect improvement opportunities" (p. 420)

The ABC technique could certainly be applied by golf courses. Practically, however, the use of ABC costing on golf courses is likely limited:

> ABC produces more accurate cost data. . . . (However) not many companies use ABC and the big reason is it is quite expensive. Rather than gathering one bit of data to determine your product cost, you have to gather much more data and it can be expensive just gathering that information. So, many companies don't use ABC although academically [it] will produce better estimates. (Bell, 2019b)

Cooper and Kaplan (1988) reasoned correctly that the cost of information technology would go down; however, there may still be a gap for SMEs in getting the appropriate information to adequately (and properly) implement an ABC system. There could be gaps in time, technology, and knowledge for gathering, storing, and analyzing the data for successful implementation of an ABC system. For the average small-business GM, these potential gaps could limit participation and proper implementation. For example, if the GM at Anytown Golf and Country Club used an incorrect driver to estimate indirect food costs, the results could be misleading. In this case, not using ABC would be better than using ABC with incorrect information. It takes considerable time to set up and gather data for an ABC system. Considerable understanding of the business is necessary in order to properly identify the primary activities that drive certain costs. The time involved in gathering data may be another reason why golf courses might not use ABC costing. However unlikely that ABC costing would be put into

practice, efforts were made during the interviews to assess how indirect costs were allocated or considered for decision making.

Contribution Margin Income Statement and Analysis

Another method for presenting financial information is the contribution margin (CM) income statement. Unlike financial accounting, where financial information is presented by function (in an absorption costing income statement), the contribution margin format income statement distinguishes expenses based on cost behaviour—that is, based on variable and fixed costs (Brewer et al., 2017). This format allows the user to assess the contribution amount, namely revenues less the variable costs associated with producing that revenue. What is leftover (i.e., the contribution amount) is the amount available to cover fixed costs and profit.

The contribution method allows for users to access some powerful financial information to help make strategic business decisions. For example, its use allows the manager to assess two things:

- *Break-even point.* This is the point in which the CM, represented either in total dollars or in units of a product or service, is equal to the fixed cost of the company. This allows the users to identify minimum quantity levels to break even or achieve a desired profit.
- *Cost-volume profit decision making*. The use of the CM format allows users to quickly and accurately look at operational decisions.

While the list below is not an exhaustive list of potential operation decisions that golf courses could face, the CM would allow the user to assess decisions such as:

- lease or buy decisions relating to capital or noncapital assets
- add or drop business segments or products

- outsourcing decisions
- target costing (the life-cycle cost of a product)
- cost decisions with constrained resources.

Little academic research has considered the contribution method and SME. One article studied Chilean restaurants and their use of CM as an efficiency indicator (Rojas, 2019). However, that paper focused on the contribution method "as a financial indicator of inventory management" (Rojas, 2019, p. 92); it had a grounding in applied statistics. The lack of research on how SMEs use the contribution method in day-to-day operations is a gap that this study seeks to fill.

Golf courses could be expected to be frequent users of CM, since CM is valuable to the overall running of a business. What is unclear is how some costs would be classified. For example, should employee salaries be considered a fixed costs or a variable cost? On the one hand, if the golf course applies a budget (see below) that identifies minimum service levels needed, regardless of how busy the golf course is, would they consider these costs fixed? On the other, a golf course could consider employee expenses as a stepped variable, since the number of employees needed on any particular day depends on the number of golfers coming to the facility. Employee wages are among the biggest costs for a golf course. Thus, for decision-making purposes, how these costs are categorized would alter the nature of the decision-making process.

Budgeting

Folklore says that Benjamin Franklin coined the phrase "If you fail to plan, you are planning to fail." Another wise man, Winston Churchill, said: "those who fail to learn from the past are doomed to repeat it." Businesses that do not plan for the future by first assessing what has been done in the past are likely setting themselves up for failure. Budgets are roadmaps for

organizations' business: "Budgets can be used both for planning and for control, although the same budget is not always optimal for both purposes" (Churchill, 1984). Additionally, budgets are appropriate for this IT-grounded study: "The literature has established budgets to be an institutionalized practice of organizations since they are seen both as an intra-organizational routine and an institution in a societal context" (Becker, 2014, p. 594).

Some criticize the budgeting process as time consuming, costly, inflexible, and not strategically focused (Becker, 2014). This argument does have some merit—a poorly done budget may be as useful as no budget at all. If a budget is only created to appease the board of directors or the owner, but not reviewed or actually used, then the exercise of creating it has no practical merit. Budgeting is a major part of what is taught in an introductory management accounting course. It was initially anticipated that budgeting would be heavily used in the golf course industry. This assumption was confirmed in the current study. (It is discussed further in the Chapter 6, "Budgeting.") Previous research has shown that budget use in small businesses is low (Nayak & Greenfield, 1994) or moderate (Rue & Ibrahim, 1998), and budgets may not be used to help form, drive, and evaluate strategy (Gorton, 1999). The current research found that golf course GMs almost universally practised budget creation and use. Additionally, GMs in the golf course industry used budgets to evaluate strategy, contrary to prior research findings. These findings are discussed further in Chapter 5.

Several different types of budgets are appropriate for golf courses:

- *Master budgets* encompass the sales and expenses for the period, whether monthly or annually. A budgeted income statement and balance sheet are produced from the master budget, allowing for a predictive and conformational view of the earning for the golf course for the year. Components of the master budget include:

  - sales budget
  - direct labour budget
  - overhead budget
  - cash budget
  - various other budgets for cost allocation
  - capital budget.
- *Divisional budgets* are like master budgets, but distinguish the different budgets based on area of the golf course, such as golf course maintenance, F&B, and golf operations.
- *Flexible budgets* reconfigure the static budget, adjusting it to include actual results and service levels. For example, a sales budget might have been prepared estimating 5,000 golf rounds per month. When the actual golf rounds played turned out to be 4,000, a flexible budget would adjust the budgeted figures taking into account only 4,000 rounds, in terms of revenues and variable expenses. A flexible budget allows for adaptation to what has really happened, comparing "apples to apples" to assess efficiency and effectiveness at controlling costs. A flexible budget is an important tool for assessing how a business is managing its costs. For example, if fewer rounds were played during a month, one could expect a decrease in labour costs.

Proper budgeting use would include variance analysis—that is, actual amounts would be compared to budgeted amounts. Variance analysis could include such things as ratio analysis between years, or ratio analysis compared to industry standards. An in-depth investigation into the role budgeting took in golf courses was a major focus of the study.

Balanced Scorecard

Companies have different tools for developing and assessing strategy. One of the more popular is Kaplan and Norton's (1992) balanced scorecard (BSC):

> The roots of this type of approach are deep, and include the pioneering work of General Electric on performance measurement reporting in the 1950s and the work of French process engineers (who created the Tableau de Bord—literally, a "dashboard" of performance measures) in the early part of the 20th century. (Balanced Scorecard Institute, 2019, p. 1)

The balanced scorecard is an organization-wide initiative to align strategy with performance. Its *lead indicators* show what the organization should focus on. The *lag indicator* is the overall desired outcome. Accomplishing lead indicator goals should result in the success of the lag indicator. Each indicator is measured using a key performance indicator (KPI) metric. These indicators are separated into four sections: learning and growth, internal business process, customer perspective, and financial perspective (Datar et al., 2019, p. 530). For example, if employees are trained (learning and growth) to decrease delivery time (internal business processes), customer satisfaction will increase (customer perspective), which will then increase market share, resulting in an increase in financial performance (financial perspective, the lag indicator). The balanced scorecard "provides a way to communicate a company's strategy to managers throughout the organization" (Brewer et al., 2017, p. 772). It aligns the corporate strategy with behaviours or metrics that the company must perform to reach these goals.

Literature on the term is abundant—a search for *balanced scorecard* produced nearly 95,000 search results.[14] However, "all the talk 'in the literature' focuses on the experience of

[14] Using the Athabasca University library web search.

Blue-Chip companies or high-profile industries such as automotive manufacturing or IT. While small to medium-sized companies are often left in the shadows" (Rickards, 2008, p. 17). Implementing a BSC in an SME is not a guarantee that the company will be a success. (See Lonbani et al., 2016; Malagueno et al., 2017; Nouicer et al., 2017 for a discussion of this topic.)

SMEs do not implement the BSC as frequently as larger companies. SMEs may have immature management structures, and their management is also more hands-on, so that they do not have the more remote management structure that benefits from a BSC (Rickards, 2008). Additionally, most SMEs are in niche markets, so they miss out on larger market opportunities.

No previous research was found on the use of the balanced scorecard in golf courses. However, one article (P. A. Phillips & Louvieris, 2005) discussed the BSC and its applicability in the tourism and hospitality industry in the United Kingdom. As such, it was relevant to the golf industry. The authors conducted in-depth interviews with 10 SMEs in four different service industries, and found that "SME operators have a difficult time articulating the critical success factors, indicators and targets used to assess their organization's performance" (P. A. Phillips & Louvieris, 2005, p. 208). The article also found that using only accounting-based performance indicators was inadequate in the service sector. Industry best practices for the use of the balanced scorecard was needed, as was, more generally, best practices for all performance metric practices. The authors argued that the BSC was better suited for larger organizations; smaller organizations might use slightly different metrics than Kaplan and Norton (1992) suggested.

The current research built on P. A. Phillips and Louvieris's (2005) article, with a broader dive into the use (or lack thereof) of the balanced scorecard in one specific service industry. These authors used only successful SMEs in their study, and only interviewed two companies in each service area, thus limiting the degree that results can be generalized to the larger service

industry. Nevertheless, research has shown that the BSC is a helpful tool for failing SMEs to help plan for the long term (Lonbani et al., 2016).

The costs (financial, knowledge, and time) may be too high to formally implement a BSC into a small business. However, this study found that a hybrid system, referred to later in the dissertation as an informal BSC, was used by the golf courses (see Chapter 6, "Research Question 1"). While not a formally thought-out and documented balanced scorecard, the training and logic used at golf courses followed the methodology of the balanced scorecard. In effect, golf courses were using an informal BSC.

Key Performance Indicators

Key performance indicators use accounting information to create a metric to evaluate performance against business objectives. As such, the use of KPIs influence and evaluate business strategy. KPIs give a company information to help make better business decisions more quickly, ensuring the company's probable success. Using KPIs does not guarantee success. Companies could, after all, be using KPIs that do not assess the proper indicator of performance. For example, a KPI based on the weather would have little overall significance to the management of the golf course. It was expected that each golf course would have some KPIs that were used internally to assess performance. While KPIs are an integral part of the balanced scorecard technique, a golf course could implement KPIs without implementing a formal balanced scorecard technique.

Golf courses in the study had many common KPIs in common. I had predicted this, based on my experience working in the golf industry and on the assumption that IT best explains golf course operations. Therefore it made sense to assume that golf courses would use isomorphic reporting techniques. It was expected that KPIs used at golf courses would come from either the

retail sector or from the decision maker's prior work experience (Liddicoat, personal communication, 2019). KPIs are further discussed in Chapter 6, "Research Question 1."

One goal of this study was to design a best practice for the golf course industry. As such, identifying the data that successful golf courses used to for measuring and monitoring (i.e., their KPIs) was a significant line of questioning during the primary data collection phase.

Varying measures of success apply in the golf course industry. Financial success factors would be profitability (net income) of the organization or return on assets. Nonfinancial success factors, on the other hand, could be an increase in membership, increase in junior golfers, or low employee turnover.

This study sought to shed light on the use of MA techniques in the golf course industry. Namely, as part of interview questions (Appendix A), interviewees were asked about what KPIs their golf course used, how they used them to form strategy, and if they evaluated the strategy based on this accounting information.

Summary

Institutional theory was considered the most appropriate conceptual framework for the study. Past research supports the use of IT when conducting research on MA. The analysis of golf courses' organizational and physical structure, largely a result of their history, determined that the golf course industry is institutionalized.

I expected that the golf course industry would heavily use budgeting and variance analysis as part of its performance measurement. Additionally, KPIs, either internally created or external predetermined, were also expected to be heavily used (these results are further discussed in Chapter 6).

I also assumed that the golf course industry would use some sort of job order costing in the restaurant operations. The formal balanced scorecard was not expected to be used. However, the study found that golf courses used an informal BSC, measuring performance through lead and lag indicators. The golf courses' use of an informal, undocumented, and likely non-organization-wide BSC, as well as other commonly taught MA techniques, is examined in Chapter 6, "Research Question 1."

Chapter 4: Methodology

The aim of this research was to gain a deeper understanding of what MA techniques were actually practised in the golf course industry, why the decision makers used these techniques, and how they used the information gleaned from them to make business decisions. Additionally, the study sought to link techniques with profitability, in order to frame a management accounting best practices for the golf course industry.

This chapter addresses the research design of the study—its research philosophy and strategy. Constraints such as time, data collection, and sampling decisions are also outlined. The chapter finishes with a discussion of the analysis methods and techniques, and highlights methodological limitations of the study.

Research Design

Research Philosophy

As a researcher who has worked in the golf industry for many years, I brought some potential biases to the research, including for example the experiences, thoughts, and values that grew out of my work as a general manager of a golf course. One advantage I had was that I was able to "speak the lingo" with potential interviewees, which may have brought a sense of ease to conversations, opening doors that might not have opened otherwise. A potential disadvantage was that this experience could have caused some interviewees to become defensive.

The golf course owners'/general managers' responses were opinions based on their experiences in their respective roles. The goal was to gather information relating to the use of management accounting techniques. Each MA technique answer was subjectively gathered, analyzed, and interpreted based on the answers given. Interviews allowed for the subtle experiences of each respondent to be coded and evaluated.

Initially, it was felt that the research questions would best be answered using a qualitative research design. However, correlating the MA techniques with profitability metrics would require a quantitative research design. The study's first two research questions asked what MA techniques were being used and why golf courses were using them (see Chapter 1, "Research Questions"). Thus, they focused on qualitative data. The third research question, focused on quantitative data, sought to assess whether the MA techniques used correlated with profitability. According to Tashakkori and Creswell (2007), a mixed-methods approach is best used when two types of research questions are asked: quantitative and qualitative. These authors said that a mixed-methods approach should be used when (a) two types of data, contextual and numeric, were present; (b) when statistical and thematic data analysis would be used; and (c) when objective and subjective conclusions were made. All of these attributes were present with the current study. Therefore, a mixed-methods approach was used.

The literature review revealed little research in this area (see Chapter 2). Thus, there was a lack of established theory to use as a guide for answering the qualitative research questions. As such, an inductive analysis was used (Thomas, 2006). In this approach, concepts, themes, or models are captured by the raw data and then evaluated by the researcher.

Research Strategy

As the current research questions asked "why" and "how," a useful way to gather this data was to conduct interviews, in the form of case studies (Rowley, 2002). In the past, case studies were felt to lack rigour and objectivity compared with other research methods. In the last 30 years, however, many research articles (e.g., Eisenhardt, 1989; Rowley, 2002; Yin, 1994) have discussed the merits of case studies as an investigative tool in qualitative research designs. It is now generally well established that case studies are an appropriate investigative tool.

The current research used semistructured interviews (see Appendix C) as they allowed for a deeper dive into analyzing why general managers or golf course owners were using specific accounting techniques and how they were using them. In a case study, the interviewer probes the interviewee for additional insights on specific topics. A survey design would not have provided the same depth of answers to those same questions. The interviewee's answers may also reveal insights or areas for future investigation that would be lost in a survey design. For these reasons, a semistructured case study research strategy was adopted.

At issue, however, were the concerns of validity and reliability of the data using a case study design.

Validity and Reliability

Validity refers to whether the research questions correctly measure the items under study—whether what is being measured is what was intended to be set out and studied. Reliability refers to the ability for someone else to replicate the study—that is, how stable and consistent the results are.

A concern in any study is that the data collected and methods used to collect the data will be both valid and reliable:

> Qualitative research is frequently criticized for lacking scientific rigour with poor justification of the methods adopted, lack of transparency in the analytical procedures and the findings being merely a collection of personal opinions subject to researcher bias. . . . There are ongoing debates about whether terms such as validity, reliability and generalizability are appropriate to evaluate qualitative research. (Noble & Smith, 2015, p. 1)

In qualitative research, different terms have been used to describe validity and reliability. For example, Riege (2003) discusses a qualitative study as having confirmability (construct

validity), credibility (internal validity), transferability (external validity), and dependability (reliability). Using these terms as a guide, a brief discussion follows, outlining how the current research dealt with these specific qualitative issues.

Confirmability (construct validity)

Confirmability assesses the degree to which one is measuring what one intended to measure. To gain strength in this area, the study employed several different techniques.

First, the data were triangulated. Interview answers were compared with the financial metric (earnings before interest, taxes, depreciation, and amortization, or EBITDA) as a percentage of sales), and with my diary and interview notes. Triangulation, the combination of "methods or observers in a research study, can help ensure that fundamental biases arising from the use of a single method or a single observer are overcome" (Noble & Heale, 2016, p. 1). This combination of "mixing methods is a form of triangulation in research seen as mitigating the weaknesses found in single methods" (Noble & Heale, 2016, p. 1). A pertinent comment from Berry (2002) highlights the state of mind with which a researcher should approach interviews: "Interviewers must always keep in mind that it is not the obligation of a subject to be objective and to tell us the truth" (Berry, 2002, p. 680). As such, the use of more than one data source increases accuracy and limits any underling biases.

Secondly, all interviewees were given the opportunity to review their transcribed interviews, to confirm the accuracy of their responses. This review allowed for enough different viewpoints to crosscheck sources of information (Hirschman, 1986). Lastly, data were described in detail (see "Data Collection" below), to allow for other researchers to perform a replication study.

Credibility (internal validity)

Credibility assesses whether any confounding variables would skew our results. To increase the confidence in internal validity the researcher will identify any of their assumptions or potential biases with the data collection or analysis, as Riege (2003) suggested. Adding to the credibility of the results was my use of data triangulation. Interviews were conducted as this study's primary data collection method. Biases, either mine or the interviewees', could have been a credibility concern. Since the interviews were done in one one-hour session, there was less personal contact than in a longitudinal case study, for example. The personal contact with the interviewees thus being minimal, the results of the interviews were seen as less subjective.

Transferability (external validity)

Transferability seeks to identify whether a study's results can be generalized to a greater population. As this study specifically focused on a small sample of golf courses in British Columbia, its scope and boundaries were limited (see this chapter, "Methodological Limitations," for a discussion of the boundaries and limitations of the research findings). To increase the transferability, a semistructured interview format was put in place, using predetermined interview questions (see Appendix C). Consistent and specific coding procedures for the interviews were used in the analysis phase of the research (discussed in "Data Analysis and Techniques," below).

Dependability (reliability)

This term refers to the strength and stability of the research findings as well as the replication of the results. To increase the dependability of the results, records of all interviews should be retained until the research is completed (LeCompte & Goetz, 1982). In this study, all

but three interviews were recorded[15] and kept until the research was completed. Additionally, I kept a diary describing my observations about each interview, including potential biases, to safeguard the research (and the researcher) from any biases (Hirschman, 1986).

Sampling Strategy

The current study examined the golf courses in British Columbia. A Google search was performed in early 2019 to identify the target population within 200 km (a three-hour drive) of my home town, Kamloops, B.C. To be considered for the study, a golf course needed to be accessible to the public (a daily-fee golf course) and not a municipally run or private golf course. This control was put in place as it was believed that such golf courses would be profit oriented and therefore would be similar in how they used management accounting techniques.

Results identified 62 golf courses that fell within these constraints. Initially, the thought was that most interviews would be done face-to-face. Additionally, the radius was also thought of as a research control. Generally speaking, the population and weather (both factors in how busy a golf course is) would be more similar in the interior of B.C., as opposed to comparing golf courses from the interior and from the lower mainland (Vancouver area).

The initial plan was to cold call general managers/owners of golf courses to arrange interviews. The intent was that all interviews would be conducted during the months of January 2020 through December 2020. As the golf industry is seasonal in B.C., it was assumed that GMs would have more time for interviews during slower times of the year, namely October through April. In early December of 2019 I began to call golf courses to introduce myself and set up

[15] Two interviewees were interviewed virtually and did not want to be recorded. One interviewee wished to do the interview over the phone and no recording device was possible. Notes were taken during all interviews and confirmed with the interviewees for accuracy of the answers.

interview dates. After 10 such phone calls, it became apparent that the participation rate would be low if I continued to ask for participation via the phone. I assumed that an in-person ask might yield a much higher participation rate. The literature on this topic (e.g., Roghanizad & Bohns, 2017) led me to believe that my assumption would be correct. I decided I would set aside time in March and April of 2020 to personally visit golf courses in the boundary area.

The first case of COVID-19 in B.C. was announced January 28, 2020 (CTV News, 2020). This dramatically changed the research strategy and timeline for the study. It also offered a unique opportunity to enquire with GMs how the pandemic changed their use of MA (discussed in Chapter 6).

Virtually all research initiatives were put on hold during 2020. Athabasca University urged the suspension of nonessential contact (Athabasca University Communications, personal communication, March 16, 2020), which was, of course, in addition to the federal restrictions already in place. This effectively shut down any planned in-person cold calls. Rather than risk a low participation rate by phoning potential interviewees, I decided to pause the research.

By January 2021, I was able to recommence the project. The first in-person interview (with Golf Course N) was conducted virtually January 26, 2021, at 10:00 a.m. It lasted a little over one hour. In April of 2021 local restrictions were beginning to further ease, making it possible to ask GMs in person whether they would participate in the study. That month, I made two-day trips to golf courses within an hour of Kamloops to speak with GMs. My assumption on participation levels with an in-person ask was correct; few golf courses declined to participate. I arranged for two other multi-day, in-person trips, to drive to golf courses, introduce myself and my research, and ask for interviews. By the end of 2021, 18 interviews had been completed or scheduled. This was below my initial target of 20 interviews.

I now experienced financial and time constraints, making it difficult to do another in-person trip. During discussions with my supervisor, it was decided to try to increase my interview count. At this point I opted to phone golf courses for this purpose. A snowballing technique was considered as a warm introduction, but this idea was discarded since it would have identified participants in the study. To get the necessary participant count I was forced to contact golf courses further afield. After another Google search, a list of 68 golf courses was put together from Vancouver and surrounding communities (GolfLink, 2022). Calls were made to all 68, from which an additional seven golf courses agreed to participate in the study (i.e., about a 10 percent participation rate from the phone calls).

Golf course selection was essentially random. This is how it worked. Google searches identified the population of golf courses available for the study. On one trip I would choose two locations where I would spend the night (e.g., Kelowna on Day 1 and Osoyoos Day 2), and randomly picked golf courses that were on the way to, or near, the next night's stop. I averaged about one golf course per hour during these trips. Admittedly, this process was long and tedious, but I believe that the face-to-face contact increased participation in the study, and reduced hesitation to provide financial information to someone who was fundamentally a complete stranger.

Data Collection

During the face-to-face introductions, I introduced myself as a graduate student completing my doctoral dissertation. I told the potential interviewees what information I was going to gather (both financial and nonfinancial), and highlighted the confidentiality of anything that was discussed. I outlined some of the potential benefits my research would provide and

concluded my elevator pitch with a request for them to participate. Interviewees were asked to allow between 30 and 60 minutes for the interview.

When an interviewee agreed to participate, I gave them a hard copy of the letter of informed consent (see Appendix D), took their contact information, and agreed in principle when we would connect for an interview. As I had made most of the face-to-face trips during the busy time of the season, virtually all participants wanted to push the interviews to a later date in the golf season. I sent a follow-up e-mail to each willing participant within a few days of meeting them, thanking them for their time and for agreeing to participate in the study, and confirming the date for the interview.

A Zoom calendar invitation was sent to each participant, for them to add to their work calendar. The day before an interview, I sent the participants a follow-up e-mail reminding them of our interview the next day. This e-mail included the Zoom link to our meeting and an electronic copy of the letter of informed consent. I advised participants that I considered this letter of informed consent to also act as a confidentiality agreement.

At the start of all the virtual interviews, I began by asking participants if they had any questions, reminded them about my stance on confidentiality, and asked for permission to record the interview. Semistructured interviews were conducted (see Appendix C for the interview questions). As was outlined in the letter of informed consent, all interviews would last no longer than one hour. I had assumed that any time over one hour would likely scare off potential interviewees.

The semistructured interview questions were separated into three sections. The first asked the interviewee for their overall thoughts on how they used accounting documents to run their business and to discuss the business of golf more generally. The second section focused on the

accounting topics we would see in an introductory management accounting course. Interviewees were asked if they used these techniques and if so, how they were used on a day-to-day basis. The third section asked for demographic information about the interviewee and the golf course itself. After the first interview (Golf Course N) it was very apparent that I had greatly underestimated the time needed to dive into each managerial technique or interview question. With Golf Course N, a full half-hour could have been spent solely discussing why and how they focused on cash in the company.

As anticipated, some interviewees were apprehensive about disclosing financial information, even though it was going to remain confidential. To deal with this issue, I proposed correlating their answers with a profitability metric—namely, EBITDA—as a percentage of total sales. This metric was chosen for several reasons.

First, the GMs seemed fine participating in the study and would freely talk about their experiences, but they wanted to keep the financial information close to their chest. A way to "hide" the company finances was to use a financial metric that didn't expressly show the net income or revenue of the club. EBITDA as a percentage of sales was considered a valid alternative to net income and converting it to a percentage of sales gave additional anonymity to the club.

Second, the population of the study grew from the interior of B.C. to include the Vancouver-area golf courses. As the Vancouver-area golf season is (more or less) year-round, golf courses there would likely have larger net income and revenue amounts than their counterparts in B.C.'s interior. Converting a financial metric to a percentage effectively eliminated the difference in size of the interviewees.

Third, had the financial information been presented as gross revenue or net income, it is possible, using other nonfinancial data collected, that some golf courses could be identified or identifiable. Confidentiality was very important to all concerned, so this agreement allowed for the interviewees to give honest and insightful answers. As such, I intentionally left this financial question to the very end, as I surmised that during the interview I would have gained some trust with the interviewees, thereby lessening some of their apprehension.

In the end, all participants agreed to share their financial information or provide the metric, although not all ended up providing that data. Follow-up e-mails and phone calls were placed with the 25 interviewees who didn't readily provide their financial information, with limited success. Nineteen of them supplied this financial information.

The interviews were recorded using the Zoom app and then uploaded to otter.ai, artificial intelligence (AI) software that automatically converted the spoken word to written text. Two research assistants were hired to review and correct the interview transcripts, because the AI transcriptions were not perfect. I then reviewed the corrected interviews, assessing them for accuracy. Interview transcripts were e-mailed to the participants, allowing them an opportunity to review and correct any errors, and also providing me with the opportunity to ask follow-up questions. As per the participation agreement, interviewees were mailed a $20 Starbucks gift card, along with a handwritten thank-you note acknowledging their participation in the study.

Data Analysis and Techniques

Once interviews were transcribed and checked for accuracy, they were uploaded into NVivo, a qualitative research program. As a way of organizing and logically presenting the research findings, interviewee answers were coded, using thematic analysis, into broad categories that followed the semistructured interview questions. Effectively, the themes for

evaluating the research were the MA techniques themselves. They were then analyzed, looking for relationships (they are further discussed in Chapters 5 and 6).

Thematic analysis is "essentially a method for identifying and analyzing patterns in qualitative data" (Clarke & Braun, 2013, p. 1). It is best used when themes for coding the data have been established and when there is a degree of interpretation required in the responses, which was the case with the current research (Braun & Clarke, 2014; Clarke & Braun, 2013; Guest et al., 2012). Additionally, thematic analysis is a commonly used technique, especially when trying to capture subtle complexities and meanings in the texts.

Subject responses to the semistructured interview questions were summarized in an Excel spreadsheet as ordinal or nominal data. For example, one question asked how many years' experience the interviewees had working in the golf industry. Answers were coded in one of five time brackets: one to five years, five to 10 years, 10 to 15 years, 15 to 20 years, or more than 20 years. Similarly, various accounting techniques were also coded, regarding how much each golf course used or relied on the technique. For example, the use of budgets was coded as: do not use, use very little, some, and very frequently. This information was also included in NVivo for additional analysis. Microsoft Excel was used to investigate the correlation between interviewees' answers and MA techniques. SPSS was used for an ordinal logistic regression analysis. Descriptive statistics were also compiled for each interview question.

All interviews and financial information were stored in a password-protected Word or Excel file on a password-protected computer which only I had access to.

Much of the interview data was easily categorized into nominal or ordinal data—experience, education, importance of financial statement use, and office location, to name a few.

These questions, and their resulting data points, were specifically asked; therefore, the resulting classification was factual.

Some coding used with other data points presented an issue. For example, frequency of use of budgets was separated into four separate categories based on interview transcripts, interviewee notes, and general conclusions reached from the interviews. While the coding was believed to be correct, the issue was whether this qualitative data could be used for quantitative purposes. In their 2009 paper, Sandelowski et al. (2009) discussed the conversion of qualitative data to quantitative data in mixed-methods research. The conversion method, called "quantitizing," is "understood to refer to the numerical translation, transformation or conversion of qualitative data (and) has become a staple of mixed-methods research" (Sandelowski et al., 2009, p. 208). Effectively, quantitizing allows the researcher to put qualitative responses into a quantitative format to draw out meaning and to be able to use the data with descriptive and inferential statistics.

In the current study, the ambiguity of some of the quantitized qualitative data is low. Counting, the formal process of assigning a numerical value to a response, was done. As the responses were easily allotted to specific responses (such as "some," "frequently," or "very frequently") and the criteria to allocate to these responses were easily counted, the current study appropriately allocated the qualitative data to quantitative data, consistent with Sandelowski et al. (2009) and Martin (2004). Quantitizing of the qualitative data then allowed for the use of correlation and regression analysis.

Another issue identified was the minimum appropriate sample size to use in the regression analysis. For regression analysis, it is preferable to have many observations for each independent variable under analysis. The minimum numbers of such observations can vary

according to the desired power of the test, predictor variables, and the researcher themself (Green, 1991). In practice, however, obtaining many observations is considered difficult. I would argue this is especially true when doing mixed-methods research as in the current study. An agreed upon and acceptable minimum ratio is about 5:1—five observations for each independent variable (Hair et al., 2010; Tabachnick & Fidell, 1989). Using this ratio has some trade-offs. Using too few observations for each independent variable would likely lead to insufficient power, because of too few subjects: "researchers who use the rule-of-thumb of five subjects for each predictor (Tabachnick & Fidell, 1989) are conducting studies that have a high probability of not yielding significance unless the effect size is extremely large" (Green, 1991, p. 501). An ordinal logistic regression analysis was performed on the data that was gathered, and the results were statistically significant.

Methodological Limitations

As with any research study, there were limitations. Below is a discussion of potential methodological limitations and how these limitations were mitigated during the current study.

Interview Time and Scope

The data-gathering phase of study took longer than was originally planned. Some of the timing was under my control, but most was not. The first case of COVID-19 in B.C. came at the very start of my interview time window. I could have pushed harder to contact golf courses to participate in the study; however, at the time there was considerable social stigma about social distancing. I took a conservative stance and waited until there was more firm guidance from the federal government on what contact was acceptable. This caused a delay of one year. Interviews began in early January of 2021, with the bulk of the interviews being conducted from September 2021 through June of 2022.

This delay created an interesting line of questions for the GMs of the golf courses and turned a limitation into an opportunity. The golf industry had been in crisis before the COVID pandemic, as stated earlier. However, one of the few recreational activities that was permitted and socially accepted during the pandemic was golf, and this gave the industry a newfound success. In turn, it also provided the decision makers some unexpected opportunities to reflect on their use of MA techniques.

An additional limitation, as was alluded to above, was the scope of the research. It was initially assumed that one hour would be sufficient to ask all the semistructured questions and to dive deeply into some of the topics. This was not the case. With the benefit of hindsight, a longer discussion on one or two topics would have possibly produced more in-depth answers. However, as this study had little in the way of tested theory to guide it, casting a wide net of possible questions, at least in the initial interviews, and employing a semistructured interview design, did seem appropriate.

I had assumed that equal time would be spent on each formalized interview question. This turned out to be a false assumption. After the first few interviews it was clear that certain MA techniques were used at golf courses more than others, and as the interviews progressed, it became clear that the same techniques were being used and discussed at virtually all the golf courses. More time could have been spent on these specific areas, but the one-hour time limit did not suffice for that.

In the end, therefore, as a result of time constraints, the current research focused on breadth of accounting information rather than on depth of a few topics. Why golf courses were not using some MA techniques is an opportunity for future research.

Interviewer As a Limitation

This interview time crunch was also reflected in my lack of experience as an interviewer. As the research progressed, my ability to guide the interviewees back to answering the questions at hand became better. But in the beginning, I would allow the interviewees to wander from the initial topic. As I became more comfortable interviewing, interview times came down and better discussions were had on specific accounting techniques.

Additionally, my background could have unknowingly caused some methodological issues. I have almost 20 years' experience in the golf industry. I also hold a chartered professional accountant designation (CPA, CA) and identified myself as a doctoral candidate when meeting interviewees. My credentials were further shown on the letter of informed consent. It is possible that some interviewees declined to participate or changed their answers because of my professional designation and academic background, which may have intimidated them. As a mitigation, I kept notes about this issue during each interview, especially if I suspected the interviewee was not being fully truthful in their answers. Additionally, at the start of each interview I told the interviewees that they were the experts in this field; I was trying to understand what they, the experts, were doing in practice.

Sampling

The selection of interviewees was not a randomly selected sample. In a perfect situation, the entire population of golf courses for B.C. would have been selected and a sample would have been randomly selected from this list. This makes the results difficult to project to the larger golf population, specifically in Canada but globally as well.

At issue with the current study was the desired number of interviews (minimally 20 but ideally 30 or more). It is difficult to get an exact number of golf courses in B.C.[16] Super Natural British Columbia (2022) suggested a total number of B.C. golf courses as more than 300. Excluding private and municipal golf clubs, the population for this study would be slightly lower than 300.

At private golf courses (excluded from the study), one must purchase a membership in order to play at the course. Profit is likely not a deciding factor when operating a private golf club, since any losses would be covered by the membership. As a result, the use of MA techniques may be different than for profit-driven entities. Municipal golf courses were similarly excluded from the sample population. Municipal courses would be owned and operated by the city, and as a mandate, would exist for the enjoyment for residents of the city. As such, the drive for profit might not be the same as we would see in a for-profit entity.

To achieve the desired interview count, assuming an optimistic 10 percent participation rate, virtually all the golf courses would have to be contacted as part of the study. This caused its own problems as we no longer had a sample of the population, but rather would have contacted virtually the entire population. The trade-off was to have face-to-face contact with the GMs to ask for participation. This method provided the best opportunity for golf courses to agree to

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[16] Some golf courses have a PGA professional on staff. They are therefore in the CPGA database and can be counted; 188 facilities at last count (Professional Golfers' Association of British Columbia, 2022a). Many golf courses, however, do not have a golf professional on staff. This causes a problem for a true golf course count. BCPGA Director, Derek Orr (personal communication, November 5, 2022) explained that, to his knowledge, there was no one master list of golf courses for the province. The provincial body that looks after the slope and rating for golf courses, the British Columbia Golf Association, has their own list as does a popular trade organization in the industry, the National Golf Course Owners Association (NGCOA). The issue, according to Orr, is that not all golf courses belong to either of these associations, making a true count of courses in the province difficult. A Google search confirms this understanding. The website Super Natural British Columbia (2022), showcasing Destination B.C. Corp., a provincially funded, industry-led Crown corporation, promotes tourism for the province. It says that B.C. is "home to more than 300 golf courses."

participate. As I approached potential golf courses at random, the sample does bear some randomness in its selection.

Funding and Cut-Off

A frequently quoted maxim says that a completed dissertation is a good dissertation. A drawback to this research, especially considering the impact of COVID, was that it was not a longitudinal study. One option that could have yielded interesting results would have been to examine how MA techniques reliance changed pre-COVID, during COVID, and several years post-COVID. This was not practical for several reasons.

First, the research was self-funded. Securing interviewees cost several thousand dollars. Additional time would have required additional funding. Hiring research staff to conduct and transcribe more interviews would have been beneficial; however, it might not have yielded very different results. Second, the research had already been delayed at least a year by COVID and the seasonality of the golf course industry would have delayed a longitudinal study for many more years. A longitudinal study would be interesting for future research.

A cut-off point of 25 interviews made sense from a time and financial perspective.

Financial Data

As mentioned earlier, EBITDA as a percentage of sales was used as the financial metric for the study. While this metric reduced the impact of comparing different golf course sizes, location, and any potential identification characteristics, a relative figure (like total revenue or net income) might be a better metric to use. However, a relative figure like net income could possibly have identified a golf course in the study. Additionally, since SMEs appear to be reluctant to share financial information, it was important to find a common ground. I needed to

actually get the information required to assess financial performance. EBITDA as a percentage of sales seemed a suitable compromise.

Coding

Based on interview answers, golf courses were assigned one of four different levels of "use for budgets": do not use, very little, some, and very frequently. While some of the interviewees answered the question emphatically and did not require any judgment to assign a category, some interviewees did not directly answer this question. When assigning categories and codes, I considered my notes and multiple sections of the interview, to help mitigate any possible researcher bias that would have affected the coding of the interview data.

As an example, the interviewee from Golf Course V stated that they thought financial statements were important in running the business and that they were used in the business. However, later in the interview they admitted that that their spouse was the one who looked at the financial figures "sporadically." I took this revelation into account, as well as my overall impression and interview notes, and coded the golf course as using budgets "very little."

Conclusion

A mixed-methods approach was used to gather data for this study. Twenty-five golf courses were interviewed, and 19 golf courses agreed to supply financial data. In-person invitations to participate in the study were completed for golf courses in the interior of B.C. Low rates for participation were seen when golf courses from the lower mainland were approached using a phone cold call. Most of the interviews were conducted virtually using Zoom. Finally, interview answers were coded into themes using NVivo, and regression and ordinal regression analyses were performed using Excel and SPSS.

Chapter 5: Presentation of Research Results

> Numbers tell a story. Numbers don't lie. Numbers are numbers. (The key is) how do you make them useful without paralysis by analysis in your operation?
>
> —Golf Course AAC (personal communication, January 25, 2022)

The current research sought to answer the following research questions:

1. *Do all golf courses use the same management accounting techniques and why are they using them?*
2. *Do golf course managers use management accounting techniques to make business decisions in the same way? And if so,*
3. *Is there a correlation between what techniques are used and the profitability of the golf courses?*

As was discussed in Chapter 4, the interview questions followed a typical first-year management accounting course outline. In presenting the research results, I first highlight the demographic information about the interviewees. Next, I discuss the results focusing on the first two research questions. I then present the research results addressing the third research question.

Demographic Information

Golf Course Characteristics

Twenty-five golf courses were interviewed as part of the study. Of these, 19 were identified as 18-hole facilities, four as 9-hole facilities, and one as a 36-hole facility (mode and mean = 18-hole facilities). One golf course had agreed to participate in the study, but ceased operations before the interview could take place. Discussions with the GM of this course focused on the golf course's final year of operations.

There were unexpected answers from some of the interviewees in the first few interviews. Two that stood out had to do with the proximity of the GM's office to either the golf shop or restaurant, and the size of the clubhouse.

Anecdotally, at this early stage, it appeared that the GM was using the accounting data differently depending on how close he or she was to a revenue centre (golf shop or restaurant). This identifying characteristic was gathered as part of the research data, either on my in-person visit to the golf course or to the golf course website, or as part of the interview itself.

Clubhouse size varied. Most clubhouses were medium-sized (between 5,000 square feet and 10,000 square feet) or small (less than 5,000 square feet). Only a handful were large (over 10,000 square feet). In smaller clubhouses, the GM's office typically had a visual sightline to either the restaurant or the golf shop. The office was also very close to where customers would interact with staff. In larger clubhouses, the office was located away from the restaurant or golf shop, either in a main building or in a separate administration building—for example, in the basement or in a separate location in the building—very clearly away from either revenue stream. Table 3 shows the golf course clubhouse size of the 25 golf courses by proximity to the restaurant or golf shop. Nine golf courses had a small clubhouse, 11 had a medium-sized clubhouse, and five had a large clubhouse.

Table 3

Office Proximity to Restaurant or Golf Shop by Clubhouse Size

	Office proximity to restaurant or golf shop		
Clubhouse size	Office has sightline to golf shop/restaurant	Office is away from sightlines, but near restaurant or golf shop	Office is in separate location from both restaurant and golf shop
Clubhouse size = small (less than 5,000 square feet)	6	2	1
Clubhouse size = medium (less than 10,000 square feet)	0	3	8
Clubhouse size = large (more than 10,000 square feet)	0	0	5

Four golf courses reported a residential component associated with the golf course; that is, the golf course was adjacent to a housing subdivision. No golf course reported selling or receiving funds from a housing component.

All golf courses accepted daily-fee players and all golf courses had some form of membership. Four golf courses reported that member rounds played were more than daily-fee played rounds. Nevertheless, more daily-fee rounds were played during the course of the year on the other courses.

Ownership structure of the golf courses fell into one of three categories: a privately held company (n = 14); a not-for-profit organization/society (n = 9); and an Indigenous-owned golf course (n = 2).

Golf courses were situated in the Okanagan (n = 19) or on the lower mainland (n = 6) (west of Hope, B.C.). One golf course that agreed to participate in the study ceased operations in 2019.

General Manager/Owner Characteristics

Experience

Generally speaking, there are few women GMs in the golf industry. Thus, to protect golf course/interviewees' identity, their gender and age will not be revealed.

Three interviewees identified as the owners of their golf courses; 20 interviewees were general managers.[17] Two interviews were conducted with either the president or a member of the board of directors of the golf course. This was appropriate for the study, since they were acting in a managerial capacity. For example, during the cold call at Golf Course O, the golf shop department head suggested that I interview one of the directors on the board of directors. In that interview, it became apparent that at that time, the board was acting as an operational board (as opposed to a governance board). As such the director was in a better position to discuss the use and strategy questions being asked.

The work experience of the interviewees was explored. Three questions were asked about their experience:

1. how much experience did they have working in the golf industry, generally;
2. how much experience did they have working in their current position; and
3. how many years' experience did they have as a decision maker in any organization.

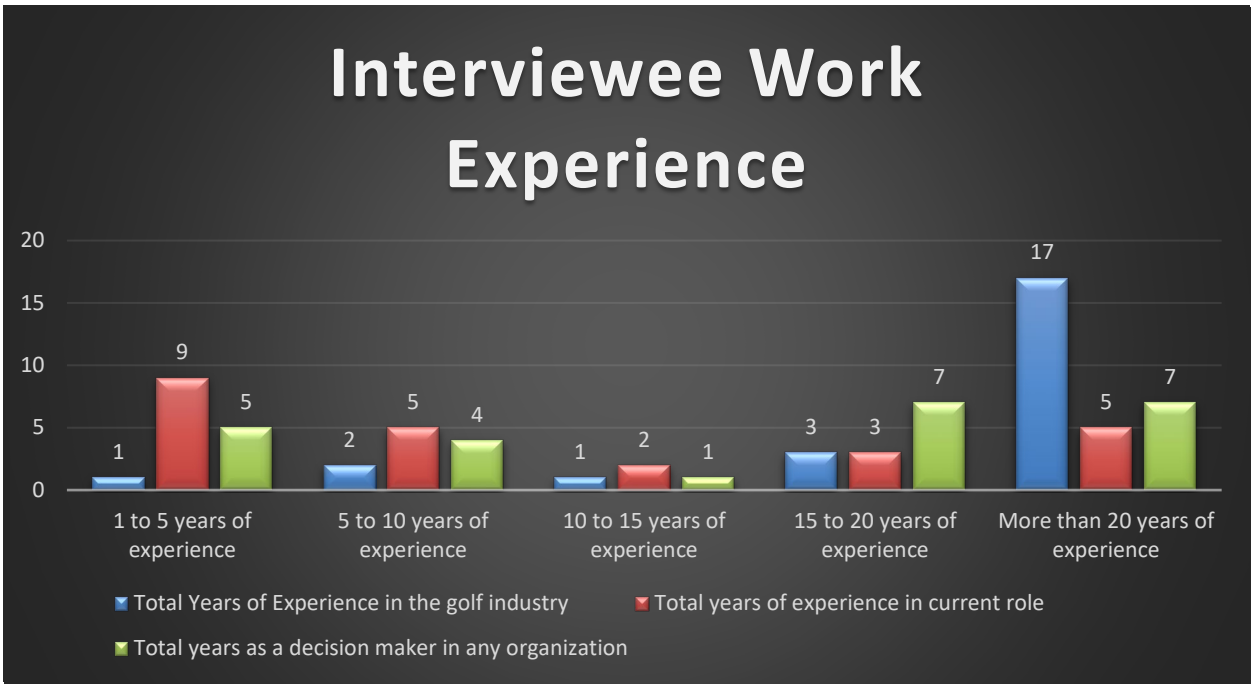
To protect confidentiality and limit the possibility of identifying interviewees, answers were coded into five-year increments. Most interviewees (n = 17) reported more than 20 years' experience in the golf industry. The median time spent in the current role was between five and 10 years (mode = "1 to 5 years of experience"). More than half of the respondents (n = 14) had

[17] Some courses called the GM by a different name, such as *director of golf*, but all effectively had the same job description.

more than 15 years of experience as a leader/decision maker with any organization. Figure 2 shows the interviewee five-year increment work experience by total experience, experience in their current role, and experience as a decision maker at any organization.

Figure 2

Interviewee Work Experience



Education

Formal education was self-reported. Most of the interviewees stated they either completed a university or college diploma program (n = 7) or a university or college degree program (n = 6). One interviewee held a graduate degree (an MBA), and three respondents had a professional accounting designation (CPA). The median and mode education level for the group was a completed university diploma. (See Table 4.)

Table 4

Count of Completed Education Level

Highest completed education	Count
High school	3
Some university or college	5
University or college diploma	7
University or college degree	6
Master's degree	1
Professional designation (CPA)	3
TOTAL	25

More than half of the interviewees (n = 16) reported that they engaged in ongoing additional professional development. Exactly what courses they were taking was not specifically investigated. Anecdotally, conversational hints were that some were business-oriented classes (such as accounting or marketing classes); most were golf-specific classes (such as teaching golf or rules courses).

Finance-oriented questions asked whether the interviewees had ever taken formal accounting classes, how comfortable they were using financial statements, and how important they considered using financial data to run their business. Twenty respondents said they had taken formal accounting courses. The majority (n = 20) thought the use of financial data was very important to run their business, but only 17 said that they were comfortable actually using financial statements. (See Table 5.)

Table 5

Count of Comfort and Importance of Financial Statements

How comfortable are you using financial statements?	Count
Not comfortable	0
Somewhat comfortable	7
Very comfortable	18

How important are financial statements?	Count
Not important	1
Somewhat important	4
Very important	20

All the interviewees felt at least somewhat comfortable using financial statements when analyzing the business and all but one golf course considered the use at least somewhat important. The importance of financial statement use and the degree of comfort the interviewees reported were clearly aligned.

Trade Organizations/Background

There are several golf or industry specific trade organizations, including the NGCOA (National Golf Course Owners Association) or the Canadian Golf Superintendents Association. The aim of the study was not to identify what trade organizations the golf courses were affiliated with, and this question was not asked. What did seem relevant was whether the GM had a history of dealing with the golf side of operations before becoming general manager/owner, or whether they came to the position from a different route. It is possible that the manager with a golf background might run the business differently than a manager with, for example, a food and beverage background (where cost controls are more prevalent in the day-to-day operations). The results showed that 15 of the 25 leaders (60 percent) were currently (or had been) associated with

the PGA in B.C. (BCPGA). Verification of the status of each GM was done via the Professional Golfers' Association of British Columbia's (2022b) "find a pro" search function on their website.

Golf Industry Perceptions

An interesting, unintended research result arose from the global pandemic. COVID-19 caused chaos and financial difficulties for most service industries, but golf was not one of them. In the interviews with the GMs, I was able to briefly discuss the industry prior to COVID and then the industry as it stood a few years into the pandemic.

COVID and the Golf Industry

General managers/owners all agreed that the golf industry was in serious financial difficulty prior to the pandemic. Golf courses were closing, and cash flow was tight. After a high point reached for the golf course industry in 2009, golfers were now leaving the game. The core golfer was golfing less, and little attention was being put on recruiting junior players to the game:

> My fear is what happened about 15–20 years ago, when we had the Tiger Woods effect. Through the early 2000s, golf was very popular. 2000 to 2005, somewhere in there, very popular (and golf) became very expensive to play. That turned off a lot of golfers. There were a number of places that didn't offer junior golf memberships or discounts or anything like that. We had a lot of young players that could have potentially brought the game forward. And as a result, prior to COVID, there was about 12 to 15 years where the golf industry was suffering and suffering badly. But that's my fear (the decline happening again). (Golf Course AAB, personal communication, January 21, 2022)

The consensus among the golf courses was that the global pandemic might be what saved the golf industry: it shifted the demand for golf. Governments across the globe and in Canada

started imposing restrictions, but golf became a safe activity for people. Many people were working from home or out of work, but they could still go and play golf:

> We couldn't have ever envisioned something more powerfully positive for our industry, for the lower mainland industry of golf, and across Canada. And then across the world. . . . It's almost an insatiable demand for golf. (Golf Course AAD, personal communication, February 3, 2022)

General managers/owners were relieved that golf courses could stay open. COVID increased the demand for golf and virtually all golf courses found themselves full. This created a shift in power between the consumer and the golf course. For the decade prior to COVID, the power belonged to the consumer. Golf courses would take tee times without a deposit. If the players made a reservation for four golfers and only two showed up, the loss was borne by the golf course. Discounts were common. During the first two years of COVID it was not uncommon for golf courses to require people to prepay their green fees and discounts were a thing of the past. Golf courses found themselves back in control and no longer at the mercy of the public (Golf Course C, personal communication, November 12, 2021). This made running the business fun, profitable, and as one golf course put it, "it's easy to operate when you got lots of cash." (Golf Course AAC, personal communication, January 25, 2022).

However, COVID caused problems as well as opportunities. As the pandemic progressed, it became difficult to find staff. All golf course leaders commented on the difficulty finding and retaining staff at their facilities. To adapt to the mandated operating restrictions, golf courses were forced to pivot. They transitioned some staff, particularly those in F&B departments, to cleaning or maintenance crews to avoid laying them off. One GM said how the pandemic had actually helped some staff members' careers. When they transitioned to the grounds department, they acquired many new and important skills. As a result, after the restrictions were lifted, they

found themselves in a better position with more responsibility (Golf Course AAD, personal communication, February 3, 2022).

Another unexpected pandemic issue was that golfers began investing more in golf equipment. There were wait times of upwards of five months for new golf clubs, as an example. Before the pandemic, wait times would be a week or two at the most. One common COVID story was that someone would order a new set of golf clubs in May and be lucky to receive them by September (Golf Course N, personal communication, January 26, 2021).

The question on everyone's mind was how long would this newfound success last? Was this the new normal?

Where the Industry Is Headed

About half of interviewees believed that the pandemic was the shot in the arm that the industry needed and that good times would continue long into the future:

> I really believe that will flatten a bit. I had a conversation with some fellow guys a couple weeks ago, I said, even if we flatten out, 25 percent, we're still busy. We're still going to be killing it. (Golf Course AA, personal communication, July 22, 2021)

If there was consensus on where the industry had been, the interviews revealed little agreement on where it would be going. One issue that no one appeared to keep statistics on was who was responsible for the increase in participation. Was it new golfers? Returning golfers? Or was it the same golfers as before, only golfing more often (Golf Course H, personal communication, January 18, 2022)? Anecdotally, GMs felt that new and returning players were creating the increase in demand. No information could be found to support a conclusion either way. This is an area for future research.

GMs who believed the industry would continue to thrive often noted the increased investment in equipment in the previous two years. In other words, people were setting themselves up to play long-term:

> [The new success] likely will continue as there was a huge surge in people buying equipment so they invested in several more years of golf. Also saw early retirees taking up the game. One issue that the golf course industry will face is the "Augusta National" syndrome. Everyone wants to play on a beautifully manicured course so the pressure is now on the courses themselves to deliver a product to draw back the consumer. (Golf Course AAA, personal communication, March 22, 2022)

Others saw the newfound success as temporary. Many GMs thought there was still a long way to go to sustain the increase in participation in the industry. The hope was that the industry could retain those golfers, who would show a renewed interest in the game (Golf Course O, personal communication, March 10, 2021). Some saw a steady decline in the next five to 10 years, back to prepandemic participation levels (Golf Course AAC, personal communication, January 25, 2022). Others believed that participation levels would drop as quickly as they had come about (Golf Course N, personal communication, January 26, 2021). For them, the demand for golf was achieved because of limited other options; and as soon as consumers had more choices about what to spend their time and money on, there would be a demand for other activities, such as travel (Golf Course AAE, personal communication, February 9, 2022). As one GM put it, when this demand shift happened, the demand for golf would "fall off a cliff" (Golf Course K, personal communication, June 21, 2021).

Most interviewees did not buy the argument that golfers would continue to play just because of the purchase of new golf clubs. One interviewee concluded that the new equipment purchases would simply be considered a sunk cost:

> I know there was a huge demand for new equipment in the last two years, but I think people will be ok with their clubs collecting dust in the garage if green fees are $120 plus. Might be able to get a used set cheap soon. (Golf Course Y, personal communication, March 2, 2022)

One thing the GMs agreed on was that the current demand for golf was unsustainable, in terms of demand from the public, golf course conditions, and staff. They all agreed, more or less, that the demand would decrease—to what level remained to be seen. Perhaps it would be a slow decline, over the next decade. Optimists among them hoped that demand would level off to rates higher than prepandemic levels.

For one GM, the industry was at a turning point. In the 10 years before COVID, participation rates were declining and golf courses were competing on prices, to attract players. With the newfound post-COVID success, would the leaders take advantage of this financial success and not repeat previous years' shortcomings. They hoped that "the industry learns from its mistakes" (Golf Course AAB, March 2, 2022), such as the practice of discounting golf. In their view, this is where golf courses had been their own worst enemy:

> And then at the end of 2021, the burning question is going to be what's 2022 look like? So do we revert back to standard golf practices, which I think is a mistake. I think the reason we're making so much money is that we're charging full fare for anything. There's no discount golf; there's no discount food. Everything's full fare. And that's why we're generating so much revenue. (Golf Course AA, March 2, July 22, 2021)

Time will tell where the golf industry lands on the issue of discounted green fees and food. If demand remains high, it is not likely that it will cost less to play golf. If demand begins to slump, it is likely that GMs will revert back to competing on price rather than setting up a value-added model. In the end, success of the business will be what drives pricing.

What Is Success

General managers/owners were asked what they would consider to be a successful year. Twenty-three of the golf courses reported that profit (or some metric of profitability, such as ROI) would be the metric used to evaluate success. A positive income level (or income above a budgeted level) would be considered a successful year. One interviewee said that success for them was an increase in golf rounds from daily-fee players as well as an increase in numbers of members. It could be construed that daily-fee golf rounds and memberships were lead indicators for a financially profitable year.

One golf course, who uses a formalized balanced scorecard, used a multifaceted approach when looking at success for the golf course. When determining if the year was good or not, they examined staff and customer satisfaction surveys in addition to looking at the bottom line (Golf Course AAD, personal communication, February 3, 2022). This is not the norm seen from this study.

Use of Management Accounting Techniques

The management accounting techniques used at the golf courses are discussed in Chapter 6. Below are the quantitative results from the interview data.

Process Costing, Job Order Costing, and Activity-Based Costing

General managers/owners were asked if they allocated overhead costs. As was stated previously, the expectation was low that golf courses would be using some sort of overhead allocation, such as process costing, job order costing (traditional costing), or ABC. The overall results confirmed this expectation.

Each overhead allocation method was first described, and then the GMs were asked if they used this technique at the golf course. Table 6 shows the results. No golf course said they

allocated overhead costs using ABC or process costing. Each golf course knew and understood what indirect costs were and could identify several indirect costs at the club. This was represented with the first column in Table 6, the allocation of overhead costs (OH). Probing follow-up questions revealed that these golf courses did not actually apply overhead costs to their products. Rather, they increased the profit margin to compensate for these costs. All but one golf course reported no use of job order costing. Upon looking at interview notes and additional answers from the interview, it is likely that this lone golf course did not actually use job order costing (see Chapter 6 for further discussion of this).

Table 6

Self-Reported Allocation and Use of Overhead Techniques

	Allocation Of OH	**Use Of ABC**	**Use Of Process Costing**	**Use Of Job Order Costing**
Do not use	1	25	25	24
Very little	24	0	0	0
Some	0	0	0	1
Very frequently	0	0	0	0
TOTAL COUNT	25	25	25	25

Note: Very frequently = used weekly or more; Some = monthly use; Very little = quarterly or yearly use; Do not use = not used at all.

Variable Costs and Fixed Costs

Owners and general managers were asked if they formally separated out variable and fixed expenses as part of their formal reporting. Much like allocation of overhead costs, the GMs understood and knew their fixed and variable costs. However, on most golf courses, there was no formal practice of breaking out these expenses.

Table 7

Self-Reported Use of Fixed and Variable Costs

	Count	Percentage
No, golf course does not separate fixed and variable costs	19	76%
Yes, golf course does separate fixed and variable costs	6	24%
TOTAL	25	100%

Almost 25 percent of golf courses (n = 6) self-reported that they formally broke out variable and fixed costs as part of their reporting (see Chapter 6 for a longer discussion of variable and fixed costs).

Balanced Scorecard

I did not expect that GMs would be using a formalized balanced scorecard as part of their operations. A formal use of the balanced scorecard would mean that users would formally write out and intentionally keep track of each of the four BSC perspectives: learning and growth, business processes, customer perspectives, and financial data. They would also use KPIs as a means of monitoring and evaluating each perspective. Additionally, a formalized BSC would have organization-wide input in preparing the scorecard.

I assumed that an informal use of the balanced scorecard techniques would be used on the golf courses. In this study, an informal use of the BSC would mean using some (or all) of the four perspectives but never formally documenting the process. The general managers/owners would never have intentionally set out to use the BSC technique. This informal BSC would also not be done organization-wide; rather, it would be used by a few individuals in the organization. Their decision-making process would simply mimic the BSC process.

Results from the interviews showed that three of the 25 golf courses reported using a formalized balanced scorecard technique. Consistent with expectations, there was considerable use of an informal balanced scorecard.

Table 8

Formal and Informal Balanced Scorecard (BSC) Use

	Formal BSC	**Informal BSC**
No	22 (88%)	2 (8%)
Yes	3 (12%)	23 (92%)
TOTAL	25	25

Key Performance Indicators

Key performance indicators are the measuring stick of the formal BSC, so to speak. However, they can also be used without employing the BSC technique as a whole. For example, a KPI like a guest cheque average or the number of rounds played per day can be used to monitor performance. Using KPIs does not necessarily mean the BSC technique is being used, although using the BSC technique requires the use of KPIs.

Some sort of KPI practice was universal. One respondent reported that they currently did not use any sort of metric to monitor performance, but, during further discussions, this GM had only recently been hired and was still getting their reporting finalized. During discussion they did say it was something that would be used, that they had done it at a previous golf facility. Officially, the reported count was that 24 golf courses used KPIs and one golf course reporting that they did not. However, it appeared clear that all 25 did in fact use key performance indicators to some degree.

Budgeting

Seventy-two percent of the golf courses (n = 18) reported using budgets very frequently (more than once a month). An additional three golf courses reported using budgets on an at least monthly basis. One golf course reported that their budget had been prepared to appease the ownership group; it was used once a year. Three golf courses reported not using budgets at all, or not preparing a formal budget. Table 9 shows the count of golf courses and use of budgets.

Table 9

Golf Course Reported Use of Budgets

Self-reported use	Use of budgets (count)	Percentage
Do not use	3	12%
Very little	1	4%
Some	3	12%
Very frequently	18	72%
TOTAL	25	100%

Most interviewees were experienced in the golf industry—21 interviewees had more than 15 years of experience. Of these, 18 (86 percent) reported using budgets at least monthly, and 76 percent used them only monthly. Table 10 shows the self-reported experience of GMs in the golf course industry and their frequency of use of budgets.

Table 10

Experience in the Golf Industry and Use of Budgets

	Reported use of budgets			
Experience in the golf industry	Do not use	Very little	Some	Very frequently
1 to 5 years	-	-	-	1
5 to 10 years	1	-	1	-
10 to 15 years	-	-	-	1
15 to 20 years	-	-	-	3
More than 20 years	2	1	2	13
Total golf course count	3	1	3	18
	12%	4%	12%	72%

Another question posed to GMs was if they thought using financial statements (generally) was important to run their business, or not. General managers/owners who used budgets also overwhelmingly saw the importance of looking at the financial data to help run their organization (see Table 11).

Table 11

Importance of Financial Statements and Use of Budgets

	Importance of Financial Statements		
Use of budgets	Not important	Somewhat important	Very important
Do not use	0	2	1
Very little	0	0	1
Some	0	0	3
Very frequently	1	2	15

Note: Some data (highlighted cells) did not appear to follow expectations. See Chapter 6 for a discussion of these results.

As was previously mentioned in Chapter 4, interviewees were recruited through face-to-face site visits, where I was also able to see the size and layout of the course's clubhouse. Table

12 shows the estimated clubhouse size against the frequency of budget use by the golf course. Also noted previously was that the golf courses with a small clubhouse had the GM's office in the same vicinity of (if not attached to) the restaurant and/or the golf shop. Effectively what this meant was that the GM, even if they were in sitting in their office, would be very aware of how busy the golf course was at any given point.

Table 12

Golf Course Clubhouse Size and Frequency of Budget Use

	Frequency of budget use			
Clubhouse size	Do not use	Very little	Some	Very frequently
Small (less than 4,000 square feet)	3	0	1	4
Medium (less than 10,000 square feet)	0	1	1	10
Large (more than 10,000 square feet)	0	0	1	4

The use of various other budgets was discussed with GMs (see Chapter 6 for more on this). Some golf courses created budgets with an operation master budget separated by department. Cash budgets were also common. The results of cash budget use, prepared from interview notes and direct questioning at the golf courses, are presented in Table 13.

Table 13

Use of Cash Budgets

	Use of cash budgets	**As a percentage**
Do not use	4	16%
Use very little	2	8%
Use somewhat	8	32%
Use very frequently	11	44%
TOTAL	25	100%

Correlation and Regression Analysis

Correlation Results

Correlation and regression analysis is typically used when evaluating the strength of a relationship between two (or more) variables. Correlation seeks to identify the strength of the association between two variables, using a correlation coefficient. This coefficient, measured from -1 to +1, depicts the magnitude of the strength of the relationship. A correlation coefficient (also known as the Pearson correlation coefficient "*r*" [Asuero et al., 2006]) of -1 would imply a perfect inverse relationship between the two variables; +1 would be a perfect direct relationship (Pandey, 2020).

A perfect direct relationship ($r = 1$) means that if one variable increases, the other variable also increases (or decreases with a negative ($r = -1$) relationship). As was suggested in Kozak (2009), a weak correlation would see a correlation coefficient value between +/- 0.20 and 0.50. A strong correlation would see a correlation coefficient between +/- 0.50 and 0.70. A correlation above +/- 0.70 would be considered very strong and a correlation below +/- 0.20 would be considered unimportant. Pandey's (2020) assessment of these correlation coefficient boundaries agreed with Kozak's assessment of cut-off points of correlation coefficient values. Pandey's assessment is used as guidance in the current research.

The current study used Microsoft Excel to perform the correlation calculations.

Interviews identified 25 unique questions (variables) that a correlation analysis could have used. Of these, four questions all had the same answer and therefore would not produce a usable correlation coefficient. They were omitted from the final correlation calculation. A review of the remaining questions yielded six questions (and their subsequent responses) that were deemed irrelevant or inappropriate for analyzing the main research questions. They were also

dropped from the correlation calculation. For example, the use of traditional costing was strongly correlated with distance the golf course was away from the city centre (*correlation coefficient* = 0.61). However, a closer look at the data revealed that only one golf course (Golf Course N) reported using traditional costing, and as is discussed in Chapter 6, I had my doubts about the accuracy of this interviewee's answer. Additionally, the distance from the city centre likely had no bearing on the use of a specific costing system.

This then gave a refined list of 18 questions and a correlation analysis was performed. Table 14 shows the results of the correlation matrix. Some important results were identified.

Table 14: *Correlation Matrix Results*

	Experience	Current experience	Years as Decision maker	Education	PD	Comfort w/FS	Formal ACCT classes	How important are F/S	Clubhouse size	office location	Ownership	Use of Budgets	BSC - informal	Cash Budgets	FC and VC	CPGA	Client Mix	EBITDA
Experience	1.00																	
Current experience	0.32	1.00																
Years as decision maker	0.55	0.67	1.00															
Education	0.06	0.03	0.04	1.00														
PD	0.64	0.16	0.34	0.23	1.00													
Comfort w/FS	0.08	0.20	0.41	0.11	0.57	1.00												
Formal ACCT classes	0.28	0.08	0.11	0.39	0.18	0.24	1.00											
How important are F/S	0.22	0.17	0.05	0.06	0.40	0.48	0.15	1.00										
Clubhouse size	0.35	0.32	0.37	0.12	0.46	0.32	0.21	0.15	1.00									
Office location	0.14	0.32	0.26	0.04	0.38	0.50	0.22	0.46	0.65	1.00								
Ownership	0.20	0.03	0.22	0.04	0.39	0.49	0.33	0.19	0.09	0.03	1.00							
Use of budgets	0.15	0.04	0.09	0.03	0.41	0.64	0.34	0.21	0.33	0.62	0.34	1.00						
BSC - informal	-0.12	-0.20	-0.08	0.09	0.39	0.46	-0.08	0.54	0.33	0.46	0.22	0.59	1.00					
Cash budgets	0.01	0.17	0.04	0.00	0.35	0.59	0.39	0.36	0.34	0.67	0.26	0.91	0.49	1.00				
FC and VC	0.25	0.13	0.28	0.15	0.15	0.35	0.23	0.29	0.11	0.02	0.38	0.36	0.16	0.40	1.00			
CPGA	0.50	0.07	0.26	0.06	0.46	0.08	0.05	0.08	0.36	0.11	0.17	0.13	-0.20	0.23	0.12	1.00		
Client mix	0.41	0.35	0.42	0.15	0.07	0.22	0.15	0.19	0.07	0.30	0.02	0.23	.10	0.32	0.33	0.22	1.00	
EBITDA	0.54	0.28	0.36	0.17	0.41	0.02	0.22	0.01	0.43	0.39	0.06	0.05	-0.16	0.01	0.01	0.57	0.17	1.00

Very strong correlation | Strong correlation | Weak correlation | Nonimportant correlation

General Managers and Owners

As was stated earlier, two questions were asked to interviewees about their experience: (a) how many years' experience they had had as a decision maker, and (b) how many years' experience they had had in their current role as GM. A strong correlation was seen between interviewees' total years' experience as decision maker and their current experience in their current role as GM ($r = 0.67$). As well as many years of experience in the golf industry, it appears that the interviewees for this study had many years' experience overall in running organizations. More experience and being a CPGA golf professional were found to be strongly correlated ($r = 0.50$); that is, the more-experienced GM also identified as a CPGA professional.

As GMs gained experience, they continued to take some sort of formal or informal professional development classes. Their experience thus correlated with taking such courses ($r = 0.64$). A strong positive correlation was also found between their taking ongoing professional development courses and their comfort in using financial statements ($r = 0.57$). No causality can be assigned between GMs feeling comfortable about financial statements and having taken more professional development opportunities. However, a more realistic, anecdotal, explanation could be that the study's sample included more-experienced GMs who had seen, used, and taken some form of accounting courses. The EBITDA as a percentage of sales for the golf courses showed a weak positive correlation ($r = 0.41$) with GMs having taken ongoing professional development courses. It was positively correlated with general managers/owners who had taken ongoing professional development courses, and strongly correlated with general managers/owners who had more experience ($r = 0.54$) and who were CPGA members ($r = 0.57$).

Use of Managerial Accounting Techniques

GMs who reported that they felt comfortable using financial statements also reported that financial statements were very important (r = 0.48). Also, when making business decisions they used the balanced scorecard methods (r = 0.46) informally—that is, without intentionally using the formalized BSC technique.[18] These correlation values fell in the "weak" category, although very close to the "strong" cut-off point (r = >0.50). Additionally, the comfort level in using financial statements reported by GMs strongly correlated with their budget use (r = 0.64) and cash budget use (r = 0.59), but only weakly correlated with the use of variable and fixed costs (r = 0.35). GMs who used budgets also tended to use cash budgets, for a strong correlation (r = 0.91). Of note, using an informal balanced scorecard (r = -0.20) and cash budgets (r = -0.23) by GMs who were CPGA professionals only weakly correlated. However, these figures represent borderline nonimportant correlations, so should be viewed with a high degree of skepticism.

An interesting finding potentially confirming an idea that arose during the research was that the clubhouse size and office location had a direct impact on the use of management accounting techniques. A quote often attributed to Winston Churchill expresses this idea: "We shape our buildings and afterward our buildings shape us" (U.K. Parliament, 2023, p. 1). As clubhouse size increased, the office was more often located away from the restaurant or golf shop—the golf course's profit centres (r = 0.65). General managers/owners whose offices were located away from these profit centres felt comfortable using financial statements (r =0.50) and considered the use of financial statements as important (r = 0.46). An office location away from

[18] I have called this usage the "informal BSC."

the golf shop or restaurant showed strong correlation with the general manager/owner's use of budgets (r = 0.62) and cash budgets (r =0.67). (See Chapter 6, "Research Question 2," for a further discussion of this topic.)

Ordinal Logistic Regression Analysis Results

Ordinal logistic regression is a valuable tool for analyzing and understanding relationships between ordered dependent and independent variables. In the current study, earnings before interest, taxes, depreciation, and amortization (EBITDA) as a percentage of sales was the dependent variable.

EBITDA is seen as a good indicator of company performance, especially when comparing different organizations in the same sector (Alcalde et al., 2013). Nineteen of the golf courses agreed to provide an EBITDA percentage for use in the study. Using a distribution-based approach, EBITDA percentage values were assigned to one of three categories; low (n = 3), medium (n = 9), and high (n = 7). A low EBITDA value applied to any EBITDA percentage under 15 percent, a medium value applied to EBITDA percentages falling between 15 percent and 25 percent, and a high value was any EBITDA percentage above 25 percent.

Given that prior research suggested using a ratio of four or five observations for every independent variable (Hair et al., 2010), the study's independent variables needed to be reduced to four in number before performing an ordinal logistic regression model. Reduction techniques were explored, including the Tabu search technique (Glover, 1989, 1990) and a stepwise selection for small data (Steyerberg et al., 1999). However, since the current study's sample was small (n = 19), a more logical way to reduce the variables was through expert knowledge, domain knowledge, and theoretical considerations.

Many of the variables were excluded from the ordinal regression analysis because the data that had been gathered was redundant. For example, "years as a decision maker," "current experience at the present job," and "overall total career experience" could better be analyzed using only "overall total career experience." The first two variables were therefore dropped from the analysis. This was also the case for "use of budgets" and "use of cash budgets." The previous correlation showed that if GMs used a budgeting technique, they almost always used cash budgets ($r = 0.91$). Cash budgets were dropped to reduce collinearity issues.

Other variables were omitted from consideration when interviewees' answers were all the same (or virtually all the same). For example, the use of KPI was used by all golf courses who supplied a value for the EBITDA as a percentage of sales, so there was no variability between answers. No variability between respondents was also noted when looking at the use of variable and fixed costs as well as the use of different overhead costing methods. Other variables were omitted from consideration because logically they would not affect the way an owner or general manager would analyze the finances of the golf course. These included distance from the city centre, client mix, residential component of a golf course, and ownership characteristics.

This left five variables with which to analyze the correlation between a particular independent variable and EBITDA as a percentage of sales (see Table 15).

Table 15

Variables Considered for Ordinal Logistic Regression

	Variables considered for analysis
1	Total experience in the golf industry
2	Continued professional development courses
3	Whether formal accounting courses taken
4	Membership in the CPGA
5	Use of budgets

Ordinal logistic regression was performed using five variables. Since "formal accounting courses taken" had the lowest estimate of the group, it was omitted from the final regression analysis, which used four variables.

Ordinal Logistic Regression and EBITDA

The final results of the ordinal logistic regression showed that the findings were significant. The study's *p* value of less than 0.05 (our value $p = < 0.000$) showed that there was significant improvement in the model compared to the null model. Additionally, the McFadden test and the Pearson goodness-of-fit test were both greater than 0.05 (0.787 for McFadden and 0.999 for Pearson). This indicated that the current model adequately fit the data. Table 16 summarizes the significant findings from the SPSS OLR calculations. The complete SPSS output can be found in Appendix E.

Table 16

Model Significance Results From SPSS

Model Fitting Information					**Pseudo R-Square**	
Model	-2 Log Likelihood	Chi-Square	df	Sig.	Cox and Snell	0.797
Intercept Only	30.316				Nagelkerke	0.918
Final	0.000	30.316	9	0.000	McFadden	0.787
Link function: Logit						

Goodness-of-Fit			
	Chi-Square	df	Sig.
Pearson	1.240	11	1.000
Deviance	1.832	11	0.999

Independent variables and EBITDA showed the results presented in Table 17, which shows the SPSS output of the odds ratio and the parameter estimates. The complete SPSS output can be found in Appendix F.

Table 17

Ordinal Regression Estimate and Odds Ratio—EBITDA As a Percentage of Sales

		Estimate	Odds ratio
Threshold (EBITDA percent)	**Low EBITDA (under 15 percent)**	-24.754	
	Medium EBITDA (between 15 and25 percent)	-0.218	
Location			
Professional development	No	-11.043	0
	Yes	0[a]	
Use of budgets	Do not use	24.769	57130652682
	Use very little	-12.499	0
	Use some	13.725	913627.899
	Use very frequently	0[a]	
Experience	1 to 5 years' experience	7.10E-16	1
	5 to 10 years' experience	-50.675	0
	10 to 15 years' experience	-25.906	0
	15 to 20 years' experience	-24.026	0
	More than 20 years' experience	0[a]	
CPGA	Not a CPGA member	-1.456	0.233
	Is a CPGA member	0[a]	

Note: "a": this parameter is set to zero as it is redundant.

The results of the OLR found the following. The golf courses where GMs continued to take professional development courses showed a higher EBITDA percentage than those who did not regularly take professional development courses (parameter estimate = -11.043). Similarly, respondents who were CPGA members also showed a higher EBITDA as a percentage of sales

(parameter estimate = -1.456), a weak estimate. The odds ratio, a measure used to quantify the strength and direction between the variables, was also calculated alongside the parameter estimates (see Table 17). The odds ratio signifies "the odds of falling into a higher or lower category on the dependent variable [in our case EBITDA as a percentage of sales] with a unit change in the independent variable" (Research with Fawad, 2022). The odds calculation here (odds ratio = 0.233) signifies that the odds of falling into a higher EBITDA as a percentage of sales category was 0.233 times lower when the GM was not a CPGA member.

Experience in the golf industry provided some consistent results. Owners/general managers with less experience also reported less EBITDA as a percentage of sales. That is to say, as the decision maker's years of experience decreased, the golf courses reported lower levels of EBITDA as a percentage of sales.

The use of budgets, owners' and general managers' most common MA tool, showed some interesting results. GMs who reported using the budgets "some" (about once a month) showed an increase in EBITDA percentage at their golf courses. The same "some" group showed a hugely positive odds ratio (odds ratio = 913,627.899), indicating a positive association between EBITDA as a percentage of sales and using "some" budgets. Those who reported "some" use of budgets were more likely to be in a higher EBITDA category,

Conversely, EBITDA percentage decreased among those who used budgets "very little" compared to those who used budgets "very frequently." Interestingly, those who reported no use of budgets had the highest increase of EBITDA percentage over those who used budgets "very frequently." They also showed the largest odds ratio. However, this "do not use" category represented only two respondents and another ordinal logistic regression based on budgeting use was also conducted to examine this anomaly, as discussed in the following section.

Ordinal Logistic Regression, Budgeting, and Office Location

Ordinal logistic regression considered the relationship between the use of budgets (dependent variable) and four independent variables. Office location, clubhouse size, personal characteristics of the GM as influences on the use of budgets, and experience and education of the GM were also used. The OLR was found to be statistically significant (p value = 0.003, Pearson test = 1, and McFadden Pseudo R-Square result = 0.915). Table 18 summarizes the SPSS results.

Table 18

Model Significance Results From SPSS for Budgeting and Office Location

Model fitting information

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	29.677			
Final	0.000	29.677	12	0.003

Link function: Logit.

Pseudo R-Square

Cox and Snell	0.790
Nagelkerke	0.965
McFadden	0.915

Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	5.558	33	1.000
Deviance	6.554	33	1.000

Parameter estimate results show that as the office location moved closer to the company's revenue centre, there was less reliance on the use of budgets than those GMs who were not centrally located to these revenue centres. Table 19 shows the SPSS output of the odds ratio and the parameter estimates for budgeting and office location.

Table 19

Ordinal Regression Estimate and Odds Ratio—Budgeting and Office Location

		Estimate	Odds ratio
Threshold (budget use)	Do not use	-38.112	
	Use very little	-20.281	
	Used some	-18.46	
Experience	1 to 5 years	17.129	27484594.01
	5 to 10 years	-1.582	0.206
	10 to 15 years	35.44	2.46205E+15
	15 to 20 years	70.645	4.79504E+30
	More than 20 years	0[a]	
Education	High school	18.623	122474461.9
	Some university or college	-18.231	0
	University/college diploma	18.703	132666468.1
	University/college degree	1.494	4.456
	Professional designation (CPA)	0[a]	
Clubhouse size	Small (under 4,000 sq ft)	-17.209	0
	Medium (less than 10,000 sq ft)	-18.623	0
	Large (over 10,000 sq ft)	0[a]	
Office location	Yes, with sightline to revenue centre	-56.477	0
	No, away from sightline, but near revenue centre	-1.494	0.224
	No, separate location from both	0[a]	

Note: "a": this parameter is set to zero as it is redundant.

The use of budgets by GMs whose offices were within sightlines of a revenue centre was compared to use of budgets by GMs whose offices were located away from these revenue centres. Results showed that GMs within sightlines to a revenue centre were much less likely to use budgets (parameter estimate = -56.477 and an odds ratio near zero, or virtually no likelihood to use budgets). Additionally, as the clubhouse size got smaller, GMs relied less on budgets

compared to GMs who worked in a large clubhouse (parameter estimate medium clubhouse size = -18.623, small clubhouse size = -17.209; both of their odds ratios are near zero).

For the most part, less-experienced GMs appeared to favour more use of budgets compared to decision makers with more than 20 years' experience. There was one anomaly in the "5 to 10 years" experience range (parameter estimate = -1.582). This latter estimate parameter was so low that it was considered an insignificant finding.

When use of budgets is compared to the education levels of owners/general managers, the results appear to be mixed. Compared to GMs with an accounting designation, those with lower levels of education appeared to use budgets more. For example, GMs who reported completing a "university or college diploma" used budgets more than GMs who had an accounting designation (parameter estimate = 18.703). The same held true for those who had only a high school diploma (parameter estimate = 18.623). GMs reporting "some university or college" relied less on budgets than their owner/general manager counterparts with a professional accounting designation (parameter estimate = -18.231).

The results of education levels and use of budgets seems counterintuitive. One might have expected that GMs with no accounting designation would rely on budgets more, because of the lack of foundational accounting knowledge. They would be aware of the importance of watching the financial results and therefore rely more on the numbers when assessing the business. Conversely, one might expect that they rely less on budgets because of a lower level of accounting education—they would simply not be as familiar with budgeting theory. More research would be needed to fully understand these results.

Nevertheless, in the current study, GMs with an accounting designation used budgets less than GMs with no accounting designation. Anecdotally, it could be that less-experienced GMs

perceived financial performance as a high priority for the club and spent extra time and consideration analyzing the financial data.

Conclusions

The results of the interviews showed that the GMs in the study had a high degree of experience and had also completed a university or college degree or diploma. The interviewees considered financial statement analysis very important in running their business and said that they were comfortable using and evaluating results of financial statement analysis. The GMs believed that the golf industry, since COVID, was now in a good financial position and largely thought that the increase in golfers would continue into the future. Balanced scorecard techniques were universally and informally used. However, the formalized process of creating and evaluating the BSC was not present at golf courses. Rather, an informally used BSC was part of planning and decision making.

Interviewees reported very little use of overhead costing techniques and did not formally separate variable from fixed costs for reporting purposes. All golf courses reported using some form of KPI; however, these typically revolved around revenue metrics. Budgeting was a frequently used management accounting technique. The more-experienced GMs used budgeting and cash budgets more than the less-experienced owners/general managers. GMs who had offices further away from revenue centres also relied on budgeting more. Ordinal logistic regression confirmed these results. EBITDA as a percentage of sales increased the more GMs took professional development courses on an ongoing basis, were members of the CPGA, and used budgeting techniques. Generally, the less-experienced GMs also relied on budgets more when evaluating the success of the golf course. Budgeting and the process of reviewing actual results compared to the budget allowed the GMs to assess whether the organization was on track.

Chapter 6: Discussion

The current research hoped to accomplish two main goals: first, to answer the three research questions posed at the start of the study, and second, to present a best practice for the golf course industry.

This chapter discusses the research findings, using the research questions as a guideline. Themes that arose during interviews and the data coding process are included in the discussion of the relevant research questions. Based on the research findings, best practices the golf course industry could and should implement are discussed.

Research Question 1

Do all golf courses use the same management accounting techniques, and why are they using them?

Chapter 4 argued that the golf course industry is institutionalized. If this were true, one would expect to see golf courses use (or not use) the same techniques and use these techniques in a very similar fashion.

One difference between the current research and past research findings is illustrated in Hopper et al.'s (1999) study of Japanese small businesses. In their research, companies were willing to share cost information with each other and with the researcher. In the current study, the golf courses were not as willing to share financial information; they consistently hesitated to disclose financial data. This was a difficult hurdle for the study to overcome. Other researchers have also had this difficulty. Several studies (Hopper et al., 1999; Lopez & Hiebl, 2015; Zaman & Gadenne, 2002) generally discussed the difficulties in gathering financial information from SMEs and their reluctance to join research initiatives.

A similarity between the current research and past research, as noted in Chapter 5, was that smaller businesses used few MA techniques. This confirms Lopez and Hiebl's (2015) findings, which show low adoption rates for MA techniques in small businesses. Santini (2013) and Armitage et al. (2016) suggested that small businesses had less complex environments and would therefore use less complex accounting tools. The golf course industry is not in a complex business environment. It would stand to reason that there would be no big need for a robust and complex use of management accounting techniques in this industry. This was confirmed by the findings in our study (discussed in "Research Question 1" below).

Golf course GMs had several different MA techniques at their disposal. The following section highlights the MA techniques that were queried during interviews.

Process Costing, Job Order Costing, and Activity-Based Costing

An original research assumption was that the golf courses would use some costing techniques. For example, job order costing might be used but process costing might not, and it would be unlikely for activity-based costing (ABC) to be used to allocate overhead costs.

It became apparent after the first few interviews that no golf course separated out indirect costs (i.e., overhead) when considering their costing. In these interviews, I had begun with an introduction to each method—process costing, job order costing, and ABC—and gave the example of costing a hamburger. The direct costs were the hamburger bun, meat, cheese, and garnishes, whereas the indirect costs were the insurance on the clubhouse, idle staff time, and detergent to wash the dishes. I quickly discovered that golf courses were not using any form of costing technique to allocate overhead costs; all interviewees agreed that they did not break out overhead costs, confirming Abdel-Kader and Luther's (2008) results that found low adoption

rates of costing techniques among small businesses. The golf courses simply added some markup on the hamburger to cover the overhead costs.

This is not to say that the golf courses did not understand overhead costs or appreciate that they existed. They were quite clear that these indirect costs could hurt the business if they were not taken into account:

> I think we're more focused on the direct costs. I mean, and again, F&B is, you know, an incredible animal. You talk about idle time, and that's where most guys are getting hammered, right, because you're open, you got full staff on, you're burning a couple hundred bucks an hour, and for two hours you (only) sell some coffees. I mean, in the industry, we've gotten into a habit of trying to be everything to everybody, we got to pick a niche, we're gonna take some body blows. And you got to run with it. I mean, I really believe that . . . [we] can't afford to lose a couple 100k a year in F&B. (Golf Course AA, personal communication, July 22, 2021)

When interviewees were asked if they allocated overhead, virtually all respondents stated that they did, to a degree, and most often did it during their budgeting process. Further discussion made it clear that golf courses were allocating an estimated amount into the profit margins of items, but not specifically calculating the overhead. This insight would have been missed if the research had been done using a simple survey. For example, two GMs saw the overhead costs as follows:

> Use the burger for example. The burger costs us $2, we still sell it for $12, because we know we've got other things, it's just part of the equation. We just use it as a percentage of food cost. Direct cost we know has to be at 10 percent, and then we know we've got 10 to 12 percent of other costs. (Golf Course K, personal communication, June 21, 2021)

> We go heavily on the cost of goods for the item directly. We don't go what's the phone line going to be? What's the internet going to be? . . . We don't include any of (those) numbers, because, how do you add phone line into something [referring to a food item] when 95 percent of it is covered by the pro shop? We give the indirect costs kind of a "rake" out of that equation. And we have our managers strictly focus on a cost of goods sold [direct costs]. (Golf Course D, personal communication, February 16,2022)

The golf courses were clearly not breaking out overhead costs as part of a product cost. One golf course identified an issue with this practice, particularly when reporting to their board of directors:

> Our F&B generally have a bottom-line profit of $80,000. I always remind the directors, hey, that's kind of a false narrative because, in reality, there's no insurance and there's no leasing (costs). A lot of these costs, we're not even building in there. So, if this was your standalone business, you'd already closed the shop, but we look at (the restaurant) as a service in what we do. . . . I think it blurs the picture for those looking at the numbers because . . . they go straight to the bottom line, they look at revenues, and they go straight to what was the profit on the month. They really skip over a lot of the line items in between. (Golf Course Z, personal communication, July 20, 2021)

One golf course insisted that they used job order costing as part of their F&B calculations. After I referenced my interview notes and the interview transcript as a whole, my impression was that this interviewee was perhaps overstating their use of allocating overhead costs or were confused about them. Very likely, they considered breaking out their overhead costs as a line item on the budget, but in reality they did not use a costing technique on a product level to do this. This understanding appears to be confirmed—no golf courses reported using ABC, process costing, or job costing (see Table 6).

GMs did seem to appreciate the existence of indirect costs. However, when pricing products they either estimated these costs and built an overhead amount into the selling price, or simply focused on managing and controlling the direct costs associated with a product. Assessing why they did not break out and apply overhead costs appeared to be a simple cost/benefit matter. For example, they could spend considerable time breaking out all the overhead costs and applying them to a hamburger. The GMs seemed to feel that such overhead allocation was a waste of their time, and that simply applying additional markup to the selling price was easier. This logic appeared reasonable, efficient, in line with what the industry was doing, and what is actually taught in some hospitality management accounting books (e.g., see Jagels & Coltman, 2004).

Variable Costs and Fixed Costs

Similar to how they allocated overhead costs, most golf courses did not have a formal process for breaking out variable and fixed costs. An original assumption was that my research would find extensive use of variable and fixed costs—namely, golf courses would use a contribution format income statement.

In interviews, almost 25 percent of golf courses (n = 6) reported that they formally broke out variable and fixed costs as part of their reporting. This statistic was slightly misleading, since a deeper dive into how these variable and fixed costs were used changed dramatically between the six golf courses. Using interview notes and answers from other interview questions, it appeared likely that the true number of golf courses who formally broke out variable and fixed costs was two (or 8 percent).

These two golf courses either had a large accounting staff to help put together the metrics, or the course itself was using sophisticated data analytics software to help with the

calculations. One golf course shared a working paper showing how they broke out variable and fixed costs for reporting. The other golf course had a chartered professional accountant as its GM, who confided that they had experience putting together these types of financial statements and saw the managerial benefits of having the ability to look at the data in this manner.

The other four golf courses, who had formally reported using variable and fixed costs, were somewhat in the dark when it came to expressing exactly how they used these variable and fixed costs as part of their reporting. One of them correctly said that they kept track of the inventory items as variable costs; however, they missed the overall larger use—assigning fixed and variable costs as part of a formal contribution income statement. Two other golf courses said they formally used variable and fixed costs, but further discussion revealed something different. They took these costs into consideration but could not mention a formal working paper that they had relied on using variable and fixed costs. One GM appeared rather vague about using a particular technique. When asked about the use of variable and fixed costs, they replied in a cryptic and confusing manner that made me conclude that perhaps they didn't really rely on or use this costing technique to the extent that they claimed. The discussion went like this:

Jeff Kent:	Okay, do you separate your costs out into variable costs and fixed costs?
Golf Course K:	Yes. We don't use those words, but yes.
Jeff Kent:	What words do you use?
Golf Course K:	I don't know, the accountant has words for those.
Jeff Kent:	Okay, so if you're using variable and fixed costs, the income statement that you would run there is called a CM income statement, where your revenue minus your variable cost gets your CM. Is that something you do? Formally, informally?

> Golf Course K: Yeah, it's reported formally. It's all broken down on that. For me, I don't. Personally, to me, all costs are costs and I'm not too worried about that.
>
> Jeff Kent: So, CM, you use it basically when you're doing your budgeting, you look at those fixed and variable costs?
>
> Golf Course K: Yeah, most of our costs are fixed. I call them fixed, but they are variable. Like we pay electricity. Obviously, it goes up and down but I can't do anything. We got to cut some costs and I'm like, well, we can't cut like 95 percent of our costs (they) are not cuttable. I have to pay $10,000 electricity, I have to pay $5,000 to the phone company. (Golf Course K, personal communication, June 21, 2021)

It is possible that the interviewee didn't want to come across as incompetent—perhaps they wanted come across as knowing more about accounting than they actually did. It is further possible that my relationship with a mutual friend could have influenced the interviewee's response to overestimate the use of this technique. What was fairly conclusive is that this golf course likely did not formally use variable and fixed costs, but they were likely aware of and used variable and fixed costs as a planning tool.

For the remaining golf courses (n = 19), interviewees were quick to point out that they certainly thought about variable and fixed costs, but they did not formally break them out:

> It is not separated out in the budget but certainly when we go through the budgeting process, we know which ones are fixed costs. . . . So, I would say we have a certain awareness of what those fixed costs are, but we are not specifically indicating it on the budget. (Golf Course C, personal communication, November 12, 2021)

The takeaway from this part of the research is that 19 of 25 golf courses (76 percent) did not formally break out variable and fixed costs. It appears that only small businesses who have invested in a larger accounting department or technology access this information as part of their

reporting. However, fixed and variable costs are considered when preparing budgets or considering other operational issues. Generally speaking, they are simply not formally separated out and this is most likely a result of not having the time and/or technology to adequately do so.

Balanced Scorecard

In her 2008 paper, Kim Langfield-Smith (2008) discussed the need to explore how SMA techniques had diffused into the general practice in organizations. The current research did not solely focus on SMA techniques, but three SMA techniques—the balanced scorecard, KPIs, and ABC—were discussed with golf courses. Consistent with Guilding et al. (2000), little formal use of SMA techniques was found in the golf course industry. The discussions with GMs around the use of the balanced scorecard, for example, highlights this formal versus informal use of an SMA technique.

It was expected that GMs would not be using a formalized balanced scorecard as part of their operations, but rather that an informal use of BSC techniques would be used in some fashion. Three of the 25 golf courses (12 percent) I interviewed reported using a formalized BSC technique. One of the golf courses that reported using it said this when asked about the technique:

> I'm very aware of that scorecard. I don't report at this point to the executive committee with the score. But we are doing the work. We do a formal score for the employee survey (and) we do a formal score on the customer survey. (Golf Course AAD, personal communication, February 16, 2022)

The interview with this golf course happened later in my interview process. They were the first interviewee to report that they did, in fact, know what the balanced scorecard was and that they had formally used the technique. At first, I was skeptical, but in continued conversation it became clear that in fact they did have a formalized process. Time did not permit a deeper dive

into that formalized process. However, the interviewee did explain about their advanced computer software and administration staff, which allowed them to create and track lag indicators and assess outcomes. I could not verify how well their overall balanced scorecard process was doing, but they were taking steps to formally document the process, which was more than the other golf courses I interviewed.

However, upon asking more probing questions, I found that the other two golf courses who had reported a formal use of the balanced scorecard really did not. These two respondents were confusing KPI and a formalized BSC. As noted earlier, a golf course could use KPIs to monitor performance and not necessarily be formally using the BSC technique. This confusion was likely a result of the interviewer poorly explaining what the balanced scorecard was in full, or that the interviewees wanted to project higher sophistication of using MA techniques than what they were actually doing in practice. For example, Golf Course AAF (2022) discussed how they made their managers write proposals for any new initiatives at the course, including projections and how they would monitor the performance of any campaigns. Later, it was revealed that this strategy was more about holding managers accountable, about weeding out overly ambitious promotional ideas:

> Lots of times, golf professionals will come up with these ideas, and it's great, but at the end of the day, it's a lot of work and doesn't actually bring any extra revenue. . . . They have to write a proposal and justify [it] with the numbers. (Golf Course AAF, personal communication, February 14, 2022)

What was striking was the *informal* use of the balanced scorecard techniques. P. A. Phillips and Louvieris (2005) suggested that small-business operators would have a hard time formalizing critical success factors. Only one golf course in the current study used a formalized balanced scorecard, lending evidence to that suggestion. After having the BSC technique

explained, a common interview response was that a golf course did this process informally, or at least used various parts of the BSC technique. One golf course interviewee described its informal process:

> I would say informally [about using the balanced scorecard]. I'm working with five different people in the golf shop through the summer. There's an endless informal discussion of those types of things (talking about promotions specifically, but overall discussion about incorporating the four BSC perspectives into the organization). As opposed to you having this directive from the top that's going to filter down through so many levels. (Golf Course AAE, personal communication, February 9, 2022)

The golf courses that said they used the BSC techniques informally all described a similar thought process when looking at the business. Typically, they would describe a past promotion where they had (unknowingly) applied the balanced scorecard logic. They thought about the effect the promotion would have on the staff, what needed to be done to make it a success, and how they would judge whether it had been a success. One golf course interviewee spent considerable interview time talking about such a process:

> Would we formally look through and say how are we going to train the staff? Well, in that example particularly [discussing a golf and dinner promotion at their course], it was left up to my department heads. My golf operations, you need to make sure everyone knows about this. How are you going to do that? (The golf operations manager) is going to inform all the staff. (They are) going to push it every chance from the F&B standpoint. Do I need to have extra staff on that day? They need to be aware of the special. We need to make sure that we have the product if it's something unique or outside of our typical menu. We need to make sure that we have product available, and if that product sits, can we use that product for something else? If it's a bust we've got 15 steaks lying around or whatever it is. But did we formally lay down a check and balance in terms of

> measuring that? No, we just simply looked at, how many did we do? Am I going to increasing our green fees? Did we see an uptick in terms of our utilization for that specific timeframe? Compared to previous weeks? Yes? No? Was it a success? Do we need to double down on it? Did people really like it? What's the feedback? (Golf Course AAG, personal communication, February 15, 2022)

A focal point for the balanced scorecard is that each factor (e.g., learning and growth, customer perspective) is evaluated for success with a formalized key performance indicator. Smaller businesses, particularly those in the hospitality industry, may use different metrics when assessing a promotion (P. A. Phillips & Louvieris, 2005). These metrics would likely be different in a large corporation as they have more human capital to create and monitor these metrics. A common comment during interviews discussing the balanced scorecard reflected this. While quantitative data was important in assessing the success of a particular promotion, it was not always the deciding factor. For example, one golf course interviewee went on to talk about the metrics used to assess the success of the promotion:

> Jeff Kent: To me, it sounds like you were monitoring it (the promotion), especially utilization. And if it wasn't getting traction, you get rid of it and you move on to the next.
>
> Golf Course AAG: Yes, or try something else or modify it.
>
> Jeff Kent: You had the data there to make the decision?
>
> Golf Course AAG: Yeah. And some of it's not as quantitative, I guess, the data that you're collecting, it's (from) the staff. Miss Smith says (she) really loves this. Okay, you heard (from) Miss Smith. But if I get eight people that came in and were raving about it, and then posting on social media or whatever they're doing. There's something there. That's an avenue that we could explore further or modify or tweak. To make it even better to get even more people take advantage of it. (Golf Course AAG, personal communication, February 15, 2022)

This study's interview responses confirmed Rickards's (2008) and P. A. Phillips and Louvieris's (2005) view that small and medium-sized businesses do not need or use the balanced scorecard in the same way as a larger organization. Only one golf course used a formalized balanced scorecard technique, and further study would be needed to completely understand depth and sophistication to which it was used.

As a means of creating, organizing, and evaluating particular promotions, virtually all the golf courses informally discussed and considered all areas that a formalized balanced scorecard would provide. That said, a key ingredient for a successful balanced scorecard is the ability to measure the output of each balanced scorecard factor. The golf courses informally considered each factor, but they did not implement a measurement criterion (such as KPI) to assess its success. Overall, success or failure was evaluated by looking to see if it drove up revenue and, to a similar extent, if there were qualitative reasons to suggest that the promotion had been a success.

In a minor win for the use of SMA techniques, it does appear that the golf course GMs organically went through the mechanics of the balanced scorecard when assessing promotions. However, circling back to Langfield-Smith's (2008) call for additional research to assess SMA techniques used in practice, it appears that they implemented no formal BSC. The low adoption rates of a formalized BSC looked to be a lack of knowledge about what the balanced scorecard is and very likely the effort needed to formally keep track.

Key Performance Indicators

There was nearly perfect agreement on the use of key performance indicators at golf courses. Aside from one general manager who had just started in their position, and was in the

process of setting up their KPIs for the golf course,[19] all the other golf courses currently used KPIs as part of their monitoring and planning. KPIs that golf courses reported using were largely centred on revenue. Some common KPIs were:

- *Number of golfers per day* (with many looking deeper at type of green fee purchased). This metric notes the total number of golfers that play at the course during the day (or time period under review). All golf courses used this KPI.
- *Golf revenue per day* (with most breaking it out to green fees, cart revenue, and golf shop sales). This metric considers the revenue provided by the course's main revenue stream—golf operations. All golf courses used this KPI.
- *Total revenue per golfer*. This metric takes into account all sources of revenue (typically golf and F&B) received during the time period, divided by the number of guests. This is also known as a guest cheque average. Sixteen of the 25 golf courses reported using this metric.
- *Looking at the tee sheet to assess how busy they were, currently are, and are going to be in future*. Many referred to this as "tee sheet utilization" or simply "utilization." The calculation provides a percentage of how many green fees have been sold compared to the maximum inventory of tee times available. It effectively shows how busy the golf course is. All golf courses used this KPI.
- *F&B revenue*. Revenue related to the restaurant is gathered and evaluated as a whole figure, and also on a per-guest basis. All golf courses used the F&B revenue as a metric, although only 16 of the 25 reported using it on a per-golfer basis.

[19] Effectively, therefore, all golf courses were using key performance indicators.

WHO'S KEEPING SCORE?

In the interviews I noted a strong emphasis on key performance indicators that focused on the revenue side of operations. Fewer golf courses reported KPIs that focused on monitoring costs. A few golf courses mentioned watching labour costs, but cost metrics were not the first metric that came to mind when asked about KPIs. Further investigation would likely be needed to fully find out whether this lack of cost KPIs was consistent between golf courses. It is very likely that this cost side was simply missed during the interviews, due to a lack of time. This said, without a sophisticated point-of-sale system, tracking the costs to add to a KPI might not be easily attainable and therefore these costs were omitted from the main KPI calculations.

GMs were consistent, however, when looking at golf-specific KPIs. These metrics were typically consulted on a daily basis. Generally speaking, they were used to evaluate actual results from the previous day to assess how busy the golf course was on that day—that is, they were typically used to confirm expectations. They were also used to see how busy the course would be in the next few days, but, much like predicting the weather, this forecasted KPI was more for inquiry rather than to confirm any expectation. Any reliance on them to build strategy or drive business decisions was minimal.

Many golf courses reported that these KPIs were more useful when analyzing different areas of the golf course rather than simply at the golf operations. Most commonly reported was use in the F&B operations:

> It's less analysis on the golf side (than) there is on the restaurant side. We're really looking at what is your labour per dollars for the kitchen? It's dimes and nickels that make a big difference in F&B compared to when you're looking at dollars on the golf side. (Golf Course AAC, personal communication, January 25, 2022)

The starting point for generating KPIs at the golf courses was the point-of-sale system. At a bare minimum the golf courses reported taking tee sheet information, its related revenues, and

typically F&B sales to record the revenue KPI mentioned above. A few of the golf courses had technology that allowed them to produce virtually an infinite number of metrics. In the interviews, these golf courses went into detail about the information they were collecting and the software they were running to collect it. These systems quite literally updated metrics every second and used multiple sources of data to form these metrics. For example, one golf course had integrated computer software that drew information from their accounting software, their two different point-of-sale systems, weather forecasts, and employee information. Further, it incorporated GSP data from golf carts as additional data points should they wanted to query any of these data points, separately or in combination with other data.

I asked the interviewees if having too much data was confusing, or if it was helpful:

> That's a real good question. I have my reports that I need to look at. And those reports are going to be different than the head office. They're different (for) the director of golf. What's critical is that we design them that they're useful. We start with the big picture. With all the different parameters . . . number of customers, the revenue for the whole company, the cash. I can see the revenue streams for the day, for the month, for the year, and budget to last year, and I can see them every day. There's no surprises. . . . It's really critical to have a big picture. And then drill down. And you don't have to go to the drill down unless you really wanted the most (information). (Golf Course AAD, personal communication, February 3, 2022)

Similar to the golf course's informal use of the balanced scorecard, there was informal use of nonfinancial metrics to assess how the course was performing. Many interviewees gave impression that these nonfinancial metrics were as important as the factual financial metrics when assessing how the golf course was performing, if not more so. One golf course dubbed these KPI metrics their "key performance influencers" (Golf Course AAI, personal

communication, November 9, 2022). Most GMs agreed that they were equally focused on some of these nonfinancial metrics. Examples were quality and friendliness of the staff, cleanliness of the clubhouse, and customer satisfaction, to name a few. Only one golf course reported doing formal employee and customer surveys. Informally, these GMs were always asking and probing customers and employees about the different aspects of the business—quality of the food in the restaurant, conditions of the golf course, and overall experience at the course.

One GM confided that at times it was less about managing the numbers as it was managing expectations of staff and customers (Golf Course Z, personal communication, July 20, 2021). Similarly, when one golf course owner was asked how they knew if they were making money or not, their reply was that they "looked in the parking lot" (Golf Course N, personal communication, January 26, 2021). Golf Course N had a small clubhouse, and the GM was actively involved in the day-to-day operations of the business. When discussing the use of KPIs, the GM summed up what many of the golf courses described about using specific KPIs when running their business:

> Golf Course N: No, I think, and again, being a small facility, talking with the customers, seeing those numbers, seeing the units, seeing the parking lot and measuring staff a little bit as far as their contentment level, we are aware. If the staff (are) happy, the customer sees that, and it just flows. I don't know if you could do this with PGA West [referring to informal use of nonfinancial metrics at a very large golf facility in the United States]. We get a feel for all that stuff, just on the daily routine and going through and talking to people.
>
> Jeff Kent: Right. You're embedded in the business, so you really know it.
>
> Golf Course N: Yeah. (Golf Course N, personal communication, January 26, 2021)

The research results showed that GMs of golf courses used KPI extensively in their business. Typically, these KPIs were used to confirm past or current expectations and emphasized revenue rather than cost control metrics. Equally, if not more so, GMs relied on nonfinancial metrics to evaluate how the business was operating "in the now." These nonfinancial metrics did not replace knowing and monitoring the financial aspects of the business, or substitute for it, but rather provided immediate feedback on the performance of staff and the product itself. It was as if GMs were using these nonfinancial metrics as lag indicators for how well the golf course was performing in conjunction with financial metrics.

Budgeting

Frequency of Use

The current research showed the use of budgeting was extensive, as anticipated. This finding is contrary to the papers of Rue and Ibrahim (1998), who stated that use of budgeting was low in SMEs, and Nayak and Greenfield (1994), whose research showed a moderate use of budgeting. The current research showed that about 88 percent of golf courses had a formalized budgeting process. Additionally, 84 percent of golf courses reported using their budgets in decision making on an at least monthly basis.

Experienced GMs used budgets (and by extension, financial statement analysis for the club) extensively. Not surprisingly, they thought that using these financial statements was very important for running the business. All but one golf course stated that the use of financial documents was at least somewhat important for running the business.

Creation and Use of Budgets

Becker's (2014) conclusion, that budgeting would be an institutionalized process, was also seen in this study. Virtually all golf courses who reported using budgets created them in the

same manner. They used historical data when preparing the current budget. The extent of the historical data was tied to the point-of-sale system at each golf course. Golf courses that had an advanced point-of-sale system used more historical data to create trends than golf courses whose access to financial data was more rigid. No golf course interviewed would create a zero-based budget, one that would start with a blank piece of paper and determine each budgeted line item.

COVID created some challenges for golf courses when it came to creating expectations for the upcoming season. The financial results for virtually all the golf courses interviewed were unprecedented: the actual figures (specifically revenue) were so above expectations that the budgets were almost useless. This made the budgeting process almost redundant. No golf course reported using a flexible budget as part of their overall financial analysis. Golf Course HH gave this typical answer when asked about the budgeting process:

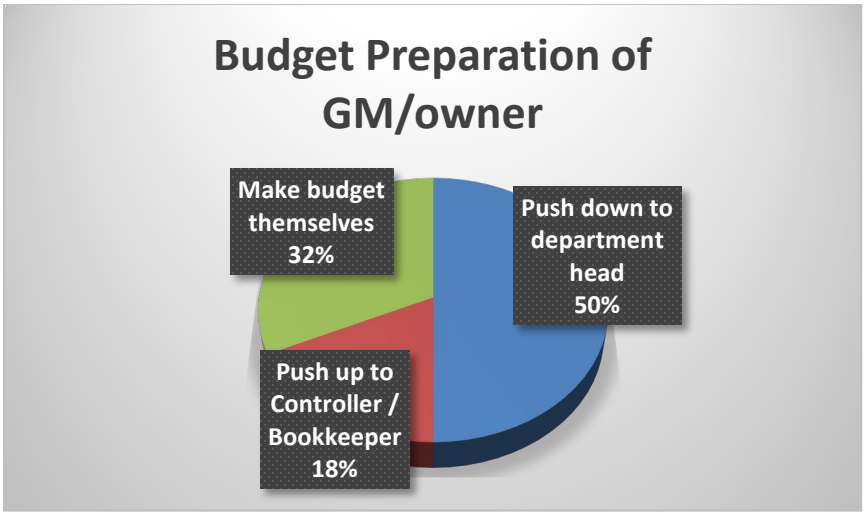
> We do more trend analysis. Usually, we'll do kind of a three-year average. Going into this year was very tough to try and predict because obviously 2020 was so good. We didn't know what 2021 was going to be like, was COVID still going to be around? Was it not? We budget in the fall [in] October/November for the following year. So, for the 2021 budget, I did a three-year budget, but with 50 percent weighting going to last year and the 25 percent to the two years prior instead of just a third. (Golf Course HH, personal communication, March 22, 2022).

All golf courses that created budgets reported creating an operational budget, month by month, to form a master budget for the year. They all prepared a yearly budget based on the fiscal year-end date of the company. No golf course reported using or creating a yearly rolling budget. GMs who actively used budgets reported that the budgets were separated by department, namely, golf operations, restaurant, and grounds/maintenance. Some golf courses included administration as part of golf operations while others separated out administration functions into

its own budget. Time was limited during the interviews and as such there was not enough time to dive any deeper into the budgeting process. What was interesting was the budgeting process itself. Figure 3 shows the process used to prepare the budgets by the general manager/owner.

Figure 3

Budget Preparation Method of General Managers/Owners



Eleven of the 22 golf courses (50 percent) who reported using budgets pushed the budgeting process down to the department heads. The department heads would create a budget for the year and then have discussions with the GM to determine whether the budget was appropriate. Some general managers/owners reported the reason for doing this was to get buy-in from department heads and to increase their accountability over their departments.

Four GMs (18 percent) reported that they pushed the budgeting process up to the controller or bookkeeper. When the controller or bookkeeper had finished preparing the budget, the GM discussed it either with department heads or the controller (or both), to see if the budgeted figures were in line with expectations. Changes would then be made before finalizing the budget and having it implemented by department heads.

Seven GMs (32 percent) reported that they prepared the budget themselves. Once completed, it would be sent to the department heads. For GMs who reported to a board of directors, the budgeting process was completed in one of the ways discussed above; the final step would be a discussion with the board, to approve the budget for the year.

Variance Analysis

Golf courses that used budgets also evaluated performance, using variance analysis (or financial statement analysis) to compare current results with budgeted results. The budgets were used to form, drive, and evaluate the golf courses' strategy (contrary to Gorton, 1999). For example, one golf course used financial performance compared to budget to evaluate whether a current promotion was gaining traction (Golf Course AAG, personal communication, February 15, 2022). The reverse was also true. Many golf courses created promotions as a result of the budgeting process having uncovered areas in the business that were slow (Golf Course O, personal communication, March 10, 2021). All golf courses who prepared a budget would evaluate the budget compared to actual results. Additionally, all golf courses performed variance analysis with year-over-year results, even if they had not created a budget.

Due to time limitations, the use of flexible budgets was not extensively discussed. Early interviews indicated that flexible budgets were not being used; interviewees did not mention a process similar to putting together flexible budgets that reflected actual results. This was likely a result based on need. The strong financial performance during the COVID years would not necessarily require drilling down into the variances. Generally speaking, interviewees were spellbound with their newfound positive financial results; they were trying to figure out ways to spend the money they now had. However, one golf course indirectly mentioned that they put

together a flexible budget. Their flexible budget and variance analysis revealed theft that had been occurring at the golf course:

> I also look at a budgeted income statement, changed to reflect the actual number of golfers who played, then compare these figures with my actual numbers [flexible budget income statement]. For this report I'm assessing more if my costs are in line or way off from what I would have expected with my budget. Gives me an opportunity to explain any differences [variances] to the owners and the reasons for the differences. For example, years ago I noticed a spike in fuel expense for our gas-powered golf carts. This didn't make sense because the fuel cost had remained relatively consistent. Something was off and I couldn't explain the difference. Turns out someone was breaking in after hours to our gas tank and siphoning fuel. Likely wouldn't have caught it had I not done the comparison on a "like-for-like" income statement. I would have just justified higher fuel costs because we rented more carts. (Golf Course Y, personal communication, March 2, 2022)

This discussion seemed to describe a one-off situation. Flexible budgets did not appear to be widely used or created by golf courses. Future research should confirm whether the golf industry does or does not use the flexible budget as part of their overall budgeting process.

Operational Budgets

All the golf courses that reported creating budgets prepared a divisional operational budget. This task was seen as a long-thought-out process by the GMs, for whom the budgeting process can be time consuming and costly (Becker, 2014). However, contrary to Becker (2014), creating an operational budget did appear to help GMs become more strategically focused when doing the budgets. Typically, they used at least three years of financial history to form a budget, and some golf courses reported using 10 years of data (Golf Course AAC, personal

communication, January 25, 2022), or even upwards of 20 years of data (Golf Course AAD, personal communication, February 3, 2022).

It was clear that GMs did not take the budgeting process lightly. They took this budgeting time to reflect. They reflected on the year and promotions that had just happened (a postmortem, if you will) and designed and discussed which promotions, tournaments, and functions would be on the horizon for the upcoming season. One golf course's GM explicitly mentioned that part of their budgeting process was to adopt some conservatism when preparing the budgets. Their reasoning was to err on the side of caution so as to not hurt morale should the actual results be less than anticipated. Additionally, they confided that part of their role as GM was to manage expectations of the membership, and this could be more easily accomplished with a less aggressive, more realistic, conservative budget (Golf Course K, personal communication, June 21, 2021).

Cash Budgets

It was clear that all interviewees watched the course's cash flow. However, likely because of their recent financial success, several shrugged off the notion that cash was paramount in their decision making. This dismissal of the importance of cash does not correlate with the status of the industry prior to COVID:

> Golf Course Z: There were years where it was pretty stressful. We have a quarter-million-dollar cash flow, and there have been years where we're hugging that thing pretty tight. It's very challenging with the type of operation we have. Essentially, we dodged a few bullets with some of these big things [expenses]. (Golf Course Z, personal communication, July 20, 2021)

Other golf courses echoed similar feelings. The golf industry was in a decline during the decade leading up to COVID, putting serious stress on the management and ownership of golf courses in order to make ends meet. Monitoring cash was a major part of the business. It was also a major stress:

> Golf Course AAG: Incredibly stressful. You're always trying to portray a positive mindset, because you got all your staff, below you, and you want to portray an image of confidence. But I did try to keep our managers up to speed with where the business was. Why it was so important that we look at minimizing any potential expenses. Why we're trying to really focus on revenue generation. And you try to do it as positive as you can. But I didn't ever want them to be left in the dark in terms of what kind of state the business was in. Because I've been in that situation before where I'm working in a business. (Golf Course AAG, personal communication, February 15, 2022)

The difference between running the business before and after the first summer of COVID was also discussed around the issue of cash:

> Jeff Kent: How much do you focus on cash?
>
> Golf Course Z: Well, quite a bit in the past because we had some years where we were really struggling. So, cash was the key because we would always find ourselves in our line of credit. . . . Now, this past year, we had some success. So, it's the first-year in my time here, where we're never in that line of credit; we actually have cash. . . . When cash is positive, it's positive! (Golf Course Z, personal communication, July 20, 2021)

Virtually all the golf courses interviewed had the same opinion about cash: they were swimming in it. Some golf courses used it to do major renovations, others paid down debt. One golf course had a reserve of cash for the first time in decades. It finally allowed the course to

have some financial breathing room. An unintended consequence of this good fortune was that golf courses were trying to keep the fact that they had excess cash a secret. They wanted to build up a reserve rather than have the membership demand they purchase new equipment. When asked about the good fortune of now having cash, one golf course said:

> Interviewee 1: It is, and it isn't. Because then you say you got money, then everybody wants something.
>
> Interviewee 2: So, we don't tell anybody that. (Golf Course W, personal communication, July 19, 2021)

What was unclear from the interviews was the extent that the golf courses were currently relying upon their cash budgets to form business decisions. It was clear that prior to COVID, cash flow was paramount in decision making. Interview notes seemed to indicate that, in making business decisions, there was less reliance on the cash flow budgets recently.

Capital Budgets

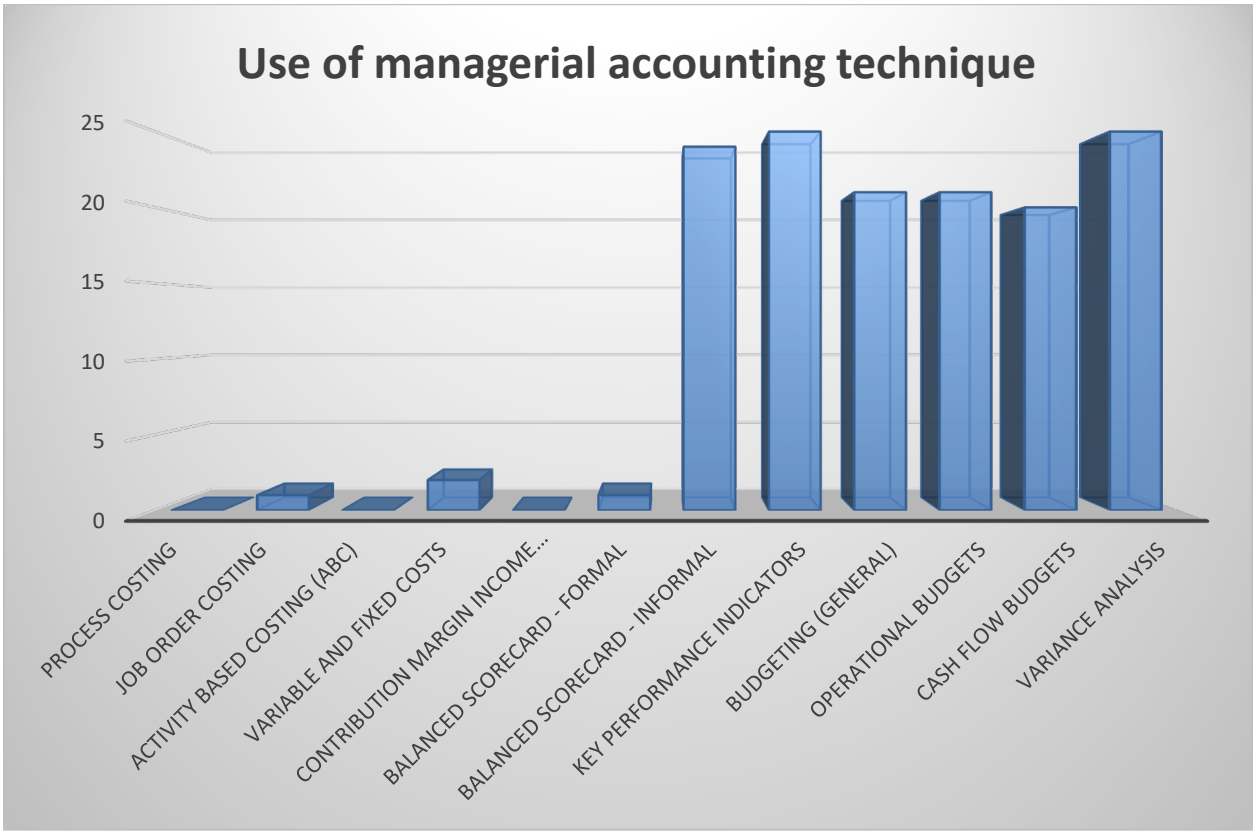
Due to time constraints, an in-depth discussion about capital budgets with each participant was not possible. When asked about using capital budgets, the interviewee would typically respond that they considered capital items, but a formalized capital budget process was not discussed. One golf course commented that they would only prepare a capital budget if they needed to purchase a new piece of equipment. What the majority of golf courses did was increase lease or loan costs in their budget to reflect a new capital purchase.

Institutional Theory and the Accounting Function at Golf Courses

From an IT point of view, it appears that the accounting functions at golf courses are institutionalized. If this is so, the expectation would be that the golf courses in the study would use the same MA techniques and use them in the same way. Figure 4 summarizes the frequency of use of the various MA techniques under study.

Figure 4

Management Accounting Technique Used by Golf Courses



Of note is the consistency between golf courses for each technique. The information reported by GMs appears to be very consistent between golf courses. For Figure 4, a count was created to easily identify how many golf courses were using each technique. Not surprisingly, the results fell at either end of the spectrum; either high use or low/no use. This is in line with the expectations for an institutionalized process and industry.

Process costing, ABC, and the creation of a contribution formal income statement had no reported use at any golf course. One golf course reported using traditional costing (job order costing), but not consistently and not frequently. Six golf courses (24 percent) reported breaking out variable and fixed costs; however, only two formally broke out these costs. The other four

commented that they considered the variable and fixed costs. A formalized use of the balanced scorecard also only had one golf course report completing this process. The above techniques showed consistent non-use between golf courses. However, use of consistent accounting techniques was noted at golf courses. Various budgeting techniques were performed by virtually all golf courses (84 percent). Using an informal balanced scorecard technique was used by almost all golf courses (96 percent) and KPIs and variance analysis were used by all golf courses.

The consistent use (and non-use) of various MA techniques at golf courses lent evidence to the concept that golf courses and the accounting functions at the golf courses were institutionalized.

Overall Conclusions for Research Question 1

The current study does find that there are many consistencies with use of certain MA techniques in the golf course industry in British Columbia.

There is very little use of overhead costing techniques. Managers/owners were aware of these overhead costs; however, they chose to add in an estimated gross-up on the sales price to account for any overhead amounts. Figuring out the per-unit overhead costs was seen as a waste of time. A simpler solution was to simply increase the sales price of the items.

Breaking out variable and fixed costs also had limited traction. Few golf courses spent the time to create (or had the ability to create) this contribution margin approach when analyzing their costs. Owner/general managers were aware of which costs were fixed and which were variable, but few formally broke out these costs by function. The low uptake in this costing technique was partly because of lack of time, partly because of lack of perceived need, and

mostly because the accounting function at the course did not allow for easy and accurate segregation of costs into variable and fixed components.

None of the golf courses prepared a formalized balanced scorecard. This was largely because of the lack of knowledge about the BSC. However, an *informal* balanced scorecard was universally prepared, where the process of some or all of the BSC perspectives was considered but there was nothing formal was written down or measured. It appeared that GMs were unintentionally considering the various factors when analyzing a promotion for example. Also missing was the KPI to assess the success of these promotions, which would be seen in a formalized BSC. KPIs were commonplace in their general reporting, but not as part of analyzing a business decision. Common between golf courses were KPIs that focused on the revenue side of operations. Not widely seen were KPIs that focused on the cost side of operations.

Creating budgets and comparing actual results to these budgets was very common. All golf courses that created budgets used some sort of trend analysis when creating their budgets. Golf courses created budgets by department. Golf courses that created operational budgets also created cash budgets. There were differences on how the budgets were prepared—either by the GMs themselves, by employees, or by administrative staff. All golf courses performed variance analysis on prior period to current period results and/or to the budget itself if they created a budget.

Answering the first research question, did all golf courses use the same MA techniques, results point to a consistent use of an informal balanced scorecard, KPI, variance analysis, operational and cash budgets. It appears that GMs used these techniques, since they provided the necessary information about the financial health of the golf course and the information was easily accessible. Generally speaking, golf courses used an informal BSC to assess performance

on certain promotions. KPIs were used to quickly assess how the company was doing "in the now," specifically pertaining to revenue generation. Finally, budgets were generally made to provide management with a way to allocate resources, define and develop a short-term plan, and provide a way to communicate this plan to staff and other stakeholders. See Table 20.

Table 20

Level of Management Accounting Technique Used in the Golf Course Industry

Management accounting technique	Level of use in the golf course industry
Process costing	No use
Job order costing (traditional costing)	Low use
Activity-based costing (ABC)	No use
Variable and fixed costs	Low use
CM income statements	No use
Balanced scorecard—formal	Low use
Balanced scorecard—informal	High use
Key performance indicators	High use
Budgeting (general)	High use
Operational budgets	High use
Cash flow budgets	High use
Capital budgets	Low use
Variance analysis	High Use

Note: Low use: less than 25 percent use; Medium use: between 25 percent and 75 percent use; High use: above 75 percent use.

Research Question 2

Do golf courses use management accounting techniques to make business decisions in the same way?

Lopez and Hiebl (2015) theorized that, typically, small businesses used MA techniques only to provide information to external stakeholders. This result was not seen in the current

research. Golf courses used MA techniques for decision making. Specifically, they used them for planning, monitoring performance, evaluating promotions, and assessing current-year results.

Nandan (2010) expected to see more MA use in SMEs largely because SMEs were more susceptible to changes in the business environment. This was not the case with the golf course industry, especially during the volatile time of COVID. Results showed no increase in MA use during the pandemic. For example, cash budgets were reported in high use at golf courses, whereas reliance on cash budgets waned during the pandemic. This contradicted what GMs had previously emphasized regarding the significance of using cash budgets prior to COVID. Nandan's results would have predicted an increased use of cash budgets as a result in the change in the business environment.

Many of the MA techniques identified in this study would not have been entirely appropriate for day-to-day use, since the cost/benefit to implement such techniques was low (for example, setting up a formalized BSC, or implementing ABC to allocate overhead costs to products). This finding is consistent with Cuzdriorean's (2017) research. Of note, Cuzdriorean's (2017) study was conducted via a questionnaire, so some informal use of some techniques may not have been noted, such as the informal use of the balanced scorecard in the current study.

Other than budgets, all golf courses appeared to use the MA techniques in the same way—to form and evaluate business decisions.

The informal balanced scorecard was uniformly used by virtually all respondents. Typically, GMs would identify a promotion or service that they wished to implement at the course. They would then think about how to roll it out, considering what internal processes needed to be updated, whether additional training was required for employees, and what the customer's needs would be. Effectively, they went through the learning and growth, internal

business process, and customer perspective lead indicators of the formalized balanced scorecard. They usually went through this process with an ad hoc committee of staff, many times using impromptu meetings (Golf Course AAI, personal communication, November 9, 2022).

As the lag indicator for any of their promotions, the golf courses all used not only a quantitative financial perspective but also qualitative KPIs, measured informally. Such KPIs included word of mouth comments from members (Golf Course N, personal communication, January 26, 2021) or even posts on social media (Golf Course AAD, personal communication, February 3, 2022). Effectively, golf courses used the informal BSC to build ideas for promotions and then watched the bottom line to assess whether the promotion had been a success. What was consistently missing was formalized financial KPIs to assess these BSC initiatives.

Key performance indicators were used by the golf courses for daily reporting, and used in the same way. They would be generated from the accounting and tee sheet data and generally revolved around revenue metrics. When golf courses were asked what KPIs they used, they said that the first KPIs were metrics showing revenue per guest—typically from a golf revenue side and F&B point of view. Most often, the golf courses used KPI metrics for a daily check-in, to see how the course was operating "in the moment." GMs used these KPIs as confirmation that they were on track for the day and to show whether any immediate action was required. GMs also consulted the KPIs on a monthly basis, but the KPIs held less meaning for them than the variance analysis on the financial statements.

Much like the way airlines examine how full their flights are, golf courses also need to maximize their capacity. One metric consistently used for this purpose at all golf courses was tee sheet utilization. GMs consulted the tee sheets to see what rounds of golf had been booked for that day or for the next few days. Examining tee sheets first helped them to figure out if the golf

course usage was low. Then would begin a process of developing promotional ideas with staff and using the informal BSC, as discussed above. During COVID, tee sheet utilization was effectively put on the backburner, since demand for tee times outweighed supply. There was little need to add promotions or investigate where and why some time slots were empty: a good problem to have. This tee sheet utilization would kick off the strategy discussions and by extension the use of the *informal* balanced scorecard. Tee sheet utilization and overall financial performance was used to evaluate if the strategy was working. Typically, the strategy was to increase revenue on a per-golfer basis.

Golf Course Size and Use of Budgets

The techniques that most GMs identified using were operational budgets, cash budgets, variance analysis, and financial statement analyses.

A takeaway from the study is that GMs of golf courses frequently created and used budgets. They compared these budgets to actual results, using variance analysis, and compared actual results to prior-period results. GMs would compare current or prior- year results to budgets, and assess whether the things they were doing were working or not. Interviewees for this research patted themselves on the back a lot, since actual results were above budgets or prior-year actuals. All golf courses agreed they were in the same financial position. (This was not verified by me.)

Golf courses that used budgets also said that using budgets and financial statement analysis was paramount in running a business.

Yellow-highlighted cells in Table 11 appear counterintuitive, four of them in particular. Two golf courses reported not using budgets, but thought the use of financial statements was "somewhat important" for running the business. One golf course reported not using budgets but

considered the use of financial statements in running the business "very important." Another golf course used budgets "very frequently" but considered using financial statements as "not important" in running the organization.

The one golf course that reported not using budgets but considered financial statement analysis important when running a business likely held this opinion because of past circumstances. This golf course went out of business after the start of the study. During the interview that was conducted, the GM expressed some remorse over not having watched the financials in greater detail.

Golf Course ZZ, known for its frequent use of budgets (while deeming financial statement use unimportant) had been a highly successful golf course. During their interview, the GM stated that the golf course had never experienced poor financial results or difficulty in attracting golfers: ever. It had essentially operated at capacity for the last 30 years, during most of which time they had been the GM.[20] The budgeting process was essentially done to fulfill a checklist for the board at the start of the season. Actual results would be compared to budgeted amount, but studying financial results was considered a low priority when running the business. When asked how important the financial statements were at helping run the business, the interviewee replied that being hands on was far more important in running the business:

> Golf Course ZZ: I'm in the dish pit talking to them [staff]. I'm in the kitchen, the club storage. I wander the grounds every day and talk with the golfers getting ready to play. . . . I'm just talking to people and ultimately, I try to see as many as I can, at least once a day kind of thing.

[20] These financial results contradict average golf course financial results over the last 15 years. However, this reported success is likely true, since this golf course does not have much competition nearby. Past financial statements were not obtained to triangulate this statement. Anecdotally, using the researcher's knowledge of the industry and the golf course itself, the statement is likely true.

> Jeff Kent: That's how you get to know the feel of what's going on, I would imagine.
>
> Golf Course ZZ: Yeah. (Golf Course ZZ, personal communication, July 20, 2021)

As mentioned in Chapter 4, visits for recruiting research participants were conducted face to face, onsite. Consequently, I was able to see the golf course clubhouse's size and layout, which I found correlated with frequency of budget use (see Table 12). I noted early on that in golf courses with a small clubhouse the GM's office was in the same vicinity as—if not indeed attached to—the restaurant and/or golf shop. What this meant was that the GM, even while sitting in their office, would be very aware of how busy the golf course was at any given point—they could see the customers. Effectively, they were working within the revenue centres at the course.

My assumption—that there was more use of budgets the further away the GM's office was from a revenue centre—gained additional evidence. Budgeting use and distance away from the revenue centre were strongly correlated ($r = 0.62$). Please see Table 14 for the full correlation results.

It seemed that general managers/owners did not prepare or use budgets when they felt intimately involved in the business. They commented that they understood the business well; since they had been in the business for several years, they therefore did not require a formalized budget. My informal impression was that they had a working budget formed in their head. At the very least, they had some general expectations of how the course should perform during specific time periods, even if no budget had been formally written down.

The first question I asked the GMs was how they would know if they were making money or not. The GM of Golf Course N, which had a small clubhouse, and who reported no budget use, responded in a way that summed up how many viewed running the business:

> Jeff Kent: So how do you know if you're making money or not?
>
> Golf Course N: I look at the parking lot! From being here for as long as we have, we've got a pretty good feel on what the business does and traffic and all that. But I mean, we have our weeklies, where we'll look at our profit/loss year to date, some of that sort of stuff. It's a small business. (Golf Course N, personal communication, January 26, 2021)

Golf Course N's GM did not prepare a budget because they already had an idea of what their revenues and expenses would be. It also became apparent that they used the financial statements as a way of confirming their understanding of how busy the golf course was, rather than as a way to benchmark its financial performance. As they were "on the floor" when they were there, they already had an idea of where they were financially and used the financial statements as a way to confirm this understanding. This is different from other golf courses' practice of preparing a budget and measuring performance against this predetermined, thought-out, and formally documented standard.

Thus, a formal budgeting process was redundant for golf courses with small clubhouses. They used the financial statements as a way of confirming what they already knew, and as a way of determining whether they were busy or not, and whether they were ahead or behind the prior period:

> Golf Course N: You know, and again, being a smaller facility, and sitting where I do and seeing all that I see, I think it's probably not as critical as some [budgets] because if something's going sideways, I'd know it long before it hits the financial books. (Golf Course N, personal communication, January 26, 2021)

I noted an apparent an inverse relationship between office proximity to the revenue centre ("the sale floor") and the use of budgets. The closer the office was to the cash register, the less

dependence there was on creating a budget. As well, the financial statement analysis was perceived differently. Owners/general managers at smaller golf facilities used the financials to confirm their gut feeling about performance. GMs at larger centres used budgets and financial statement analyses to make sure they were on track. That is, budgets and variance analyses (financial statement analyses) were used either to confirm something already known or to confirm something hoped to be true.

There are some logical reasons for this. For example, smaller clubhouses likely have fewer staff and fewer demands placed on department heads. My interview notes and personal knowledge of the smaller golf courses in the study showed that the GM was the department head for the restaurant/golf shop. "Supervisors" would be in charge of the day-to-day running of these departments. From a costing point of view, GMs at smaller facilities likely order and receive the inventory and set the sales prices.

At larger golf courses, financial statement analysis is likely done in part to see if they are on track and also to confirm that costs are not out of control. The increased distance of their offices from the action does not allow for meaningful interaction and closeness with what consumers are doing. As a result, there is more reliance on analyzing the numbers.

For the most part, golf courses do use MA techniques in the same way when forming strategy. As a first step in a strategy, GMs consult tee sheets to discover opportunities for promotions. An informal balanced scorecard is used to further develop the strategy, which includes all the key stakeholders and provides a plan for how the initiative will be rolled out. KPIs are used to assess the pulse of the organization; however, their importance in monthly reporting is lower than variance analysis.

A slight difference is noticeable between financial statement analysis and budgeting. Budgeting at golf courses with smaller clubhouses appeared to be rare. They relied less on financial documents to know whether they were on track or not. Budgeting at larger golf courses was used to develop plans for the business and forecast the future. All the golf courses used variance analysis (financial statement analysis), but smaller golf courses appeared to undertake the process as a way of confirming an already established idea about performance, whereas larger golf courses use it to confirm how their business was doing or how certain promotions went.

Table 21 summarizes which management accounting techniques are used at golf courses and how they are used by the majority of golf courses.

Table 21

Management Accounting Techniques and Use in the Golf Course Industry

Management accounting technique	How the technique is used
Key performance indicators	Used to evaluate performance "in the now"
Informal balanced scorecard	Used to create and evaluate promotions at the course
Budgeting: office close to revenue centre	Used to confirm a pre-existing assumption
Budgeting: office away from a revenue centre	Used to verify the company is on track
Tee sheet utilization	Used to assess capacity and to create specific promotions/strategy

IT and MA Techniques at Golf Courses

It appears that the golf courses used the MA techniques for the same purposes—KPIs and informal balanced scorecards were used to form and evaluate strategy, and assess the current

financial health of the golf course. This lends additional evidence to the concept that the golf course industry is institutionalized.

Similarly, GMs used financial statement analysis to assess prior performance. Golf courses with larger clubhouses compared variances to support or contradict the pre-set expectation contained in the budget. Golf courses with smaller clubhouses used variance analysis to confirm an already established expectation. Despite slight differences in how the courses used financial statement analysis and budgets, from an IT point of view all golf courses were consistently using variance analysis to make sure the business was on track financially.

Research Question 3

Is there a correlation between what techniques are used and the profitability of the golf courses?

The current study did find a correlation between the use of budgeting and EBITDA as a percentage of sales. The golf courses used MA techniques for forming strategy and running their business. Informal BSC techniques, social media, and discussions with guests were also highly used to gauge how the ship was running, so to speak. MA techniques were not the only variables GMs used (or discussed in the interviews) to run their business.

Admittedly, as discussed in Chapter 4, "Methodological Limitations," the sample size of the study for running a statistical analysis was low. The results, interesting as they are, pose some limitations, since the power and scope of the variables used are limited. The statistical tests are more sensitive to smaller changes and therefore could over- or under-represent what was actually seen in practice.

Many of the MA techniques that were discussed in the study were used by all golf courses that supplied financial information; for example, KPIs and the informal BSC. The one

technique where variability appeared in respondents' answers was budgeting. Ordinal logistic regression confirmed a strong correlation between budgeting and EBITDA profitability. Golf courses that used budgets very little demonstrated poorer financial performance than golf courses that consistently used budgets.

The relationship between profitability and nonfinancial metrics was also interesting. Golf courses whose GMs reported continuing to take professional development courses (formally or informally) showed an increase in profitability. There was also an increase in profitability if the GM was a member of the CPGA.

Some nonfinancial factors also affected how GMs relied on their budgets. For example, the further their offices were away from a revenue centre, the more they relied on budgets to help run the golf course. Additionally, GMs who had completed a degree or diploma reported using budgets more than counterparts who had not completed such a formal education. It is possible that GMs who had not completed their formal education relied more on the qualitative factors to assess how the company was doing, or perhaps, in a sign of hubris, they understated the importance of keeping on top of the numbers.

Ultimately, planning and using budgets increased the golf courses' EBITDA profitability as a percentage of sales. According to Zaman and Gadenne (2002), budgeting and planning were the most important factors in SME success. The current study agrees with this assessment. Owners/general managers with more education, experience, and continuing to take professional development courses likely make better management decisions that, in turn, increase their courses' profitability.

This study's findings disagree with some past research on profitability. In this study, most of the golf courses reported a formalized budgeting process. Zaman and Gadenne (2002) found

that only half of Australian small and medium-sized businesses had a formal budgeting process. In this study, budgeting was found to influence EBITDA as a percentage of sales, contrary to Zaman and Gadenne's conclusion that no link existed between using costing techniques and profit. However, similar to Macinati and Anessi-Pessina's (2014) findings, the current study did show a positive correlation between SMEs using management accounting tools and financial performance. This was particularly clear in their use of budgets.

Lastly, Karadag (2017) concluded that a GM's high level of education correlated with their company's financial performance. Our current study showed no direct significant correlation with education level and profitability. However, experience strongly correlated with profitability ($r = 0.64$), and experience was strongly correlated with taking continued professional development courses ($r = 0.54$). I surmise that while perhaps formal education was not correlated with profitability, the continued learning that GMs undertook did lead to better overall performance for the golf courses. This outcome echoes the overall conclusions from Lopez and Hiebl (2015), that more training increases the use of MA techniques.

To summarize: budgeting and profitability are clearly correlated. The act of using and preparing a budget likely sets in motion other, more intangible factors that help run the business. Some of these intangibles could include preparing and discussing different promotions for the course in the upcoming year, quantitatively evaluating these promotions, and formally preparing and sharing a financial roadmap for the company. Such factors help the business plan for the future, create goals, and anticipate any potential operational changes. These factors are key for golf courses to achieve sustained profitability and must be carefully analyzed and integrated into the business strategy.

Looking Ahead: Best Practices for the Golf Industry

COVID, the Golf Industry and the Current Research

When the current research topic began to take shape, the golf industry was in distress. Golf courses were closing at an alarming rate and, generally speaking, the financial health of the industry was in trouble. The timing of the current research seemed appropriate. Pavlatos and Kostakis (2018) found that organizations in financial trouble tried to implement some SMA techniques to raise their bottom line. This was not explicitly seen in our research. Interviewees did not mention recently changing or adding different costing or reporting methods, pre- or post-COVID. This finding contradicts Alsharari and Lasyoud's (2019) conclusions that how and what management accounting techniques are used changes over time. Such changes depend on the industry, and the environment in which they are operating. No golf course reported any changes to the way they prepared or used reports, at least in recent memory.

When primary data were collected for the study, COVID was upon everyone. As mentioned, an unexpected consequence of the pandemic was the golf courses' newfound financial success. Golf was an activity people could do without fear of infection. Golf courses were full. Discounted green fees were gone and the power dynamic switched from customer to the golf course. Pre-payment of green fees was not uncommon during the first two years of the pandemic.

From a research point of view, COVID presented an interesting dynamic in the interviews. Some GMs seemed to have forgotten about the struggles of only a few years in the past. They were less stressed, and had started enjoying their jobs once again. They had less concern about how the course was going to come up with cash, as they had done in the past. Now they were more concerned about where they were going to spend this cash. This change

allowed for some interesting conversations, some of which were about how they used their financial data now versus a few years ago, and some of which were about where they saw the golf industry heading in the future.

Generally speaking, GMs appeared to be less focused on the financial well-being of their golf courses compared to pre-COVID times. Budgets were blown, as revenues far exceeded expectations. They simply could do no wrong in this COVID era. The budgeting process was done with the same rigour as in the past, but time mulling over the numbers was spent in disbelief of the positive results rather than on the stresses of empty tee sheets.

Optimistic general managers/owners pointed to the uptick in equipment purchases, suggesting that these good times were going to last. More conservative leaders planned for a gradual slowdown of demand, but still above prepandemic levels. Others believed that the demand for golf would drop as sharply as it had come on. Time will only tell where the industry will land.

Noticeable in the interviews were the opportunities missed by the GMs to monitor sustaining this positive bottom line—regardless of how quickly the demand might change. Various cost-accounting opportunities for the industry could be implemented to form a sustainable best practice for the industry.

Recommendations for an Industry Best Practice

In informal discussions, some interviewees suggested that the change in Golf Canada and their roadmap to become a CPGA professional has made them worried. Currently, to become a CPGA member, a candidate must have a diploma from one of four CPGA-approved Canadian universities. They may also take the equivalent courses in-house with the CPGA (PGA of Canada, 2023). At issue is whether, in the future, golf professionals will all have the same

knowledge level as in years past. Particularly poignant, as this study points out, is the accounting knowledge needed to run a golf course. Many MA techniques are currently being used, but some are not, so there is a real chance that valuable information could be lost.

With this in mind, a financial best practice for the golf course industry is needed and recommendations for such a best practice are outlined in this section. Time constraints of the owner/general manager must be kept in mind, as well as the limitations of the accounting software that is used and the abilities of the accounting staff.

In what appears an appropriate financial strategy for the industry, the golf courses in the study did not use various costing techniques to allocate indirect or overhead costs. The cost/benefit of gathering costing information and appropriately applying overhead to products would likely not yield better costing data. The golf course industry should continue to apply an amount to the selling price, knowing that there will be some nominal overhead.

The informal use of the balanced scorecard to develop strategy should be encouraged. As golf courses are small businesses, it is not likely that they would have the time and resources to implement a formalized balanced scorecard. However, they could implement evaluations for each BSC metric. For example, they could implement some KPIs to assess the success of a promotion not solely from a financial perspective but also including informal, qualitative KPIs such as discussions with members or posts on social media. If golf courses developed success factors for each metric, they could evaluate better how to develop and implement promotions. This could yield more efficiencies or training opportunities for staff, going forward.

Almost all the golf courses prepared and used budgets. It was evident that considerable time, effort, and thought went into preparing the budgets, and this should continue. However,

further research is needed into the budgeting process at golf courses. One recommendation would be to refine the trend analysis to a more manageable level.

Most golf courses used three years of past data when creating budgets, and some used 10 or more years of data. This seems excessive. A rolling five-year weighted average, using the GM's knowledge about the local golf market, should be sufficient. When creating a new budget, a weighted percentage would be applied to past actual results. For example, a trend analysis might weigh the two preceding years more heavily as a percentage than the fifth preceding year. This would take into account recent changes in the industry while also including five-year trends. Such results would inform the professional opinion needed for coming up with a final budget for the year.

Areas missed by golf courses were the use of variable and fixed costs and, more importantly, the use of a flexible budget.

Variable and fixed costs were known and understood by GMs. However, they were not typically formally broken out. A suggestion would be to allocate, as well as possible, the variable and fixed components of costs. This could be a challenge for the industry, since many costs are fixed costs (or variable costs that are treated as fixed costs). For example, many wages, while variable in nature, are treated like fixed costs so as to meet a minimum service standard. Conversely, sand and seed mix to repair tee boxes would be, more or less, a purely variable cost. This is where theoretical and practical treatment of costs could differ. Perhaps a per-golfer variable amount could be allocated, or a step-costing for some of the fixed costs, based on the number of golfers. GMs might need to take some specific professional development courses to help them adequately meet this recommendation. All this would contribute to creating a flexible budget.

A flexible budget allows the user to evaluate performance on a "like-for-like" basis. For example, if an operational budget had been created based on 1,000 guests, but actual attendance was higher or lower than the budget, it would be difficult to assess whether costs were being controlled efficiently or whether revenue was at expected levels. This is where a flexible budget shows its power. It allows the user to see these differences from expectations, based on sales volumes.

Ultimately, GMs were only concerned with the bottom line. For this researcher, while the bottom line is certainly important, it should not be a main focus. The role of management is to control costs to maximize profits. Interviewees made no mention of evaluating if their staff was controlling labour or sand and seed costs appropriately, based on the number of golfers at the facility. Conversely, from a revenue standpoint, they did not know whether restaurant sales or impulse purchases in the golf shop (e.g., shirts, balls, hats, gloves) were in line with expectations based on a per-golfer amount. A flexible budget would be an invaluable evaluation and training tool, since it could highlight deficiencies in missed sales opportunities, inefficiencies in wages or maintenance costs, based on customer levels. It could even highlight fraud, as was the case with the stolen gas at Golf Course Y (personal communication, March 2, 2022) described previously.

Likely a result of the surge in demand during COVID, GMs did not immediately think of cash budgets when discussing budgets. Implementing a rolling yearly cash budget is strongly encouraged as part of a best practice for the industry. Monitoring cash is paramount to the long-term success of any business. Golf is no exception. Since the future direction of demand in the golf course industry is unknown, a prudent addition to financial management would be a cash budget to monitor spending and help form strategy at the course.

Lastly, GMs should think of creating a one-page dashboard. This dashboard would provide a brief summary of the financial performance of the course. It would allow the head of the organization to be aware of the current financial situation, and then allow them to put out the other fires that arise on a daily basis rather than be stuck behind a desk.

The dashboard would consist of several cost-and-revenue KPIs, as well as a financial statement variance analysis. Some potential KPI examples could include revenue per golfer, capacity for the day, and wages per golfer; plus, a year-over-year comparison of these KPIs. The financial statement analysis would provide a snapshot of how well the golf course's financial performance was doing compared to a prior year or to budget.

Overall, the main goal of a best practice for the golf course industry is to streamline the financial analysis on a day-to-day basis. To achieve this, it is likely that the governing body of golf in Canada, Golf Canada, should implement additional financial professional development courses for the industry leaders.

In a service industry like the golf industry, it is important that the GM be present on a daily basis with staff, customers, and suppliers. The recommendations above would allow for the GM to assess the financial health of the company at any point in time. A financial best practice would identify where any potential shortfalls were, based on the number of guests at the facility, and allow this leader to be in front of guests and not be stuck behind a desk.

Table 22 summarizes the recommended financial best practices for the golf course industry going forward.

Table 22

Financial Best Practices for the Golf Course Industry

Management accounting technique	Benefits for the industry
Allocation of indirect/overhead costs	Continue to include a markup percentage on the sale side. Time to accurately allocate costing techniques would not yield a large benefit to the course
Informal balanced scorecard	Continue to use but include KPIs to evaluate success. The informal nature used by courses of the BSC provides open dialogue and idea generation
Budgeting	Continue to use. Add a 5-year weighted average to make budgets to allow for better trend analysis
Variable and fixed cost allocation	Break out variable and fixed costs to use with a flexible budget
Flexible budgets	Use to assess efficiency of cost controls and identify other cost-and-revenue opportunities
Cash budgets	Used to monitor cash and identify opportunities for promotions
Key performance indicators	Include revenue and expense KPIs - maximum of five total KPIs. Benefit to the course is a quick, real-time analysis of current performance
Financial dashboard	Provides a daily snapshot of performance. Allows for the owner/GM to spend more time with other stakeholders

Limitations of the Current Research

As mentioned previously, the time commitment asked from interviewees was no more than one hour. At the beginning stages of the research, this was thought to be sufficient time for diving into the various areas of the MA techniques. This proved to be incorrect. GMs who participated in the study were happy to discuss—at length—the different ways they used management accounting techniques in their business. They were also very cognizant of the timing of the interviews. To include the breadth of interview questions, some depth of specific topics was cut short to meet this one-hour time limit. As a result, the current research is a survey

of the techniques used in the golf course industry, as opposed to a deep dive into each MA technique. Future research will hopefully overcome this limitation.

The answers from the interviewees appeared to be open and honest. My background in the golf industry (about 20 years' experience, some of which as a general manager) and my CPA designation may have inadvertently created some false responses. For example, one question was whether GMs considered financial statements important in running their business. For the most part, answers were emphatically Yes. There is certainly the possibility that my background swayed the answers the interviewees gave. It is possible that disclosing my accounting designation and my doctoral studies during our introductions could have created interviewees' desire to impress me. I triangulated their responses, to try and limit this possibility, but a limitation of the study could be that some of the answers might not actually reflect the interviewees' true feelings.

Another limitation of the study was the interview questions themselves. I developed them using common MA textbook techniques, but there may be techniques used in the industry that were not discussed. I asked open-ended questions to try and identify these unknowns, but techniques used in practice may not have been uncovered.

Another limitation was the sample size of the participants. Twenty-five golf courses were interviewed, with 19 finally agreeing to supply financial information. This sample size limited the number of variables that could be used with ordinal regression, limiting the potential discovery of other associations between variables.

Finally, the results are applicable to golf courses in British Columbia. Generalizations to other golf courses in different provinces or other countries may not yield the same results. The assumption that the golf industry is institutionalized may allow for the results to be generalized;

however, there is no guarantee. Additionally, it would be difficult to generalize these results to other small businesses.

Conclusions

The current study aimed to explore what MA techniques British Columbia golf courses were using, why and how they used these techniques, and whether there was a correlation between a technique and profitability.

Generally speaking, all golf courses used the same techniques for reporting and for forming business strategy. Golf course GMs identified the use of KPIs, variance analysis, tee sheet utilization, and an informal balanced scorecard to evaluate the golf course and create strategy. The majority of golf courses also created budgets, and those that created budgets also created cash budgets.

Golf courses did, however, use some of the techniques in different ways. KPIs and the informal balanced scorecard techniques were effectively used in the same way, namely, to evaluate and create promotions. Tee sheet utilization was also universally applied when looking for opportunities for promotions. A slight difference in use was noted in budgeting.

All golf courses that used budgets prepared them methodically. They saw the benefit of organizing thoughts for the upcoming season, identifying opportunities, expressing these corporate goals to their staff and/or board. What differed between golf courses was how they used the budgets once they were prepared. Smaller golf courses, whose office was close to revenue centres, used the budgets (and by extension variance analysis) to confirm a pre-existing assumption on the performance of the course. The decision maker's office was in the middle of where the clientele came. Because of this, GMs formed expectations of what the results would be, and typically used the financial statement analysis to confirm this assumption. Conversely,

GMs' offices in larger clubhouses were located away from the revenue centres. They relied more on looking at the tee sheets and comparing actual results to assess whether the company was on track or not. Effectively, GMs from smaller facilities confirmed expectations whereas GMs from larger facilities used the budgets (and financial statement analysis) to verify that the company was on track.

The last research question looked to see if there was any correlation between profitability and MA techniques. It was found that the consistent use of budgeting (minimally monthly) correlated with higher EBITDA as a percentage of sales. It was also found that GMs who consistently took professional development courses and who had at least 20 years of industry experience also showed a higher EBITDA as a percentage of sales.

Finally, a best practice for the industry was put forward. Most notably was to continue to use an informal balanced scorecard technique as well as a formal budgeting process, using a weighted average of five years of data. Variable and fixed costs should begin to be separated out, thus creating a flexible budget. This would allow the golf courses to compare actual results with a restated flexible budget, effectively allowing GMs to compare results "apples to apples." The benefit to the industry of using flexible budgets would be to assess the efficiency of controlling costs at the course, and the ability to identify ancillary revenue opportunities. Cash budgets were also seen as an important tool for monitoring cash, likely the company's most important asset. Lastly, a one-page financial dashboard was recommended. It would provide no more than five KPIs and some up-to-date financial metrics for a daily, quick snapshot of the financial health of the company. This would allow the GM to spend less time behind their desk and more time with other stakeholders at the golf course.

Chapter 7: Conclusions

Summary of the Research

This study aimed to increase academic knowledge of what, why, and how small- and medium-sized businesses implemented management accounting techniques in practice. This research area was underserved.

Using an institutional theory framework, the golf course industry in British Columbia was used as the research population to try to answer the following research questions:

1. *Do all golf courses use the same management accounting techniques, and why are they using them?*
2. *Do golf course managers use management accounting techniques to make business decisions in the same way? And if so,*
3. *Is there a correlation between what techniques are used and the profitability of the golf courses?*

Most of the prior research on management accounting use was done with large organizations as the research population. Studies of SMEs primarily considered what management accounting techniques SMEs ought to use, not what they actually used in practice. The little existing literature that focused on small businesses and management accounting techniques primarily concerned start-up companies (Armitage et al., 2016), educational gaps (Abdel-Kader & Luther, 2008; Hein & Riegel, 2011; Sulaiman, Ahmad, & Alwi, 2004), or justification for using management accounting within SMEs (e.g., Bromwich & Scapens, 2016; Gunasekaran et al., 1999; Kaplan, 2006). Armitage et al. (2016) compared differences between Canadian and Australian manufacturing SMEs, but studies investigating the use of MA and Canadian corporations were otherwise virtually nonexistent. Similarly, very little research has

focused on management accounting use in the sport industry. One relevant study (Garcia-Unanue et al., 2014) did focus on the lack of management accounting implementation at a multisport facility in Spain; however, none focused on MA use within a sport industry as a whole. In short, literature focusing on management accounting use by SMEs is almost completely lacking.

The golf course industry was considered to be a good industry in which to explore the current research questions. Prior to COVID, the industry was in economic turmoil, showing a decline in golfers and revenues (National Allied Golf Associations, 2014a). Simply put, more players were leaving the game than entering it. Golf courses were having a hard time sustaining a positive bottom line, and many were closing. Initially, the research sought answers to this turmoil.

Arming GMs with better costing practices and techniques could help golf courses be better financially aware, and help the GMs monitor and develop strategies for growing the game and their bottom line. If research revealed the management accounting tools that golf courses were using (or not using) in practice, recommendations could be made for better cost control measures. The results of the study have provided some best practice recommendations that are summarized in "Recommendations for Future Research," below.

Cost accounting, rather than *management accounting*, may be the more appropriate term for discussing how golf courses should view their internal accounting practices. Owners/general managers are, after all, responsible for the financial bottom line of the business and should be knowledgeable about their costing. Historically, this internal accounting function was first viewed as a cost management tool at the beginning of the Industrial Revolution. As time went on, the role of the cost accountant changed, from being a simple "bean counter" to becoming a strategic leader within organizations. The management accountant was born, with the role of

helping align corporate strategy with effective costing methods (Fleischman & Tyson, 2006). Golf course GMs are typically not accountants; however, they do need to be fairly knowledgeable about accounting. Before this study, the accounting they knew and how they used accounting data were not documented.

The current research was novel. It specifically studied underserved research questions, using a Canadian perspective that focused on one industry—the golf course industry. Using DiMaggio and Powell's (1983) structural attributes of institutionalized organizations, it was anticipated that golf courses would operate in the same way. It was assumed that the golf course industry was institutionalized, and the analysis concluded that this was correct. The golf course industry is institutionalized. Past research (Covaleski & Dirsmith, 1986; Fogarty, 1996; Jalaludin et al., 2011) had already established that the management accounting function was an institutionalized process. As a result, the use of institutional theory to analyze the results of the current study seemed appropriate.

Interviews were conducted with 25 golf course owners/managers from across British Columbia. Interviewees were asked about the golf course industry and their background in it. They were also asked about their use of various accounting techniques and how they used them to form business decisions at the course. The management accounting techniques discussed were those commonly taught in an introductory management accounting course: the use of indirect costing techniques (e.g., job order costing [traditional costing], process costing, or activity-based costing); the segregation of variable and fixed costs; various budgeting techniques; the balanced scorecard; and the use of key performance indicators.

Research Results

Consistent with the idea that golf courses (and the accounting process) are institutionalized, it was found that virtually all the golf courses used (or did not use) the same management accounting techniques. This confirmed the first research question—indeed golf courses did use the same management accounting techniques.

The golf courses did not separate out indirect costs with the use of process costing, job order costing, or activity-based costing. Managers/owners simply used a "cost plus" model when calculating a product's costs. That is, they realized and understood that there were additional overhead costs, but simply added a fixed dollar amount or percentage to the selling price to cover this overhead.

Nearly 75 percent of golf courses reported not formally breaking out fixed and variable costs as part of their overall management accounting techniques. The golf courses that did report breaking out these costs had some advantages the other courses did not have. Some had a large accounting department with the time and capabilities to do this; or the GMs at other courses had a professional accounting designation. Two interviewees did report breaking out variable and fixed costs, but when they were pushed to explain how they used this costing technique, they were at a loss. It is very likely that the majority of GMs did not formally break out variable and fixed costs. Golf courses that did break out these costs typically used them only as part of a budgeting process.

One interviewee reported using a formalized balanced scorecard technique. However, the interviews quickly revealed that BSC techniques were being applied at almost all the golf courses (92 percent), but were being done informally. The courses' informal use of the balanced scorecard implied a decision-making process that considered some or all of the four metrics of

the BSC but did not consider the organization-wide use. The process was not formally written down. All golf courses used key performance indicators to assess performance, however not necessarily in conjunction with the use of the BSC. KPIs are required to assess and monitor the BSC technique, but golf courses were using KPIs without the use of the BSC.

Key performance indicators were consistently used at all golf courses. They typically considered revenue metrics such as rounds per day, revenue per golfer, tee sheet utilization, and revenue from different departments. This consistent use of the same KPIs lent additional support to the notion that the golf course industry was institutionalized. Interestingly, many golf courses used nonfinancial KPIs, such as word of mouth from members or social media results, to assess the success of promotions. KPIs were used as a snapshot in time to assess how the course was doing in the moment and to determine if any immediate action was needed.

Budgeting was also used extensively. Of the 25 golf course interviewees, 21 reported using budgets at least monthly. Variance analysis was consistently done, comparing actual results to the budget or actual results to prior-period results. The more experience an owner/general manager had, the more likely they were to use budgets. Additionally, there was a strong correlation ($r = 0.64$) with use of budgets and how comfortable the GM was with using financial statements. Cash budgets were also strongly correlated with GMs who used budgets ($r = 0.91$).

Results from the second research question found that owners/general managers did indeed make business decisions in the same way. In Lopez and Hiebl's (2015) study, management accounting at SMEs was typically done for external stakeholders. This was not seen in the current study. In this study, GMs used the MA techniques and results for planning and financial monitoring. In fact, golf courses typically used the same four techniques: an informal

balanced scorecard, key performance indicators, variance analysis, and (most often) operational and cash budgets.

Owners/managers used these techniques to evaluate different promotions or to identify opportunities for growth at the club. Tee sheet utilization was used at all golf courses to assess the course's current and projected capacity within the next few days. Discussion about promotions filled quiet periods during the day.

The third research question sought to correlate the use of MA techniques and profitability at the golf courses. Ordinal logistic regression was used to find significant results regarding profitability and MA techniques and other variables gathered in the study. The statistical results of the study should be viewed with a degree of caution, since the sample size was small (n = 19).

Earnings before interest depreciation, amortization and taxes (EBITDA) as a percentage of sales was used as the profitability metric. Adjusting the EBITDA as a percentage of sales allowed the interviewees to more freely provide financial information, since converting the metric to a percentage hid size variations that could have identified golf courses in the study. Further, it allowed a comparison of golf courses of different size and golf courses with different lengths of seasons. EBITDA as a percentage of sales was split into three categories—low, medium, and high—and interviewees' responses were assigned to one of the three categories. Various reduction techniques were explored (see Glover, 1989, 1990; Steyerberg et al., 1999). However, given the current study's small sample size (n = 19), a more logical way to reduce the variables was through expert knowledge, domain knowledge, and theoretical considerations. The pool of variables was reduced to five key variables: the GM's experience in the golf industry, GM's continued professional development, whether the GM had taken formal accounting

courses, whether they were a member of the Canadian Professional Golfers Association (CPGA), and whether they used budgets at the course.

The results showed a higher EBITDA percentage for GMs who took professional development courses and who were members of the CPGA compared to those who were not. GMs with less experience reported lower levels of EBITDA as a percentage of sales compared to their counterparts with more experience. Owners/general managers who used budgets at least once a month showed better EBITDA as a percentage of sales than GMs who used budgets very little. Interestingly, GMs who reported very little budget use had the highest EBITDA as a percentage compared to GMs who used budgets very frequently. This unexpected result was further examined after an unexpected coincidence was observed: the location of the GM's office impacted how GMs used their budgets.

Other Interesting Findings

During interviews, it was noticed that golf course GMs appeared to rely on and use budgets in different ways. The closer the GM's office was to the revenue centre (i.e., the golf shop or restaurant), the less the GM used budgets. It seemed that the GM who could see these revenue centres had a gut feeling or preconceived expectation of what the financial results would be. They had lived experience of being in the thick of the action on a day-to-day basis. These GMs used the financial results (or budgets if they made them) as a way to confirm their financial hunch. GMs who did not have a sightline to the revenue centre (and typically had a large clubhouse and an office away from the revenue centres) relied on the budget and actual results to make sure the golf course was financially on track. They relied on the budget and actual results to understand how the business was operating. An ordinal logistic regression was performed and confirmed this assumption; as the clubhouse size increased and the office location was further

away from revenue centres, GMs relied more on the use of budgets to assess performance. Additionally, less-experienced managers use budgets more than more-experienced managers.

An interesting finding was that GMs with an accounting designation actually used budgets less than GMs with no accounting designation. GMs with a university degree or who had only completed high school relied on budgets more than GMs who had a CPA. The only exception was GMs who failed to complete university or college; they relied on budgets very little. This may be because of lack of accounting knowledge, or perhaps from a kind of hubris—perhaps they felt that they did not need to use budgets to run their business. This contradicted the 80 percent of the interviewees who said that budgets/financial statements were very important in running a business.

At the start of this research, the golf course industry was in serious financial trouble. Golfers were simply golfing less, GMs were focused on the bottom line, and cash flow was very important. Then came the pandemic.

It is not an understatement to say that COVID and the related government restrictions potentially saved the golf industry. Golf courses' newfound success may have had an unintended consequence. During interviews, it appeared that GMs were not relying on internal accounting as they once did. They were simply experiencing too much current success. Budgets were created but were rendered useless as actual results far exceeded any budgeted projections. GMs were still going through the motions to prepare budgets and key performance indicators, but they spent less time analyzing (and stressing) over the results.

GMs were mixed on their assessment of where the industry is headed, post-pandemic. Some believe participation will go back to prepandemic levels, and others only see a slight

decline in popularity. Time will tell. In the meantime, a design for best practices for management accounting in the golf industry was created from the results of the study.

Recommendations for a Golf Course Best Practice

Some MA techniques were considered inappropriate or too time consuming for practical application at golf courses—process costing and job order costing, for example. These were omitted from the best practices design. I have made several other recommendations for the industry to adopt.

The first recommendation is for a one-page dashboard that GMs could view on a daily basis. It would contain up to five key performance indicators and summarized financial data on such things as revenue or capacity metrics. The dashboard would enable the GM to quickly assess the financial health of the course that day, so as to not have to spend considerable time reviewing and analyzing results. Their time could be better used managing employees and guest expectations.

Another recommendation is to continue to use budgets. When creating a budget, a five-year historical average should be used to assess current-year performance. Some golf courses used many years of data to create a budget—sometimes up to 20 years!—and others simply used prior-year actual results with some minor changes.

A more pressing recommendation was to begin using flexible budgets as part of their overall management. No golf course reported using flexible budgets. Variable and fixed costs would need to be separated to produce the flexible budget. Creating and using flexible budgets would allow a GM to compare actual results with expected results based on the same number of customers—that is, assessing the efficiency of the golf course's cost control based on customer levels. This analysis appears to be missed by all golf courses.

Limitations of the Current Research

The time commitment asked from interviewees was no more than one hour. At first, an hour was thought to be sufficient for diving into the various areas of the MA techniques. This proved to be false. GMs who participated in the study were happy to discuss, at length, the different ways they used the management techniques within their business. They were also very cognizant of the time during the interviews. To get the breadth of interview questions, some depth of specific topics was cut short to meet this one-hour time limit. As a result, the current research is a survey of the techniques used in the golf course industry.

Interviewees' answers appeared to be open and honest. My background in the golf industry (about 20 years' experience, some of which as a general manager), my CPA designation, and my doctoral studies may have inadvertently prompted some false responses. Interviewees may possibly have changed their answers to ingratiate themselves with me or fit my research expectations. Triangulation of responses was used to try to limit this possibility, however I recognize that some of the answers may still not actually reflect the interviewee's true MA use. For example, one question asked whether GMs considered using financial statements important when running their business. For the most part, answers were emphatically Yes.

Another limitation of the study was the interview questions themselves. I developed them using common MA textbook techniques, but techniques used in the industry may not all be included in textbook topics. Open-ended questions were used to try to identify these unknowns, but techniques that are used in practice may not have been uncovered.

The sample size was another limitation. Interviewees supplied financial data to perform statistical tests. Twenty-five golf courses were interviewed and 19 finally agreed to supply financial information. The sample size limited the number of variables that could be used with

ordinal logistic regression, thus limiting the potential discovery of other associations between variables.

Finally, the results are applicable to golf courses in British Columbia only. Generalizations to other golf courses in different provinces or other countries may not yield the same results. The assumption that the golf industry is institutionalized may allow for the results to be generalized, but there is no guarantee of that. Additionally, it would be difficult to generalize these results to other small businesses.

Recommendations for Future Research

During the course of preparing the dissertation, notes were made on areas for future research. The list was started during the interview phase and continued up until the analysis phase of the data.

My expectation was that there would be little resistance for golf courses to join a research initiative, especially one with outcomes that would benefit them personally. I assumed that my background in the golf industry would instill initial trust in the potential participants. Phone calls to invite participants proved this to be false. Face-to-face cold call visits yielded the best participation rates. A burning research question for the future is: Why is there so much hesitation for golf courses (and SMEs more generally) to join research? Given that research investigating SMEs is in short supply, future research could focus on steps researchers should use to gain participants.

Getting financial information also proved to be difficult, even when interviewees initially agreed to supply this information and were assured of its confidentiality. Future research could also investigate why SMEs have such apprehension sharing this financial information and how to ease the apprehension to share it.

As mentioned above (in "Limitations of the Current Research"), time was not in my favour when discussing topics. Future research looking at the use of MA techniques and small businesses should spend more time focusing on fewer techniques to gain more depth in our knowledge in this area, for example on the budgeting process and how SMEs create it; on cash budgets and how they monitor cash in practice; or on a deeper dive into the informal BSC and how promotions are developed and analyzed. Additionally, investigation is needed into specific key performance indicators that best monitor the financial health of the company. Perhaps the five KPIs laid out in the best practice recommendations (in "Recommendations for Golf Course Best Practices") need to be developed further.

The current study was interrupted by COVID. This created some interesting conversations. However, an in-depth discussion of how the golf course industry used MA techniques pre-COVID, during COVID, and after COVID was not explicitly undertaken. An area for future research should focus on what, if any, changes in financial reporting occurred over this timespan as well as any changes in financial attitudes towards reporting.

Lastly, the research results should be investigated to see if they hold in other industries. Of particular interest is the inverse relationship with office location and use of budgets. Ideally this would be explored using one industry, such as restaurants or clothing stores run as SMEs. Literature looking at how SMEs use management accounting in practice is desperately lacking and an investigation into how other SMEs use management accounting to run their businesses is needed.

Closing Thoughts

The golf course industry has been on a roller coaster ride over the last decade, from the brink of collapse prepandemic to record profits during the pandemic. Where the industry is

headed is unknown. However, as many interviewees attested, golf courses can't afford to repeat what happened before COVID.

The contributions of this current research to academia and the golf course industry only begin to scratch the surface of our understanding of what MA techniques small- and medium-sized businesses use to run their business and to create and evaluate their strategy. Future research is needed to drive and refine understanding in this area. As accounting is an applied discipline, future research is urged to be grounded in a practical application of accounting, as this research did.

Finally, from a personal point of view, the process of completing this dissertation has been filled with highs and lows. It has given me insight and a new perspective, both personally and professionally. What started as a means to a new career turned into a genuine appreciation for the research process and lifelong learning. This is something I will draw on for the rest of my career.

I believe that the current research fills an important gap in the literature, and I hope the results will contribute, academically and practically, to the golf course industry.

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Appendix A

Semistructured Interview Questions

As the interview will be semistructured in format, the exact wording of the following questions may be used or slight variations in delivery could be used depending on the flow of the interview. It is expected that technical questions, such as "do you use job order costing" could lead to confusion about what specific answers we are trying to elicit. Brief discussions, for example, about what job costing is (and is not) will be held with the interviewees to assure that they understand the technique and are then able to give a meaningful answer on their use (or non-use) of the technique.

Starting Questions

- How do you know if your company is making money (profit vs. loss)?
- How do you distinguish between a successful year versus an unsuccessful year? That is, what do you consider success?
- What internal financial reports do you use?
- Why do you use these internal financial reports?
- How do you use these reports when making business decisions?
- Who gets a copy of the internal financial reports in the organization?
- Do you separate your reports by department?
- What is your perception about potential of golf business? Growing, remaining the same, shrinking.
- Looking back a year or two, how do you consider your business (sales) is performing? Growing, remaining steady, shrinking? Compare COVID vs year before.

Specific Questions for Techniques

Process Costing, Job Order Costing and ABC

It is expected that process costing will not be used at golf courses. As process costing is part of a first-year cost-accounting course, it will be discussed to see if it is used. It is expected that job order costing will be used, in some fashion, at each golf course. For example, it is anticipated that direct food costs and some sort of estimated overhead costs will be assigned to specific menu items (thus creating a "job" for each menu item) to have an overall food cost per job. ABC is similar to job order costing however has more specific cost drivers (activities) when assigning indirect costs. It is anticipated that a true ABC costing system will not be seen at a golf course however an expectation is that some sort of ABC/job order costing system will be used.

It is anticipated there will be a need to explain how process costing, job order costing and/or ABC works. If process costing is used at a golf course, it is expected to be seen in the restaurant or grounds keeping operations.

Process Costing

- Do you collect and assign manufacturing costs (direct materials and conversion costs [manufacturing overhead and direct labour]) at the golf course? That is, do you use process costing to account for costs associated with making things.

Job Order Costing

- Do you try and separate out individual costs for things you sell, such as direct food costs for each menu item?

- For these same items, do you allocate indirect costs (such as depreciation, cleaning supplies, property taxes) to these items? If so, how do you allocate these indirect costs?
- How do you use this costing technique when forming business decisions? That is, how does this information help you run the business?

Activity-Based Costing

- Do you try and separate out individual costs for things you sell, such as direct food costs for each menu item?
- For these same items, do you allocate indirect costs (such as depreciation, cleaning supplies, property taxes) to these items? If so, do you use more than one driver to allocate these indirect costs?
- If yes, how did you choose the cost driver?
- Why do you use ABC as opposed to job order costing?
- How do you use this costing technique when forming business decisions? That is, how does this information help you run the business?

Contribution Margin Income Statements

- Do you separate your fixed and variable expenses?
- If yes, walk me through how you how you decide what costs are fixed or variable
- Do you distinguish mixed costs?
- Do you use a Contribution Format Income statement? (*may need to explain what a CM income statement is*)
- If yes, how do you use this statement when making decisions?

- Can you give me an example of a decision you made when using this statement?

Budgets

- Do you use budgets as part of your internal financial management ?
- If yes, do you use?
  - sales budget
  - direct labour budget
  - overhead budget
  - cash budget
  - various other budgets for cost allocation
  - capital budget
  - divisional budgets
  - flexible budgets
  - static budgets
  - variance analysis.
- Describe for me your budgeting process? How do you do it? What are your steps?
- How do you use your budget from a practical, day-to-day, operational standpoint?
- Tell me about how you start your budgeting process. Do you start from scratch every year (*zero-based budgeting*) or build upon last year's budget?
- How long does the budgeting process take you?
- Do you involve other people's insight into making the budget or is it a solitary effort?

Balanced Scorecard

It is anticipated that a formal BSC method will not be used however elements of the balanced scorecard may be used as part of the operations of the business. For example, a golf course may incorporate informal internal processes and stakeholder satisfaction to align strategy with a desired financial outcome.

- Do you use a balanced scorecard in your operations? (I will likely need to explain what the balanced scorecard is to see if golf courses use this technique, in whole or in part)
- Is there an *informal* balanced scorecard being used?
- If a formal or informal BSC method is used, how is it developed?
    - uniquely by the head decision maker?
    - with input from other employees?
    - with input from other stakeholders?

Key Performance Indicators

It is anticipated that some sort of KPIs will be used by each golf course. These could vary from some traditional KPIs that are seen in the retail sector, or perhaps some golf course specific KPIs. As such, a broad discussion of KPIs will be done here however from discussions in the prior sections will likely lead to the discovery of KPIs used at each golf course.

- Do you use some sort of KPI that allow you to assess the performance of the golf course? If yes:
    - What are they?
    - How are they calculated?
    - Who calculates them?

- Who uses them and how often?
- Are these KPIs used in making strategy decisions?

Questions About the Interviewee and Golf Course

- How long have you been working in the golf industry?
- How long have you been in your current position at this company?
- How many total years' experience do you have as the head (decision maker) of any organization?
- What is your educational background? Highest level completed:
  - high school
  - university or college diploma
  - university or college degree
  - master's degree
  - doctoral degree
  - professional designation
  - professional association courses.
- Do you go to any organized professional development seminars?
  - If yes, what are they and how often do you attend?
- How comfortable do you feel using and understanding the internal financial reports?
- Did you take formal accounting courses?
- In your opinion, how important are the internal financial reports when you are forming business decisions?

Questions About the Golf Course

- How many holes are at the golf course?
- What services does the golf course offer?
    - golf course
    - driving range
    - restaurant
    - weddings/functions
    - other.
- Is there a residential component that is part of the golf course?
- Do you sell
    - individual green fees
    - limited memberships
    - unlimited memberships
    - punch cards
    - other.
- What is the ownership structure of the golf course?
- When was the golf course first started?
- How far is the golf course from the city centre?
- What is your client mix?—Mostly locals? Tourists? Members or daily-fee players?

Appendix B

Letter of Informed Consent

LETTER OF INFORMATION / INFORMED CONSENT FORM

Who's Keeping Score? Management Accounting Use and

*the British Columbia Golf Course Industr*y

Principal investigator (researcher): Jeff Kent, CPA, CA, MBA
jcckent@hotmail.com
Supervisor: Dr. Fathi Elloumi
fathie@athabascau.ca

You are invited to take part in a research project entitled *Who's Keeping Score? Management Accounting Use and the British Columbia Golf Course Industry*.

This form is part of the process of informed consent. The information presented should give you the basic idea of what this research is about and what your participation will involve, should you choose to participate. It also describes your right to withdraw from the project. In order to decide whether you wish to participate in this research project, you should understand enough about its risks, benefits and what it requires of you to be able to make an informed decision. This is the informed consent process. Take time to read this carefully as it is important that you understand the information given to you. Please contact the principal investigator, Jeff Kent if you have any questions about the project or would like more information before you consent to participate.

It is entirely up to you whether or not you take part in this research. If you choose not to take part, or if you decide to withdraw from the research once it has started, there will be no negative consequences for you now, or in the future.

Introduction

My name is Jeff Kent, and I am a Doctorate of Business Administration student at Athabasca University. As a requirement to complete my Doctorate, I am conducting research about how small and medium-sized businesses use their accounting data to make business decision; specifically looking at the golf course industry in British Columbia. I am conducting this project under the supervision of Dr. Fathi Elloumi.

Why Are You Being Asked to Take Part in This Research Project?

You are being invited to participate in this project because your knowledge and experience in the golf course industry will provide unique insight into what, why and how small businesses use internal accounting information to make business decisions.

What Is the Purpose of This Research Project?

The purpose of the research is firstly to gain knowledge on how golf courses use their accounting information to make strategy decisions. This would fill a large gap in our academic understanding of what, why and how small and medium-sized businesses use financial information in practice. Secondly, it is hoped that the research results could specifically provide a financial best practice for the golf course industry and also for all small businesses more generally.

What Will You Be Asked to Do?

Your participation in this project would involve a video recorded interview lasting between 20–60 minutes. During the interview, you will be asked questions on what financial techniques you use in practice and why and how you use them. Additional financial information about your company will also be asked. These interviews would be arranged at a time that is

convenient to your schedule. A video link will be sent by the researcher closer to the date of the interview. After the interview, a transcript of the interview will be sent to you for review and allow you an opportunity to alter/clarify your comments should it be required or for the interviewer to ask some follow-up questions if needed.

What Are the Risks and Benefits?

The research should benefit several areas. Firstly, the results of the research would allow for small businesses generally, but the golf course industry specifically, a financial best practice for long lasting business success. Secondly, the research questions fill a large gap in our academic understanding of what, why and how small businesses use accounting information in practice. This is an area of knowledge that has been underserved, especially in the Canadian small and medium-sized business marketplace. Lastly, the results from the study could allow educators to align what is taught to what is actually used on a day-to-day basis.

The only potential risks that were identified, and that could concern interviewees with participation in this research, are (a) the interview and sharing of financial data could be compromised, or (b) that your anonymity could be compromised.

To eliminate these risks, all financial information will be reported in aggregate (your golf course financial information would never be revealed and only known to the researcher). Electronic copies of the interviews and financial information will be password protected and kept on a password protected computer that only the researcher has access. Hard copy financial information will be kept in a locked filing cabinet that only the researcher has access. After the write-up of the Doctoral Thesis, all financial information will be deleted or destroyed. Additionally, all golf course names, interviewee names or other potentially identifiable information will be eliminated or given pseudonyms, such as Golf Course A, Golf Course B, and

so on. These risks are seen as low. Your candid and honest answers to the interview questions is paramount to the success of this research. As such, the confidentiality of your answers and financial information is taken very seriously and will not be shared, identified or identifiable.

As a thank-you for participating, participants will receive a $20 coffee gift card from Starbucks and will be mailed to you after the completion of the data collection phase of the research.

Do You Have to Take Part in This Project?

As stated earlier in this letter, involvement in this project is entirely voluntary. Should you choose to stop participating during the data collection phase, all of your data will be omitted from the research and deleted. You would not receive the gift card should you choose to stop participating in the research.

Should you choose to remove your information once the data phase has been completed, your interview answers and financial information will be removed from the data analysis and deleted. This would only be possible up until September 30th, 2021, after which the information would be included in the aggregate results of the study.

How Will Your Privacy and Confidentiality Be Protected?

The ethical duty of confidentiality includes safeguarding participants' identities, personal information, and data from unauthorized access, use or disclosure. The use of password protected computers, password protecting documents and physical safeguards such as locked filing cabinets will be used to maintain the safety of all information. Additionally, participants and their information will be given pseudonyms to further protect the confidentiality of all participants.

How Will My Anonymity Be Protected?

Anonymity refers to protecting participants' identifying characteristics, such as name or description of physical appearance.

All data that will be collected, including your name, golf course and financial information will remain anonymous. Financial data will be reported in aggregate so that no one golf course is identified or identifiable. Any direct quotes from interviews will use a pseudonym to protect confidentiality. *Every reasonable effort* will be made to ensure your anonymity; you will not be identified in publications without your explicit permission.

Should you wish to not remain anonymous please advise the researcher. This request will be honoured so long as it does not negatively affect and/or identify other participants who do wish to remain anonymous.

How Will the Data Collected Be Stored?

There are two forms of data that will be collected: interview data and financial data.

Interviews will be recorded using the BlueJeans application. All interviews will be password protect with only the lead researcher having access to the interviews. Pseudonyms will be used for identification purposes, with only the researcher aware of the pseudonym. These interviews will be stored on a password protected computer that only the researcher has access. Once the final thesis has been written all interviews will be deleted. Interview transcripts will also be password protected and stored on a password protected computer that only the researcher has access. The transcripts will also be destroyed once the research has been completed.

Financial information that has been supplied electronically will be password protected and stored on a password protected computer that only the researcher has access. Hard copies of financial information will be stored in a locked filing cabinet that only the researcher has access. All financial information will be shredded and destroyed once the research has been completed.

In the future, the research data will be published in an academic journal or trade journal. As stated earlier, all data will be in aggregate, or pseudonyms used to protect confidentiality. As a form of peer review, my supervisor, Dr. Fathi Elloumi may also review the data before publication of the final thesis.

Who will receive the results of the research project? A copy of the final thesis is available to you via the Athabasca University library. The existence of the research will be listed in an abstract posted online at the Athabasca University Library's Digital Thesis and Project Room and the final research paper will be publicly available.

As stated above, one goal of the research is to increase our academic understanding of what, why and how SMEs use internal accounting information. As such, a goal of the research is to have it published in academic journals. Research articles using the data will be submitted for publication ensuring the confidentiality and anonymity of the data and interviews.

Additionally, should you wish, a summary of the findings will be e-mailed to you after the research has been completed. This will provide you a high-level summary of the research and the findings.

Who Can You Contact for More Information or to Indicate Your Interest in Participating in the Research Project?

Thank you for considering this invitation. If you have any questions or would like more information, please contact me, Jeff Kent by e-mail jcckent@hotmail.com or by phone at 250–

574–3666 or my supervisor by e-mail at fathie@athabascau.ca. If you are ready to participate in this project, please complete and sign the attached Consent Form and return it by e-mail to jcckent@hotmail.com prior to our initial interview.

Thank you.

Jeff Kent

This project has been reviewed by the Athabasca University Research Ethics Board. Should you have any comments or concerns regarding your treatment as a participant in this project, please contact the Research Ethics Officer by e-mail at rebsec@athabascau.ca or by telephone at 1–800–788–9041, ext. 6718.

Informed Consent

Your Signature on This Form Means That:

- You have read the information about the research project.
- You have been able to ask questions about this project.
- You are satisfied with the answers to any questions you may have had.
- You understand what the research project is about and what you will be asked to do.
- You understand that you are free to withdraw your participation in the research project without having to give a reason, and that doing so will not affect you now, or in the future.
- You understand that if you choose to end your participation during data collection, any data collected from you up to that point will be destroyed.

You understand that if you choose to withdraw after data collection has ended, your data can be removed from the project at your request, up to September 30, 2021.

	YES	NO
I agree to be video recorded.	◯	◯
I agree to the use of anonymous direct quotations.	◯	◯
I agree to provide financial information that will be kept anonymous and confidential and reported only in aggregate.	◯	◯
I allow my name to be identified in any publications resulting from this project.	◯	◯
I am willing to be contacted following the interview to verify that my comments are accurately reflected in the transcript.	◯	◯

Your Signature Confirms That:

- You have read what this research project is about and understood the risks and benefits. You have had time to think about participating in the project and had the opportunity to ask questions and have those questions answered to your satisfaction.
- You understand that participating in the project is entirely voluntary and that you may end your participation at any time without any penalty or negative consequences.
- You have been given a copy of this Informed Consent form for your records; and
- You agree to participate in this research project.

_____ _____

Signature of Participant Date

Principal investigator's Signature:

I have explained this project to the best of my ability. I invited questions and responded to any that were asked. I believe that the participant fully understands what is involved in

participating in the research project, any potential risks and that he or she has freely chosen to participate.

_____ _____

Signature of Principal Investigator Date

Appendix C
EBITDA Ordinal Logistic Regression Parameter Estimates

		Estimate	Odds ratio	Std. error	Wald	df	Sig.	95% confidence interval	
								Lower bound	Upper bound
Threshold	[EBITDA_percentage = 1]	-24.754		376.657	0.004	1	0.948	-762.988	713.480
	[EBITDA_percentage = 2]	-0.218		0.797	0.075	1	0.785	-1.781	1.345
Location									
	[Professional_Development=0]	-11.043	0.000	377.903	0.001	1	0.977	-751.720	729.633
	[Professional_Development=1]	0[a]				0			
	[Use_of_budgets=1]	24.769	57130652681.818	1130.900	0.000	1	0.983	-2191.755	2241.292
	[Use_of_budgets=2]	-12.499	0.000	377.902	0.001	1	0.974	-753.173	728.174
	[Use_of_budgets=3]	13.725	913627.899	753.699	0.000	1	0.985	-1463.498	1490.948
	[Use_of_budgets=4]	0[a]				0			
	[Experience=1]	7.095E-16	1.000	461.281	0.000	1	1.000	-904.095	904.095
	[Experience=2]	-50.675	0.000	1458.398	0.001	1	0.972	-2909.082	2807.732
	[Experience=3]	-25.906	0.000	994.911	0.001	1	0.979	-1975.895	1924.082
	[Experience=4]	-24.026	0.000	376.660	0.004	1	0.949	-762.266	714.213
	[Experience=5]	0[a]				0			
	[CPGA=0]	-1.456	0.233	1.420	1.052	1	0.305	-4.238	1.326
	[CPGA=1]	0[a]				0			

Appendix D

Budgeting Ordinal Logistic Regression Parameter Estimates

		Estimate	Odds ratio	Std. error	Wald	df	Sig.	95% confidence interval	
								Lower bound	Upper bound
Threshold	[Use_of_budgets = 1]	-38.112		10314.8	0	1	0.997	-20255	20178.6
	[Use_of_budgets = 2]	-20.281		8435.13	0	1	0.998	-16553	16512.3
	[Use_of_budgets = 3]	-18.46		8435.13	0	1	0.998	-16551	16514.1
Location	[Experience=1]	17.129	27484594.01	0		1		17.129	17.129
	[Experience=2]	-1.582	0.206	0		1		-1.582	-1.582
	[Experience=3]	35.44	2.46205E+15	0		1		35.44	35.44
	[Experience=4]	70.645	4.79504E+30	9566.1	0	1	0.994	-18679	18819.9
	[Experience=5]	0[a]				0			
	[Education = 1]	18.623	122474461.9	0		1		18.623	18.623
	[Education = 2]	-18.231	0	8435.13	0	1	0.998	-16551	16514.3
	[Education = 3]	18.703	132666468.1	4064.59	0	1	0.996	-7947.7	7985.15
	[Education = 4]	1.494	4.456	1.888	0.626	1	0.429	-2.206	5.195
	[Education = 6]	0[a]				0			
	[Clubhouse_size=1]	-17.209	0	8435.13	0	1	0.998	-16550	16515.3
	[Clubhouse_size=2]	-18.623	0	8435.13	0	1	0.998	-16551	16513.9
	[Clubhouse_size=3]	0[a]				0			
	[Office_location_centrally_located=1]	-56.477	0	11135.6	0	1	0.996	-21882	21768.8
	[Office_location_centrally_located=2]	-1.494	0.224	1.888	0.626	1	0.429	-5.195	2.206
	[Office_location_centrally_located=3]	0[a]				0			

Appendix E - CERTIFICATION OF ETHICAL APPROVAL – RENEWAL

Athabasca University

CERTIFICATION OF ETHICAL APPROVAL - RENEWAL

The Athabasca University Research Ethics Board (REB) has reviewed and approved the research project noted below. The REB is constituted and operates in accordance with the current version of the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans (TCPS2) and Athabasca University Policy and Procedures.

Ethics File No.: 24174

Principal Investigator:
Mr. Jeffrey Kent, Graduate Student
Faculty of Business\Doctor of Business Administration (DBA)

Supervisor/Project Team:
Dr. Fathi Elloumi (Supervisor)

Project Title:
Who's keeping score? Managerial Accounting use in Small & Medium-sized Enterprises: Research into the British Columbia golf course industry

Effective Date: December 5, 2023 **Expiry Date**: December 04, 2024

Restrictions:

Any modification/amendment to the approved research must be submitted to the AUREB for approval prior to proceeding.

Any adverse event or incidental findings must be reported to the AUREB as soon as possible, for review.

Ethical approval is valid *for a period of one year*. An annual request for renewal must be submitted and approved by the above expiry date if a project is ongoing beyond one year.

An Ethics Final Report must be submitted when the research is complete *(i.e. all participant contact and data collection is concluded, no follow-up with participants is anticipated and findings have been made available/provided to participants (if applicable))* or the research is terminated.

Approved by: **Date: November 20, 2023**

Paul Jerry, Chair
Athabasca University Research Ethics Board

Athabasca University Research Ethics Board
University Research Services Office
1 University Drive, Athabasca AB Canada T9S 3A3
E-mail rebsec@athabascau.ca Telephone:
780.213.2033

Athabasca University
RESEARCH CENTRE

CERTIFICATION OF ETHICAL APPROVAL - RENEWAL

The Athabasca University Research Ethics Board (REB) has reviewed and approved the research project noted below. The REB is constituted and operates in accordance with the current version of the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans (TCPS2) and Athabasca University Policy and Procedures.

Ethics File No.: 24174

Principal Investigator:
Mr. Jeffrey Kent, Graduate Student
Faculty of Business\Doctor of Business Administration (DBA)

Supervisor/Project Team:
Dr. Fathi Elloumi (Supervisor)

Project Title:

Who's keeping score? Managerial Accounting use in Small & Medium-sized Enterprises: Research into the British
Columbia golf course industry

Effective Date: December 6, 2022 **Expiry Date**: December 05, 2023

Restrictions:
Any modification/amendment to the approved research must be submitted to the AUREB for approval prior to proceeding.
Any adverse event or incidental findings must be reported to the AUREB as soon as possible, for review.

Ethical approval is valid *for a period of one year*. An annual request for renewal must be submitted and approved by the above expiry date if a project is ongoing beyond one year.

An Ethics Final Report must be submitted when the research is complete *(i.e. all participant contact and data collection is concluded, no follow-up with participants is anticipated and findings have been made available/provided to participants (if applicable))* or the research is terminated.

Approved by: **Date: December 06, 2022**

Paul Jerry, Chair
Athabasca University Research Ethics Board

Athabasca University Research Ethics Board
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Athabasca University
RESEARCH CENTRE

CERTIFICATION OF ETHICAL APPROVAL

The Athabasca University Research Ethics Board (REB) has reviewed and approved the research project noted below. The REB is constituted and operates in accordance with the current version of the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans (TCPS2) and Athabasca University Policy and Procedures.

Ethics File No.: **24174**

Principal Investigator:
Mr. Jeffrey Kent, Graduate Student
Faculty of Business\Doctor of Business Administration (DBA)

Supervisor:
Dr. Fathi Elloumi (Supervisor)

Project Title:
Who's keeping score? Managerial Accounting use in Small & Medium-sized Enterprises: Research into the British Columbia golf course industry

Effective Date: January 08, 2021 **Expiry Date**: January 07, 2022

Restrictions:

Any modification or amendment to the approved research must be submitted to the AUREB for approval.

Ethical approval is valid *for a period of one year*. An annual request for renewal must be submitted and approved by the above expiry date if a project is ongoing beyond one year.

A Project Completion (Final) Report must be submitted when the research is complete *(i.e. all participant contact and data collection is concluded, no follow-up with participants is anticipated and findings have been made available/provided to participants (if applicable))* or the research is terminated.

Approved by: **Date: January 08, 2021**

Weiming Liu, Chair
Faculty of Business, Departmental Ethics Review Committee

Athabasca University Research Ethics Board University Research Services, Research Centre
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