

Grant Outcomes Report
The Role of Accounting in Facilitating Innovation in SMEs

(1) Name, Position, Contact Details for each applicant

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(2) Project Title

The Role of Accounting in Facilitating Innovation in SMEs

(3) Updated Project Summary (500 words) including any variations between the project undertaken and the original application

This project explored the role of accounting, and specifically, management control systems, in facilitating innovation. Innovation in small and medium-sized enterprises (SMEs) is seen as critical for societal success by governments around the world. As SMEs are increasingly using more sophisticated management control systems, we aim to assess whether these can facilitate innovation in SMEs and thus contribute to a stronger economy.

The primary research method employed is regression analysis. This study used longitudinal data of Australian SMEs sourced from the Australian Bureau of Statistics (ABS). The ABS dataset provides panel data (2006-2019) on a representative sample of firms in Australia that have less than 200 employees. The basic empirical research design tests the relationship between the use of innovation accounting measures against a vector of innovation outcome measures, while controlling for confounding effects such as size, industry, age, and other pertinent variables. As the dataset is longitudinal the independent variables are lagged.

(4) Funds Granted

AUD\$5,500 plus GST

(5) Detailed Report on Expenditure of Funds against Budget Items, with variations explained

A detailed statement of income and expenditure is attached. AUD\$5,492.57 of the grant was used for research assistance, which is in line with the grant application, a minor balance of AUD\$7.43 remains in our account.

(6) Outcomes, for example, working papers, presentations and publications (give full details, including abstracts)

We are currently in the process of finalizing the working paper related to this project. The working paper will be submitted to AFAANZ, EAA, and AAA conferences, after which the goal is to incorporate any feedback received and submit it to Research Policy. The current abstract reads as follows:

This study explores whether the use of innovation performance measures lead to positive innovation outcomes in SMEs. In doing so, we address shortcoming of previous research by using a representative five-year longitudinal survey sample of Australian SMEs in combination with official tax records. We find evidence that innovation performance measurement has a causal impact on future innovation performance, as measured by new services and products.

(7) Future Intentions for this Project (give full details)

As per previous answer:

We are currently in the process of finalizing the working paper related to this project. The working paper will be submitted to AFAANZ, EAA, and AAA conferences, after which the goal is to incorporate any feedback received and submit it to Research Policy.

(8) Summary of Outcomes and Benefits

The findings show that the use of innovation performance measurement is associated with positive innovation outcomes in the form of increased likelihood of new products or services, new organizational processes, and patent applications. Furthermore, we found an interesting interaction between the use of innovation performance measurement and size. Specifically, we find that while all firms benefit from using innovation performance measurement, smaller firms benefit the most and there is a decrease in usefulness as the firm size increases.

Our findings have significant implications for firm practices as we show that they can increase innovation by adopting simple innovation performance measurement practices.



Tim Hasso
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**Financial Statement for the period
1 July 2020 to 30 June 2021**



Project: *The Role of Accounting in Facilitating Innovation*

Funder: *AFAANZ*

Institution: *Bond University*

Institution Reference: *A158*

Chief Investigator *Asst Prof. Tim Hasso*

RESEARCH SERVICES

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Cash balance as at 1 July 2020	\$	\$	0.00
Funds received: 13 July 2020	5,500.00	Total	5,500.00
Funds available:			5,500.00
Expenditure: Salaries & On-Costs	5,492.57	Total	5,492.57
Cash balance as at 30 June 2021			7.43

I, Andrew Calder, have reviewed the above statement. I can confirm that this is a true and fair representation of expenditure associated with the AFAANZ grant received, And the funds were expended on the conduct of the project and in accordance with the Funding Agreement.

Andrew Calder
Director of Research
Office of Research Services
Bond University

29/07/21
Date