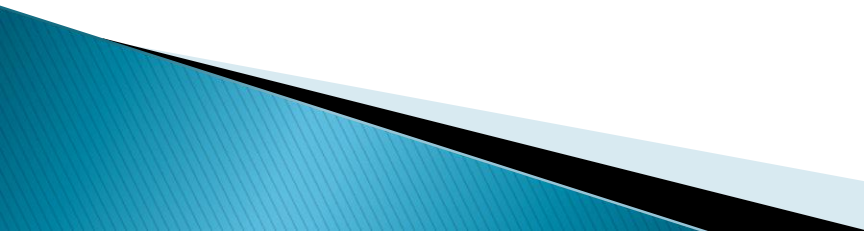


**Bottom-up Innovation:
A Study of Intreprenurship
in Organizations
Through the Adoption of
Continuous Monitoring**



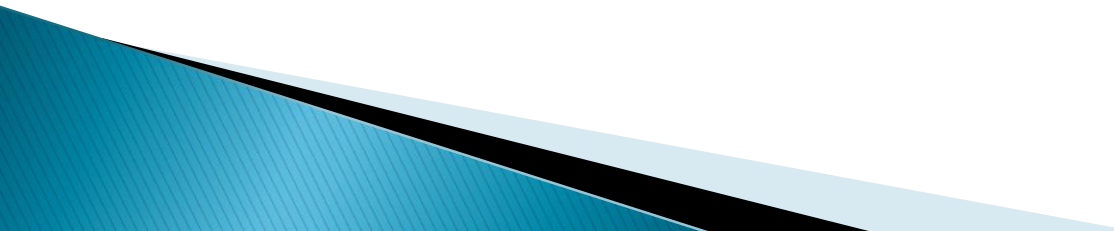
Initial Research Question

- ▶ Why is there not more CA/CM in use?
 - ▶ There is a disconnect between those with the *knowledge* (accountants – IA or MA) and those with the *authority/resources* to champion its adoption
 - ▶ For CA/CM adoption, knowledge must be pushed up through the organization to those who do have the ability to champion it
 - ▶ We call this *bottom-up innovation*
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Why treat CA or CM as an ‘innovation’?

- ▶ “Innovation“ is a fundamental factor necessary for organizations to achieve and maintain competitive advantage
- ▶ CM is not so much a new tool as a new approach to viewing organization-wide responsibilities
- ▶ Lack of research on this type of innovation
 - the predominant frame of innovation *research* has a top-down orientation
 - many innovations in organizations come about through the efforts of intrepeneurs — entrepreneurial-oriented individuals working from within the company

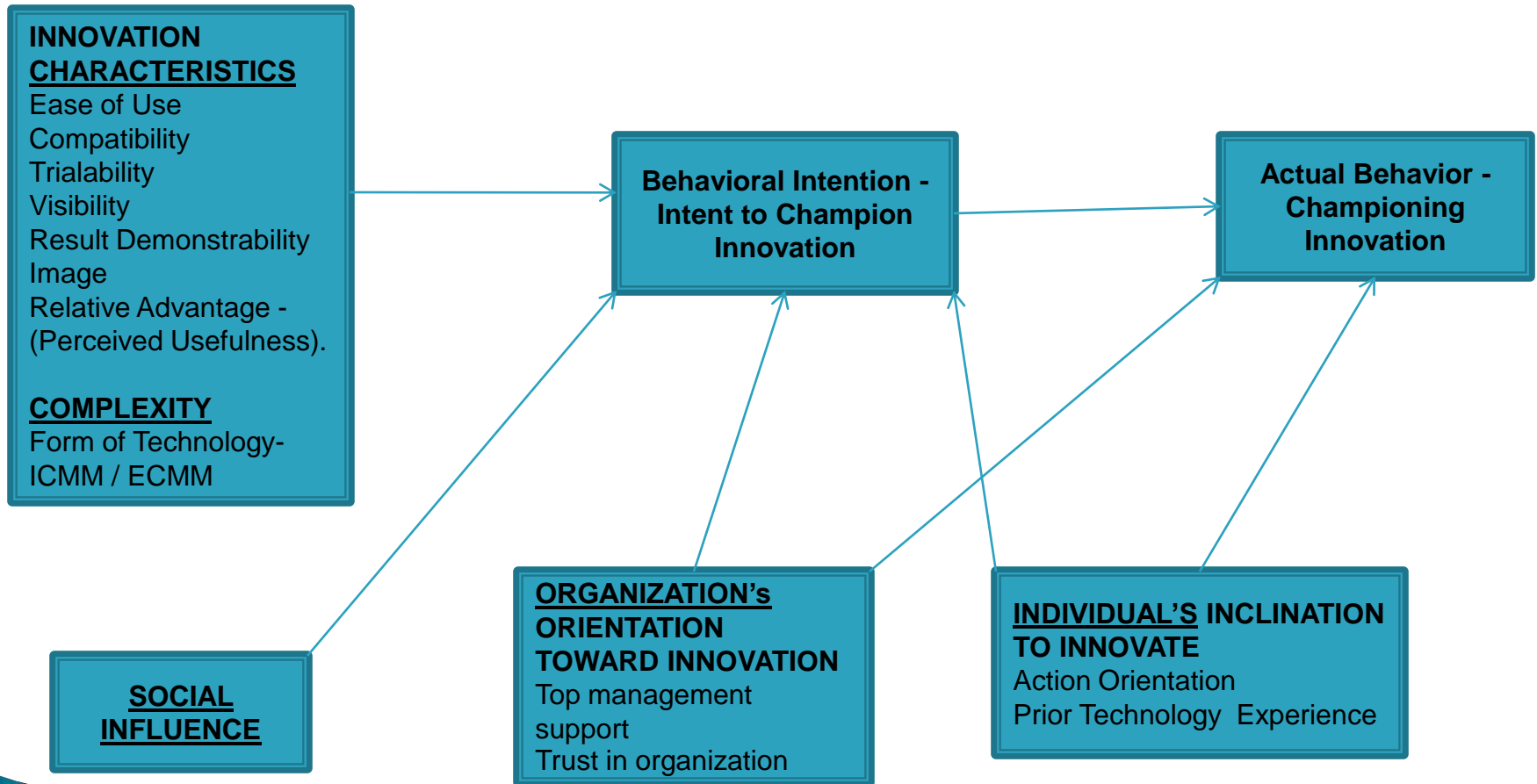
Intrepreneurs

- ▶ much more difficult path to innovation
 - these employees must possess the individual characteristics necessary to pursue non-traditional job activities,
 - they must find themselves within an organization that at the least does not suppress individual initiative, and
 - the innovation itself must be of a nature that would warrant the attention and resources of the employee as well as management.
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Management Accountants and Controls Monitoring

- COSO –Guidance on Monitoring Internal Control Systems
 - First, organizations must maintain ongoing evaluations of their internal control components – in place and working as intended.
 - Second, organizations must identify and communicate internal control deficiencies in a timely manner – monitoring should be a continuous process rather than a separate evaluation routine.
- We define the adoption of Continuous Monitoring by management accountants as an innovation process that is *bottom-up*, initially championed by employee intrepeneurs who are in the position to understand the innovation's potential benefits and to sell that potential up the corporate ladder

MODEL OF THEORY: Intent to Champion Innovation



Development of Instrument

- ▶ Survey opened with definition of Continuous Monitoring
 - ▶ Between-subjects design, varying complexity of CM system described –
 - ICMM – automated data extraction tool, with periodic assessment and reporting
 - ECMM – assessment is automated and continuous
 - ▶ Next asked Intent to Champion CM
 - ▶ Followed by questions developed from several bodies of research
 - Diffusion of Innovation literature,
 - Technology Acceptance Model (TAM)
- Innovation research from OB and Strategy

Execution of Survey

- ▶ Practitioner members of IMA were invited to participate in an on-line survey via email with 'clickable' web address for survey
- ▶ Resulted in usable sample of 322
 - Age mean (S.D.) of 44 (9.0)
 - Management accounting experience mean (S.D.) of 14.4 (8.9)
 - Industries – 17 different industries, although one-third were concentrated in manufacturing
 - Certifications – 46% with CMA and 28% with CPA
 - Education – 44% undergraduate degrees, 54% master's degrees, 76% of degrees in accounting and finance.


Tests of Between-Subjects Effects Regression on Intention to Innovate

Model	Beta	t	Sig.
(Constant)		9.357	.000
PU	.507	12.495	.000
EOU	.163	3.652	.000
Visibility	.120	3.124	.001
ResultDemon	.182	4.623	.000
Trialability	.084	2.231	.013
CMTYPE	-.225	-5.085	.000
Social_Influence	.016	.408	.342
Mgt_Support	.137	3.061	.001
Affect_Trust	-.123	-2.002	.023
Cognitive_Trust	.088	1.454	.074
Action_Orient	.090	2.355	.010
IT_Exper	-.108	-2.835	.003

R-Squared = .585 (Adjusted R Squared = .568)

P-values are one-tailed

Contribution and Next Steps

- ▶ Engaged management accountants in the discussion of CM adoption
 - ▶ Found that complexity of CM may hinder support, therefore should start simple
 - ▶ Confirmed the theory that characteristics of the technology, of the organization, and of the individual champion all influence innovative behavior in the championing of CM from the bottom up
 - ▶ Will pursue a more complete model of determinants through SEM
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Thank you

