

Research Forum on “Intangibles”

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In recent years one of the most frequently used “buzzwords” is that we live in a knowledge economy. This concept is articulated in a multifaceted number of expressions (e.g. information economy, knowledge-based society, intangible economy, conceptual companies, and so on), which stress differentiated and yet connected aspects.

By the same token, a number of studies (e.g. Corrado and Hulten, 2010) has revealed that we are facing a new phase in the evolution of the capitalistic system, where investments on intangibles have overcome those on tangibles.

It is evident that the two phenomena are intertwined: the new role and weight of knowledge in the economic system and organisations is likely to be a primary trigger of the role and weight of intangibles therein. Indeed, intangible resources are genetically linked to knowledge.

This epochal change in the investment pattern and economic role of knowledge is determining – amid various consequences – a paradigm shift also in the management of organisations and their value drivers. Reputation, research, know-how, brands, skills, procedures, intellectual property, technological capabilities, leadership, customer relationship are all depending on different forms of knowledge, and in the last twenty years they have also become strategic elements for corporate growth.

Not surprisingly, companies, national and international institutions, research centers, academic journals have devoted increasing attention to intangibles and their effects on economic systems and agents. A well-known example emerging from this refocusing process is provided by the notion of Intellectual Capital and its partitioning in human, organisational/structural and relational capital, which has appeared from the mid-nineties and which

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is often used a synonymous with intangibles, aiming to portray a more unitary vision of these resources and their role in the value generation and sustainability of an entity.

In front of this evolution in company management and value creation patterns, accounting and reporting do not seem to have been able to cope thus far. In July 2012, the very Chairman of the International Accounting Standards Board (IASB), Mr. Hans Hoogervorst, admitted that “Intangible assets go unrecorded (or under-recorded) on the balance sheet... we know that the [accounting] standard [IAS 38] is rudimentary because it is based on historical cost, which may not reflect the true value of the intangible asset”. This is even more meaningful in relation to the balance-sheet orientation of the IASB’s Conceptual Framework.

But this unsatisfactory condition in the current regulatory accounting regime in dealing with intangibles finds a specular condition in the reporting practice of companies, which also often appear poor and unaware as to how measuring and managing these soft resources.

In this respect, intangibles constitute an important opportunity for accounting researchers in relation to contribution they can provide to practitioners and regulators. To be true, intangibles seem to represent a challenge and a cornerstone for the future itself of accounting and reporting studies. Even though data and information from published annual reports are lacking and the rules on their recognition in financial statements are deficient, this academic field cannot permit itself to ignore the today’s penetrating and diffuse role of such resources for the existence and value creation processes of entities. To some extent, it is likely that the credibility of accounting research will pass through its capacity to investigate intangibles, their organizational, managerial, strategic and market impacts, their (soft) regulations, the associated valuation, reporting and disclosure questions, their specific conceptual issues, and their linkages to corporate social responsibility and sustainability.

Since 2005, the European Institute for Advanced Studies in Management (EIASM) has decided to foster this area of scientific inquiry by organizing an Interdisciplinary Workshop series on “Intangibles, Intellectual Capital and Extra-Financial Information” that is nowadays a significant and established event annually gathering together the “intangibles academic community”. The Workshops are organized in European universities located each year in a different country¹.

1. The whole EIASM locations of the Workshop series are the following: 2005: University of Ferrara (Italy); 2006: University of Maastricht (The Netherlands); 2007: University of Ferrara (Italy); 2008: University of Hasselt (Belgium); 2009: Technical University of Dresden

Over the years, the number and the diversification of the papers presented and the quality of key-note speakers have been remarkable, if not surprising, showing the extraordinary potential of research in this area. It is quite central to that the interdisciplinary orientation of the Workshop which serves the need for exploring intangibles in a variety of distinct but interconnected perspectives.

Owing to these considerations, the editorial team of *Financial Reporting* has decided to witness the growing importance of this area of studies, by devoting an ad hoc Research Forum to Intangibles.

For this initiative, drawing on those accepted for the 8th EIASM Workshop held on 27-28 September 2012 at the Grenoble Business School (GEM), five papers have been selected on the basis of their original contribution to, and diversified perspectives on, the “intangibles research arena”. The papers have been subject to the usual double blind peer review. Out of this process, only four papers went through, which compose the Research Forum here introduced.

In the paper “Balancing on a tightrope: relational capital, value creation and disclosure”, Vivien Beattie, Robin Roslender and Sarah Jane Smith carry out an empirical work – based on a survey launched with both marketing and finance directors of UK listed companies – dealing with the contribution of 16 customer relational capital components to value creation and the motivations underlying its external disclosure. They discover the existence of a mis-matching between the perceived value creation importance of such resources and the extent of their external disclosure, this suggesting that the latter is a poor proxy for value creation importance. The authors explore the reasons of this phenomenon in the eyes of the two above mentioned professional figures, pointing out the related contradictions and the trade-offs which make the managing of the external disclosure of relational capital similar to “balancing on a tightrope”.

Bernard Gumb and Alan Fustec in their “The story of the French touch on ‘immatériels’: a retrospective” aim to critically revisit the idiosyncratic evolution of the “intangibles story” in France at academic, company and State level. Notwithstanding the late engagement of French scholars and practitioners in this arena, the authors note recently an accelerated trend in terms of

(Germany); 2010: University of Catania (Italy); 2011: Kozminski University, Warsaw (Poland); 2012: Grenoble School of Management (France); 2013: Copenhagen Business School (Denmark); 2014: University of Ferrara (Italy). Next editions of the Workshop are planned to take place, in 2015, at the Athens University of Economics and Business (AUEB – Greece) and, in 2016, at the Higher School of Economics, Saint Petersburg campus (Russia).

general interest and focused initiatives in that country. In their view, the crucial concept of “*actifs immatériels*” may provide an interesting framework for re-reading the new capitalism in both micro and macro perspective.

The paper “Regulating through the ‘logic of appropriateness’ and the ‘rhetoric of the expert’: the role of consultants in the case of Intangibles Reporting in Germany” by Laura Girella and Stefano Zambon, provides insights into the rationales, processes and actors according to which Intangibles Reporting has reached a regulatory stage in the German business context since the mid 2000’s. Relying on an institutional theoretical framework, the analysis demonstrates how in Germany the (soft) regulation of reporting on these resources has been mainly realized by a group of management consultants. It is of a particular interest that in the Guidelines they have promoted, the central figure for the proposed intangibles reporting does not belong to the accounting domain. The work, therefore, not only reports on the underlying reasons of this soft regulation in Germany, but it also shows the different nature of the actors and the associated interests that are behind such Guidelines and that are disentangled from the accounting field.

Giuseppe Marzo, in his paper titled “Some unintended consequences of metaphors: the case of capital in Intellectual Capital research”, points out and discusses the contradictory and problematic consequences that the concept of “Capital” can bring about when it is used in association with the term “Intellectual”. These consequences invest mainly the understanding of Intellectual Capital (IC), its ontological nature, its proprietorship, and its capacity of appearing on the face of the balance sheet. The work argues in favour of overcoming the capital metaphor by establishing new and differentiated conceptual bases for Intellectual Capital and its composing elements.

At a first sight, these papers appear quite far away from each other in terms of contents, stressing some of the variegated possibilities for research of the intangibles research arena. Also on methodological grounds they are quite distinct, one representing an empirical work, one a historical reconstruction, one a regulatory study, and one a conceptual revisitation.

However, at a closer look, they also reveal some interesting points of convergence. The first three papers offer insights into initiatives and state-of-the-art at national level (UK, France and Germany); three of them refer and employ explicitly – though in different molds – the notion of Intellectual Capital (Gumb and Fustec; Girella and Zambon; Marzo); three of them evidence the interdisciplinary nature of the “intangibles problem”, which is most certainly not only an accounting issue (Beattie *et al.*; Gumb and Fustec; Girella and Zambon); and finally all of them examine and problematize intangibles in the basic perspective of reporting and external communication.

All in all, it is strongly believed that the papers here presented may contribute towards new understandings of, and stimulate original insights into, the role and the evolutionary trajectories not only of intangibles in the life, management and reporting of organisations and institutions, but also of the research in this area of studies, which is today shaping up as an autonomous and recognised academic disciplinary field with its own objects of investigation and shared set of problems, a quite distinctive and defined language, specialized outlets and publications, and an academic, professional and institutional interest and acknowledgment (Zambon, 2006, pp. 436-438). In short, an interdisciplinary disciplinary field.

References

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