

Making Intellectual Capital Count

Jan Mouritsen

Copenhagen Business School

To make things count

- Interesting
- Important
- Actionable
- Durable

- Present
 - Representation (a miniature video of the world)
 - Re-presentation (subtraction to make the world less confusing)

The interest: IC as a symbol of wholeness

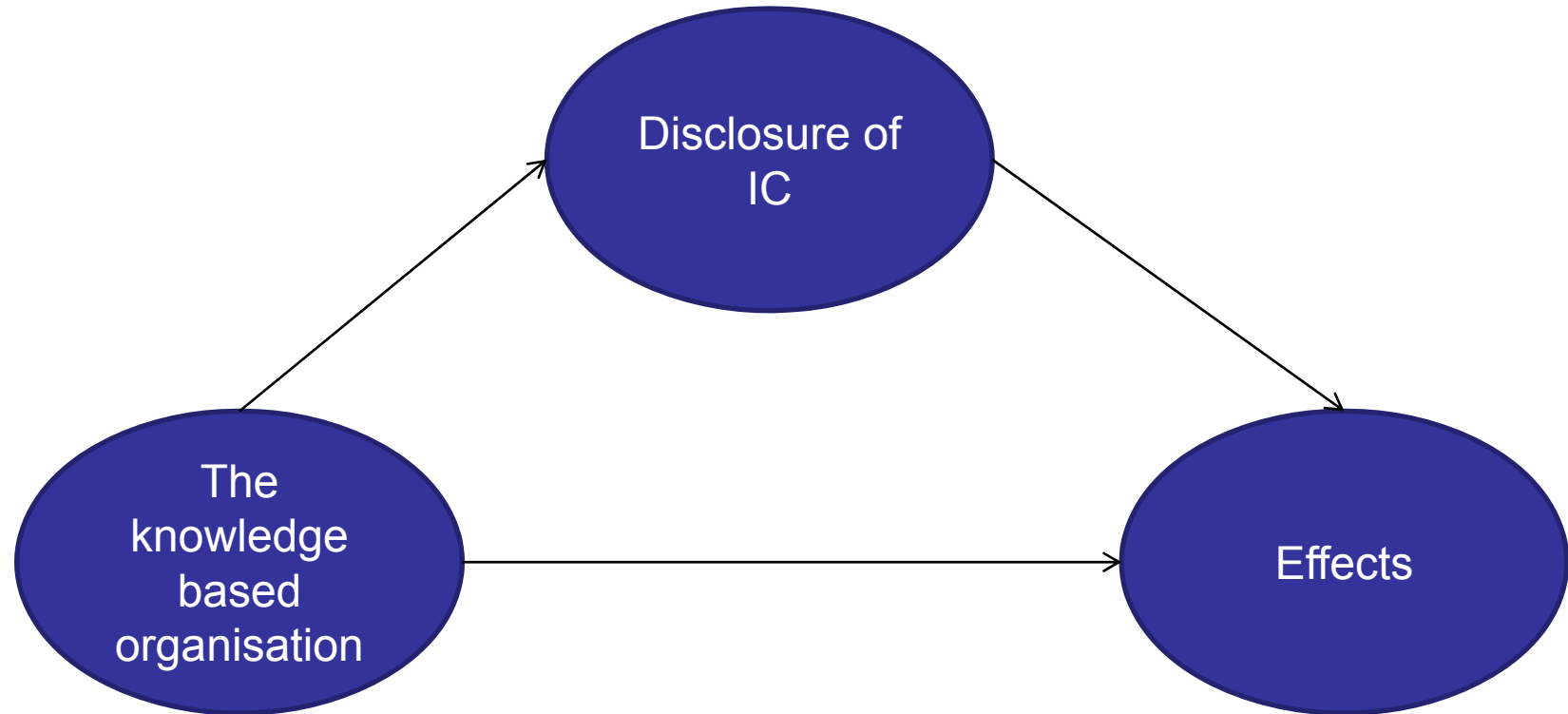
- Wholes
 - The financial is just an outcome, not an explanation.
 - The knowledge-based economy as a problem
- Integrated
 - Everything has a place
 - Everything is present in one view
 - Everything is related
 - Everything is ranked

Theorising Capital

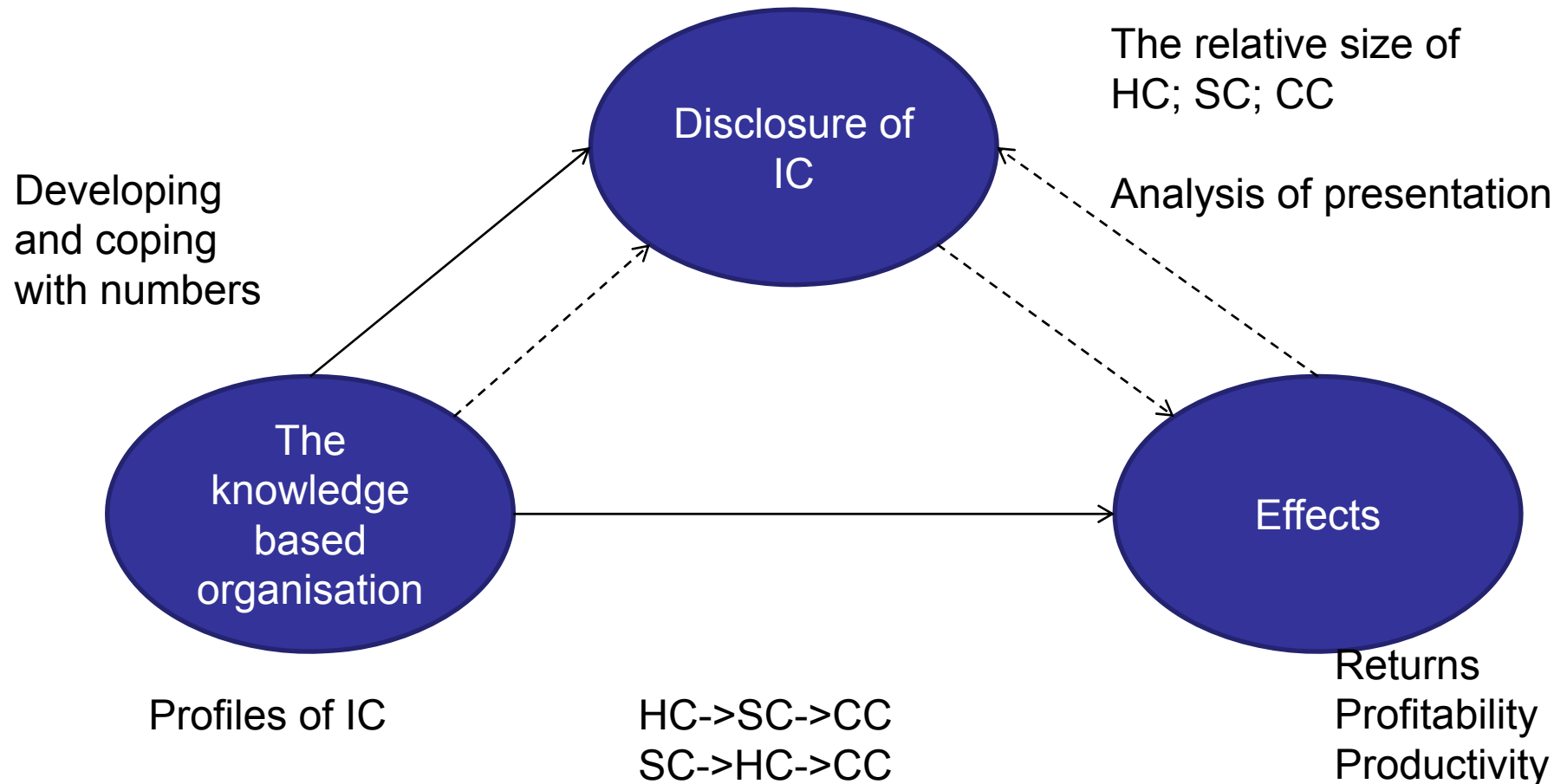
- Intellectual capital = production function (knowledge theory); the production of the cake
- Stakeholder Capital = distributional problem (political theory); sharing the cake
- Green Capital = waste and externalities (production theory); aching stomach
- Integrated reporting = constellation of issues (representational theory); “this is not a cake”



The importance: Key elements in the disclosure narrative

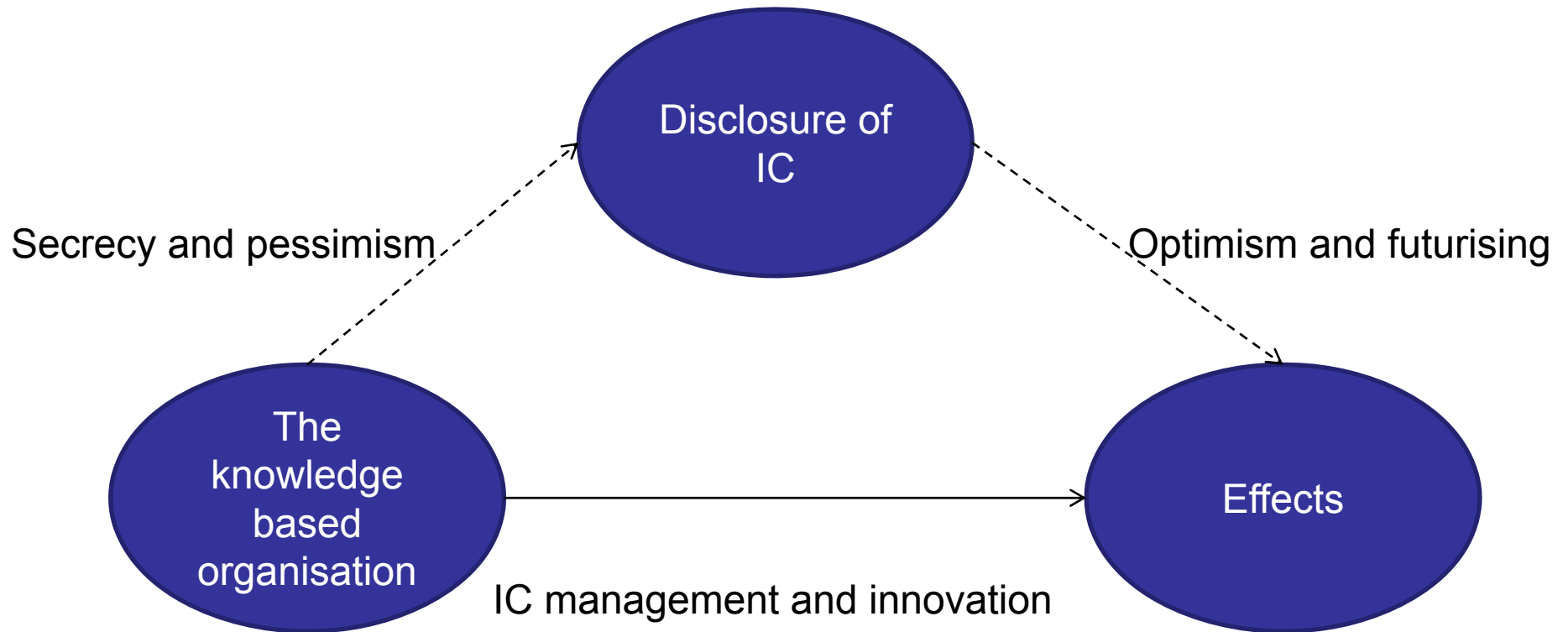


Current knowledge



Relating the inside and the outside

(Lavinia Bleoca (PhD student CBS))



The actionability: Where are the challenges for disclosure?

- Who believes disclosure?
 - People may be more reserved than IC deserves
- Who can connect IC to desirable effects
 - Managers can but can readers of an IC statement?
 - Capital markets tend to like more disclosure! But is this IC disclosure?
- The logic of disclosure
 - Integrated reporting?

The durability: Mechanisms of regulation

- Reports (disclosure) insists on outcomes
 - Integrated reporting starts from the firm and its relational concerns.
 - Impairment tests may make extensive reporting superfluous (IFRS)
- Markets for externalities (CO₂) see prices as links between society and firm
 - Starts from society and works back on organisations via pricing mechanisms.
 - Little need for extended disclosure
- ISO certification (ISO 14001) insists on processes
 - Waste as organisationally and socially undesirable

Conclusions: Making IC count

- IC is important and interesting to firms and societies. Yet, is the language too broad?
- Reporting is re-presentation more than representation. Pessimism/optimism, present/future orientation.
- Reporting has competitors in market solutions and in certification.