Value Reporting and Integrated Reporting in the Era of Intellectual Capital (IC)

A Sustainable Strategy to Win Investors Over and Build Public Trust

Anthony Thiagarajan[1], Utpal Baul[2]

[1]Research Scholar, [2]Professor
Dept. of Mgt., Birla Institute of Technology,
Ranchi, India

Abstract

Purpose – The aim of this paper is to provide an integrative and comprehensive summary on both the theoretical and empirical underpinnings of the topic to focus readers on the important issues affecting our understanding and application, i.e., value reporting and integrated reporting. This has become the core of corporate reporting to powerfully communicate to all the stakeholders in and around business.

Design/methodology/approach– Value Reporting and integrated reporting against the background of the Intellectual Capital (IC) is the in thing in today's business. This is explored with both enabling and constraining conditions through a research literature survey.

Findings – Works of thought leaders in the value reporting and integrated reporting domain show that a holistic approach to leverage and apply all the resources and report their performance through an integrated reporting would do stakeholders a world of good. "Doing well by doing good" is the philosophy gaining ground in the world of business. Suggestions are adduced through the prism of highly acclaimed authors and scholars.

Research limitations/implications – The paper analyses research articles and books from 1997 to 2013 to give a bird's eye-view of the subject under review.. Empirical data are not provided here since it seeks to conceptually showcase only the power of the processes and practices.

Practical implications – Business results achieved with IC-led resources as catalysts in an organization should be reported in a holistic, forward-looking way to stakeholders. The literature survey from scholarly, peer-reviewed, international journals drive home the point that value reporting and integrated reporting will further transform in the future. This paper systematically covers the framework of business reporting to manage, measure and report business in totality and precisely showcase the value creation capabilities of organizations within and without in a new way.

Originality/value – Culled from the writings of thought leaders and scholars this paper is one of the first systematic studies to map the theoretical aspect of value reporting and integrated reporting to stakeholders interested in future possibilities and their lasting importance. It mirrors the mainstream position of corporate reporting combining current research and new perspectives with conventional theoretical wisdom.

Keywords - Value reporting, Integrated Reporting, Intellectual Capital, financial and nonfinancial information, sustainability, Environmental, Social, Governance (ESG) metrics.

Paper type -Literature Review

- INTRODUCTION:

While writing the forward to the book, "One Report: Integrated Reporting for a Sustainable Strategy", Don Tapscott, the co-author of 13 books about technology in business and society narrated the following: "The collapse of the financial system and the global economic crisis of 2009 were a wake-up call to the world. It has become clear that business cannot succeed in a world that is failing. The world needs to rethink and rebuild many of the organizations and institutions of the past around a new set of principles and behaviors. This crisis is a punctuation point in history [21, p.xi]. Conventional wisdom is not going to cut it for success in this century. We need to reinvent our institutions. An old force with new power rising in business has quietly gained momentum through the last decade and is now triggering profound changes across the corporate world. Evidence suggests that firms which embrace this force and harness its power will thrive. Those who ignore or oppose it will suffer. The force is transparency [21, p.xii]. Powerful institutional investors today own or manage most wealth, and they are developing X-ray vision. In a world of instant communications, whistle blowers, inquisitive media, and Goggling, citizens, NGOs and communities routinely put firms under the microscope. Transparency is "access to pertinent information by stakeholders. By pertinent, it means information that can help if you have it and hurt if you do not. Companies need to act with integrity, not just, to secure a healthy business environment, but for their own sustainability and competitive advantage" [21, 2010, p.xiii].

"Open enterprises – firms that operate with candor, integrity and engagement – are most likely to survive and thrive. In the past, the typical annual report was a pretty bland and limited way of communicating with shareholders and other stakeholders. It was historical, focusing on the past. It was a static document, producing on paper and prohibiting the reader from further exploration or analysis. It dealt primarily with financial information. While essential, financial data alone did not convey a comprehensive picture of corporate health. It was opaque-often the more detailed data, the more difficult to understand. There was very little non-financial information necessary to provide a clear view on current performance and enable more accurate predictions regarding future prospects. It was separate from the company's "Corporate Social Responsibility" or "Sustainability" report not linked to other pertinent data and information that might help a stakeholder understand the company or an executive manage it more effectively. Measuring and reporting nonfinancial information has become important reason other than valuation. Because of the huge changes happening in the global economy and every industry, and the challenges of rebuilding society for the 21st century, nonfinancial aspects of performance have implications beyond boards, auditors, audit committees and investors [21, p.xvi].

It is time to acknowledge that firms do have stakeholders, who have a legitimate, important, and overall healthy interest in the breadth, veracity, and integrity of corporate performance and behavior. Thus, directors and managers find themselves in a vastly more complex environment, increasingly accountable to and influenced by multiple stakeholders and pressured from all sides for better reporting on corporate health and behaviors." [21, p.xiii]. A classic example to address this need would be India@75, an initiative launched by the Confederation of Indian Industry (CII) with the objective to make India a far better place to live in by 2022 when India completes 75 years of independence. This is sought to be achieved with collaborative public reasoning processes for an inclusive, sustainable and developed India to shape a new world order through economic strength, technological vitality and moral leadership. The idea of India@75 was first mooted by late C.K.Prahalad in 2007, when he was giving a speech in the U.S. on the occasion of India's 60th year of independence (The HINDU, Friday, November 15, 2013, p.17)

"It is time for "One Report". We need a comprehensive, networked, real-time, living-and-breathing system that, through integrated reporting, provides a single version of the truth to all concerned parties, inside and out. Rethinking, reporting, is at the very heart of the success and survival of companies and even our economy" [21, 2010, p.xv]. "For the expanding global economy, our shrinking and increasingly fragile planet, the stakes are very high, that we get this right." [21, p.xvi].

Although the broadening of accountability and reporting aspects has already begun among organizations, such initiatives are reported with no coherence to organizations' long-term objectives, and are often presented as unconnected activities undertaken by organizations, in separate reports such as annual reports and sustainability reports. Integrated reporting, attempts to combine the reporting of different facets of organizational activities on a common platform with a unified objective [34, p. 8] views it as a way of demonstrating how corporate strategy "fits" with the financial aspects so that capital market participants can fully understand how corporate strategy affects corporate performance and corporate value. [5, p.228].

- IC AT THE CORE OF BUSINESS

Changes in the global economy of late have led to an increasing focus on intellectual capital (IC). Factors such as globalization, new technology, relatively free capital, increased competition, changes in customer demands, the demand for innovation and changes in economic and political structures, and the growing role of the state in supporting knowledge economies, are constantly reshaping the way business is carried out and highlighting the importance of IC and IC reporting (ICR) for firms [10;25;58;61].

Until recently, few firms had attempted to measure and assess IC [29; 40]. This situation has experienced a rapid turnaround and there are currently several frameworks for measuring and reporting IC. Measuring and assessing IC by firms have become more important with the adoption of International Financial Reporting Standards (IFRS) by many countries. IFRS takes a prudent approach in recognizing assets and the treatment of assets revaluation [19; 60]. The prudent approach adopted by IASB in setting IFRS (such as applying impairment test on assets and writing off intangibles which cannot be objectively verified in reference to an active market) alters the reporting value rather than fair value of the firm. Further, the prudent approach adopted by IFRS has increased the "unexplained" gap between the fair price and the reported value (net book value) of the firm. Since investors are not fully aware of the gap between the fair value and reported value of the firm [36], this information gap creates two broad classes of investors: those that have access to information relating to the "unexplained gap" (perhaps shared at private meetings) and those that don't [42]. The investors who have access to information that explicates the "unexplained gap" can make better economic decisions as compared to those without the information.

- STATE OF FINANCIAL REPORTING TODAY

Most top executives at large multinational firms believe that nonfinancial performance measures are more valuable than traditional financial measures in assessing long-term value [46]). This shift in information preferences has stimulated a substantial increase in the volume of nonfinancial information conveyed by firms to their stakeholders and market participants. Thus, current mandated financial reporting does not give a complete picture of a firm and is too short term in orientation [30,31;53]. The historical focus of financial reporting provides an incomplete picture of a firm's current status to auditors, investors, and creditors and has limited relevance for evaluating future prospects [35;28].

The integrated report is intended to demonstrate the integration of financial performance with other aspects of organizational performance towards reaching organization's vision. In this respect financial capital that is included in the integrated report is intended to outline how it enables reaching the organizational vision. [5]. Integrating financial performance with the social and environmental performance of an organization requires modification to the business model. A business model is the process whereby an organization creates and sustains value. Integrated performance can thus require alterations to the business model which assigns importance to multiple dimensions of organizational performance relating to the past, present, and future [5, p.243]. In this context linking corporate value to financial and nonfinancial performance measurements becomes paramount. [39] explored in Taiwan's Information electronics industry the upstream, midstream, and downstream sample the connection between financial and nonfinancial performance measurements and corporate value (Fig.1) through the integration of the balanced scorecard framework and intellectual capital.

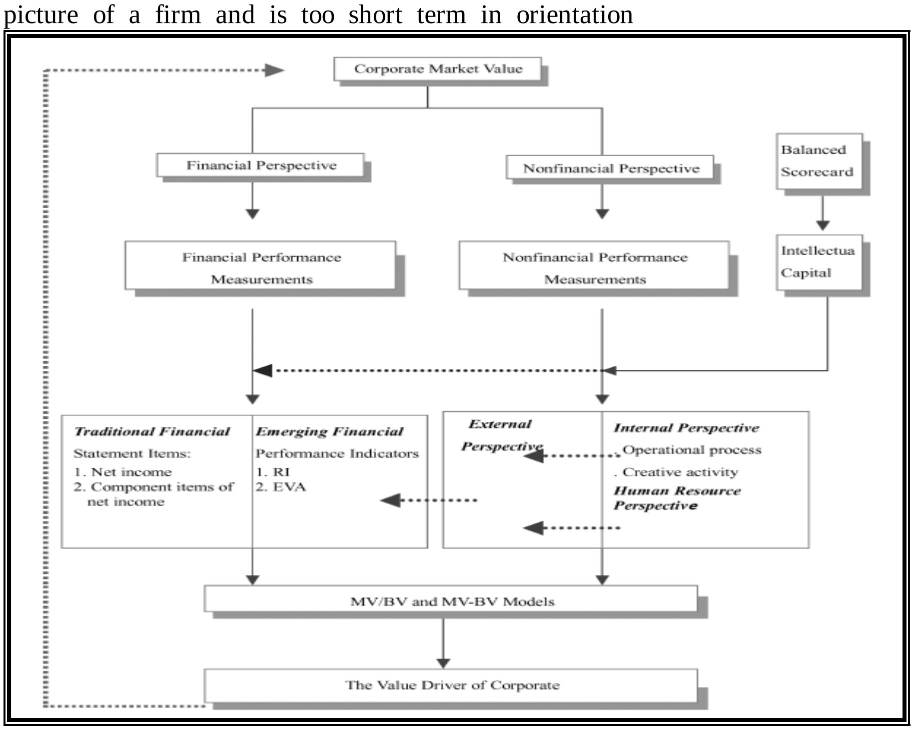

Fig.1 : Correlation between corporate value, and financial and nonfinancial performance measurement (Source: Liang and Yao, 2005)

Here, the traditional financial performance measurement—net income—did not provide significant explanatory power in terms of the corporate value [39] said that corporate management should place more emphasis on corporate value creation in relation to overall nonfinancial perspective performance. the explanatory power of the nonfinancial performance measurements in relation to the corporate value is not significant regardless of whether the MV/BV or theMV-BV models(MV is market value and BV is book value) were used. When broken into upstream, midstream, and downstream samples, the internal operational process perspective provided more incremental explanatory power in the upstream sample. However, the overall nonfinancial perspective provided better incremental explanatory power for the companies in the midstream sample. This was because no one nonfinancial perspective provided better incremental explanatory power than the other nonfinancial perspectives. The external perspective provided better explanatory power in the downstream companies that in the upstream and midstream companies [39].

Reference [6] argue that three major differences between integrated reporting and traditional reporting are ‘‘incorporating a variety of financial and nonfinancial metrics and their interlink ages; capturing a longer-term perspective; and providing a better reflection of company strategy.’’ In contrast, an overemphasis on financial reporting metrics leads to a short-term orientation and short-run operating decisions that boost short-term profit at the expense of long-term performance [13].

The real problem with financial reporting today is not quantity. It is complexity. It refers to the difficulty for investors to understand the economic substance of a transaction or event and the overall financial position and results of operations of a company. Today, there is an unnecessarily high level of complexity in both accounting standards and disclosure requirements. The result is high burdens on the companies that prepare financial reports that are, ironically, less relevant and useful for analysts and investors. The United Kingdom’s Financial Reporting Council (2009) says that reports no longer reflect the reality of the underlying businesses, with key messages lost in the clutter of lengthy disclosures and regulatory jargon. Once, suggestion made to reduce complexity: more rules-based standards, typical of the U.S. Generally Accepted Accounting Principles (U.S. GAAP) should be replaced with more principles-based standards typical of the International Financial Reporting Standards (IFRS). In other words, it is all about finding the right balance between broad principles and detailed rules [21, pp.52].

Most analysts and investors get financial information from data vendors. The analysts and investors then supplement that information in various ways with documents supplied by the company; as well as many other sources of information, such as interviews with company executives, studies done by consulting firms and the use of experts. Other audiences include -regulators to determine the compliance with rules and regulations; standard-setters to evaluate the application of accounting principles; customers and suppliers for information about the financial health of the company and other relevant background; current and potential employees to determine the company’s financial health and whether it is a place where they want to work; and nongovernmental organizations (NGOs) to understand a company’s position on environmental and social issue. To be useful for decision making by all these audiences, financial information needs to be relevant, reliable, neutral, understandable and comparable. The US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) suggested definitions for relevance, reliability, neutrality, comparability, and understandability terms [21, p.55]. Reducing complexity will require actions at both the regulatory and individual company level [21, p.57]

Fair value accounting proponents argue that financial statements based on historical cost are not most relevant because they do not provide transparent information about current market values. Fair value detractors argue that the information provided by financial statements using fair value measurements is unreliable because it is based on volatile, subjective pricing assumptions. They contend that if the information is unreliable, it is inappropriate for use in financial decision making. Hence companies must provide investors and analysts with better information about the assumptions and rationale underlying the fair value estimates through richer disclosures in the financial statements and notes [21, p.61].

Companies are often reluctant to provide forward-looking information citing competitive disadvantage or litigation risk. Nevertheless, there are examples of forward-looking statements in corporate reports. Quantitative information include earning-per-share guidance, future capital expenditures, targets for reduction of greenhouse gas emissions and water usage, accident prevention goals or sales growth objectives. Examples of qualitative forward-looking statements include opportunities and risk such as consideration of the economic environment, raw material availability and pricing, exchange rate volatility, political and regulatory risks and patent expirations. Forward-looking information is generally identified by the use of certain words like believe, expect, may, will, plan, strategy, prospect, foresee, estimate, project, anticipate, can, intend, target, and other words of similar meaning. Businesses making forward-looking statements usually include a disclaimer that says the statements are only true at the time they were written, and they further claim that they are under no obligation to update those statements if conditions change or if unexpected events occur [21, p.66].

Extensible Business Reporting Language (XBRL): Reducing complexity in accounting standards and reporting standards is about information content. Today investors get their information in one of three ways: (a) the first is directly from the company, typically from its Website, where investors can get annual and quarterly financial reports and social reports. They are all essentially paper documents made readily accessible in PDF or HTML format. (b) Users can also get data from Web sites such Google Finance, MSN Money and Yahoo! Finance. In both cases, in order to analyze this information, the typical analyst, retail investor, regulator or NGO has to manually enter the number into a spreadsheet containing the appropriate analytical model (c) A third way, by buying information (via a subscription) from data vendors such as Bloomberg, Capital IQ, Fact Set, or Thomson Reuters. These vendors gather financial statements from all listed companies and provide electronic data feeds to their customers like Extensible Markup Language (XML). Customers can get a company's latest financial information by simply typing in the ticker symbol of the company in the provider's search bar. The flaw in this process is that approximately one-quarter of company disclosures from Balance sheet, Income Statement and Statement of Cash Flows do not fit into the general data template created by the data vendor [21, p.68].

Extensible Business Reporting Language (XBRL), referred to by the Securities and Exchange Commission (SEC) as "interactive data", is a freely available standard specifically designed to express business information in a standardized electronic format through the use of electronic 'tags'. As with data vendors, users can download this information directly into their analytical models. XBRL is now mandated or used in voluntary filing programmers in Australia, Belgium, Canada, China, Denmark, France, Germany, India, Israel, Japan, Korea, Netherlands, Singapore, Spain, Sweden, Thailand, United Kingdom and United States. XBRL taxonomies have been developed for both U.S. GAAP and IFRS. XBRL is a format standard for making information content easier to access and use. It is easier to see the complete detail of all the information provided by the company. It makes it much easier to find the information the user is seeking. Mike Willis, Chairman of XII and a partner at Price Water House, Coopers explained, "Like other internet standards, XBRL enables the streamlining of business information processes" [21, pp.67-70].

Auditing: Every public company is required to have an audit by an audit firm that meets whatever criteria are relevant in the country of the company being audited. Through their audits and auditors' reports, independent auditors contribute to the enhancing the reliability of financial information by providing assurance on the reliability of the financial statements and notes. High quality audits are fundamental to the integrity of the capital markets and, as a result more than $50 billion in audit fees was paid to the six international audit networks in 2007. Just as there are accounting standards, so there are auditing standards. The International Standards of Auditing (ISAs) are published by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). The international audit networks base their methodologies on the ISAs with various modifications and additions to comply with national requirements. More than 100 countries have either adopted or based their national auditing standards on ISAs. However, when a company suffers a sudden and dramatic drop in its stock price, the audit firm almost inevitably gets sued through some kind of shareholder lawsuit. Audit firms can also be sued when a company goes bankrupt with the allegation that investors were not given adequate warning in the company's financial results. Audits firms often settle these cases out of court, even though the profession's long-held position is that the standard audit is not designed to detect fraud, particularly collusive fraud at the most senior levels of the organization. It is also difficult to untangle a "failed audit" from a "failed business model" [21, p.73]

- INTEGRATED REPORTING

The main determinants of integrated reporting have been: engagement with shareholders, a strong commitment to sustainability cause, developing a "sustainable strategy" [22: 58], and the perspective of social responsibility investors [49]. One mechanism for creating sustainable strategies for a sustainable society is for companies to commit to more integrated external reporting. This will locate the gaps in embedding sustainability into the company's strategy and operations and motivate to correct the situation. Climatic change, limitations on the availability of water in various forms, diminishing natural resources of many kinds, the need to provide economically viable and meaningful jobs for billions of people, the importance of making the best use of human capital in a knowledge economy, the operational and reputational risk faced by the world's largest companies in a multi-stakeholder society and the elusive goal of providing proper corporate governance to companies on which shareholders and all other stakeholders depend all means that an excessive focus on a short-term financial performance must be replaced by a longer-term view which recognizes that a sustainable society depend upon its contribution to a sustainable society. This means a more integrated report on financial, environmental, social and governance performance is essential [21 p.3]. However, integrated external reporting is impossible without integrated internal management. One Report is both a tool and a symbolic representation of a company's commitment to sustainability. One Report is about a collective conservation between companies acting as corporate citizens; analysts and investors; standard setters and regulators; and civil society; as represented by NGOs (nongovernmental organizations), associations of many kinds and individual citizens. Through integrated reporting, the bright line sometimes drawn between shareholders and other stakeholders will blur, and that all stakeholders will adopt a more holistic perspective [21, p.4].

What is One Report? 'One Report' means producing a single report that combine the financial and narrative information found in company's annual report with the nonfinancial (such as environmental, social and governance issues) and a narrative information found in a company's "Corporate Social Responsibility" or "Sustainability" report. One Report simply means that there should be one report that integrates the company's key financial and nonfinancial information. One Report has two meanings: The first and most narrow meaning is a single document; a way of communicating to all stakeholders that the company is taking a holistic view of their interests. The second and broader meaning is reporting financial and nonfinancial information in such a way that show their impact on each other [21, pp.10-11]. One report will make more transparent, to the company and its many stakeholders, the relationship between financial and nonfinancial performance and the extent to which financial performance for shareholders imposes externalities on other stakeholders. The function of reporting will change behavior; it is as important as providing information on achieved performance in financial, environmental, social and governance terms [21, p.23].

United Technologies Corporation (UTC) ranked number 39 on the Fortune 500 list in 2008 in a press release said that corporate responsibility and profitability were mutually reinforcing …go hand in hand…..are inseparable. UTC belief was that integrated reporting would become commonplace [21 pp.29-30]. UTC also believes that good corporate citizenship is a prerequisite of good corporate performance [21, p.38].

Building on and the work of Report Leadership, a report of [47] in Australia proposed that environmental, social and governance (ESG) information be included in the annual report and that this information include targets, performance against targets and quantification of the financial impact of the different aspects of ESG performance.

- ONE REPORT ON THE IC PLATFORM

Financial reporting of organizations relating to financial performance is mandated by accounting standards and is a legal requirement in many countries to inform and safeguard investors, shareholders, and creditors. Most countries now use International Financial Reporting Standards (IFRS) in entirety or partially, combining them with nationally generated accounting standards. [5, p.230]. Voluntary reporting of organizations relating to non-financial (intellectual capital) performance, social performance, and environmental performance is often reported in an ad hoc fashion. Such ad hoc reporting diminishes the fundamental reporting qualities of relevance to users and faithful representation that can be verified and understood by stakeholders.

Integrated reporting brings governance, financial capital, intellectual capital, social capital, and environmental capital onto a common platform. The diverse dimensions of organizational performance are unified under the organizational vision and organization's values. A responsible organization can state its vision (what it wants to become) for a future point in time that pre-empts its directional mission, and can state the values (the underpinning moral consciousness) upon which it formulates mission – the purpose for which the organization exists. Based on an organizational vision and values, an integrated report combines diverse dimensions of organizational performance, to demonstrate how a, organization's vision and values are internalized within and externalized outside the organization. The organizational context in which it conducts its operations helps to determine and pre-empt the internal and external risk profile. [5,p.232].

As outlined in Fig 2, the four dimensions of organizational capital interact with each other in helping to enact organizational mission, which is translated into strategies (with a long-term action plan, that spans more than a year) and tactics (with a short-term action plan, that spans less than a year). The organization's mission as the purpose of existence is to reach its vision (ideal future organizational state) through its day-to-day activities. The organization has a pool of resources to carry out its mission, and these resources are the different dimensions of capital (financial, intellectual, social, and environmental).

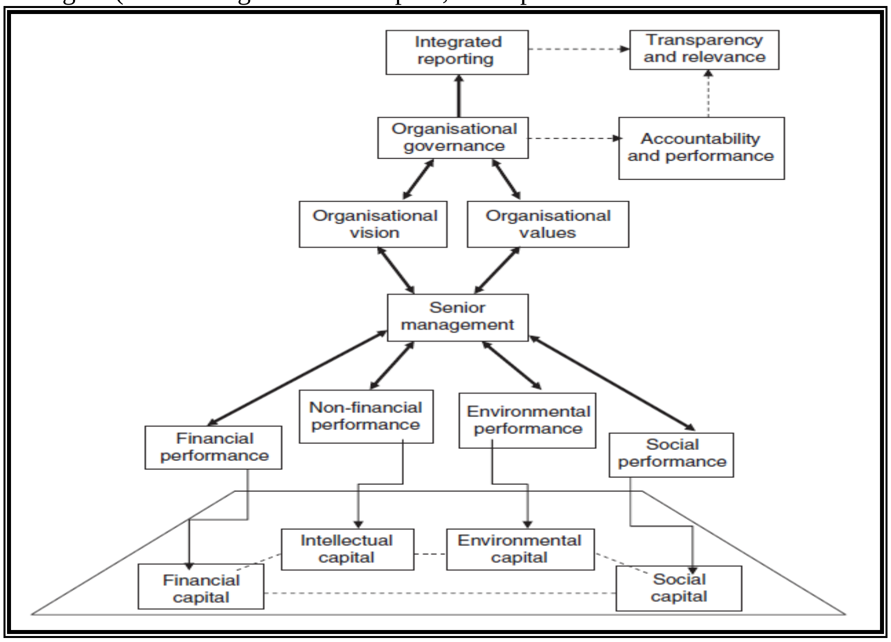

Fig.2: .Flow Chart of Integrated Reporting [5 p.233]

The resources embedded in each capital dimension can interact with each other in various permutations and combinations to generate financial performance, non-financial performance, environmental performance, and social performance. These capital interactions when enacted through an organization's tactics and strategies on a day-today basis can translate into various performance dimensions. An action can require the use of more than one capital dimension, and the implication of that action can result in more than one performance dimension. The choice of permutations and combinations to generate various dimensions of organizational performance is determined by the choice of organizational tactics and strategies. Hence, the senior management has an important role in determining the choice of tactics and strategies, ensuring that they underpin the organizational values and work towards reaching the organizational vision. [5, p.233].

An organization's capability to create and sustain financial value is led by its governance mechanism that formulates and approves strategies. The governance mechanism includes the directors and how decisions are made and implemented within an organization. Transparency, accountability, and ethical leadership are three attributes of a good governance mechanism. While the directors require a reporting framework through which they can communicate organizational performance, a governance mechanism comprising the three attributes helps organizations to enhance the credibility of such disclosure. The role of organizational governance is twofold: to demonstrate accountability for the organization's actions enacted through senior management, and to enhance organizational performance [52]. Integrated reporting unifies these two aspects by reviewing them through organizational vision and organizational values: Does managerial action account for the organization's vision? Is managerial action founded on the organization's values? Integrated reporting has brought an additional aspect to governance in that it inquires into the organization's vision and values. Has the governance provided sufficient independent oversight towards reaching organizational vision to become accountable for action and facilitating performance, and are actions are founded on the organization's values? (Abeysekera, 2013, p.234).

How are people persuaded? Citing Aristotle, Edward Corbett and Robert Connors (1999) outline three ways in which people are persuaded; "(1) by the appeal to their reason (logos); (2) by appeal to their emotions (pathos); (3) by the appeal of our personality or character (ethos). Natura, the Brazilian cosmetics, fragrances and personal hygiene company in its 2008 annual report with effective use of photographs, diagrams and graphics uses all these throughout its annual report [21, pp.85-86. What is more, its 2006, 2007 and 2008 reports listed its commitment to each stakeholder group and whether targets had been achieved, partially achieved or not achieved. Natura was also actively using Web 2.0 tools and technologies to improve transparency including social networking technology. Natura's annual report would become "a king of wikireport" which would be a "clear and democratic report that can be prepared online with the participation of everybody, everyday, anytime" [21, pp.21-22].

- HOW TO REPORT TO IC?

Reference [26] reviewed the annual reports of Australian companies for their interest in IC and found that the stumbling block to progress on reporting IC is the absence of an established and mutually agreed framework. Interesting metrics is being developed to meet the information needs of managers. These metrics are often incorporated into "balanced scorecard" reporting frameworks for internal communication purposes [51]. But a number of these internally developed measures of IC are neither recognized nor reported in the financial statements of an entity. Hence, investors are not receiving all the relevant information about the entity.

The IC framework represented by capital categories (internal, external, and human) has been successfully used in previous empirical research [2;3]. Reference [29] in their research used this IC framework developed by [55] and categorised IC into internal structure (internal capital), external structure (external capital) and employee competence (human capital). Their study revealed that key components of IC are poorly understood, inadequately identified, inefficiently managed and inconsistently reported in Australian annual reports. On the whole, firms do not have a consistent framework for reporting IC. [4]

Annual reports are an ideal research location for applying the IC framework because they provide a good proxy with which to measure the comparative positions and trends of IC between firms, industries and countries [1]. Also, annual reports are an instrument through which firms communicate their issues and messages in a comprehensive and compact manner. Further, they are produced on a regular basis and offer an opportunity for a comparative analysis of management attitudes and policies across reporting periods [44]. Much of the published research has used annual reports as source documents to ascertain the status of the IC of firms, both within countries [2; 9 ; 8 ;29] and between countries [59]

- NON-FINANCIAL INFORMATION

While accurate information on a company's financial performance obviously remains extremely important, it is becoming a less and less complete story in a knowledge economy where an increasing percentage of a company's assets are intangible ones that are not shown on the balance sheet. Those who are interested in a company's future financial performance (such as analysts and investors) are relying more and more on key performance indicators (KPIs) to make projections about future financial performance [21 p.79]. A number of frameworks have been proposed on how to use nonfinancial information to supplement financial reporting.

In 2003, the Institute of Chartered Accountants in England and Wales (ICAEW) published a report summarizing and asking for dialogue on 11 proposed business reporting models. The ICAEW reviewed three models namely; (1) the Balanced Scorecard developed by Robert Kaplan and David Norton (2) the sustainability reporting guidelines developed by the Global Reporting Initiative (GRI) and (3) the Value Reporting Framework developed by PricewaterhouseCoopers (PwC). The Balanced scorecard was developed largely for internal management and reporting purposes, although it is relevant for external reporting as well. The goals of GRI were to develop a framework to provide the stakeholders with relevant information on company's economic, environmental and social performance. And the PwC Value Reporting Initiative (now called Corporate Reporting) was focused on identifying information in which analysts, investors and chief financial officers were interested for making investment decisions that went beyond the required financial information but with little attention to ESG factors. In addition to the development of a conceptual framework, [48] introduced industry-specific frameworks, KPIs and associated XBRL taxonomies. These were developed based on global surveys of analysts, investors, and executives in 16 industries; the survey results identified information, reporting and quality gaps for industry specific KPIs and intangible assets [21 pp.79-80].

Non- financial information is the external reporting of non-financial information. It can be broken into three subcategories: (a) intangible assets (including intellectual capital and other intangibles). They are resources used to produce outcomes (stock variables), (b) Key Performance Indicators (KPIs) that are like revenues and (c) Environmental, social and Governance (ESG) metrics. These three subcategories are discussed below;

Intangible Assets: These are referred to nonphysical assets with the potential to create value, as opposed to physical or tangible assets, such as inventory, property, plant and equipment which are also used to create value. A common motivation of those who study intangible assets is the large gap that exists between a company's market value and its accounting book value. Since 1998, at least five studies have shown that book value is about 25 to 35 percent of a company's market value. The difference is ascribed to intangible assets that, unlike tangible assets, do not appear on the balance sheets [21, pp.84-85].

The modern balance sheet, according to [33] is a lie. It omits the company's most important assets. Probably 80 per cent of company's value lies in its intangible assets, but they are not reflected on the books. The value of company's plant, equipment, inventory and working capital hardly reflects a true value of a company. For instance, where is Coca Cola's brand value on the company's balance sheet? Coca Cola's brand value is estimated at $70 billion (in 2003). Where is the value of its consumer base? It is the satisfied customers who repeatedly buy from the company who constitute a major asset.

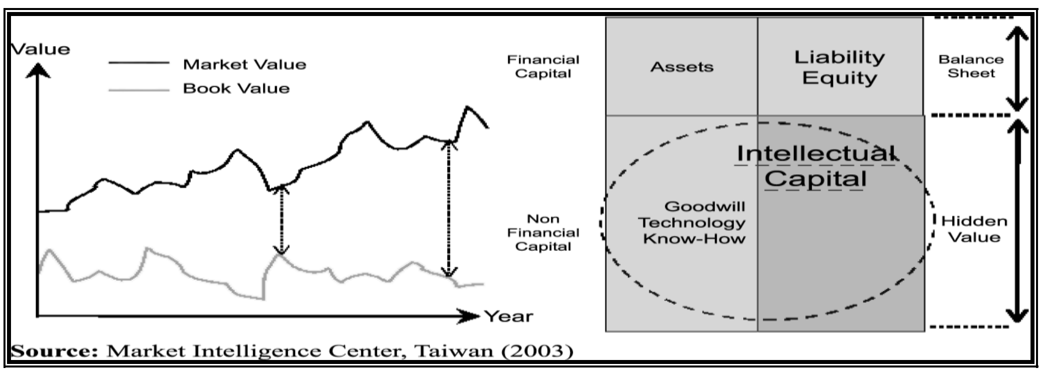

Fig.3: Gap between market and book value

Where is employee value? Lev (2001) investigated the market-to-book value ratio for United States Standard & Poor's 500 (US S&P 500) companies from 1977 to 2001 and found that over 80 percent of company market value was not included in the financial statements. Since the gap between financial value and market value increased dramatically (Fig. 3), in addition to considering the figures shown on financial statements, a company must also consult the information from IC indicators, such as human capital, relationship capital and innovation capital.

There is no universally accepted framework for intangible assets. Reference [62] explored the relevance and reliability of financial and nonfinancial information on measuring intangibles. Her work canvassed a broad range of studies from the accounting, economic, and management literature. She suggested a framework for intangible assets based on three broad types of resources that contains a total of six categories of intangibles. They are (a) Technology resources (research and development and related IP (b) Human resources (Human Capital) and (c) Production resources (advertising, brands and related IP; customer loyalty; competitive advantage and Goodwill). Wyatt noted that these assets are measured by both financial and nonfinancial metrics and by both input metrics (e.g., number of scientists) and output metrics (e.g., number of patents). Illustrating the lack of clarity between intangible assets and KPIs, what Wyatt would call output metrics (e.g., number of patents) are KPIs. She excluded environmental and social topics, although, according to Wyatt, "arguments could be made that other categories such as environmental and social responsibility are also important". In terms of external reporting, few companies provide much in the way of information on their intangible assets in any meaningful and rigorous way [21, pp.85-86]. Kaplan and Norton in their balanced scorecard virtually ignore the subject of external reporting [21, p.13].

Yet, companies like Infosys do externally report of their intangible assets. It's Chief Financial Officer, V. Balakrishnan said: "In knowledge-based companies, the value is derived from the intellectual properties and intangible assets possessed by the company, which do not get reflected in a traditional financial statement. Hence valuing intangible assets helps investors to understand and appreciate the real intrinsic value of these companies". At the close of its 2009 fiscal year on March 31, the company had a market capitalization of $14.95 billion and assets on the balance sheet of $4.45 billion. To reduce information asymmetry between Infosys' management and its shareholders, the company made the following additional disclosures relevant to better understanding intangible assets, and specifically stated that "these reports are integral to the Annual Report" (p.136).

- Brand valuation
- Balance sheet including intangible assets
- Economic Value-Added (EVA) statement
- Intangible asset scorecard from the Intangible Assets Monitor of [54,55]
- Risk Management Report
- Human Resource Accounting and value-added Statement [21, p.88].

Infosys also noted that "we continue to provide additional information even though it is not mandated by law because we believe that it will investors to make more informed choices about our performance"[21, pp.89].

The Infosys intangibles assets score sheet reports on the value of its human resources and the Infosys brand. The sheet published by Infosys is broadly adopted from The Intangible asset score sheet provided in the book titled The New organizational Wealth [54]. The company reports this information externally, sharing the detailed discussions used to measure such things as brand value and human capital. Infosys Founder and Chairman, N.R.Narayana Murthy, acknowledges the difficulty of developing the necessary performance measures, but he maintains that once this information is reliable enough to use for internal management purposes, it should be reported externally because "the company needs to live in harmony with all its stakeholders". He maintains that this high level of transparency in external reporting engenders the trust in stakeholders of every kind. And he explains: "The softest pillow is a clear conscience" [18;20,pp. 93-94]

Key Performance Indicators (KPIs): These are quantitative measures of results achieved using tangible and intangible assets which are regarded as leading indicators of financial performance. The basic argument for KPIs is that the income statement is a "rearview mirror", providing information about profitability over a historical period of time. KPIs are historical. But a properly chosen KPI can be a good leading indicator of future financial results, although it may not be a good leading indicator of itself. KPIs are nonfinancial in that they are not based on accounting conventions. KPIs are regarding things like product quality, employee turnover, new product development success rates, customer retention and so forth. KPIs, which some also call operating metrics are used by management to implement and monitor the implementation of their strategies. The relationship between the KPIs and financial outcomes can be described in terms of a cause-and-effect model that is essentially the translation of a company's strategy into a set of related metrics. One of the best examples is the balanced scorecard of Kaplan and Norton. Viewed from four perspectives (financial, customer, internal business processes and learning and growth), it emphasis the need to link these measures to the company's strategy through three principles: (1) cause-and-effect relationships (2) performance drivers (i.e., leading indicators), and (3) linkage to financials [21, pp.89-90].

In contrast to financial reporting, which is designed to enable comparisons of financial performance (e.g., earnings) across industry lines, many KPIs are best defined along industry lines. Other KPIs will be very company-specific, based on the unique aspects of its strategy. This logic follows the "Three 'Tier Model of Corporate Transparency", suggested by [18].

Tier One is "Globally Generally Accepted Accounting Principles (e.g., the convergence of U.S. GAAP and IFRS), Tier Two is "Industry-Based Standards", and Tier Three is "Company-Specific Information'. Information on KPIs are increasingly available on companies' websites, used in presentations to analysts and investors, included in the narrative section of the annual report such as the Management's Discussion and Analysis (MD&A). This narrative section is often referred to as providing contextual information to support the financial information in the much more structured income statement, balances sheet and notes. A good example of a KPI is the increasingly popular customer loyalty Net Promoter Score (NPS) developed by Fredrick F.

Reichheld. This shows the relationship between customer loyalty and profitable growth, since customers promote a company's products and services [50]. The NPS is calculated by subtracting the percentage of customers who are detractors from those who are promoters based on the simple question "How likely is that that you would recommend (CompanyX) to a friend" using a 10-point scale". Correlations are seen between retention, growth rates and NPS results [21, pp.91-92].

Environmental, Social and Governance (ESG) Metrics: These are commonly lumped together under the theme of sustainability. "Good ESG performance directly contributes to a company's financial performance. According to Mckinsey (2008) empirical research "two-thirds of CFOs and three-quarters of investment professionals agree that environmental, social and governance activities do create value for their shareholders in normal economic times….More respondents saw these activities as creating value over the long term rather than the short term: environmental was 85 percent versus 29 percent, social was 74 percent versus 37 percent and governance was 84 percent versus 64 percent'. A common phrase used today to express the idea of CSR is "doing well by doing good [21, p.125] full filling integrating sustainability targets within the entire value chain of the company, according to Bill McAndrews, Vice President of Communications strategy/Corporate Communications at BMW AG [21, p.100].

Global Reporting Initiative; No discussion about ESG and CSR reporting is complete if it fails to mention the Global Reporting Initiative (GRI). The GRI is a powerful and globally recognized brand that has set the de facto standards for ESG reporting [21,p.102]. The G4 sustainability reporting guidelines of the Global Reporting Initiative [27] are the latest in the sustainability domain (Table I).

Reference [45] say that 'Successful corporations need a healthy society and…at the same time, a healthy society needs successful companies". All the above are in vivid contrast to [24] famous assertion that "the only responsibility of a corporation is profits".

Table I: Categories and aspects in the G4 Sustainability Reporting Guidelines [27].

Category	Economic		Environmental	
Aspects[III]	• Economic Performance • Market Presence • Indirect Economic Impacts • Procurement Practices		• Materials • Energy • Water • Biodiversity • Emissions • Effluents and Waste • Products and Services • Compliance • Transport • Overall • Supplier Environmental Assessment • Environmental Grievance Mechanisms	
Category	**Social**			
Sub-Categories	**Labor Practices and Decent Work**	**Human Rights**	**Society**	**Product Responsibility**
Aspects[III]	• Employment • Labor/Management Relations • Occupational Health and Safety • Training and Education • Diversity and Equal Opportunity • Equal Remuneration for Women and Men • Supplier Assessment for Labor Practices • Labor Practices Grievance Mechanisms	• Investment • Non-discrimination • Freedom of Association and Collective Bargaining • Child Labor • Forced or Compulsory Labor • Security Practices • Indigenous Rights • Assessment • Supplier Human Rights Assessment • Human Rights Grievance Mechanisms	• Local Communities • Anti-corruption • Public Policy • Anti-competitive Behavior • Compliance • Supplier Assessment for Impacts on Society • Grievance Mechanisms for Impacts on Society	• Customer Health and Safety • Product and Service Labeling • Marketing Communications • Customer Privacy • Compliance

• GOING FORWARD: FROM THE FOUNDATIONAL TO THE PRACTICAL LEVEL

The authors are of the view that a summary of these measurement and reporting approaches [56;12;21] manifests the preponderance of these models in vogue and the related need of a standard to aid value reporting [20] and integrated reporting [21;32] that the world is transitioning towards from strategy, operations, people [7]) and sustainability [27] perspectives. This must be done without fail for building public trust [18] and winning investors over [38] so that contemporary organizations can progress from good to great [14] that are built to last [15]. The four dimensions of organizational capital model (Figure 2) of integrated reporting of [5] is a holistic one. The dimensions interact with each other in helping to enact organizational mission, which is translated into strategies (with a long-term action plan that spans more than a year) and tactics (with a short-term action plan that spans less than a year). The authors are of the view that the following empirical inputs on nonfinancial reporting would enable an IC-led holistic business model anchored in integrated reporting (both financial and nonfinancial) as envisaged by the International Integrated Reporting Council [32]:

o *Non-Financial reporting:*

Intellectual capital: There are 42 frameworks organizations can use to report on their intellectual capital performance [57]. A widely used framework [54;55] is reporting performance under three capital categories: internal capital (non-financial capital created and nurtured within the organization), external capital (non-financial capital created and nurtured with outside relations to the organization), and human capital (non-financial capital created within the organization or human resources rented from outside the organization). [5, p.231). Along with this is [54;55] Intangible Asset Monitor Model that Infosys, the Indian behemoth in the information technology space leverages [18].

Operations: Companies in an industry can start reporting as a part of their Value Chain Scorecard some measures of IC which meet the three criteria – discovery, implementation and commercialization - suggested by [37, p.111] to maximize the measures 'usefulness: quantitative in nature, permit inter-firm comparison, and empirically linked to corporate value. This could be bolstered by a powerful management system [17]. Additional types of measure can be added to the framework as they evolve. Much of the information needed by investors and analysts are not found in the traditional financial statements. Including additional information on IC should better meet investors' needs and mitigate the present problem of information asymmetry in capital markets. [26].

Sustainability: The emerging idea of integrating strategic sustainability-related information with other material financial information is a significant and positive development. Sustainability is, and will increasingly be, central to the change that companies, markets and society will be navigating. Sustainability information that is relevant or material to a company's value prospects should therefore be at the core of integrated reports. An ever-increasing number of companies and other organizations want to make their operations sustainable. Moreover, expectations that long-term profitability should go hand-in-hand with social justice and protecting the environment are gaining ground. Sustainability reporting helps organizations to set goals, measure performance, and manage change in order to make their operations more sustainable. A sustainability report conveys disclosures on an organization's impacts – be they positive or negative – on the environment, society and the economy. In doing so, sustainability reporting makes abstract issues tangible and concrete, thereby assisting in understanding and managing the effects of sustainability developments on the organization's activities and strategy. Internationally agreed disclosures and metrics enable information contained within sustainability reports to be made accessible and comparable, providing stakeholders with enhanced information to inform their decisions.

In this context G4 was planned and developed. The aim of G4, the fourth such update, is simple: to help reporters prepare sustainability reports that matter, contain valuable information about the organization's most critical sustainability-related issues, and make such sustainability reporting standard practice. G4 is designed to be universally applicable to all organizations, large and small, across the world. G4 also provides guidance on how to present sustainability disclosures in different report formats: be they standalone sustainability reports, integrated reports, annual reports, reports that address particular international norms, or online reporting. The GRI Sustainability Reporting Guidelines offer an international reference for all those interested in the disclosure of governance approach and of the environmental, social and economic performance and impacts of organisations. The Guidelines are useful in the preparation of any type of document which requires such disclosure [27].

Governance: An integrated governance framework (Figure 4) proposed by [11] indicates that an integration of process compliance, performance measurement and knowledge management through an organization is essential for future firms to gain success.

The framework views accountability toward the stakeholders in three perspectives – compliance, performance and knowledge. Reference [11] are of the view that an organization is accountable to the shareholders (and stakeholders) for its performance and value creation. Therefore, managers need to recognize the risks-financial, operational, environmental etc., including risk management crucial for organizational performance and shareholder value creation. Reference [11] says that the enactment of Sarbanes-Oxley (SOX) Act is to improve financial reporting reliability and protect potential investors.

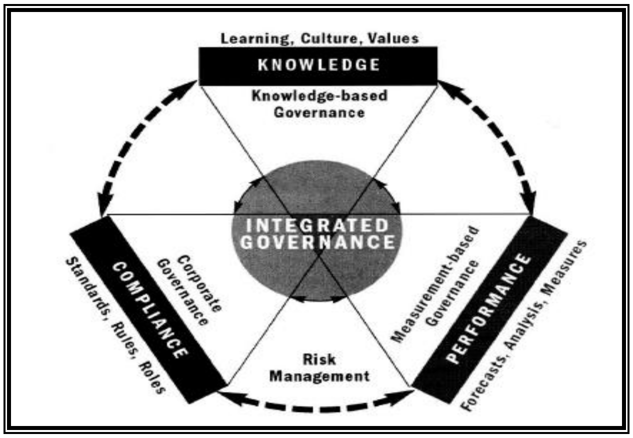

Fig. 4: The integrated Governance Framework [11]

o *Financial*

The Value Reporting TM Framework developed by PwC [21, p.80] has to be reported by corporate reporting supply chain [18, p.11] anchored in the three-tier model of corporate transparency [18, p.15].

The three futures imagined on 10-year horizon each are listed here. In the first, disorder reigns in the capital markets because the impulse to reform the Corporate Reporting Supply Chain never moved past the "tipping point" at which good things could happen across a broad front. Doing nothing – so-called benign neglect – was the last best hope of those who saw the need for reform, but it has worked little magic. In the second future, a rigid and expensive bureaucracy enforces its will by ceaselessly adding new rules and regulations. The movement of capital hits endless barriers. In the third future, a spirit of transparency is the guiding value. In that world, transparency cannot guarantee prosperity; there are still good times and bad. But public trust in the Corporate Reporting Supply Chain remains strong and investors have a better sense of how companies really create value. The three alternative futures may not be as isolated from each other as the scenarios imply-there may be patches of transparency in disorder, or bureaucratic institutions that lay a heavy hand on the workings of transparency. But the pure cases are nonetheless instructive by showing what could be, for good or ill [18, pp.175-176]

This would the beginning of a revolution, a Value Reporting Revolution when the regulators, analysts, technologists, accountants and accounting firms, individual investors, institutional investors, all other stakeholders, board of directors, corporate executives and everyone would take his or her place [21 pp.319-320].

Conclusions

Consistent with the suggestions of Report Leadership, the United Kingdom's Financial Reporting Council (FRC) report, drawing on the U.K. Accounting Standard Board's Reporting Statement: Operating and Financial Review, offered four "principles for effective communication":

- Focus; Highlight important messages, transactions and accounting policies and avoid distracting readers with immaterial clutter.

- Open and honest; Provide a balanced explanation of the results - the good news and the bad.

- Clear and understandable: Use plain language, only well defined technical terms, consistent terminology and an easy-to-follow structure.

- Interesting and engaging: Get the point across with a report that holds the reader's attention [23].

These suggestions appear to be basic and sensible. Yet, they are also often not practiced [21, p.67].

Liability is also an important issue in providing assurance on other types of information reported by companies, including non-financial information on intangible assets, key performance indicators, and metrics regarding environmental, social and governance topics. In the short term, the lack of standards for this type of information means that assurance on it cannot be as rigorous as for financial information [21, pp.73-74]. All the same, integrated reporting has an essential role to play in creating and implementing sustainable strategies. . It truly is time for One Report and the sooner the better for all of us [21, p.224].

References

[1] Abeysekera, I. (2001), "A framework to audit intellectual capital", Journal of KnowledgeManagement Practice, Vol. 2, August, available at: www.tlainc.com/jkmp.htm
[2] Abeysekera, I. and Guthrie, J. (2004), "How is intellectual capital being reported in a developingnation?", Research in Accounting in

Emerging Economies, Supplement 2: Accounting andAccountability in Emerging and Transition Economies, pp. 149-69.

[3] Abeysekera, I. and Guthrie, J. (2005), “Annual reporting trends of intellectual capital in Sri Lanka”, Critical Perspectives on Accounting, Vol. 16 No. 3, pp. 151-63.

[4] Abeysekera, I., (2007), Intellectual capital reporting between a developing and developed nation, Journal of Intellectual Capital, Vol. 8 No. 2, pp. 329-345

[5] Abeysekara, I., (2013), A template for integrated Reporting, Journal of Intellectual Capital Vol. 14 No. 2, pp. 227-245.

[6] Adams, A., S. Fries, and R. Simnett. 2011. The journey towards integrative reporting. Accountant’s Digest, May.

[7] Bossidy, L., and Charan, R., (2002), Execution: The Discipline of Getting Things Done , by Crown Business.

[8] Bozzolan, S., Favotto, F. and Ricceri, F. (2003), “Italian annual intellectual capital disclosure: an empirical analysis”, Journal of Intellectual Capital, Vol. 4 No. 4, pp. 543-58.

[9] Brennan, N. (2001), “Reporting intellectual capital in annual reports: evidence from Ireland”, Accounting, Auditing & Accountability Journal, Vol. 14 No. 4, pp. 423-36.

[10] Buckley, P.J. and Carter, M.J. (2000), “Knowledge management in global technology markets applying theory to practice”, Long Range Planning, Vol. 33 No. 1, pp. 55-71.

[11] Busco, C., Frigo, M.L., Giovannoni, E., Riccaboni, A., and Scapens, R.W., (2005), “Beyond compliance – why integrated governance matters today?”, Strategic Finance, August.

[12] Chan, K.H., (2009a), Impact of intellectual capital on organisational performance: An empirical study of companies in the Hang Seng Index (Part 1), The Learning Organization Vol. 16 No. 1, pp. 4-21.

[13] Cohen, J.R.,Holder-Webb, L.L., Nath, L.,, and Wood, D.,(2012),Corporate Reporting of Nonfinancial Leading Indicators of Economic Performance and Sustainability, Accounting Horizons, Vol. 26, No. 1, pp. 65–90.

[14] Collins, J. (2001), Good to Great: Why Some Companies Make the Leap and Others Don’t, Random House, New York, NY.

[15] Collins, J. C., & Porras, J. I. (2002). Built to last: Successful habits of visionary companies. New York: HarperCollins Publishers.

[16] Corbett, Edward P.J and Connors, Robert J (1999), Classical Rhetoric for he Modern Student, NewYor: Oxford University Press, p.1.

[17] Daum, J.H., (2002), Intangible Assets and Value Creation, Wiley, Chischester.

[18] DiPiazza S.A,Jr., and Eccles, R.G., (2002), BUILDING PUBLIC TRUST : The future of Corporate Reporting, John Wiley & Sons, New York.

[19] Dixon, J. (2003), Dear Jim, Australian CPA, April, available at: www.cpaaustralia.com.au.

[20] Eccles, R.G., Hers., R.H., Keegan, E.M. and Philllips, D. (2001), The Value Reporting Revolutions: Moving beyond the Earnings Games, John Wiley, New York, NY.

[21] Eccles, R.G., and Krzus, M.P., (2010), One Report: Integrated Reporting for a Sustainable Strategy, John Wiley & Sons, New Jersey, pp.9-26.

[22] Eccles, R.G.; Saltzman, D., (2011) “Achieving Sustainability through Integrated Reporting”,Stanford Social Innovation Review, Vol. 9, No. 3, pp. 56–61.

[23] Financial Reporting Council (2009), Louder than words: Principles and actions for making corporate reports less complex and more relevant,

[24] Friedman, M (1970), The social responsibility of business is to increase its profits”, New York Times Magazine, January 19, p.1.

[25] Garcia-Ayuso, M. (2003), “Intangibles: lessons from the past and a look into the future”, Journal of Intellectual Capital, Vol. 4 No. 4, pp. 597-604.

[26] Ghosh, D., and Wu, A., (2007), Intellectual capital and capital markets: additional evidence, Journal of Intellectual Capital, Vol. 8 No. 2, pp. 216-235

[27] Global Reporting Initiative (2013), G4 SUSTAINABILTY REPORTING GUIDELINES, Reporting Principles and Standard Disclosures, www.globalreporting.org accessed on November 6th, 2013

[28] Graham, J. R., C. R. Harvey, and S. Rajgopal. 2005. The economic implications of corporate financial reporting. Journal of Accounting and Economics (40): 3–73.

[29] Guthrie, J. and Petty, R. (2000), “Intellectual capital: Australian annual reporting practices”, Journal of Intellectual Capital, Vol. 1 No. 3, pp. 241-51.

[30] Holder-Webb, L., J. Cohen, L. Nath, and D. Wood. 2008. A survey of governance disclosures among U.S. firms. Journal of Business Ethics (December): 543–563.

[31] Holder-Webb, L., J. Cohen, L. Nath, and D. Wood. 2009. The supply of corporate social responsibility disclosure among U. S. firms. Journal of Business Ethics (February): 497–527.

[32] International Integrated Reporting Committee (IIRC) 2013. International Integrated reporting Framework Consultation Draft, available online at http://www.theiirc.org/wpcontent/ uploads/2013/02/WG-20130212-ITEM-4-FRAMEWORK-2- CONSULTATION-DRAFT-1.pdf, accessed July, 2013.

[33] Kotler, P., (2003), MARKETING INSIGHTS FROM A TO Z: 80 CONCEPTS EVERY MANAGER NEEDS TO KNOW, John Wiley & Sons, pp.86-87.

[34] KPMG (2011), “Integrated reporting. Performance insight through better business reporting.Issue 1”, available at: www.kpmg.com/integratedreporting, (accessed 30 September 2012).

[35] Lev, B., and P. Zarowin. 1999. The boundaries of financial reporting and how to extend them. Journal of Accounting Research (37): 353–383.

[36] Lev, B., Sarath, B. and Sougiannis, T. (1999), "R&D reporting biases and their consequences", paper presented at 2nd Intangible Conference in New York City, Intangibles Management, Measurement and Organization, New York, NY, May 27-28.
[37] Lev, B. (2001), Intangibles: Management, Measurement, and Reporting, Brookings Institute Press, Washington, DC.
[38] Lev, B., (2012), WINNING INVESTORS OVER: SURPRISING TRUTHS ABOUT HONESTY, EARNINGS GUIDANCE, AND OTHER WAYS TO BOOST YOUR STOCK PRICE, Harvard Business Review Press, Boston, Massachusetts.
[39] Liang, C., and Yao, M., (2005), The Value-Relevance of Financial and Nonfinancial Information—Evidence from Taiwan's Information Electronics Industry, Review of Quantitative Finance and Accounting, 24: 135–157.
[40] Litschka, M., Markom, A. and Schunder, S. (2006), "Measuring and analyzing intellectual capital assets: an integrative approach", Journal of Intellectual Capital, Vol. 7 No. 2, pp. 160-73.
[41] Market Intelligence Center, Taiwan (2003), available at: http://itc.tier.org.tw/2003.
[42] Marr, B., Mouritsen, J. and Bukh, P.N. (2003), "Perceived wisdom", Financial Management, p. 32, July/August.
[43] Mckinsey & Company (2009), "Mckinsey Global Survey Results: Valuing Corporate Social Responsibility," The McKinsey Quarterly, p.2.
[44] Niemark, M.K. (1995), The Hidden Dimensions of Annual Reports: Sixty Years of Social Conflict at General Motors, Markus Wiener, Princeton,
[45] NJ.Porter, M.E., and Kramer, M.R., (2006), "Society and Strategy", Harvard Business Review, v.84, is. 12, 78-99, p.83.
[46] PricewaterhouseCoopers (2002), Nonfinancial measures are highest-rated determinants of total shareholder value, PricewaterhouseCoopers finds. Management Barometer, April 22.
[47] PricewaterhouseCoopers (2007), Best Practice Environmental Social and Governance (ESG) Reporting.
[48] PricewaterhouseCoopers (2009), "Corporate reporting framework", www.corporatereporting.com/corporate-reporting-framework.html, accessed August 2010.
[49] Radley Yelda. (2012). The value of extra- financial disclosure. What investors and analysts said, Accounting for Sustainability, Global Reporting Initiative, Available: https://www.globalreporting.org/information/news-and-presscenter/ Pages/Investors-and-analysts-use-extra-financial-information-in-decisionmaking-suggests-new-research.aspx
[50] Reichheld, Frederick F, "The One Number You Need to Grow", Harvard Business Review, v. 81, is., 12, 46-54.
[51] Roslender, R. and Fincham, R. (2004), "Intellectual capital accounting in the UK", Accounting,Auditing and Accountability Journal, Vol. 17 No. 2, pp. 178-209.
[52] Short, H., Keasey, K.,Wright, M. and Hull, A. (1999), "Corporate governance: from accountability to enterprise", Accounting and Business Research, Vol. 29 No. 4, pp. 337-352.
[53] Simnett, R., A. Vanstraelen, and W. F. Chua (2009a), Assurance on sustainability reports: An international comparison. The Accounting Review (May): 937–967.
[54] Sveiby, K.E. (1997a), The New Organizational Wealth: Managing and Measuring Knowledge Based Assets, 5th ed., Barrett-Koehler, San Francisco, CA.
[55] Sveiby, K.E. (1997b), "The intangible assets monitor", Journal of Human Resource Costing and Accounting, Vol. 2 No. 1, pp. 73-97.
[56] Sveiby, K.-E. (2005), "Method of measuring intangible assets", pp. 1-8, available at: www.sveiby. com/articles/IntangibleMethods.htm (accessed January 2, 2006).
[57] Sveiby, K.E. (2010), "Method for measuring intangible assets", available at: www.sveiby.com/ portals/0/articles/IntangibleMethods.htm (accessed 15 November 2011).
[58] Thorne, K. and Smith, M. (2000), "Competitive advantage in world class organizations",Management Accounting (UK), Vol. 78 No. 3, pp. 22-6.
[59] Vandemaele, S.N., Vergauwen, P.G.M.C. and Smits, A.J. (2005), "Intellectual capital disclosure in The Netherlands, Sweden and the UK", Journal of Intellectual Capital, Vol. 6 No. 3,pp. 417-26.
[60] Vergauwen, P.G.M.C. and van Alem, F.J.C. (2005), "Annual report IC disclosures in The Netherlands, France and Germany", Journal of Intellectual Capital, Vol. 6 No. 1, pp. 89-104.
[61] Volberda, H.W., Baden-Fuller, C. and van den Bosch, A.J. (2001), "Mastering strategic renewal, mobilizing renewal journeys in multi-unit firms", Long Range Planning, Vol. 34, pp. 159-78.
[62] Wyatt, A (2008), What Financial and Non-Financial Information on Intangibles is Value Relevant? A Review of the Evidence, University of Technology, Sydney, February, p.6

About Authors :

Anthony Thiagarajan is research scholar in the Birla Insitute of Technology, Ranchi, India and Head-HR, India, of a Fortune 500 company. He can be reached at: anthonythiaga@gmail.com

Dr.Utpal Baul is Professor at the Department of Management Studies, Birla Institute of Technology, Ranchi, India. He can be reached at utpalbaul@bitmesra.ac.in