25 YEARS SINCE SKANDIA

CRITICAL REFLECTIONS AND PROJECTIONS

DR JOHN DUMAY – MACQUARIE BUSINESS SCHOOL, SYDNEY, AUSTRALIA

10TH EUROPEAN CONFERENCE ON INTANGIBLES AND INTELLECTUAL CAPITAL
AINO KIANTO

• “... I find [IC] not being practiced by managers far as much as it’s being preached by us academics...”
IC REPORTING HAS FAILED?

Leif Edvinsson: Because ... coming in [was] a new management team who were focused on the harvesting of the organisation ... So they looked at the balance sheet and saw that “Wow, we can sell off!” ... then they stripped the organisation of its velocity. But, it’s like sailing. If you make your tack on the wrong side...

John Dumay: You get in dirty wind and you stop

Leif Edvinsson: Yes. Exactly, it goes in minutes when you are sailing. That is the way you stop a ship.
THE INTELLECTUAL CAPITAL CHURCH
INTELLECTUAL CAPITAL REPORTING: RIP? (REST IN PEACE)
WHAT IS THE FUTURE FOR IC?

Where we are heading is not going to solve anything. It is a dead end. It has actually been a dead end for quite some time.

Karl-Erik Sveiby

(Interview, September 2012)
SO WHAT HAS CHANGED?
DR GORAN ROOS
IC needs to go back to methodological and conceptual drawing board
### Fundamental qualitative characteristics

<table>
<thead>
<tr>
<th>Relevance</th>
<th>Faithful representation</th>
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<tbody>
<tr>
<td>• information is <strong>relevant</strong> if it is capable of making a difference to</td>
<td>• information must <strong>faithfully represent</strong> the</td>
</tr>
<tr>
<td>the decisions made by users</td>
<td>substance of what it purports to represent</td>
</tr>
<tr>
<td>• financial information is capable of making a difference in decisions</td>
<td>• a faithful representation is, to the maximum extent</td>
</tr>
<tr>
<td>if it has predictive value or confirmatory value</td>
<td>possible, complete, neutral and free from error</td>
</tr>
<tr>
<td></td>
<td>• a faithful representation is affected by level of</td>
</tr>
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<td></td>
<td>measurement uncertainty</td>
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### Enhancing qualitative characteristics

- **Comparability**
  - these four qualitative characteristics enhance the usefulness of information
- **Verifiability**
- **Timeliness**
- **Understandability**
  - but they cannot make non-useful information useful

### Cost constraint

- the benefit of providing the information needs to justify the cost of providing and using the information
MORE INTELLECTUAL CAPITAL ON THE BALANCE SHEET? THE CONTINUING DILEMMA!!
MOVE OVER BILL GATES. JEFF BEZOS IS NOW THE WORLD'S RICHEST PERSON

by Selena Hill | [ BIO ]
January 18, 2018

Jeff Bezos (image: wikimedia/Steve Jurvetson)
AMAZON’S WEALTH
Stage 1. Raising IC awareness
Stage 2. Creation of guidelines, standards, and indices to measure, manage, and report IC
Stage 3. Critical and performative analysis of IC practices in action
Stage 4. Develop and build strong, economic, social, and environmental eco-systems
Stage 5. Develop IC research with no boundaries and as a worthwhile endeavour
STAGE III & IV INTELLECTUAL CAPITAL
WHO LIKES CHOCOLATE?
WHO LIKES CHOCOLATE?

1.8 – 2.3 million children most 5 – 11 years old
WHO LIKES CHOCOLATE?

The children of Western Africa are surrounded by intense poverty, and most begin working at a young age to help support their families. Some children end up on the cocoa farms because they need work and traffickers tell them that the job pays well. Other children are “sold” to traffickers or farm owners by their own relatives, who are unaware of the dangerous work environment and the lack of any provisions for an education. Often, traffickers abduct the young children from small villages in neighbouring African countries, such as Burkina Faso and Mali, two of the poorest countries in the world. Once they have been taken to the cocoa farms, the children may not see their families for years, if ever.
WHO LIKES CHOCOLATE?
IC RESEARCH CAN ADDRESS THE “WICKED PROBLEMS” FACING SOCIETY
WICKED PROBLEMS?

• Social problems are “wicked” problems, whereas science has developed to deal with “tame” problems.
  • There are no definitive answers

Rittel & Webber (1973)
STAGE V INTELLECTUAL CAPITAL

• Climate change
The five things that are most **material** to improving climate change

1. Managed refrigeration chemicals
2. Install onshore wind turbines
3. Cut down on food waste
4. Eat less meats and eat more plants
5. Restore our tropical forests
A RETURN TO STEWARDSHIP

• Economic approaches such as *agency theory* assume some form of *homo-economicus*, which depict people as individualistic, opportunistic, and self-serving.

  Vs.

• Alternatively, sociological and psychological approaches such as *stewardship theory* depict people as collectivists, pro-organizational, and *trustworthy*. 
Stewardship

Inputs and outputs –
Policies, goals, actions, achievements, gaps.

Business/Operating Model
Developing trust through stewardship

Implications for intellectual capital, integrated reporting, and the EU Directive 2014/95/EU
Welcome to ICICKM 2019

The International Conference on Intellectual Capital, Knowledge Management and Organisational Learning was established 16 years ago. It has been held in Australia, USA, Thailand, Canada, South Africa, to mention only a few of the countries who have hosted it. ICICKM is generally attended by participants from more than 35 countries and attracts an interesting combination of academic scholars, practitioners and individuals who are engaged in various aspects of Intellectual Capital and Knowledge Management.
ICICKM 2019 - KEYNOTE SPEAKERS

Göran Roos
Addressing the Weakness in the Resource Based View by Adding Insights From the Intellectual Capital Field of Study

Christian Nielsen
The role of Intellectual Capital in Value Creation: reflections and potentials

James Guthrie
The past present and future of intellectual capital research

Alexander Serenko,
The “Dark Side of KM”: Understanding the Role of Counterproductive Knowledge Behavior
"That's all Folks!"