



university of ferrara
600 YEARS OF LOOKING FORWARD.



8th EIASM WORKSHOP on
“Intangibles, Intellectual Capital & Extra-Financial Information”

Grenoble École of Management, Grenoble, 27-28 September 2012

*Integrating Reports: Intangibles,
Business Model, and Sustainability.
An International Perspective*

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Conclusive Plenary Session
Grenoble, 28 September 2012

EMERGING TRENDS

IN VERY RECENT YEARS, CORPORATE REPORTING WORLD IS BEING SUBJECT TO VARIOUS EVOLUTIONARY TENSIONS:

- SUSTAINABILITY
- BUSINESS MODEL
- INTEGRATED REPORTING

WHAT ARE THE IMPLICATIONS FOR INTANGIBLES MEASUREMENT AND REPORTING OF THESE TRENDS?

THE SHIFTING SPHERE OF SUSTAINABILITY

The Evolution of Sustainability

- In the second half of the '90s à new concept of sustainability putting together environmental, social and economic aspects (“triple bottom line”) linked also to the emergence of the Corporate Social Responsibility – CSR à to be demonstrated by an ad hoc report
- A vast archipelago of rules, recommendations and entities, also linked to the rise of the so-called ethical finance à e.g. the Global Reporting Initiative (GRI), which issues the widest adopted Sustainability Reporting Guideline (G4 from 2013), and the United Nations Global Compact and the PRI
- Sustainability also used, though, in business terms, strategic discourses, marketing and corporate governance

The Business Model Connection

IFRS 9 highlighted the importance for accounting and accountants to understand a company's business model → e.g. fair value for financial assets dependent on business model

EFRAG proactively set up a Business Model Advisory Panel

Strategic characterization, resources and action of companies become relevant for applying accounting standards → very soft and intangibles-based information to be audited



INTERNATIONAL INTEGRATED REPORTING COUNCIL (IIRC)

On 2 August 2010 The Prince's Accounting for Sustainability Project (A4S) and the Global Reporting Initiative (GRI) announced the formation of the International Integrated Reporting Committee (now Council)

The principal objective of the IIRC is to create a globally accepted framework for integrated reporting. Such a framework will seek to bring together financial, environmental, social and governance information in a clear, concise, consistent and comparable format.

A further objective is the development of more comprehensive and comprehensible information about an organization's total performance, prospective as well as retrospective, to meet the needs of the emerging, more sustainable, global economic model

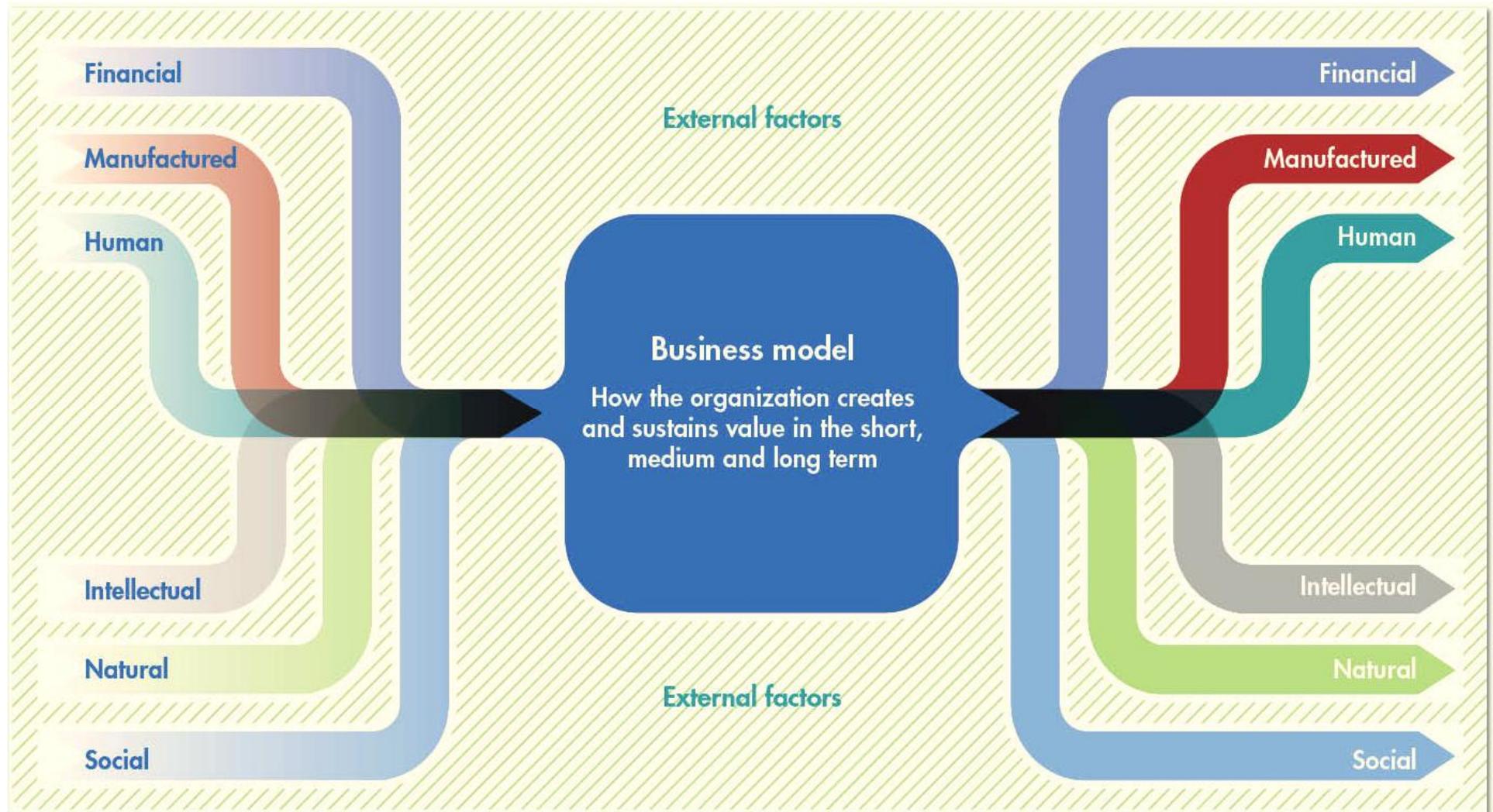
INTERNATIONAL INTEGRATED REPORTING COUNCIL (IIRC)

On 12 September 2011 IIRC has issued a much awaited Discussion Paper “Integrated Reporting brings together the material information about an organization’s strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. It provides a clear and concise representation of how an organization demonstrates stewardship and how it creates value, now and in the future.

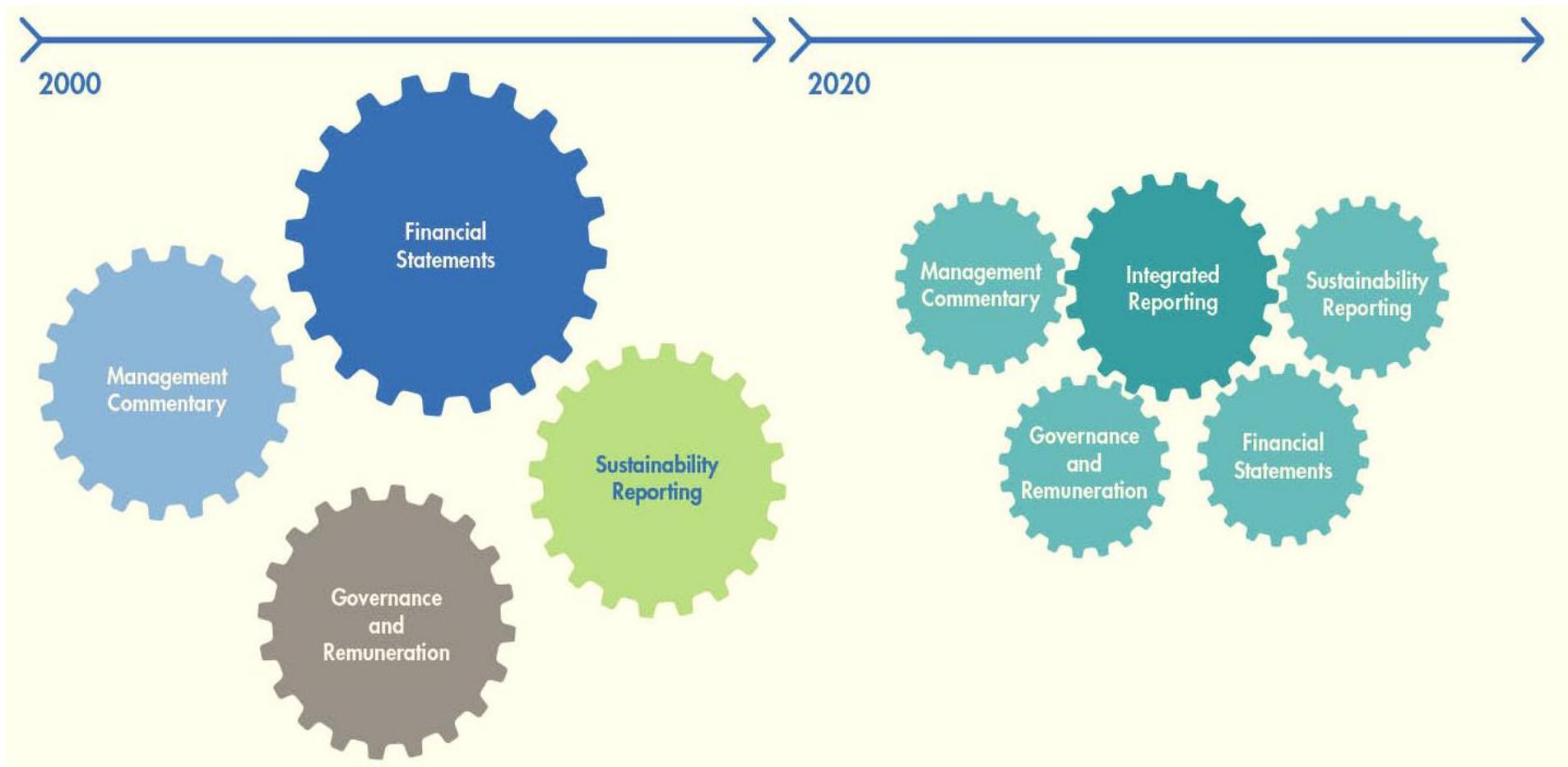
Integrated Reporting combines the most material elements of information currently reported in separate reporting strands (financial, management commentary, governance and remuneration, and sustainability) in a coherent whole, & importantly:

- shows the connectivity between them; and
- explains how they affect the ability of an organization to create & sustain value in the short, medium and long term

Business model and value creation



... Integrated Reporting – the Future (?)



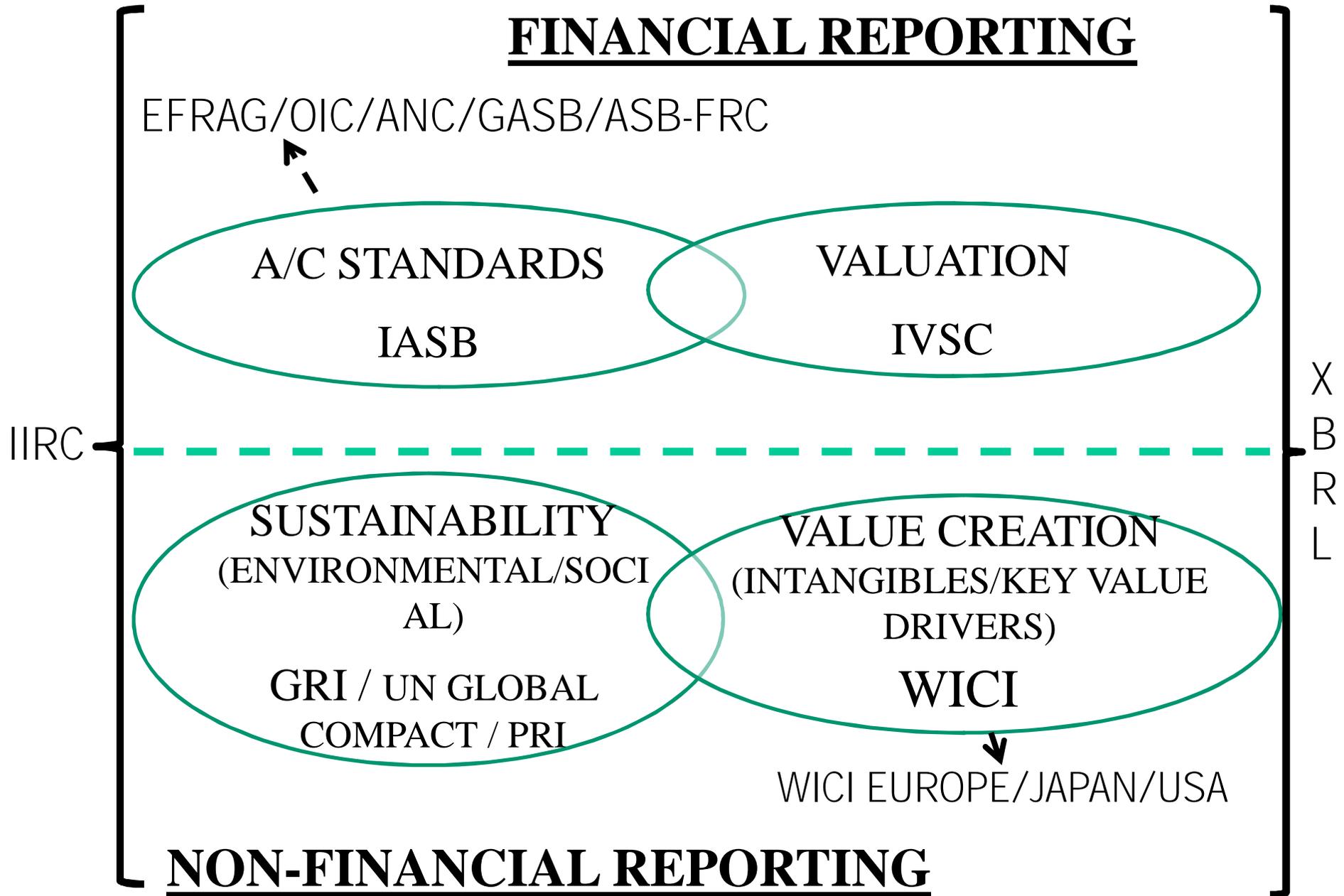
Implications for Intangibles Measurement and Reporting: Some Thoughts

- From cost to value
- More market value and less transaction-based value → “more future and less history”
- More estimates and more non-financial info. → new tensions between relevance and reliability
- Progressive enlargement also of the “enterprise capitals” considered by reporting → from monetary to financial to economic to intellectual to contextual capital

Implications for Intangibles Measurement and Reporting: Some Thoughts (2)

- Lessening of the importance of profit as a individual and exclusive measure of performance
- New non-financial logics and capitals super-imposed on financial reporting. Are they compatible?
- From reporting of sustainability to sustainability of reporting? Further, is the reporting burden affordable by companies? E.g. SMEs
- “Constructive” role of reporting
- The institutionalisation of non-financial information

INTERNATIONAL OVERVIEW of REPORTING SCENE



Implications for Intangibles Measurement and Reporting: Some Thoughts (3)

- What is the democratic legitimation of these new, self-proclaimed int'l standard setting bodies?
- Who are the users? Will they cope with this new type of information?
- Along history accounting has responded to economic changes and knowledge needs, but today many rapidly emerging claims on reporting à some of them also in conceptual conflict

Final Considerations



In the future, accounting will not and cannot be only about financial numbers and double-entry → also the traditional division between financial accountants and management accountants seem to be “in danger”

Today’ objective of corporate reporting is not as clear → representing value historically realised; capacity of creating value; general impact on society & context; strategy achievements; risks...or a combination of them

Innovation pace in corporate reporting has certainly accelerated in the last 15 years compared to the past → it remains to be seen whether these changes are sustainable in terms of concepts, users and social legitimation



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AND IN CONCLUSION....

A Stock-Taking of Grenoble....



§ This has been the 8th edition of the Workshop (Ferrara, Maastricht, Ferrara, Hasselt, Dresda, Catania, Warsaw) à an established scholarly initiative

§ More than 60 people registered

§ 50 papers presented

§ Six key-note speakers:

- Takayuki Sumita (METI & WICI) - Alan Fustec (Observatoire Immatériel)
- André Gorius (Solvay) - Ignace De Beelde (Ghent Univ.)
- Stefano Zambon (Univ. of Ferrara) - Bernard Gumb (GEM)

§ An *ad hoc* award for the “Best Paper” by GEM

§ 2 Special Issues of academic journals: DEADLINES

§ Financial Reporting: **31 December 2012** (zmbsfn@unife.it)

§ Management International : **1st April 2013**

(management.international@hec.ca)

A Forward Look...

§ Next years' editions:

IX Edition, 2013: Copenhagen, 26-27 Sept. 2013

X Edition, 2014: Italy (Ferrara or Venice)

XI Edition, 2015: Greece (Athens or an island)

XII Edition: 2016: Moscow???

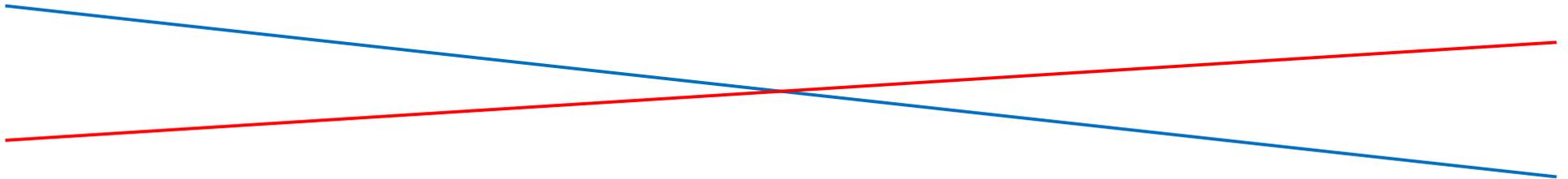
§ The EDEN Doctoral & Young Researcher School on “Visualising, Measuring, and Managing Intangibles & Intellectual Capital” will be run in 2013 in collaboration with a primary European company



**Quite a few opportunities
for the International Academic
Intangibles Community...**

THANK YOU... and

**SEE YOU IN
DENMARK!**





**CONFIRMATION OF THE
GRENOBLE ÉCOLE DE MANAGEMENT
“BEST JUNIOR CONTRIBUTION
TO THE INTANGIBLES AND IC
THEORY AND PRACTICE”
AWARD**