

E*KNOW-NET Newsletter
Special Post-Conference Issue
December 2002

The E*KNOW-NET Newsletter is a free quarterly publication targeted to those interested in the field of knowledge and intangibles management and reporting, either from an academic or a professional perspective. This Special Issue is dedicated to the conference "The Transparent Enterprise. The Value of Intangibles" (Madrid, November 25-26).

E*KNOW-NET ("A European Research Arena on Intangibles") is a research network funded by the EU Commission under the STRATA program. It is being developed by researchers from nine European countries with the support of a wide range of institutions including private sector corporations, industrial associations, accounting standard-setting bodies, consulting firms and international organizations.

<http://www.eu-know.net>

Please visit our website for more information on E*KNOW-NET. Among other things, the site provides detailed information on a wide range of research centers working on intangibles worldwide, and a Knowledge Library where you can download research papers and other documents.

eknow-net@uam.es

Use this email address to contact the Newsletter Editorial Coordinator for further information or to report on related events or publications.

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INTRODUCTION

By Paloma Sánchez, Professor at the Autonomous University of Madrid and Conference Chairperson

The Autonomous University of Madrid hosted an International Conference titled "The Transparent Enterprise. The value of Intangibles" in Madrid, on November 25-26, 2002.

The Conference was organised by E*KNOW-NET, under the auspices of the OECD and the Spanish Ministries of Economy and of Science and Technology. The event was funded by the European Commission D.G. Enterprise and a large number of public and private institutions which acted as sponsors of the conference.



A view of the Conference's Closing Session

The main aim of the Conference was to act as an exchange platform for different practices, research initiatives and policies with regard to the management, measurement and disclosure of information on intangibles, both at national and firm level worldwide. This general objective was divided into the following specific objectives:

- NETWORK (EXCHANGE and BUILD): To enhance and consolidate relationships between enterprises, research centres and other existing

and potential users of information and knowledge on intellectual capital.

- **DISSEMINATE:** To exploit and make more visible at European level the results obtained in previous research projects on intangibles, making them available to a larger number of agents.
- **FORECAST:** To signal to companies changes in knowledge management and promote a discussion with users [of information on intangibles] in order to detect opportunities for new innovation policy, benchmarking exercises and research and training activities, in the context of the EU 6th Framework Programme.

The number and high quality of the speakers and attendants, and the richness of the papers presented and the discussions held, prove that the three objectives have been met and that the frontier of our knowledge on intangibles and intellectual capital has moved forward.

As can be observed from the programme enclosed to this Newsletter, the first day of the Conference was truly a meeting place for companies and stake-holders, with companies in the main role, while the second day was devoted to the presentation of research papers.

Several of the research papers have been invited by editors of academic journals to submit for future publication, thus providing evidence of the long-lasting impact of the conference.

The plenary sessions of the Conference provided the main inputs and ideas originating from policy makers as well as a summary of the main, ongoing research projects on

intangibles and intellectual capital at European level.

Many participants also used the occasion to become further acquainted with each other's efforts and made the first steps in establishing alliances for the forth-coming 6th Framework programme. The rich (and uncommon) mix of European companies and research institutions present at the conference contributed strongly to this alliance building and networking.

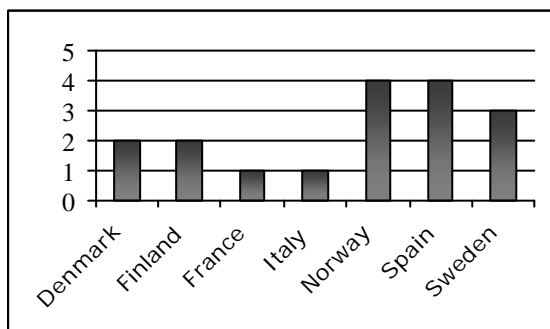
The following clear messages from the policy perspective can be highlighted:

- Since the generation and application of knowledge constitute a major economic and social development lever, there is a clear role for policy makers to push both knowledge generation and diffusion. A systemic and holistic approach should be used in the policy actions.
- Intellectual capital development is an organisational aspect of innovation that needs to be addressed.
- Corporate governance and corporate social responsibility is an area of increasing concern. The extension of traditional reporting to new areas of concern would help building trust and confidence in the capital markets.
- Enhance the relational capacity of the system (collaboration among research and innovation actors on an international scale).
- Better information on intangible investments will improve the macro-economic basis for policy development.

The following figures about the Conference may provide an idea of its impact:

There were 250 attendants from 18 countries (16 European, United States and Australia). 17 companies and entrepreneurial and professional associations from 7 different countries presented their experiences in managing and reporting on intellectual capital. They presented both their needs in terms of information and knowledge on IC and their possibilities to provide it.

The distribution of these company presentations per countries was as follows:



Research papers were presented in 13 parallel sessions in which 61 different research centres and universities presented the results of their on-going activities and explored the research agenda for the future.

The following topics were addressed during these sessions:

- Valuing and Managing Intellectual Capital in HERO's (Higher Education and Research Organizations)
- Management and Measurement of Intangibles
- Visualizing IC
- IC in context – drivers of IC Management and Disclosure

- IC and networks
- Financial Analysis, Capital Markets and Evaluation

All the papers and presentations at the Conference will be disclosed in the E*Know-net knowledge library (<http://www.eu-know.net>), once the approval from all the writers is obtained. An after-conference paper summarizing the "state of the art" on Intellectual Capital will also be produced and distributed to all members of E*Know-net.

Finally, the Organizing Committee of the Conference would like to thank very warmly the very many persons and institutions who provided their support and efforts. Without them, this conference would not have been possible.

POLICY CONTEXT AND CONFERENCE RESULTS

**By Ronald Mackay, European
Commission Officer (DG ENTR)**

Policy framework

The European Council in Lisbon set a new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion. Achieving this goal requires an overall strategy aimed at preparing the transition to a knowledge-based economy and society by better policies for the information society and R&D, as well as by stepping up the process of structural reform for competitiveness and innovation and by completing the internal market, in particular in services.

Transparency has become a key issue, not only for enterprises, but for administrations as well. In his presentation on recent policy developments Mr. Pedro Ortún (Director of Services, DG Enterprise, European Commission) referred to the Better Regulation process, which is based on a more open and participative interaction with stakeholders. In the business environment, many companies now report, on a voluntary basis, far more information on their activities than is mandatory. In addition to their financial accounts, this may take the form of Intellectual Capital reports, or reports on their Corporate Social Responsibility.

Recent scandals have also contributed to a heightened awareness of the need for not only more extensive, but also reliable reports on company activities. High standards in the areas of financial reporting and corporate governance are needed in order to underpin the efforts of companies to deliver a good economic performance and maintain their competitive position.

The "intangible" economy

Now that it is widely understood that our most valuable assets are intangible in nature, it is essential to make these assets "visible", despite all the associated problems of methodology and valuation. Wealth creation and employment growth is driven mainly by the provision of intangible goods and services rather than by industries with large investments in physical assets. The dependence of enterprises on skilful management of their intangible assets, including their human resources, is undisputed. Clearly identifying the intangible asset base of enterprises is an essential element of their continuous efforts to increase productivity.

The European Commission's Directorates General for Enterprise, Research and Development, and Information Society share a common interest in better understanding the workings of the "intangible economy". The conference in Madrid was a valuable contribution to this process. It brought together the research community, practitioners and policy makers from Europe, the US and a number of other countries.

Representatives of the EU, the OECD, EIB; the Stern Business School of the US, the IASB and a number of auditing companies were present, and had opportunities for discussion, as well as the possibility of hearing the presentations. It also provided a platform for presentation of the full range of closely interrelated EU activities in this field.

Do we need a Road Map for Intangibles?

The DG Enterprise High Level Expert Group on "Intangibles" has pointed out that, far from being new topics, knowledge and intangibles have been important throughout history. The difference is that, today, a firm's intangible assets are often the key element in its competitiveness. Increasingly, the capacity to combine external and internal sources of knowledge to

exploit commercial opportunities has become a distinctive competence.

In addition to the many companies whose outputs are clearly intangible, many which previously supplied tangible products now offer a hybrid mix, with a high proportion of revenues derived from immaterial "products" and other added value services.

New explanatory metrics and models are needed to enable us to understand the workings of the modern economy taking adequate account of the intangible factors that are currently hidden from public view. Few attempts have been made to build a platform for dealing in a consistent fashion with the full spectrum of intangibles, including individual and corporate skills, knowledge and intellectual capital.



From left to right: Rainer Geiger (Deputy Director, OECD), Gonzalo León (Secretary General of Science Policy, Spain), Angel Gabilondo (Rector of the Autonomous University of Madrid), Pedro Ortún (Director of Services, DG ENTR) and Paloma Sánchez (Autonomous Univ. of Madrid)

A speaker from the OECD traced their involvement in this area from the early 1990's, through to the 1999 Amsterdam conference out of which much of the current activities have arisen. Since then, the EU has initiated a number of follow-on studies and research projects. Work in the Nordic region has led to the emergence of various reporting guidelines for Intellectual Capital.

The conference provided a valuable means of exchanging information on

case studies and comparison of the different approaches. Initially the E*Know-Net project had planned, at its half way point, to undertake a workshop to assess its position relative to recent developments in the subject area. The high level of interest in the topic led DG Enterprise to offer substantially more resources to expand the workshop to an international event. The aim of DG Enterprise's involvement was to provide a platform for broader debate on the measurement and reporting of the intangible assets of companies, and promote the exchange of "good practice".

Paloma Sánchez, Professor at the Autonomous University of Madrid and Conference Chair-person, emphasised that the performance of enterprises, both at individual and at a macroeconomic level, can only be understood if we have appropriate means of measurement. With the shift towards a largely knowledge-driven economy, this is no longer the case, and we rely too heavily on indicators that are **easy** to measure, rather than looking more critically at those which we **need** to measure. She also pointed out that we need an improved understanding of the knowledge production function and the way in which services and other intangibles are traded between enterprises.

Prof. Zambon, from Ferrara University described the economic harms resulting from inadequate measurement and reporting of intangibles. These are; at firm level, a lack of understanding of the drivers of value creation, and a misallocation of company resources; at macro level, inappropriate policies based on faulty economic data; and inefficiency in the capital markets, where lack of transparency can lead to increased perception of risk, higher cost of capital, and also misallocation of resources.

Reporting on intangibles will play a central role in the context of financial, social and environmental reporting (triple bottom line). It will also support companies and research organisations in

the effective management of their R&D activities, which the European Council in Lisbon has recommended should be raised to 3% of GDP.



From left to right: Jan Mouritsen (Copenhagen Business School). Stefano Zambon (Ferrara University) and Dominique Foray (OECD)

When looking to future activities, Prof. Zambon stressed the importance of maintaining a holistic approach to the various dimensions of enterprise reporting, as it is generally one unique enterprise that is at the centre of different stakeholder interests. The economic performance, productivity and competitiveness of the enterprise remain key issues, particularly for internal management reporting systems. A concerted interaction of the research community, practitioners, and policy makers is needed to ensure that businesses have the tools to achieve the desired degree of transparency, both internally and externally.

FINAL REMARKS

By Manuel García-Ayuso, Professor at the University of Seville and partner of E*KNOW-NET.

Over the past few decades, Intangibles have become a major concern not only for academics conducting research in a number of areas of human knowledge, but also for business managers, investors and other stakeholders, investment and credit analysts and policy makers.

Based on the research studies and the experiences of companies and policy makers presented at the conference "The Transparent Enterprise: The Value of Intangibles", the purpose of these lines is to provide a brief summary of the most relevant aspects of our current knowledge on intangibles and to suggest some directions for the future, both in the realm of practice and research on the intangible determinants of the value of companies.

The next section looks into the past and summarizes what we have learnt so far on intangibles. The second section looks at the present and outlines the main ideas discussed at the conference. The third section looks into the future suggesting possible directions for future research, management work and policy making.

What have we learnt so far?

Among the remarkable achievements of recent research on intangibles are the broad consensus reached on their definition and the development of a number of classifications that have proven useful in different contexts, as well as the significant improvement of our understanding on the economic nature of intangibles.

But undoubtedly, the critical question underlying research on intangibles is whether or not they are relevant and, proven that they are, why and for what they are relevant.

Driven by the need to answer those questions, researchers have investigated and documented the existence of a positive relationship between intangible investments and both the future earnings and the value of companies. They have also identified a number of problems arising as a result of the lack of publicly available information on intangibles. In the area of corporate governance, researchers have identified high volatilities, costs of capital and interest rates associated with the lack of information on intangibles. It has also been shown that because of the larger information asymmetries in intangible intensive companies, there is a greater risk that the opportunistic behavior of managers results in significant insider gains and harmful earnings management. As a consequence, the risk of litigation between managers and stakeholders is likely to be greater in those firms unless transparency is enhanced and relevant and reliable information on intangibles is disclosed timely.

Researchers have also shown that the lack of information on intangibles may lead to the undervaluation of companies, increase uncertainty and may result in greater errors in analysts' earnings forecasts. Unfortunately, all these potential risks, problems and damages have become dramatically real in the last few years causing enormous losses for investors, not only because of the unethical behavior of financial analysts, managers and auditors, but also due to the greed of most market participants looking for large returns in the very short term.

Research has also demonstrated that the successful management of companies requires that intangibles are identified, measured and controlled. The study of business cases has helped us understand how knowledge is produced and used within companies and has clearly shown that intangibles are the main sources of competitive advantages in modern business enterprises. Case studies have also identified bad management

practices leading companies to disaster and good practices allowing firms to exploit new business opportunities based on intangibles as well as to improve the efficiency in cost control mechanisms.

Studies on the usefulness of intangibles for policy making purposes have identified a number of critical changes in our societies (such as the globalization of business activities, the intensification of competition and the unprecedented development of information technologies) as a result of which knowledge has become the fundamental production factor. Research has demonstrated that productivity gains are mainly driven by the use of knowledge and that intangibles are the key drivers of competitiveness. However, once again the lack of available information on intangibles hinders the design and implementation of effective public policies aimed at improving competitiveness and increasing the efficiency of financial, products and services markets.

Taken together, the research efforts conducted over the past three decades have provided compelling evidence that there is a lack of information on the intangible determinants of the value creation potential of companies that actually results in significant damages not only for investors and creditors in the private sector, but also for our societies and for the public policy making function.

Where are we at now?

Something has changed. Managers and policy makers no longer need to be convinced about the importance of intangibles: in fact, they are the ones waving the intangibles flag now. They have come to the conclusion that they must not only start to measure what they are now able to measure, but also to devote efforts to develop the ability to measure the intangible drivers of corporate value that they need to measure but are not currently able to. They have become aware of the problems and demand solutions from both researchers and consultants.

Managers are now willing to know more about intangibles in order to be able to improve their information systems and control mechanisms. Moreover, companies are now disclosing increasing amounts of voluntary information on their intangibles. They are not only concerned for what accounting standards currently require or will require in the future. They need to communicate with their stakeholders, be transparent and trustworthy. That need is particularly imperative nowadays because of the little confidence that investors appear to have on the reliability of financial information and the functioning of financial markets after the burst of the new economy bubble.



Pedro Ortún during his presentation in the Conference

The conference hosted by the team of researchers of the E*Know-Net project has provided a forum for the exchange of ideas between researchers, practitioners and policy makers concerned for intangibles. Among the latter, Pedro Ortún, Director General of the DG Enterprise of the European Commission, outlined the dramatic changes taking place in the economic and political frameworks that have given rise to new demands in our societies.

Gonzalo Leon, Secretary of the Ministry of Science and Technology stated that within the new social and economic context, knowledge appears as the critical production factor and intangibles are seen as the key drivers of competitiveness that is the key to the success of countries. Therefore, as indicated by Dominique Foray, it is essential to facilitate the production, use and diffusion of knowledge in our societies. Paloma Sanchez added that since small and medium enterprises are the fundamental private source of the GDP in the countries of the EU, it is of utmost importance to implement intellectual capital management systems in SMEs. Unfortunately, the scarcity of information on intangibles represents a major obstacle for the development and implementation of public policies as well as for the control of the results thereof.

Finally, members of governmental bodies asserted that Corporate Governance and Social Responsibility are among their main concerns. They clearly stated that there is a growing need for transparency and that companies should face the challenge disclosing reliable and timely information on their intangibles. The basic moral in this story is that transparency pays off. Obviously, a continuous improvement of the regulatory framework is necessary in order to facilitate that process.

Companies came to the conference willing to present their experiences and learn about the most recent development of research. A large number of companies all over the world now feel the need to redesign their information and reporting systems to explicitly consider intangibles in their management decision making processes and to be able to provide their stakeholders with useful financial information. The required changes are often dramatic. The process may only start and succeed if the top management of the firm is fully committed to, and implicated in it.

A review of the business cases presented at the conference leads to the conclusion

that investing in intangibles pays off. Many companies feel such an urge to identify, manage and report on their intangibles that they simply put some of their staff together and start doing it. Later on, they look for help from an expert consultant. In most cases, they build on their little own experience as well as on the experiences of others (firms in different industries, partners in alliances or even competitors).

Firms also feel an urgent need to disclose information on the intangible resources they control as well as on the intangible investments they undertake periodically. Firms believe voluntary disclosure of information on intangibles has positive effects on their governance mechanisms and strengthens relationships with their stakeholders, as well as their image. They also feel it may help them recover the credibility most of them have lost in the eyes of investors. Obviously, increased reporting has a cost, but it pays off. Managers consider that narrative information -including both quantitative and qualitative indicators- enhances the usefulness of voluntary disclosures.

The most recent research studies conducted on intangibles all over the world were presented at the E*KNOW-NET conference. Studies on corporate financial reporting have revealed that in the last few years a growing number of companies are making more and better information available to their stakeholders, either following the guidelines of the Danish Agency for Trade and Industry, the MERITUM Guidelines or their own approach (often guided by their consultants). Reports usually include narrative information on the strategic objectives of the firm and consider Human Capital, Structural Capital and Relational Capital as the three main elements of Intellectual Capital. Comparative studies have found significantly different disclosures across industries and countries. It appears that the emphasis of firms is currently on recovering the confidence of their stakeholders.

Empirical studies in capital markets have confirmed the existence of a positive association between intangible investments and corporate earnings. Recent evidence suggests that the accounting value of goodwill and its annual depreciation do not appear to be consistently related to the value of companies in European capital markets.

Case studies within the area of management and information systems have provided new evidence on the importance of intangibles for the development and enhancement of sustainable competitive advantages. Knowledge management does not seem to be a function of the industry or the type of activity of the firm, but rather a function of size. The fact that differences across countries do not appear to be significant either leads us to believe that cultural issues are irrelevant when it comes to knowledge management. The key seems to be whether or not companies consider themselves knowledge intensive firms. Researchers have identified a wide variety of approaches towards the visualization and measurement of intangibles within organizations. While some models focus on value creation considering intellectual capital as an input in the process, others adopt a value network approach and focus on the negotiation and exchange of knowledge among the members of the organization. On the other hand, normative models focus on organizational dynamism and renewal, understanding knowledge as a facilitator in that process.

Where does all that lead us from here?

A look into the past and a reflection on the present clearly reveals that intangibles have become a fundamental source of wealth and progress in our societies and currently represent a major concern for business firms, their stakeholders and policy makers. Our knowledge on intangibles is growing exponentially as a result of the growing number of researchers devoting efforts to their analysis and the increasing

amount of companies developing models for their identification, measurement and control.



The Conference's Opening Session at the Spanish Ministry of Economy

In my view, among the many challenges facing researchers, practitioners and policy makers in the near future, the following are particularly relevant:

Future research must help us improve our understanding of the knowledge production function within organizations by means of case studies.

Both researchers and business managers must devote effort to the development of methods for the visualization, measurement and management of intangibles within companies. Companies must continue to disclose timely and reliable information on their intangibles and descriptive research studies should analyze the reporting efforts and provide suggestions for the improvement of the business reporting model.

Further research work is needed in order to fully explain the contribution of intangibles to value creation both at the micro-economic and their role in the generation of wealth and the improvement of competitiveness at the macro-economic level. Researchers should also work towards producing reliable measures of the future benefits arising from intangible investments.

Both researchers and policy makers must be committed with the progress of SMEs, helping them implement good knowledge management practices. Moreover, the knowledge produced

within the context of business firms should be adapted by researchers to the public sector in order to develop knowledge management systems in governmental bodies and agencies in close cooperation with the political representatives.

Policy makers must develop measures that help enable collective learning processes based on the knowledge developed by researchers and should create knowledge sharing networks including developing countries. In this regard, it is necessary to design new educational and training programs and improve the existing ones.

Governments and regulatory bodies must also be committed to the continuous improvement corporate governance mechanisms. That commitment should go beyond the need to recover the confidence of investors and ensure the efficiency of financial, services and products markets.

Future research should also provide deeper insight in the economics of intangibles and the politics of corporate disclosures on intangibles explicitly considering the interests of the relevant actors in that process.

The unethical behavior of market participants is one of the major causes of the enormous economic losses investors have suffered in recent years in the capital markets of the world. Researchers should include ethical issues in their agenda and regulatory bodies should issue new standards aimed at avoiding opportunistic decisions and minimizing the damages for investors and other stakeholders.

Finally, it is necessary to integrate the efforts recently devoted to guide the voluntary disclosure of corporate information on intangibles. In recent years, several initiatives have produced guidelines for the disclosure of information on intangibles (some examples are Nordika, MERITUM, The Danish Agency for Trade and Industry and the Global Reporting Initiative).

Companies would undoubtedly benefit from the integration of all those efforts (some of which are clearly redundant) or, at least, from a careful analysis of the different guidelines aimed at producing a unified guide to the voluntary disclosure of relevant and timely information on the intangible determinants of the future performance of firms.

On March 20, 2001 Allen L. White, Interim Director of the GRI wondered Why sustainability reporting? His straightforward answer was: ...because reporting is an instrument for building and communicating the intangible assets of the organization.

E*Know-Net (www.eu-know.net) is a virtual network on intangibles that was developed in order to provide all persons and institutions in the world with an open forum for the exchange of knowledge arising either from research or practice. We are extremely satisfied about the impact of the E*Know-Net initiative and feel the conference has been a great success, but not (only) for its sponsors or its organizers, but for the community of people concerned for intangibles in all the regions of the globe. Our next effort will be IMAGINE, a research project aimed at improving our understanding on Intangibles: the MAIn drivers of Growth and competitiveNEss. You are all welcome to join us in that intellectually exciting endeavour.

CONFERENCE PROGRAMME



The Transparent Enterprise. The Value of Intangibles **Madrid, November 25-26, 2002**

[Venue: Spanish Ministry of Economy and Autonomous University of Madrid]

November 25

9.00 Opening Session

Welcome address

- ❑ Prof. Gonzalo León. Secretary General of Science Policy. Spanish Ministry of Science and Technology
- ❑ Prof. Angel Gabilondo. Rector of the Autonomous University of Madrid

Conference presentation

- ❑ Prof. M. Paloma Sánchez. Autonomous University of Madrid

Opening Speech:

- ❑ Mr. Pedro Ortún. Director of Services. D.G. Enterprise. European Commission
"The new look of European enterprises".

11.00 Plenary session. Intangibles as drivers of growth and entrepreneurship: Implications of current research activities

Chairperson: Prof. Jan Mouritsen. Copenhagen Business School

- ❑ Prof. Ulf Johanson. Uppsala University "Reaction, research and knowledge interaction: Key words for MERITUM and E*KNOW-NET".
- ❑ Prof. Stefano Zambon. University of Ferrara "EU Study - Measurement of intangibles and reporting practices: emerging issues and future needs".
- ❑ Prof. Per Nikolaj Bukh. Aarhus Business School. "The Danish Guidelines for Intellectual Capital reporting"
- ❑ Prof. Dominique Foray. OECD "Results from the OECD study on Intangibles".
- ❑ Mr. Clark Eustace. PRISM Group. "The Intangible Economy: Six Key Questions for Policymakers that Need Answering".

15.00 Parallel Sessions. Company cases presented by entrepreneurs/managers and symposium on intangibles in research institutions

Symposium 1: Valuing and Managing Intellectual Capital (IC) in HEROs (Higher Education and Research Organizations)

Chairperson: Mr. Campbell Warden, IAC Tenerife. Past-President of EARMA

- ❑ Prof. Eduardo Bueno. Autonomous University of Madrid. "IC and scientific production of the Madrid research centres"
- ❑ Mr. Karl-Heinz Leitner, ACRS Austria, "IC reporting for Universities"
- ❑ Mr. A. Rodriguez; S. Ranguelov and J. Landeta, Basque Country University, "R&D&T Capital in Universities"
- ❑ Mr. Bernd Rudolph, DLR Germany "Research Organisations discover their intellectual capital: Experiences of the organisations DLR and ARC and the potential for comparing IC measures"

Case Studies Session 1

Chairperson: Ms. Margaretha Sjöberg. Swedish Public Relations Association

Rapporteur: Mr. Matti Skoog. Stockholm University

- ❑ Eliop (Electronic Industry - Spain): Mr. Francisco Marín, President
- ❑ Telia (Telecommunications - Sweden): Ms. Ann Liljevist, Senior Advisor and Mr. Göran Mejergrén, Consultant
- ❑ Nord Data (Electronic Data Interchange - Denmark): Mr. Bjarne Hansen, Project Manager
- ❑ Raisio Chemicals Ltd. (Chemicals - Finland): Mr. Jaakko Paatero, VP Intellectual Assets

Case Studies Session 2

Chairperson: Prof. Leandro Cañibano, Autonomous University of Madrid

- ❑ Swedbank/ForeningsSparbanken (Banking - Sweden): Mr. Staffan Ivarsson, Deputy Director Human Resources
- ❑ Lansforsakringar (Banking / Insurance - Sweden): Mr. Jonas Bjerre, Controller, and Mr. Mats Lenhov, Human Resource Strategist
- ❑ Telenor (Telecommunications - Norway): Mr. Gunnar Janssen, Manager Corporate Development
- ❑ Lindh Stabell Horten (Law firm - Denmark): Mr. Niels Brun Hansen. Office Manager

Case Studies Session 3: Examples of Measurement Tools

Chairperson: Mr. Virgilio Oñate. Deputy Chairman of the Entrepreneurs Circle

Rapporteur: Prof. Jan Erik Grojer. Uppsala University

- ❑ Cap Gemini Ernst and Young (Consulting - France): Mr. Jonathan Low.
- ❑ Robotiker (Technological Centre - Spain): Mr. Xabier Abaroa.
- ❑ PriceWaterhouseCoopers (Consulting - Spain): Mr. Antonio Vázquez Pallas. Partner
- ❑ IC Partners (Consulting - Finland): Mrs. Taru Rastas. Partner

17.00 Parallel Sessions

Track 1: Institutional framework

Chairperson: Mr. José L. López-Combarros. President of ICAC

Rapporteur: Mr. Jon Low. Cap Gemini Ernst & Young

- ❑ OECD: Mr. Rainer Geiger. Deputy Director. Directorate for Financial, Fiscal and Enterprise Affairs
- ❑ European Commission: Mr. Mike Rogers. EU-Officer, DG Research. "Towards the 3%"
- ❑ European Investment Bank: Mr. Jean Jacques Mertens. Principal Technical Adviser. "Intangibles in Project Appraisal at EIB"
- ❑ IASB: Mr. Kurt Ramin. Commercial Director. "Reporting developments for Intangibles applying International Accounting Standards (IAS/IFRS)"

Track 2: Other institutions

Chairperson: Mr. Reinhold Enqvist. Former Managing Director, Nordic Industrial Fund
 Rapporteur: Mr. Graham Vickery. OECD.

Entrepreneurial associations:

- ❑ Nordic Industrial Fund, Norway: Mr. Henrik Jensen. Nordika/Frame project leader.
- ❑ Visual Communications Norway (VISKOM): Mr. Jorgen Johansen. Market Manager
- ❑ Spanish Electricity Industry Association (UNESA). Mr. Gerardo Hermo. Financial Manager.

Financial Analysts:

- ❑ Italian Association of Financial Analysts (AIAF): Mr. Daniele Loro
- ❑ Norwegian Association of Financial Analysts (NFF): Prof. Hanno Roberts. Norwegian School of Management

18.30 Main questions raised at Parallel Sessions and General Discussion

Chairperson: Prof. Hanno Roberts

Participants:

- ❑ Prof. Leandro Cañibano. Autonomous University of Madrid
- ❑ Mr. Campbell Warden. IAC Tenerife
- ❑ Mr. Jon Low. Cap Gemini Ernst&Young
- ❑ Mr. Graham Vickery. OECD

November 26

9.30 Parallel Sessions

Session 1: Management and Measurement of Intangibles

Chairperson: Prof. James Guthrie, Macquarie Graduate School of Management, Australia.

- ❑ "Pillars of connectivity. The continuous drama of assessing large issues when deciding lesser ones": K.J. Breuning; M. Skaret (SINTEF Industrial Management, Norway)
- ❑ "Valuing dynamic IC": P. Stahle; A. Pöyhönen; S. Stahle; J. Hong (Lappeenranta University of Technology, Finland)
- ❑ "A value network approach for modelling and measuring intangibles": V. Allee (Verna Allee Associates, USA)
- ❑ "Where Value Resides: Classifying and Measuring Intellectual Capital and Intangible Assets": B. Andersen; L. Striukova (University of London, UK)

Session 2: Visualizing IC

Chairperson: Prof. Hanno Roberts, Norwegian Business School, Norway.

- ❑ "Visualizing value creation through the management control of intangibles": M. Skoog (School of Business, Stockholm University, Sweden)
- ❑ "Integrative visualization and knowledge-enabled value creation: an activity-based approach to intellectual capital": L. Bygdas; E. Royrvik (SINTEF Industrial Management, Norway); B. Gjerde (Møre og Romsdal Bedriftsutvikling AS, Norway)
- ❑ "A proposal for the presentation of the evolution of IC and its connection with value creation. Analysis of a case": V. Azofra (Universtiy of Valladolid, Spain); B. Prieto Moreno; A. Santidrián (University of Burgos, Spain)
- ❑ "Intellectual capital accounting in the UK: a field study perspective": R. Roslender; R. Fincham (University of Stirling, UK)

Session 3: IC in context -drivers of IC management and disclosure

Chairperson: Dr. Bino Catasús, Stockholm University, Sweden

- ❑ "Measuring IC- the internal and external drivers for measuring and reporting the intangibles of an organization": B. Marr; D. Gray (Cranfield University, UK)
- ❑ "Can guidelines for intellectual capital reporting be considered without addressing cultural differences? An explorative paper": C. Chaminade (Autonomous University of Madrid, Spain); U. Johanson (IPF, Uppsala Science Park, Sweden)
- ❑ "Taxing the intangible: overview of global approaches and a review of recent policy changes in the UK": Lymer; D. Onyekwe (The Birmingham Business School, The University of Birmingham, UK)
- ❑ "The social psychological antecedents of innovation in knowledge worker teams": Pöyhönen (Lappeenranta University of Technology, Finland)

Session 4: Management and Measurement of Intangibles

Chairperson: Dr. Bernard Marr, Cranfield University, UK

- ❑ "Mapping a transparent enterprise: an Australian third sector organization and understanding diverse stakeholders perceptions of intangibles": G. Roos; J. Guthrie; P. Steane; A. Fletcher; S. Pike (Macquarie Graduate School of Management, Sydney, Australia)
- ❑ "Knowledge management and the management development function in European business": D. Chauvel; C. Depres (Graduate School of Business, Marseille-Provence, France); W. Schulte (Shenandoah University, Virginia, USA)
- ❑ "Strategic benchmarking of IC (SBIC). An IC strategic management methodology and strategic information system": J.M. Viedma (Polytechnic University of Catalonia, Spain)
- ❑ "The individual employee in the IC statement": S. Thorbjørnsen; J. Mouritsen (Copenhagen Business School, Denmark)

Session 5: Disclosure and Reporting of Intangibles

Chairperson: Ms. Mona Skaret, Ministry of Education and Research, Norway

- ❑ "Guidelines for IC management and reporting: A comparative study of the Meritum and the Danish approach": J. Guimón (Autonomous University of Madrid, Spain)
- ❑ "A regulatory competition? A critical comparison of the existing guidelines and recommendations on IC statements and intangibles reports": A. del Bello (University of Ferrara, Italy)
- ❑ "Disclosure of IC indicators in Danish IPO Prospectus": P.N. Bukh (The Aarhus School of Business, Denmark); C. Nielsen (Copenhagen Business School & Aarhus Business School, Denmark); P. Gormsen (Novozymes, Ltd); J. Mouritsen (Copenhagen Business School, Denmark).
- ❑ "IC statements vs. Environmental and social reports: an empirical analysis of their convergence in the Italian context": M. Cordazzo (University of Ferrara, Italy)

Session 6: Financial Analysis, Capital Markets and Evaluation

Chairperson: Prof. Robin Roslender, University of Stirling, UK

- ❑ "Value relevant information on corporate intangibles: creation, use and barriers in capital markets. Between a rock and a hard place": J. Holland (Glasgow University, UK); U. Johanson (IPF, Sweden).
- ❑ "Balance sheet conservatism and equity valuation": J.M. García; A. Mora (University of Valencia, Spain).
- ❑ "Is goodwill amortization relevant for share prices? A European perspective": Giner; F. Pardo (University of Valencia, Spain)

Session 7: IC in Public Institutions and the Public Sector

Chairperson: Mr. Campbell Warden, IAC Tenerife, Spain

- ❑ "The Kohala Center: a study in expanding knowledge-capacity": T.L. Sicard; P. Wright; M. Hamabata (The Kohala Center, Hawaii, USA)
- ❑ "The Icelandic guideline to IC assessment": Thorleifsdóttir (Iceland Excellent, Iceland)
- ❑ "Towards an IC report of Madrid. New insights and developments": J. Rodríguez; C. Merino; C. Murcia; L. Villar (Autonomous University of Madrid, Spain)
- ❑ "Managing, measuring and valuing intangible resources: the case of the 'Celtic Tiger'": P. O'Regan; T. Kennedy (University of Limerick, Ireland); D. O'Donnell (The Intellectual Capital Research Institute of Ireland); N. Bontis (McMaster University, Canada); P. Cleary (University College Cork, Ireland)

Session 8: IC and networks

Chairperson: Dr. Cristina Chaminade, Autonomous University of Madrid, Spain

- ❑ "Mobilizing human capital through constructors": Catasús (Stockholm University, Sweden); J.E. Gröjer (Uppsala University, Sweden)
- ❑ "Capital interconvertibility in complex organizations": J. Taug (The Fielding Graduate Institute, USA); H. Roberts (Norwegian School of Management, Norway)
- ❑ "Influence of knowledge-based intangible resources and alliances in business performance": Blanco (Javeriana University of Bogota, Colombia); M. Navarro ; I. Peña (University of Deusto, Spain).
- ❑ "The role of social capital in today's economy: empirical evidence and proposal of a new model of IC": Bueno; O. Rodríguez; M.P. Salmador (Autonomous Universtiy of Madrid, Spain)

Session 9: Disclosure and Reporting of Intangibles

Chairperson: Mr. Jan-Erik Gröjer, Confederation of Finnish Industry and Employers

- ❑ "Narrative reporting on intangibles: an analysis of Italian listed companies": S. Bozzolan; F. Favotto; F. Ricceri (University of Padova, Italy)
- ❑ "The role of the manager in the provision of intangible information": Castilla: D. Gallardo (University of Jaen, Spain)
- ❑ "A scoring methodology for ranking company disclosure on intangibles": Bergamini; S. Zambon (University of Ferrara, Italy)
- ❑ "Quality and reliable information viewed as a knowledge-based asset": W. Rodgers: S. Negash (University of California, USA)

Session 10: Financial Analysis, Capital Markets and Evaluation

Chairperson: Prof. Ulf Johanson, IPF Sweden

- ❑ "Accounting for intangibles and creative accounting": Oliveras; O. Amat (Universitat Pompeu Fabra, Spain)
- ❑ "Is it possible to objectively estimate the fair value of intangible assets? The FAS142 catch": E. Nomen (ESADE, Spain).
- ❑ "Private channels and IC reporting": E. García; I. Parra; I. Martínez (Universtiy of Murcia, Spain)
- ❑ "Stock market reaction to corporate accumulation of intangible resources": Cuello de Oro (University Complutense of Madrid, Spain); M. Walker (University of Manchester, UK)

Open Forum 1

Chairperson: Ms. Mette Rosenkrands, Aarhus Business School, Denmark

- ❑ "Intangibles and performance measurement systems in Italian healthcare organizations": F. Donato (University of Ferrara, Italy)
- ❑ "Knowledge in the workplace: between power and efficiency": J.A. Paniagua (Autonomous University of Madrid, Spain)
- ❑ "On the pragmatics of relative methodics in IC research: a Habermasian view": D. O'Donnell (The Intellectual Capital Research Institute of Ireland)
- ❑ "Measuring DEA efficiency in internet companies": Y. Fuertes; S. Serrano (University of Zaragoza, Spain); C. Mar (University of Southampton, UK)
- ❑ "The Brand as an Intangible Asset: the Portuguese textile sector": da Costa; R.M. Correia Nuñez (Instituto Superior de Contabilidade e Administracao de Coimbra, Portugal)

Open Forum 2

Chairperson: Mr. Arne Bygdas, SINTEF, Norway

- ❑ "Technology institutes: how do they manage their knowledge?": Barge; A.B. Lemus; R. Núñez; M. Pacheco; A. Modrego (Instituto Flores de Lemus, Spain)
- ❑ "The SME account, disclosure of intangibles for SMEs": K. de Ruijter (Ministry of Economic Affairs. The Netherlands)
- ❑ "Can the emotional capital be a source of advantageous competition for the enterprises?": M. Conceição da Costa; J.J. Marques (Instituto Superior de Contabilidade e Administração de Coimbra, Portugal)
- ❑ "The productivity of knowledge": M. Zegveld; E. Den Hartogh (Delft University of Technology, The Netherlands)
- ❑ "Postgraduate Programmes on knowledge management: An international comparison": O. Rivera; O. del Orden (University of Deusto, Spain); Stanislav Rangelov (University of The Basque Country, Spain)

16.30 Closing Session

Chairperson: Prof. Manuel García-Ayuso. University of Seville, Spain.

- ❑ "US-Europe comparative approach". Prof. Baruch Lev, Stern School of Business/New York University, USA.
- ❑ "Policy implications for Europe". Prof. Luc Soete. Director of MERIT, University of Maastricht, The Netherlands.
- ❑ Closing Remarks. Prof. Fernando Casani. Vice-rector of the Autonomous University of Madrid.