

# **A revisionist study of Intellectual Capital disclosure in the international context**

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## **Resumo:**

*This article presents a revisionist study of Intellectual Capital (IC) disclosure in the international context by means of an analysis of the state-of-the-art in the publications of two specialized and established journals during the period of 2000 and 2005. Its main objective is to look at researchers' procedures to chart the forms of IC disclosure in international organizations. Relevance of the study can be claimed in terms of the organization and systematization of such procedures with a view to providing both the scientific community and the organizations concerned with disclosing their IC - both internally and externally - with a fruitful methodological framework. To this end, a summary of typical procedures is presented initially - accompanied by critical comments - including data collection sources and the procedures used by researchers to identify IC disclosure in terms of method and rationale informing the clustering process. Then the results obtained are discussed in terms of (i) the most representative IC category; (ii) the nature of the disclosure; and, finally, (iii) the uses made of IC information. A tendency towards replication of studies based on the 'content analysis' technique adapted by Guthrie et al (1999) to the investigation of IC disclosure.*

**Área temática:** *Gestão do Conhecimento e Capital Intelectual*

## **A revisionist study of Intellectual Capital disclosure in the international context**

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### **Abstract**

*This article presents a revisionist study of Intellectual Capital (IC) disclosure in the international context by means of an analysis of the state-of-the-art in the publications of two specialized and established journals during the period of 2000 and 2005. Its main objective is to look at researchers' procedures to chart the forms of IC disclosure in international organizations. Relevance of the study can be claimed in terms of the organization and systematization of such procedures with a view to providing both the scientific community and the organizations concerned with disclosing their IC - both internally and externally - with a fruitful methodological framework. To this end, a summary of typical procedures is presented initially - accompanied by critical comments - including data collection sources and the procedures used by researchers to identify IC disclosure in terms of method and rationale informing the clustering process. Then the results obtained are discussed in terms of (i) the most representative IC category; (ii) the nature of the disclosure; and, finally, (iii) the uses made of IC information. A tendency towards replication of studies based on the "content analysis" technique adapted by Guthrie et al (1999) to the investigation of IC disclosure.*

*Keywords: Intellectual Capital, Disclosure, International context*

*Thematic area: Administration of the Knowledge and Intellectual Capital*

### **1 Introduction**

It is a matter of curiosity that the systematized concern with IC disclosure emerged in the organizational context - that is, in the practical, as opposed to the theoretical, axis - where the initiative of IC disclosure is attributed to the Swedish company Skandia, which published, in 1994, the first report on intangible assets (see Ordoñez de Pablos, 2005, p. 141). The scientific literature on IC did not emerge until 1996, the theoretical axis then following the organizational initiative. Works by Brooking (1996), Edvinsson (1997), Edvinsson & Malone (1997), Sveiby (1997 and 1998) disseminated the pioneer investigations on IC. The first years in the life of IC constitute an interesting source of experience capable of inspiring both organizations concerned with the identification, disclosure, measuring and management of their intangibles and researchers interested in systematizing and establishing the bases for this emerging field.

In this context, this article presents a revisionist study of Intellectual Capital (IC) disclosure in the international environment by means of an analysis of the state-of-the-art in two specialized and established journals published between 2000 and 2005. Empirical data for the study were collected in the periodicals *Journal of Intellectual Capital* (Volume I published in 2000) and *International Journal of Learning and Intellectual Capital* (Volume I published in 2004) (see Appendix One for a summary of the articles investigated in terms of the objectives

put forward and of the results obtained). The main objective is to look at researchers' procedures to chart the forms of IC disclosure in international organizations.

Relevance of the study can be claimed in terms of the organization and systematization of such procedures with a view to providing both the scientific community and the organizations concerned with disclosing their IC - both internally and externally - with a fruitful methodological framework. To this end, a summary - accompanied by critical comments - of typical procedures is presented initially, including data collection sources and the procedures used by individual researchers to identify IC disclosure, in terms of the method used and the rationale informing the clustering process proposed. Then the results obtained are discussed with regards to (i) the most frequent IC category; (ii) the nature of the disclosure; and, finally, (iii) the uses made of IC information.

The organization of this paper follows the sequence just presented: after this introductory section, Section 2 presents a summary of the typical procedures for the investigation of IC disclosure as expressed in the studies reviewed. Section 3 discusses the results obtained. Finally, Section 4 rounds off the discussion, making some reflections on what - from the authors' perspective - seems to be the most fruitful procedures for data collection and analysis.

## **2 Forms of ic disclosure: a summary of typical procedures**

In this section, a summary of typical procedures is presented - accompanied by critical comments - including data collection sources and the procedures used by researchers to identify IC disclosure in terms of method and rationale informing the clustering process proposed for the description of IC components. The articles reviewed and displayed in all the Tables in this article are written by different authors on different international contexts, as follows: Guthrie & Petty (2000) - Australia; Brennam (2001) - Ireland; Meer-Kooistra & Zijlstra (2001) - Netherlands; Bozzolan, Favotto e Ricceri (2003) - Italy; April, Bosma & Deglon (2003) - South Africa; Goh & Lim (2004) - Malaysia; Vergauwen & van Alem (2005) - Netherlands, France and Germany; Ordoñez de Pablos (2005) - India; Gallego & Rodriguez (2005) - Spain.

### **2.1 Data collection sources**

In this subsection, aspects related to the sources used by researchers for empirical data collection are considered. **Table 1** below presents information concerning the country investigated, the year of publication of the article at issue, the sample investigated, and, finally, in the last column to the right, the mechanisms and sources for data collection.

<b>Country investigated</b>	<b>Publication year</b>	<b>Sample investigated</b>	<b>Sources for data collection</b>
Australia	2000	20 organizations	Annual Reports of Organizations
Ireland	2001	11 knowledge-based organizations	Annual Reports of Organizations
Netherlands	2001		Annual Reports of Organizations + Managers' perceptions
Italy	2003	30 organizations	Annual Reports of Organizations
South Africa	2003	30 organizations	Annual Reports of Organizations + Managers' perceptions
Malaysia	2004	20 organizations	Annual Reports of Organizations
Netherlands, France and Germany	2005	89 organizations	Annual Reports of Organizations
India	2005	3 organizations	Annual Reports of Organizations
Spain	2005	39 organizations	Perceptions of Financial Managers of organizations

Table 1 - Sources for data collection for IC disclosure investigation

As Table 1 shows, in the great majority of the articles empirical data collection sources were the Annual Reports of the organizations investigated (AR) (90%), either as the only source (70%) or in combination with another source, namely, Financial Managers Perceptions (P) (20%). Only one organization looked for empirical data just in (P) (10%). It is worth pointing out that the ARs investigated have the status of *supplementary documents* which are not part of the Organizational Financial Report. Such a finding corroborates the results obtained in Bozzolan, Favotto & Ricceri's research (2003) thus highlighting the value of ARs as a reliable source for empirical data: drawing upon Lang & Lundholm (1993), they claim the validity of such documents as important sources of organizational information for external users/shareholders.

## 2.2 Rationale for the clustering process

As regards the method and the framework used for the clustering of concerns (categories and IC elements), Table 2 below shows the tendency to use Sveiby's (1997) classification, both in terms of the categories and in terms of the elements proposed.

Country	Publication year	Method	Rationale for the clustering process
Australia	2000	Content Analysis	Classification (categories and elements) proposed by Sveiby (1997)
Ireland	2001	Content Analysis	Classification (categories and elements) proposed by Sveiby (1997)
Netherlands	2001	Review of literature, "brainstorming", interviews	Categories extracted from the "Skandia" Model (1997) and elements extracted from the "Danish" Model (1997)
Italy	2003	Content Analysis and Regression analysis	Classification (categories and elements) proposed by Sveiby (1997) + FASB (2001)
South Africa	2003	Content Analysis, Interviews and questionnaires	Classification (categories and elements) proposed by Sveiby (1997)
Malaysia	2004	Content Analysis	Classification (categories and elements) proposed by Sveiby (1997)
Netherlands, France and Germany	2005	Content Analysis	Classification (categories and elements) proposed by Bontis (2002)
India	2005	Longitudinal Study	Not the focus of the research
Spain	2005	Questionnaire	Constructed on the basis of the analysis of the answers to questionnaires (by financial directors)

Table 2 - Method and rationale for the clustering process

As for the data collection methods, "Content analysis" (CA) is found to be the most used technique (60%), either in isolation (40%) or in combination with "Regression Analysis" (RA) (10%), or still in combination with "Interview" (I) and "questionnaire"(Q) (10%). The use of questionnaires emerges as an isolated resource (10%), which also happens with "Longitudinal Study" (LS) (20%). Another combination found to exist is that associating "Interview" (I) and "Brainstorming" (B) (10%). It is worth pointing out that the isolated technique (Q) (10%), the association (B) + (I) (10%) and the association (CA) + (I) + (Q) (10%) rely on perceptions either of financial directors or of external investors, totalizing 30% of the methods used. The high incidence of (CA) reinforces Guthrie and Petty's (2000) view: this method of analysis proves to be empirically valid in accounting research (Gray et al., 1995 and Guthrie and Parker, 1990).

The authors of the present paper consider the combination (CA) + (I) + (Q) as potentially fruitful since these different techniques complement one another (see April, Bosma and Deglon, 2003), that is, while (CA) works with data already registered - which confers a static character to them - interviews (I) work with data-in-the-making, derived from the interaction between interviewer/interviewee - which confers a dynamic a character to them, making it possible to achieve both a more mature level of investigation and the explicitation of meaning of IC. This explicitation in its turn allows the emergence of concerns which are new IC elements, left unnoticed by the use of (CA) alone. This does not invalidate (CA): the authors believe that the problem does not lie with the technique *per se*, but with the little knowledge of those responsible for the Annual Reports (ARs) as regards the real meaning of IC, in its various manifestations. In other words, what is unknown is unseen. Thus the lack of disclosure of such elements in (ARs) does not come as a surprise.

Concerning the framework used for the clustering of concerns (IC categories and elements), Table 2 shows the tendency towards the use of Sveiby's (1997) classification, both in terms of the categories and in terms of the elements.

As the table shows, in 55% of the studies, the authors investigating IC disclosure use - when analyzing the ARs - Sveiby's framework (1997). As the seminal academic statement concerning the structure and content of an IC report is attributed to this theorist, the use of his framework in studies following his proposal comes as no surprise. However, and curiously, the researchers of the works examined always point out -either directly or indirectly - the need for a basic IC report model, to which the specificities of each individual organization can be integrated in an *ad hoc* fashion. Two inferences can be made on the basis of such data: while, on the part of the organizations, a lack of understanding of the real meaning of IC and of mechanisms to identify and measure IC elements can be felt (hence the incidence of the narrative mode), on the part of researchers a concern with the incipient issue of IC disclosure without a due return movement to the organizations themselves can be perceived (hence the absence of concrete proposals of systematized models for IC identification, measurement and evaluation).

### 3 Results obtained

This section is concerned with making a critical comparison of the results obtained with a view to mapping the behavior of the field in terms of methodological and theoretical frameworks. As regards the type of category represented (Internal Structure, Human Capital and External Structure), Table 3 shows, for each study, the most represented IC category.

Country	Publication Year	Most representative IC category
Australia	2000	External Structure
Ireland	2001	External Structure
Netherlands	2001	Not the focus of the research
Italy	2003	External Structure
South Africa	2003	External Structure
Malaysia	2004	External Structure
Netherlands, France and Germany	2005	Not enough data offered to identify this information
India	2005	Not the focus of the research
Spain	2005	Human Capital

Table 3 - Most representative IC category

As **Table 3** shows, "External Structure" (83%) proves to be the most representative IC category, followed by "Human Capital" (17%); it is worth mentioning that none of the studies investigated had "Internal Structure" as the main IC focus, irrespective of the segment to

which the selected organizations are linked. This is suggestive of the fact that IC focus would be in the external relationship of the organization with its clients and suppliers and in the promotion of organization image.

The occurrence of one unique disclosure of the category "Human Capital" can be accounted for by the following argument: if one considers the context of present economy inserted in the information and knowledge era, one would expect the category "Human Capital" to be the most representative, followed by "Internal Structure"; a possible explanation for the fact that "External Structure" was found to be the most representative category would be grounded in the years in which the research was carried out (between 1997 and 2001 - as opposed to the year of publication of the results): in fact, the change in paradigm from the industrial era to the information/knowledge era happened, most notably, from the turn of the 21<sup>st</sup> Century on, which did not affect the configuration of the organizations investigated.

The next aspect to be examined is the nature of IC disclosure (either in terms of narrative or in terms of descriptors), as Table 4 shows.

Country	Publication Year	Nature of IC disclosure
Australia	2000	In terms of narrative
Ireland	2001	In terms of narrative
Netherlands	2001	In terms of explanation of the categories, elements and descriptors
Italy	2003	In terms of narrative
South Africa	2003	In terms of narrative
Malaysia	2004	In terms of narrative
Netherlands, France and Germany	2005	In terms of narrative
India	2005	In terms of narrative
Spain	2005	In terms of explanation of the categories, elements and descriptors

Table 4 - Nature of IC disclosure

As Table 4 shows, IC disclosure follows the narrative mode in 70% of the studies; in 30%, disclosure happens in terms of explication of categories, elements and descriptors.

While the authors of the present article consider explication of categories, elements and descriptors as a sign of a mature behavior on the part of the organizations as regards IC disclosure, they can see a direct association between explication and the method used for data collection by means of interviews and questionnaires. Thus they argue that the interaction made possible by interviews and questionnaires ends up promoting a major understanding of the meaning of IC; from this understanding, it becomes possible to construct the report, on more consistent bases.

As regards the objective of IC disclosure in terms of the use to be made of the information thus generated, be it for internal managerial purposes or for external purposes - disclose and disseminate the organization's IC elements - Table 5 summarizes the issue as follows:

Country	Publication Year	Why to construct an IC report (Internal Management OR External Information)
Australia	2000	Internal Management
Ireland	2001	External Information
Netherlands	2001	Internal Management and External Information
Italy	2003	External Information
South Africa	2003	Internal Management and External Information
Malaysia	2004	External Information
Netherlands, France and Germany	2005	Internal Management
India	2005	External Information
Spain	2005	Internal Management and External Information

Table 5 - Objective of IC disclosure in terms of the use to be made of the information

From a quantitative perspective, the objective of the construction of IC reports seems to be to offer information to external users, since 40% of the studies manifested such a concern, against the 20% reflecting internal managements concerns alone. Such quantitative data come as a surprise to the authors of this article; an IC report constitutes the basis both for organization management and for the promotion of competitive leveraging, and for the external dissemination of the treatment given to the intangibles and to the promotion of organization reliability, by means of the transparency made possible. In face of all this, a higher percentage would be expected as regards "Internal Management and External Information". However, contrary to this expectation, only 40% are found to exist for this objective. It is worth observing that as regards data collection, when the ARs constituted the only source, information was used either for internal purposes alone or for external purposes alone; when a combination of sources was drawn upon - ARs, managers' perceptions and external stakeholders' perceptions - there emerged the possibility of using the information both internally and externally. The authors subscribe to the view that a valid and legitimate<sup>1</sup> IC disclosure would benefit from a data collection procedure also including *perception collection*, both internal and external; they also believe that if the other studies here investigate had explored such perceptions, quantitative data profile would suffer dramatic alterations.

A tendency towards replication of studies based on the "Content Analysis" (CA) technique, adapted by Guthrie *et al* (1999) to the investigation of IC disclosure and towards the acceptance Sveiby's classification (1997) as regards the categories and constituent elements of IC is found to exist.

#### 4 Final Remarks

This article presented the results of an investigation on the state of the art in IC disclosure in the international context, from the research carried out and disseminated mainly in 2 (two) specialized journals on the topic. Relevance was argued in terms of the organization and systematization of concerns with IC disclosure in the international context, as perceived by the researchers investigating organizations in various countries, between 1997 and 2001 and publishing their results between 2000 and 2005.

It is worth pointing out that, as declared in the method sections, the researchers analyzed data obtained from a number of sources (ARs, Interviews with managers and support questionnaires), mainly basing on the 3 (three) categories and 24 (twenty four) elements proposed by Sveiby (1997). The analysis of such data demonstrated that the organizations perceived the existence of "something" which could add value to the organization and which was not being clearly disclosed. The effort made by the organizations to disclose such intangibles resulted, in most cases, in indirect disclosure, by means of narrative forms. In

addition, organizations were found to be conscious of the fact that both internal and external disclosure were necessary: internally, IC information would allow for the management of such assets, with a view to their potentialization and to the establishment of organization competitive advantage; externally, IC dissemination would respond to investors' needs, demanding such type of information as an aid to the decision-making process.

A consensual suggestion from the researchers was the construction of a basic framework, upon which each individual organization could generate its IC report, in response to their specificities. The existence of a basic framework would make comparison possible among organizations, beyond their *individual* characteristics. A concrete proposal was put forward by Ordoñez de Pablos (2004), presenting a model for IC Report - the "3R Model" - taking the following dimensions into consideration: categories, elements, descriptors, measurement units (in the short and long run) and comparative annual evolution.

If the fact those organizations acknowledge the existence of IC and perceive its value has surfaced in the studies, a question still stands: why is it that they do not construct their *IC Report*? A possible answer would be in the difficulty - on the part of the organizations - in identifying their real and specific IC elements. There seems to exist then a lack of techniques for the identification of the IC specific to each organization. Even with the identification, a new difficulty seems to arise, that is, to define, for each element, the descriptor, the scale and the measurement unit best representing it. Finally, there seem to exist no attempts whatsoever to apply measurement techniques in the IC context.

As regards the suggestion put forward by the researchers - the construction and availability of a basic framework - the authors of the present article share the following opinion: while the area could definitely benefit from a basic framework - allowing comparability among organizations - reports grounded in guidelines of such a nature alone could generate a limited profile of the organization, because of their impossibility to capture some IC elements not included in the basic framework. As regards measurement, the authors find it difficult to establish a pattern as regards descriptors and measurement units as each IC element in each organization emerges from the combination of different aspects.

As a limitation of this study, the authors acknowledge the fact that sampling could have been more encompassing, both in terms of the years covered by the study and in terms of the sources for the revisionist search. Which would definitely benefit from the inclusion from contributions from internationally established journals in the field of Accounting? To judge from the article here examined and extracted from one such journal (*Accounting, Auditing & Accountability Journal*, 2001), the authors believe in the possibility of there existing other articles devoted to IC published in such instances. This is then the first recommendation for further research.

Considering the authors' opinion as regards the fruitful combination of CA with Interviews and Questionnaires, it is then recommended: (i) replication of studies based on this combination in the countries where studies have been carried out on the basis of the CA method alone; (ii) the development of two studies, in the Brazilian context, one being grounded in CA alone (for comparability purposes with the studies already carried out) and the other being grounded in the combination of the three techniques.

If the literature and the organizational environment have highlighted the role played by IC as an agent of value addition to organizations, it is hoped that, in the years to come, the area will develop into an independent and established field both in the national and in the international contexts.



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**APPENDIX ONE - Summary of the investigation on the state of the research in IC disclosure in the ARs of the International Organizations investigated between 2000-2005.**

Country where the research was carried out	Authors of the article	Publication Year	Objective of the research	Results obtained
<b>Australia</b>	James Guthrie & Richard Petty	2000	By means of the "Content Analysis" (of the Annual Reports) method, the authors seek to promote a better understanding of how Australian organizations respond to the challenges of reporting IC.	The results obtained are presented in two levels, a more general level and a more specific level. As regards the general results, the following comments can be made: (i) there is an absence of systematized frameworks to report IC - only two, among the Australian organizations, included one adaptation of the "Intangible Monitor", from Sveiby's model (1997); (ii) there is a tendency towards disclosure by linguistics (narratives) rather than numeric means; (iii) there is variation both in the extension and in the type of IC report in each individual organization; (iv) apparently, there is awareness as regards the importance of IC as a leverage for organizational success. As regards specific results, (i) the category "external structure" was represented the most, corresponding to 40% of IC; the categories "external structure" and "staff competence" presented the same incidence, that is, 30 % each; (ii) the most frequent element for IC reference was "entrepreneur spirit"; the least represented elements were "copyrights", "financial relations", "favorable contracts", "franchising agreements" and "vocational qualification".
<b>Ireland</b>	Niamh Brennan	2001	The study has a twofold objective: (i) to identify how Irish knowledge-based organizations respond to the challenge of reporting IC, by replicating Guthrie & Petty's study; (ii) to compare the results obtained to those by Guthrie & Petty	In general lines, the research points to the existence of substantial IC in Irish organizations, but points to the scarcity of IC voluntary disclosure in the Annual Reports. As regards the results referring to objective (i), some peculiarities are observed: considering, for example, the elements used as IC identification tools, none of them were found to have been disclosed in the reports of all the 11 (eleven) organizations investigated; the most represented elements were "franchising agreements" and "clients", both disclosed in 5 (five)

				organizations; the other elements showed a decreasing disclosure degree. As regards objective (ii), unlike the disclosure pattern observed in the Irish context, in Australian organizations some elements were disclosed in almost all the organizations, as for example, "entrepreneur spirit", in 19 (nineteen) out of the 20 (twenty) organizations and "clients", in 16 (sixteen) out of the 20 (twenty) organizations analyzed.
<b>Netherlands</b>	Jeltje van Der Meer-Kooistra & Siebren M. Zijlstra	2001	The authors seek (i) to carry out a review of the state-of-the-art, by means of three axes: a theoretical perspective; a practical perspective represented by the managers' perception (internal users of IC information); another practical perspective represented by external users of IC information; and (ii) to propose the bases upon which an IC report can be built. Such bases are presented both in terms of the premises and in terms of the nature and content of the reports, which is then linked to the internal and external uses to which IC information is put.	The results as regards the premises led the authors to make the following considerations: IC is the main agent adding value to an organization; an IC report must be built from a pro-active managerial perspective; IC management must be part of the organization strategy as it determines which IC components are of interest to the organization; as a consequence, the IC report model must be based on a cause-effect relationship; there exists a relationship between IC components leveraged by "human capital". The results regarding the nature and content of the reports led the authors to make a distinction between reports for internal purposes and reports for external purposes, the former aiming at IC management - thus more detailed and constructed on an <i>ad hoc</i> basis, according to the organizational strategy; the latter aiming at external users, show the need for a pattern in IC information disclosure so as to allow for comparability among organizations.
<b>Italy</b>	Saverio Bozzola; Francesco Favotto; Federica Ricceri	2003	The authors seek to answer 2 (two) Research Questions (RQ), namely: RQ1 - What is the quantity and content of voluntary IC disclosure in Italian organizations?; RQ2 - What are the factors influencing organizational behavior and able to account for the different organizational behaviors as regards voluntary disclosure?	The results are presented in relation to two RQs. As regards RQ1, the category "external structure" was found to represent 49% of the IC information, followed by the category "internal structure", 30%, and "human capital", 21% of the total IC disclosure. In external structure, the most frequent elements were "clients", "distribution channels", "partnership" and "trademarks". As regards RQ2, the results can be thus described: the factors "industry" and "size" did not prove to be important in the determination of the content of IC disclosure; however, these factors are important to explain differences in the

				quantity of IC information disclosed, that is, to organizations linked to the social and environmental areas, there is disclosure of 61 (sixty one) as much elements than in organizations of other segments.
<b>South Africa</b>	Kurt A April;  Paul Bosma;  Dave A Deglon	2003	The authors seek to answer the following RQ: "Is IC really relevant or meaningful to African mining organizations and, in case of a positive answer, what are they doing about it?"	The authors found out that IC is relevant to African mining organizations since the analysis of the results obtained by means of the combined investigation of the 3 (three) axes (content analysis, interviews and questionnaires) demonstrates the percentage of 68% of occurrences of the 24 (twenty four) IC elements. Despite the evidence of IC relevance, only 43% of IC incidences are made evident in the annual reports. Even more drastic, among the elements made evident in the ARs, only 36% get to be measured, that is, the organizations are just disclosing a part of their IC (though in the interviews there was disclosure of other IC elements which were not captured in the Annual Reports).
<b>Malaysia</b>	Goh & Lim	2004	The authors seek to verify the presence of qualitative and/or quantitative IC, by means of an investigation of IC disclosure in Annual Reports (ARs) of Malaysian organizations.	The results demonstrated that, as regards either the qualitative and/or the quantitative presence of IC, disclosure was only qualitative, the quantitative aspect being left unmentioned.
<b>France, Germany, Netherlands</b>	P. G. M. C Vergauwen;  F. J. C. Alem	2005	By expanding the research carried out by Bontis (2002), the authors seek to investigate the total ARs of the organizations studied with a view to charting IC disclosure in terms of IC related lexical items in a sampling of French, Dutch and German organizations.	The results showed the 15 (fifteen) elements of Bontis' list which were absent from the Annual Reports investigated. The most frequent elements for IC reference were "information system", "knowledge management" and "intellectual property". Curiously, among the absent elements, the terms "relational capital" and "structural capital" are found, which typically constitute IC categories (see Edvilson and Malone, 1994).
<b>India</b>	Patrícia Ordoñez de Pablos	2005	The author seeks to examine the evolution in Indian ARs with a view to verifying if differences exist between the <i>Indian</i> and the <i>European</i> way of building Annual Reports.	The results showed the following differences: while the European style is focused on issues related to the organization mission and vision and/or on issues of knowledge management - following a patterned model with IC specific elements and descriptors (human capital, internal structure and

				external structure) - the Indian style has a "narrative" character, ignoring the quantification dimension in the reports - which, basically describes IC in the organizations and analyzes its elements without a concern with specific descriptors to measure them.
<b>Spain</b>	Isabel Gallego; Luis Rodríguez	2005	Starting from the data collected in the answers to questionnaires sent to Financial Directors, the authors seek to answer the following questions linked to Spanish organizations: (i) What are the general aspects of IC according to the perceptions of Financial Directors of organizations? (ii) What are the most relevant intangibles in the organizations? (iii) What descriptors represented IC in the organizations? (iv) How should IC be disclosed? (v) What are the decisive factors for organizational success?	The analysis of the answers led to the following results: (i) according to the directors' perceptions, IC can be explained as expenses (38,5%), as assets (33,3%), as both (20,5%) and (7,7%) of the questionnaires did not provide an answer; (ii) the organizations recognize that ICs are not sufficiently reflected in the existing financial statements; (iii) most organizations share the opinion that there must be an additional report, though few produce such a document, which should consist of financial and non-financial descriptors; (iv) most organizations used the 1-20 descriptors to disclose IC; (v) the specific elements and descriptors found in the research in the Spanish context - unlike the profile found in other countries - are "staff loyalty" (in number of years) and "training courses" (in number of courses attended in the last two years); (vi) the success factors made evident were "experience and professional profile" and "client loyalty". The research demonstrated the need for homogeneous and comparable elements and descriptors so as to allow for the study of various organizations and their evolution as regards adding value to the organization in terms of IC.