



Where is the ethical knowledge in the knowledge economy? Power and potential in the emergence of ethical knowledge as a component of intellectual capital

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ABSTRACT

There is a growing discussion of intellectual capital and the knowledge economy more generally within the accounting literature. This literature, however, has focused narrowly on the considerable discrepancy between book and market values and the inability of traditional accounting concepts and methods to deal with the intangible nature of key sources of corporate competitive advantage. This essay contributes to this literature by providing a broadly poststructuralist reading of the emergence of ethical knowledge as a component of intellectual capital, a category of *asset* that has almost been completely overlooked within the extant accountant literature on the knowledge economy. The paper does three things. Firstly, it draws on a broad review of the accounting literature to explore how intellectual capital is being defined and constructed within that literature. Secondly, it provides a post-structural analysis of the way ethical knowledge emerged within the intellectual capital statements of an early innovator in Intellectual Capital reporting. Finally, the paper tentatively hints towards the moral and civic potential of alternative conceptualisations of ethical knowledge networks at the margins of the knowledge economy and considers some areas for further research in this regard.

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1. Introduction

Capitalism has changed again, or so we are told (Stiglitz, 1999). Intangible assets are now key to economic success. So much so that we apparently now live in an *information age*, a *networked society*, a *knowledge economy* (Petty and Guthrie, 2000). Knowledge, the defining characteristic of this new epoch, is now considered to be the primary economic resource, with new media and communications technologies the primary facilitators of its use. Some economists suggest that this re-orientation has major implications for our understanding of economic fundamentals. For example, Joseph Stiglitz (1999), ex chief economist to the World Bank, contends that knowledge is fundamentally different from other primary resources because, as a public good, it is not diminished through use (Barber, 1997). Such is the significance of this shift that the literature now talks of 'knowledge capitalism' (Peters, 2001a, 2001b). The combination of knowledge and technology however, is not only prescribed as the key to global economic success but also the key to re-invigorating democracy (Barber, 1997). Barber (1997, p. 208) for example, comments,

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'Telecommunications technologies are everywhere celebrated: celebrated as the key to the new global economy – this was Bill Gates' theme at the 1997 World Economic Forum in Davos, for example; celebrated as the secret of Americas new global economic recovery; . . . and celebrated as the beginning of a "new era in American Politics" and of a new stage in the evolution of global democracy.'

Yet what has really changed (Tome, 2004)? While some economists hint towards a move from competition to co-operation,¹ knowledge capitalism is still based on consumption and growth (Stiglitz, 1999). Despite the increasingly intangible nature of consumption, vast quantities of things are still produced (even though they may be made in different places and represent the output of different processes). Knowledge capitalism is still based on the same ideology, the same set of values, the same basic prioritisation of property rights, the same theory of distributive justice and the same overarching neo-liberal agenda (Tome, 2004). The new nomenclature indicates not a change in substance but rather a change in form. So while the mode of production may be different, the depletion of natural resources continues unabated, pollution levels remain unsustainable (Athanasiou, 1998), the economic gap between East and West continues to widen and power continues to operate within and through new knowledge networks resulting in both injustice and exploitation (Amitava and Mukhopadhyay, 2005; Johnston, 2007). Why indeed would we expect the new technologies of the knowledge economy to be immune to the interests of capital (Buchstein, 1997)? As Barber (1997, p. 220) explains, 'the global socio-economic forces that are today shaping the world will also shape technology's usage.' It comes as no surprise then that technology serves to increase the profitability, efficiency and influence of large corporations all of which is contrasted with a new kind of information poverty that compounds material hardship (Barber, 1989–1999). Barber (1998–1999, p. 579) comments,

'Increasingly a gap can be described between information-rich and information poor segments of Western Nations – the former, technologically literate and able to utilize the new technologies to gain mastery over their commercial and political environments; the latter, technologically illiterate and thrown more and more to the periphery of a society where power and status are dependent on information and communication.'

This shift in both discourse and form does provide new sights for the practice of power, yet as with previous modes of capitalism, The Knowledge Society is also dialectical. The proliferation of information and communication technologies provides the opportunity for greater surveillance and the erosion of human rights. But they have also allowed anti-hegemonic, grassroots and NGO² networks to monitor, mobilise and co-ordinate resistance (Van Benschoten, 2000; Chopak, 2001) and have been used to facilitate examples of a more deliberative form of democracy³ (Buchstein, 1997; Barber, 1989–1999; Barber, 1997). They allow for citizens to monitor as well as be monitored⁴ (Van den Hoven, 2005). Barber (1998–1999, p. 582) concludes that, 'despite the potential of the telecommunications market for inequality and of the technology it supports for abuse, the new technologies, in themselves, can also offer powerful assistance to the life of democracy'. Both Barber (1997) and Thrift (2005; see also Weare, 2002) conclude that there is in knowledge capitalism, perhaps more than in previous forms, the possibility for empowerment and a strengthening of the, 'democratic public sphere' (Buchstein, 1997).⁵ Indeed, some see in the internet and new communications technologies something akin to Habermas's public sphere (Rheingold, in Buchstein, 1997).

There is a growing discussion of the knowledge economy within the accounting literature. However, in contrast to the broader discussion of power and global democracy associated with this turn, the accounting literature has narrowly focused on the inability of traditional accounting concepts and methods to deal with the intangible nature of contemporary capitalism and on suggestions that these deficiencies are often reflected in huge discrepancies between book and market values (Seetharaman et al., 2002; Mouritsen et al., 2001; Power, 2001). There is little exploration of the new threats and opportunities it presents for greater corporate accountability and democratic progress.

Guthrie et al. (2003) identify a number of emerging streams within the intellectual capital literature in accounting, these being, financial accounting and performance, the practice of reporting intellectual capital, management accounting and control, identification and classification of intangibles, capital market use of intellectual capital information and the interface between companies and financial analysis on the issue of intellectual capital. Much of the research has been empirically orientated and has focused on practices within companies.⁶ Brennan and Connell (2000) suggest that the accounting literature has focused on frameworks for classifying intellectual capital and developing indicators for measuring intellectual capital. There is also interest in stock market investment practices (Edvinsson, 2000). Much of this analysis may of course represent an attempt to rationalise the capriciousness of market values and legitimise the ideology of market efficiency (Di Norcia, 2002). As Di Norcia (2002, p. 174) observes "novelty and fad driven markets involve 'financial euphoria' bordering

¹ A key aspect of these aspirations therefore becomes co-operation and collaboration and the promotion of inter-firm learning.

² Van den Hoven (2005) drawing on the work of Bruce Bimber (1998), comments, 'NGO's take to the Internet like fish to water. The internet exacerbates the proliferation of special interest groups and moral factions in a globalizing world of value pluralism.' Bimber (1998) describes this output of the internet, 'accelerated pluralism.'

³ See for example the CIVITAS project, MySociety, TheyWorkforYou, VoteSmart, MoveOn; the Right to Know Network project.

⁴ See Schudson's (1998, in van den Hoven, 2005) discussion of the monitorial citizen.

⁵ Of course a lot hangs on the kind of democracy we are talking about and the kind of democracy we want to promote: whether representative, direct, contestatory or deliberative (Barber, 1997; Van den Hoven, 2005).

⁶ There is also an argument that accounting could adversely affect knowledge networks. Prusak and Cohen (2001 in Mele, 2003) imply that the process of calculation and measurement may adversely affect the development of social capital.

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