

TOWARDS A META THEORY OF ACCOUNTING FOR KNOWLEDGE MANAGEMENT: REVIEW THE REALITIES TO STAGE THE CRITICAL THINKING OF KNOWLEDGE BUSINESS MODEL

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Abstract: Knowledge management has always seen as an engine to convert tacit knowledge into explicit. Knowledge assets are facilitators to make such conversion. Knowledge management paradigm is a turning point in the management theories of business. When such paradigm has business dominance, it is time to question how to account for it ? Accounting for “how” and “why” has been largely neglected by the professional bodies and scholars of accounting. Accounting for knowledge management paradigm can be very critical in terms of questioning some of the fundamental assumptions of financial statements. The focus has been very narrow and anachronistic. Accounting for knowledge management is a problematic issue warrant further investigations. Its involves far more than the need to address the paradoxes and lacks of accounting model and practices. The extension of institutional accounting theories highlights how accounting against knowledge management is totally different from accounting for operations? Yet, the failure is shaped by the areas of asset recognition and the appropriateness of the going concern assumption. The virtue of conflict is grounded in nature of key assets, materiality, agility, visibility, periodicity, creativity, connectivity, interactivity, continuity, and survival. This paper argues that accounting for knowledge management must be based on understanding the dynamic nature of knowledge management. This paper contributes to accounting literature by being the first to identify how knowledge management reality has shaken the theoretical logic of accounting.

Key words: Accounting, knowledge management, intangibles, intellectual, knowledge assets, and value paradox.

I. INTRODUCTION

Knowledge is an engine of business success and a unique survive asset, and accounting is the only business reporting system. Knowledge is the fuel of business value which supports market capitalization. The knowledge driven literature have placed much attention on

consequences of emergence of knowledge management. A new business management has shaken the assumptions and concepts of accounting. Accounting capital is no longer a driver of competitive advantages, rather knowledge capitals in terms of intellectual, technology, and customer capitals. The