

integrated with an accounting practices embodies these three components to cope with the implications of knowledge necessities (Huang, *et al.*, 2012). Expected trends in the business practices and the necessary changes of accounting model are reviewed in the light of recent literature of knowledge management. These trends suggest that compliance between two areas of knowledge shall extend to include knowledge management processes and the identification of the accounting metrics that support such processes. The problem of accounting against the value perspective is that accounting values are meaningful only if they represent a true picture of economic and legalistic reality. According to the information perspective, accounting is an organizational engine to provide information. Accounting is not primarily a tool for measuring or estimating value, but is a source of potential information. The information content school views the financial measures as measures of information events, not of value (Christensen and Demski, 2003). Researchers and practitioners have proposed a wide variety of models to support accounting for knowledge initiatives. Understanding the contribution of these various models may help integrate accounting in this area of business. The literatures reviewed indicate that there were three research questions to discover the required compliance: what nature of knowledge management processes that are currently used? How much reliable the accounting practices related to measurement and reporting of knowledge assets? What measures were currently used and those are required to account against knowledge management practices? Understanding the contribution of various knowledge management practices to solving business problems may help integrate accounting practices in this area. The key elements of accounting against knowledge management have to address the flows of the organizational process nexus.

These processes are three inter-related building blocks, broadly aligned with the different stages of the knowledge management: the development of new ideas (or invention of new business practices); the implementation and commercialization phase (or innovation and marketing of those practices); and reaping the benefits of new business practices through changes in market share and profitability (OECD, 2013). Understanding the above unique organizational process provides milestones for accounting against knowledge management.

2.2 Accounting for knowledge management

Accounting has long been described as “the language of business”, but unfortunately knowledge is the business of today and accounting cannot communicate such business. The interdisciplinary nature of knowledge management has turned the accounting model to be inadequate. Nowadays, questioning the validity of accounting rules, regulations, and practices in terms of nature as well as engines has grown considerably due to the emergence of knowledge management. The shift has altered the requirements of business and then declared the demise of accounting. Knowledge management research has been plagued by a variety of the accounting problems that can lead one to question the extent of validity of accounting model (Mohammad *et al.*, 2010).

2.2.1 The early era of accounting studies (1950s-1970s)

The seeds of accounting for knowledge have been planted in the fifties. This a new area begun to take roots by the recognition of accounting lacks. The initial awareness of role of technology in business has drawn a question mark about its existence in the balance sheet. The early literatures have