The transactional approach of accounting measurement is based on highly restricted physical terms to accept and record economic events. The recording rules of business transactions have been defined and practiced according to the theory of visible logic. It has become apparent that accounting measurement is based on very flawed instruments in the context of evaluation. Its historical, periodical, cost and statements based measurement model (Curtiss, 1999). These features interpret why information provided by such model irrelevant to match business necessities. A critical distinction requires a greater awareness of value in contrast to cost management. Value management model is comprehensive, forward-looking, real-time, value-based, and actionable. The logical architecture of accounting with its current theoretical ontology has been established to report cost of business (Lev, 2001). The basic critical point against accounting logic is backward, transaction based, tangible assets centered and articulated to measure performance of high intensive machines technology. These assets such as physical capital, fixed assets, and inventory (the assets of the industrial revolution) have been considered driving engine of the industrial revenues. In the dynamic theory of balance sheet, these assets always appear at cost, which is the production side rather than customer side. As a result of such problems, the reported profit of accounting has become less or more than the generated or real profit. Further, the market value of business organizations has become more or doubles the accounting value (Kortelainen *et al*., 2011).This situation raised critical questions about the nature and lacks that are specific to knowledge nature. Do accountability as a key nature of accounting under industrial era is no longer valid? Does accounting information still relevant under situation of knowledge management? The significant interdependence between accounting measurement and recognition has duplicated its effect. These problems have created the paradox of accounting capital in front of business capital. For example, how business capital evaluated in reality is always more than the accounting capital in the companies' ledgers. In fact, the accounting transactional rules recognize only vouchered change in value. Tangible, visible, and documented change in value will be recognized. Accordingly, accounting has been defined as a transaction-based evaluation model. These recognition rules have always made accounting transactions of assets, liabilities, and equities to be reported in the balance sheet at cost; which is the production side rather than customer side. This situation has led a number of business practitioners to inquire into the accounting lacks that are specific to business change. Two general explanations have been formulated to summarize this era. The first is that accounting and its recognition rules has become inadequate when valuing unique business assets. The second is that financial statements are minimizing business value because it has been designed to report static assets on hold.

2.2.2 *The second era of accounting studies (1980s-1990s):*

The decade of ninnies has been described as "age of innovation". Knowledge management as an academic discipline clearly began after unprecented development of information technology and information systems for business purposes. With the explosive growth of business assets and organizations, knowledge assets have become somewhat synonymous to intangible assets in accounting. Knowledge as a new economic phenomenon has attracted the attention of business literature and thinkers (Wiig, 1997; Haanes and Lowendhal, 1997; Sveiby, 1997; Roos *et al*.,