

approved generally. In addition, these models provide only improvements by integrating more rules but are not replacing the existed accounting model. Further, these alternative models are based on new techniques (such as discounted present value) that match the managerial reporting more than the financial. However, these models are not that much relevant because it cannot provide comparable information about knowledge activities across industries and companies. Finally, no one of the proposed models adequately match the reporting requirements of the existed accounting model practices especially in the areas of uncertainty and risk quantification (Blaug and Lekhi, 2009). The imperatives of the knowledge management entail new paradigms for managing, measuring, and accounting of knowledge assets. A new accounting theory is really needed to support the development of knowledge management. The development of such theory will provide an opportunity to derive accounting to be knowledge assets based with future orientation.

### III. THE RESEARCH METHODOLOGY: RADICAL, INTEGRATED AND VALUE PERSPECTIVE BASED

The accountant's community has debated for a long time the validity of accounting model against knowledge. The debate has been started by intangibles whether to be reported as expense or capitalized as asset (Gherai and Balaciu, 2011). This debate has triggered the necessity to update the accounting rules to communicate reliable business information. Information vs. value is the new argument in accounting (Hakansson *et al.*, 2010). 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). In business and knowledge management literatures, several research projects and reports have identified the serious criticisms against the accounting model. The main historical cause of the challenges and problems has been the logical architecture of the working mechanism (Anton, 1966; Drucker, 1999; Brennan, 2001; Blagu and Lekhi, 2009; Smalt and McComb, 2016). Thus, the current study is a qualitative explanatory research adopts value perspective to structure a theory of accounting against knowledge management. This paper introduces well defined paradigm to analyze the structural components of accounting in very critical sense to knowledge. The proposed research methodology combines the definitional expositions of Bukh, 2003; Marr and Spender, 2004; MERITUM Project, 2002; Mouritsen, 2003; Prism, 2003; and Howell, 2008. It's a radical and calling to shift the orientation of accounting from reporting value realization to value creation. Further, the conceptualization of theory building proposed by Colquitt and Zapata-Phelan (2007), has been followed when determining how a new theory has to be structured. Accordingly, re-engineering the structural components of accounting is a must to match the necessities of knowledge management. The implementation of the radical research methodology has taken five steps (See Figure-2 below). The first step was based on reviewing literatures to identify the problems in terms of paradoxes and lacks. The current body of literatures dealing with these problems is still fragmented. The reviewed literatures of business and knowledge management have identified the transactional rules and reporting format as two key obstacles of accounting for knowledge (Holsapple, 2003; Stewart, 2001). The theorists