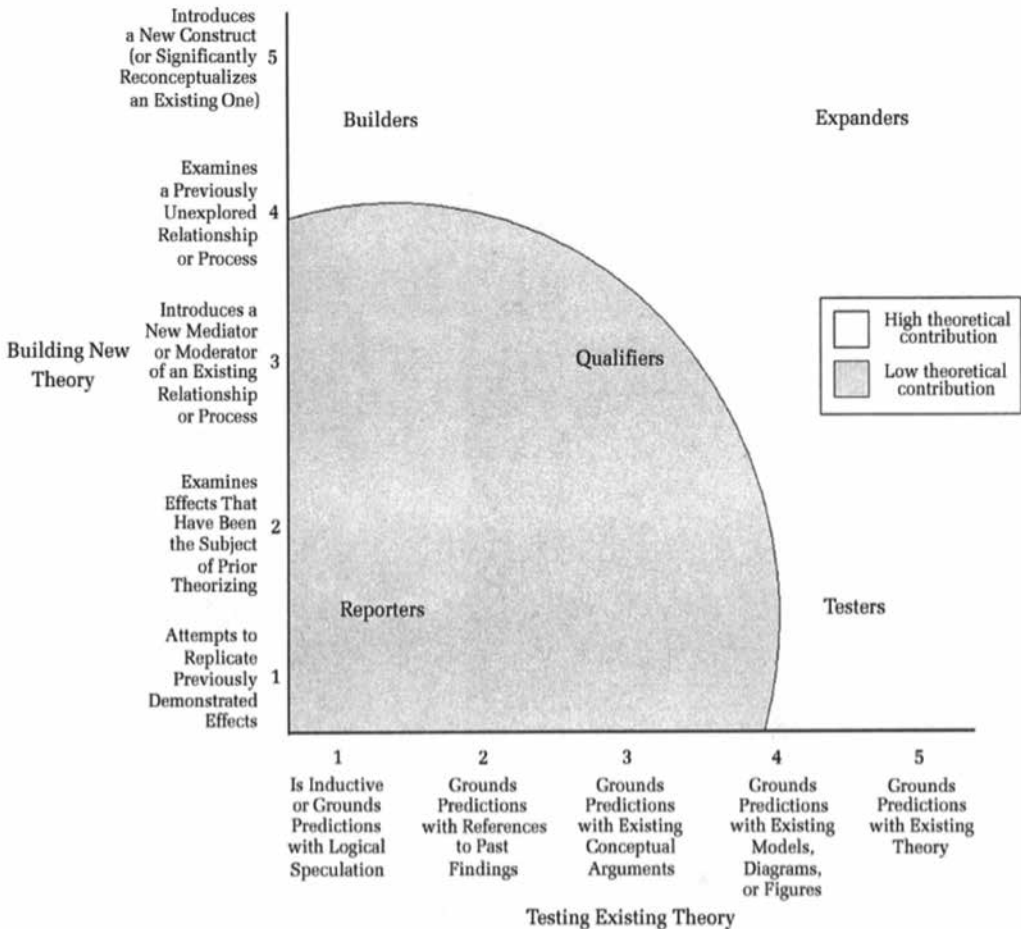


Figure-2: A Taxonomy of the Theoretical Conceptualization
(Source: Colquitt and Zapata-Phelan, 2007)



of accounting also identified that the routine regulating mechanism of accounting needs radical restructuring-more than updating the measurement techniques (Howell, 2008). The dysfunctionality of these components was the key problem against accounting for knowledge initiatives. Thereafter, these transactional components have been analyzed and matched with necessities of knowledge management to examine the theoretical and practical validity of these components. The second step has investigated the whole side effects of all the above problems especially the gap between accounting and market capitalization. Thereafter, the radical research methodology

of this paper has been designed as more widely accepted approach to structure a new accounting theory against knowledge management. The typology of the research methods has been designed carefully to integrate all the literature trends whether in accounting, business or knowledge management. The practical solutions developed identify the criteria for solving these lacks and paradoxes that need to be reported. The knowledge management's literatures determines the format of the information required, its nature, its scope, and the accounting rules that need to be applied. The proposed format of financial statements may help to draw a milestone in the way of