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Discourses of transparency in the Intellectual
Capital reporting debate: Moving from generic
reporting models to management defined
information

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Discourses of transparency in the Intellectual Capital reporting debate: Moving from generic reporting models to management defined information¹

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Abstract

Our study of the field intellectual capital reporting indicates the necessity of an emancipation from the normative understanding of transparency being merely a question of disclosing as much information as possible. Through a critical discourse analysis of the intellectual capital reporting debate, we identify a movement from generic reporting models to frameworks based on management defined information. The latter discourse argues that transparency is a question of providing fewer, more structured disclosures as well as focusing on illustrating flows, e.g. of intellectual capital and value creation, rather than providing static descriptions of passives and assets. In essence, our theorization of the intellectual capital reporting agenda suggests that we will see a shift in companies' supplementary reporting practices in the years to come; a shift that will invoke less amounts of voluntary information in business reporting, e.g. concerning intellectual capital and sustainability. This, however, has the implication that users of intellectual capital reporting may become victims of management's selected "right" information, by Strathern (2000) designated as the "tyranny of transparency".

Keywords: Transparency; Intellectual Capital; Business Reporting; Discourse Analysis

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1. Introduction

The issue of transparency is theoretically over-looked. From a positivistic approach, transparency is often related to a perfect information paradigm that rests upon the presumptions of homo economicus. However, as such theory disregards the existence of human nature and social interaction, it lies far from our understanding of how society functions. The idea of transparency is a societal mantra that draws support from an immense variety of, if not all, possible agents and interests. According to Van Riel (2000), transparency has become a central corporate value, something which is not unproblematic. According to Strathern (2000), we must be conscious of this set of diverse interests when reflecting upon organisations' deliberate striving for transparency. Strathern (2000) goes on to argue that "such an appeal [of transparency] to a benevolent or moral visibility is all too easily shown to have a tyrannous side". In this manner, Strathern argues that we should be wary of organisations that claim to be transparent, or strive for transparency, as their intentions may not be innocent.

The need for studying the social and institutional aspects of accounting has been accentuated by "lacks of innocence" (Strathern 2000) exemplified by the recent years' major accounting scandals, such as Enron and Parmalat. These "mishaps" have illustrated flaws of accounting as we know it today and the fragility of basing investment decisions solely on accounting information. A broader representation of the company and its value creation logic, than that which is conveyed through financial reporting, has been raised as a possible solution to such transparency problems. Among other things, it is argued that users need information that is able to represent an organization's identity and image (see e.g. Gioia et al. 2000) at the same time in an abbreviated and understandable fashion. However, this in itself creates a challenge since organizational identities, as well as value creation logics, strategies etc. may be far from stable. Our project here is concerned with looking at proposed solutions to the transparency problem.

In this light, there has been some discussion in recent years of whether or not both accounting standards and firms' reporting to the business environment are appropriate. This discussion is often coupled with the emergence of the dynamic knowledge society and the new economy where intangible assets are gaining importance (cf. Stewart 1997, Goldfinger 1997). Furthermore, intellectual capital, rather than physical capital, is often seen as the pivotal factor underlying value creation in this new knowledge economy (Eustace 2000, Blair & Wallman 2001). Gelb (2002) accentuates this viewpoint, arguing that supplementary disclosure is an important communication medium for firms with significant levels of intangible assets. These changes in society and business environment have also altered the demands for information and thereby the demands for

organizational communication, because traditional financial reporting is unable to meet the information requirements coming from a variety of users, including those constituting the capital markets.

Previous attempts at treating and modelling recommendations for the development of business reporting practices have focused on the measurement, management and reporting of intellectual capital (Eustace 2000, Zambon 2003, Fincham & Roslender 2003, ICAEW 2004), corporate sustainability (Gray 2002), and the development of 'Management Discussion & Analysis' practices in annual reports (SEC 2003). Some of the most prominent work within the field of business reporting comes from ICAS's² and ICAEW's³ research, the most recent reports being Beattie et al. (2002, 2004), Beattie & Pratt (2002), Fincham & Roslender (2003) and ICAEW (2004). Common to these reports is that they rely heavily on the classifications of the Jenkins report (AICPA 1994). In this respect it can be argued that the Jenkins report is in the process of becoming a definition of "the information we should be disclosing in our business reporting", and one might say that it has gained a dominant discursive status.

The arising trends in intellectual capital reporting are generally connected with a growing frustration with traditional financial reports as expressed e.g. in the 'Jenkins report' (AICPA 1994), by Upton (2001), Eustace (2000) and in the work of the former commissioner of the Securities and Exchange Commission, Steven Wallman (1995, 1996). According to Johanson et al. (2001), these frustrations relate to the emerging need for disclosures that will increase the transparency of companies' reporting. Like the omni-present idea of transparency, an irrevocable definition of an Intellectual Capital account does not exist. Some frameworks rely on indicising methodologies, some on causal performance measures, while others take a narrative approach.

Mouritsen & Larsen (2005) argue that the Intellectual Capital reporting agenda must be moved from merely being a "we must measurement" movement to comprising a management focused agenda. We take our point of departure in this thought by offering a discursive analysis of the discussion of whether users of intellectual capital reporting should be served a set of generic information, or whether a minor set of information, specifically chosen for disclosure by management, is more appropriate. Reports that communicate how knowledge resources are managed in the firms within a strategic framework (Mouritsen et al. 2003a) and new models for reporting on stakeholder value creation are gradually emerging (GRI 2002, Heemskerk et al. 2003). This paper therefore studies such Intellectual Capital and business reporting texts. The analysis is aimed at identifying and

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³ Institute of Chartered Accountants in England and Wales

discussing the discursive practices, within which argumentation for supplementary reporting is mobilized, and at illustrating how this is embedded in arguments in favour of reporting according to management's perception of appropriate information, respectively. By taking a methodological point of departure in a critical discourse analysis, this paper answers the calls for alternative theoretical precepts called upon by Roslender (2004).

Our reasoning and thoughts on applying discourse analysis are described in section 2. Section 3 concerns the theoretical foundations of transparency in the business reporting field, while we in section 3.1 describe the initial discourse that views transparency as a generic information set and suggests that merely providing lots of information will ensure transparency. Next, section 3.2 introduces a new discourse that views transparency as a limited information set that is constructed according to management's perception of appropriate information. The insights generated in the critical discourse analysis are discussed in section 4, where the two discourses are problematized. In the conclusion, section 5, we try to explain possible future directions in relation to the transparency discourse and intellectual capital reporting where we expect a shift that will invoke less amounts of voluntary information and a focus on flows.

2. Methodology

Research in some parts of social science has to an increasing extent focused on the production and consumption of texts in specific contexts (Phillips & Jørgensen 2002, Fairclough 1992). Different analytical methods have been introduced under the umbrella of discourse analysis. A central argument in discourse analysis is that the only way subjects can relate to the world is through words and text. It thus becomes central to study the way discourses are negotiated, contrasted and changed partly through spoken language, and partly through written texts. Discourse analysis is concerned with identifying patterns in the articulation of texts, and to further investigate and question the social consequences of different discursive meanings. A discourse which has become dominant is approached as counterproductive, as on the one hand, it is unquestioned in a specific social field, and on the other hand, it may have huge consequences in the same field (Alvesson & Deetz 2000, Phillips & Jørgensen 2002, Fairclough 1992). Examples of competing discourses could be medical and alternative treatment, or discourses of traditional administrative public management versus new public management. Discourses can also be found at organizational levels, i.e. where quality discourses are in conflict with low-cost discourses (Phillips & Jørgensen 2002).

From a discourse perspective, the discussion of alternative accounting procedures can thus be approached as a process of negotiating competing discourses. A number of different perspectives

exist on discourse analysis, varying from detailed linguistic analysis to the identification of meta-discourses (Putnam et al. 1996, p. 391). The perspective applied in this paper follows largely Fairclough's (1997) critical realist perspective on discourse analysis, as the discussion constitutes an analysis of a societal discourse and specific vocabularies. Such an approach to studying the field of finance and accounting is for instance promoted by Gallhofer et al. (2001). This approach perceives discourse as a specific way of speaking and constructing social reality (Vaara et al. 2004), as the analysis is concerned with the business reporting literature's mobilization of discursive elements.

This specific perspective on discourse analysis has been chosen as it is able to facilitate the understanding of how intellectual capital reporting gains or does not gain legitimacy in specific contexts. The method of discourse analysis applied will uncover how specific arguments for such reporting are legitimized, and how these particular ideas and practices become normalized. Over the last decade, published texts discussing supplementary reporting and intellectual capital accounts have become innumerable. We have chosen to focus on text that specifically suggests ways of creating visibility of the invisible. Although the original idea of accounting for the unseen wealth of companies seems to have arisen in the US, it has for a large part been the European research and business communities that have been active in this field. Therefore, most of the literature studied naturally comes from Europe. We looked for the idea of transparency contained in these texts by searching for the underlying reasoning as to how the lack of transparency problem was sought to be solved. The next section takes its point of departure in a general demand for transparency in business reporting. It further demonstrates how discourses of generic and management chosen information, respectively, are articulated and confronted.

3. Transparency discourses in supplementary reporting

Within the market-based accounting research an abundance of well-developed empirical studies claim that a company's degree of transparency is connected with improved disclosure and can be observed by studying e.g. increased analyst interest in the firm (Barth, Kasznik & McNichols 2001), lower cost-of-capital (Sengupta 1998, Botosan & Plumlee 2002), and decreased bid-ask spreads (Jensen et al. 2003). All such aspects can be closely linked to benefiting companies' stock prices by minimizing volatility. The problem with the market-based definitions of transparency is that they are solely concerned with stock price changes and not with the real productivity of the company (see Strathern 2000), as it is the case for business reporting and intellectual capital reporting projects studied here.

There has been a lot of talk in recent years of the need to promote greater transparency in companies' communication with the business environment and the capital markets (cf. AICPA 1994), in this manner portraying the "real productivity of organisations" (Strathern 2000, p. 318). However, transparency seems to be a complex, almost paradoxical, matter. According to Strathern (2000), we must be conscious of this set of diverse interests when reflecting upon organisations' deliberate striving for transparency. Therefore, transparency can be viewed as a social mantra, shaped by expectations and strategies among central corporate actors (Christensen 2002, p. 166) such as top management, standard setters, consultants, academics, analysts and investors. Hence, it may not be an easy task to establish an unambiguous definition of transparency, remembering the multiple interests involved.

Reflecting on the problem of different, perhaps conflicting, interests, Strathern (2000) goes on to argue that "such an appeal [of transparency] to a benevolent or moral visibility is all too easily shown to have a tyrannous side". In this manner, Strathern argues that we should be wary of organisations that claim to be transparent, or strive for transparency, as their intentions may not be innocent. It therefore comprises a problem that companies, consultants and academics alike simply use this concept of transparent business reporting in whichever way is appropriate for them.

Some contributions (Eccles & Mavrinac 1995, Adrem 1999) suggest that an information gap is constructed between organizations and the capital markets, and that traditional financial reporting, which primarily assesses the tangible assets of an organization, no longer forms a sufficient basis for uncovering the intrinsic value and the growth potential of an organization. Ideally, business reporting is a facilitator in the creation of such a common understanding by presenting management's description of future plans for value creation (Eccles et al. 2001, p. 49) in a transparent and straightforward manner (Meritum 2002, p. 81), including comments on management challenges, initiatives, their relationships, and appropriate performance measures (Mouritsen et al. 2003a, p. 11). As presented here, some authors suggest that achieving transparency merely is question of converging different perspectives on the organisation. For example, Christensen argues that "transparency [...] is a question of establishing a consensual system of meaning between different actors in the corporate landscape" (2002, p. 167). However, such views imply that the company's business model is a stable entity and more problematically, that transparency is out there waiting to be found.

According to Ward (2001), transparency with respect to corporate reporting can relate to creating global standards - a regulation agenda based on a generic approach - but also to disclosing more information on value creation processes and the future performance of the firm - a management defined supply agenda. Therefore, a tendency is emerging to highlight the importance of not just

disclosing more and more information, but rather to provide users with the “appropriate” information. In line with Stratherns (2000) problematisation of transparency as a mechanism of tyranny based on conflicting interests, the view of the concept of transparency that drives this study is that transparency is not out there *per se*. On the contrary, it must be constructed in the interplay between the suppliers of information, i.e. the report writers, and the users of information, i.e. the report readers. This implies that the production of transparency may actually require an effort. In the next sections, we discuss the two competing transparency discourses, namely of transparency as a generic reporting framework and transparency as a management defined agenda.

3.1. The discourse of transparency as generic disclosure

Originating from the ideas of the Jenkins Committee (AICPA 1994), the thought is that transparency can be achieved by moving corporate reporting practices closer to management accounting practices, essentially basing corporate reporting on management accounting type performance measurements and operating data. Much critique of financial reporting, including the views of the Jenkins Committee, takes its point of departure in the lacking predictive ability of historically oriented information. Lack of information regarding growth prospects and technological feasibility (Lev 2001) as well as intangibles in reporting practices are argued to be a major source of uncertainty for the investment community (Meritum 2002, p. 59), which is concerned with assessing such risks and opportunities (Sveiby 1997, p. 164). Thus, creating transparency is perceived to be equivalent with a great supply of detailed and forward-looking information (cf. Holman 2002) but in a generic fashion.

A substantial part of the business reporting debate concerns the alignment of the information types reported internally and the information disclosed externally to stakeholders (Roos et al. 1997). In this context, transparency is mobilized as a central discursive factor by implying that the external reporting of performance measurement data is a prerequisite for creating an understanding of the company (KPMG 2001, p. 13) as these types of detailed information would facilitate investors and financial analysts, among others, with a better understanding of how the company creates value (Ansari & Euske 1995, p. 42). Such arguments seem to presuppose that investors and analysts have all the time in the world as well as unbounded cognitive capacities.

Along these lines, Sveiby (1997, 196) argues that the application of non-financial indicators provides interesting new angles and are of great value to investors, while Lev (2001, p. 119) is more concerned with identifying important performance indicators aimed at informing both managers and investors. It is a general consensus that by applying large quantities of new non-financial measures,

e.g. sustainability measures (GRI 2002, p. 68), companies can strengthen their external communications, thereby achieving greater transparency.

The inherent critique of the informativeness of financial reporting not only stems from the lack of non-financial information, but also concerns the levels of aggregation of the information currently disclosed. Jones (2000, p. 38) suggests that supplying information, in the form of layered and linked information that users can extract at a multitude of different levels of detail, is a key to achieving transparency. Numerous contributions suggest that enhancing the transparency of corporate reporting can be achieved by disclosing segment information (Eccles et al. 2001, p. 213), e.g. on market metrics (Ambler et al. 2001) or in the form of entity-level and process- or department-focused measures (KPMG 2001, p. 8).

The suggestions in the discussion above seem to imply that achieving transparency is merely a question of disclosing as much detailed information as possible. However, according to Fincham & Roslender (2003, p. 76) a dilemma rests in the cognitive limitations of users of company reporting, implying that it is not sufficient simply to supply more and more information, as this would entail an information overload even to sophisticated users (Plumlee 2003). Thus disclosing infinite amounts of detailed information might constitute a problem and thereby, in a paradoxical sense, become a hindrance to transparency. The idea of creating transparency through generic reporting frameworks seems closely related to reporting management type data externally. However, there seems to be a lack of idea of how to structure or select the information that should be disclosed, and thus merely to report more, without any conception of the company's specific situation and without any selection process, might become problematic.

3.2. The discourse of transparency as management driven disclosure

From the point of view of agency theory (cf. Akerlof 1970), a dilemma exists between minimizing information asymmetry and the costs of disclosure (cf. Verrechia 1983), both from a cost/benefit perspective, but more importantly also with regard to the sensitivity of the information disclosed (Meritum 2002, p. 80). Therefore, the possible costs of excess disclosure, whether they be production costs, propriety costs or understanding costs, are often addressed. More detailed and complex information can be difficult to comprehend, and GRI (2002, p. 10) contemplates the probability of an information overload to users, suggesting the disclosure of segment reporting through sector supplements. Other suggestions for overcoming the information overload problem include solely reporting such information via drill-down enabling technologies on the company's website (Beattie & Pratt 2001, Jones & Xiao 2002).

A possible concern is that the quest for achieving transparency by providing supplementary information could result in an information overload, for example because companies unduly update their reports, since managerial information, as described by Meritum (2002, p. 85), is available more or less instantaneously through today's management accounting systems. As information reported by companies becomes more complex and company specific, external stakeholders may find themselves unable to comprehend the full picture of value creation that these companies are trying to make visible through their disclosures. Such problems are said to be partially overcome by providing more explanation of such disclosures and by constructing measures that are comparable across time and across companies.

According to Ambler et al. (2001), quantitative measures should be supplemented by a commentary, although text alone has little value. Thus, they advocate for the use of a proper mix of qualitative and quantitative data by combining text, numbers, and figures, much in the same way as transparency is proposed in the Danish guideline for intellectual capital statements (Mouritsen et al. 2003a). Likewise, in Eccles et al.'s (2001, p. 212) business reporting model, 'ValueReporting', management's analysis becomes an explicit element in shaping a transparent overview of the market. In summary, narrative explanations are presented as an important complement to the new types of performance numbers disclosed (GRI 2002, p. 81), as these may be difficult to comprehend, e.g. because of non-comparability. Thus a mantra of moving beyond a "its enough if we measure" paradigm and onto a "provide the explanation" paradigm emerges.

Much research has pointed towards problems with unreliability of new reporting metrics, stating that the relevance of such information is highly influenced by companies' ability to disclose non-financial measures that are comparable, both across companies and over time. This issue of comparability is argued to be an important aspect in relation to the decision-usefulness of such measures (Ambler et al. 2001), as reliability of un-accustomed measures is a challenge (KPMG 2001, p. 3). Thus the problematization of transparency is related to ensuring reliability. With regard to this topic, Lev (2001) and Meritum (2002, p. 82) argue that measures should be quantitative, standardized and financial, for the sake of comparability. It seems to be so that transparency can be achieved by constructing such comparable measures, and companies are readily criticized for a lack of such measures, e.g. by analysts and fund managers (Nielsen 2005, p. 220).

According to Mouritsen et al. (2003b), a time-series of identical performance measures is a necessity for a meaningful analysis of non-financial information. In much the same manner, GRI (2002, 29) emphasizes that maintaining consistency in both the boundary and the scope of reports is a central notion in ensuring comparability, and thus also transparency. By consistently measuring sustainability performance over time, companies can strengthen both their internal business

practices and their external communications (GRI 2002, p. 68). Several business reporting models acknowledge that measures must be comparable both throughout time and across companies, as the value of information grows when it is in the context of a historical trend line and comparable to competitors (Eccles et al. 2001, p. 205; KPMG 2001). According to Ambler et al. (2001): while comparability of information over time is realistic at present, comparability across companies, e.g. for benchmarking purposes, must wait for now, as the area of business reporting still is in its infancy.

The disclosure of key success factors forms a central argument in relation to transparency in Roos et al.'s (1997) business reporting model, the IC-index, and likewise in the Meritum guideline (2002). Identifying critical success factors is perceived as encapsulating a link to measuring what matters. Disclosing information on critical success factors refers to illuminating why and how performance measures are relevant (KPMG 2001), because, according to Eccles et al. (2001, p. 204), merely reporting a lot of information is insufficient, it is the reporting of the information that management deems most important which counts.

Thus, a predominant element of the transparency discourse, when related to critical success factors, is the necessity of linking disclosure of e.g. performance measures to strategy (KPMG 2001, p. 11; Meritum 2002, p. 68). Information, such as critical success factors, is argued to give a more complete picture of the company's long-term prospects, as its license to operate is illustrated (GRI 2002, p. 4). This is done in practice e.g. in intellectual capital statements (Mouritsen et al. 2003a) where management challenges play an important role in the transparency agenda by linking performance indicators to the value proposition of the company.

A discourse where transparency is not an outcome of supplying full information seems to emerge, as disclosing all information at hand may induce problems of understanding and costs for the reader. In opposition, it is argued that transparency should be achieved through disclosing information that is comparable and somehow connected with the strategic intent of the company. In other words, transparency can also be understood as disclosing the information which management deems the most important.

4. Discussion of transparency

In this study we introduced the notions of generically driven disclosure models and management driven disclosure models. However, it is not the intent to polarize these two perspectives but rather discuss the differences between the generic disclosure and management driven perspectives of disclosure. One such difference is that the management driven perspectives have the notion of a

sender of information. It does not claim to be merely an objective number, but rather, emanates from the management's perception of the value creation process.

Uncovering 'the truth' is not the purpose of conducting a discourse analysis. On the contrary, such a study is concerned with the identification of how a particular reality is constructed. In our case, we are concerned with the reality of new corporate reporting practices in the construction of transparency. An important contribution of this analysis is raising companies', standard-setting bodies', and researchers' critical awareness of the discursive elements that comprise the struggle to develop corporate reporting. For example, the need for more forward-looking information was intimately connected with a focus on recent changes in the business environment. At the same time, critical reflection emphasized that reliability of such information was a prerequisite for incorporating it into actual decision-making. This is evidence of a prevailing traditionalist appeal, i.e. a state of not wanting to leave the traditional fundament within corporate reporting. With respect to developing corporate reporting practices the discussion seems to revolve around a problem of normalization, the question being how such new practices ought to be brought about. Is it through standard-setting, or do we rely on the business community and the metrics of communication and disclosure that govern the capital markets?

In the new economy, the interest with respect to corporate disclosures is in flows and trends, rather than in static pictures of the firms' assets (Sveiby 1997, p. 164). With this in mind, we saw how it was the comparison with another company and previous years that made voluntary disclosures interesting. From this perspective, requirements for comparability of non-financial measures, both across time and between companies, are legitimized through discourses of transparency.

Altered prerequisites for value creation in the new economy seem to be among the main discursive stimulants of disclosing information on intellectual capital. Intellectual capital has been viewed both as a form of value creation (Mouritsen et al. 2003a) and as an asset in its traditional sense (Roos et al. 1997, p. 4), while some approaches try to calculate an index indicating efficiency of intellectual capital (Roos et al. 1997), efficiency of value creation (Kalafut & Low 2001), or earnings per knowledge capital (Lev 2001). There is a clear tendency in the intellectual capital reporting literature of moving away from the perception of intellectual capital as a static asset in the sense of Stewart (1997) and Roos et al. (1997) to the perception of intellectual capital as a flow (Mouritsen et al. 2003b) and therefore also attempting to depict it as such. This may be deemed as moving away from "just measuring" to also describing how these assets are managed and utilized.

The reporting of critical success factors and value drivers, i.e. value creation flows, had a strong link to the disclosing of relevant information, and thus also to management's choice of information. Such value drivers could e.g. be in the shape of market metrics (Ambler et al. 2001) or core

competencies (Meritum 2002, p. 68). In this sense, disclosure of e.g. value drivers is an attempt to explicitly link the companies' managerial efforts with the specific competitive contexts in which they operate, by recognizing the importance of including considerations on business concept and strategy in the business reporting process (Roos et al. 1997). Thus, value drivers depict the linkages between value creating activities and processes in the company, and can be identified through the company's business model.

In general, business reporting models focusing on intellectual capital treat the transparency discourse by illustrating and creating an understanding of value creation and the future prospects of the firm, and not by merely providing measures of intangible assets in monetary terms. Although Roos et al. (1997) do suggest the creation of an IC-index to test the company's performance against strategy, they propose a model for more comprehensive business reporting with a special focus on creating greater transparency of firms' intellectual capital assets. However, there is some ambiguousness as to the actual effects of such intellectual capital reporting on transparency. According to Sveiby (1997, p. 196), the only response that managers get in relation to their annual reports comes from financial analysts, who usually quickly leaf past this kind of information, because they do not know how to interpret the figures and have no time to learn how. This is quite surprising, since information about e.g. the ability to innovate, investment in research and development, and networks and alliances is essential in order to analyze a company's financial prospects (GRI 2002, p. 70).

As suggested by Strathern (2000), we might question the agenda of the business reporting producers and ask whether companies could in fact be interested in blurring the true picture of the company's value on purpose by unloading all possible information? This is what Courtis (2004) calls obfuscation in annual reporting. Hence, transparency is not merely a question of supplying an infinite amount of information; it is rather related to disclosing the most appropriate information about the company, namely through the eyes of management. An important feature of this perspective on transparency is that it introduces the idea of a sender. However, from this perspective it is left in the hands of the producers of business reporting, e.g. accountants and senior managers, to choose selectively "relevant" information, and the users of this information may to some extent become victims of pre-selected published information. Perhaps transparency has been, if not pacified, then at least cornered in the paradox of the tyranny of transparency?

There seems to emerge an increased anticipation that the benefits of more comprehensive business reporting practices are dependent upon the context in which such disclosure is supplied. Its appropriateness and ultimately whether it serves the decision-making process of the users of the information, be they private investors or sophisticated capital market agents, is a key aspect. On the

one hand, reporting becomes normalized and connected to institutionalized practices, on the other, it is evaluated upon its relevance in the sense of being linked to the specific company's value creation logic. Solving this dichotomy must be a key notion of future projects within this realm of research.

5. Concluding remarks

Critical discourse analysis is often concerned with addressing negligence towards changes in social practices. In the present paper, the discourse analysis indicated that the notion of transparency could be related to improvements within corporate reporting. The aim of the discourse analysis conducted in this paper was to uncover the version of "reality" being produced in the intellectual capital reporting debate. Along this line of insinuation, the discourse analysis looks for arguments concerning transparency.

Transparency is perceived as an outcome of internal and external stakeholders', i.e. company managements and capital market agents, agreements on interpretations. Transparency is therefore not something out there, but rather something that needs to be constructed in an interplay, i.e. it requires an effort. Christensen (2002) advocates for further studies on how transparency is produced collectively and institutionalised in the current business environment, e.g. incorporating the expectations among relevant stakeholders to which the strategy of transparency claims to be an adaptive response (Fombrun & Rindova 2000, p. 94).

Overall, we found transparency in our business reporting context to be concerned with understanding the company. In this manner transparency is quite different from the normative perception, which is more concerned with understanding the stock price (cf. Nielsen 2005, p. 221). Initially, transparency seemed to be a discourse that was primarily related to disseminating an infinite amount of supplementary information. However, our initial probing into the field indicates the necessity of an emancipation from the normative understanding of transparency being merely a question of disclosing as much as possible, as this created problems of excess complexity and lack of understanding.

A further problem with the generic perspective on disclosure is that it seems to lack a perception of a sender. In the more recent developments within Intellectual Capital reporting, that seems to induce a management driven agenda in moving beyond the mere providing of more measures and more information, transparency is given a voice. This is much in line with Stratherns (2000)'s definition of transparency, where transparency is not out there *per se*; rather it must be constructed in the interplay between the suppliers of information, i.e. the report writers, and the users of information, i.e. the report readers. In other words, transparency needs a voice and an ear.

Through a critical discourse analysis of the intellectual capital reporting debate, we argue that transparency needs to be understood from a perspective of providing fewer, more structured disclosures, and not merely about supplying inexhaustive amounts of information. This latter agenda focuses on illustrating flows, e.g. of intellectual capital and value creation, rather than static descriptions of passives and assets. Hence, this discourse is concerned with avoiding the inductance of an information overload upon the users of business reporting by supplying just the right information, i.e. the information that management deems right. Identifying a formular to solve this problem has not been the objective of this paper, however, several authors (cf. Lev 2001, Eccles et al. 2001 and Bukh 2003) suggest that disclosures should be related to the business model of the company. This leaves users with comparable, however pre-selected information.

In essence our theorization of the intellectual capital reporting agenda suggests that we will see a shift in companies' supplementary reporting practices in the years to come. Over the last decade, companies have been providing ever greater amounts of information to their stakeholders through business reporting and the Internet. A recent study of Investor Relations practices in a Danish context (Nielsen et al. 2006) indicates that transparency must be understood as a process encompassing many different information channels and necessarily also following the company over a longer period of time. As an effect of the transparency discourse, we therefore expect a shift in companies' voluntary disclosure practices that will invoke less amounts of voluntary information, e.g. on intellectual capital and sustainability, in the coming years. Indications of such a shift have in fact already been captured in a recent study on the content of intellectual capital indicators in IPO prospectuses (Bukh et al. 2005), so it will be interesting to observe how the developments in business reporting cohere with this trend.

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