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**COMPANY'S IMAGE: EVIDENCES BY CROSS-COUNTRY
ANALYSIS OF INFORMATION'S DISCLOSURE ON
INTANGIBLE ASSETS**

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Abstract

The article draws attention to the role of the activity approach in the study of economic phenomena. Its application allows us to consider human problems in a special methodological aspect, in other conceptual plane. This contributes to the development of new ideas, points to the ways of solving a number of traditional and new problems. In particular, within the framework of this approach, it can be convincingly shown that not only subjects and objects participate in the activity, but also values (evaluative attitudes to the situation and the objects included in it). In this context, the enterprise appears as an organization to produce not only products, but symbols that, in turn, contribute to the stability and prosperity of an enterprise in the unstable economic environment. The results of the research described in the article allowed us to collect and present the quantitative data that allow estimating and comparing the management's understanding of the social reputation's role in the development of the companies in a number of countries, the company's visual image, the company's business image and other intangible assets that perform both symbolic and economic functions.

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Keywords: Activity approach, values, intangible assets, cross-country analysis, corporate reporting.



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1. Introduction

The methodological approach is the prism through which the researcher looks at the object under study. The fact is always theoretically loaded. This principle means that no researcher deals with the object "in itself". The vision of an object always depends on the methodological attitudes of the subject who is studying it. "All the objective characteristics of natural material - emphasizes Ilenkov, are given through the image of the natural material as a result of the social person's activity" (Ilenkov, 2012). Therefore, in our opinion, it is advisable to pay attention to the activity approach that fixes in a categorical plan the view on the development of economic life as a process and result of human activity. The concept of an activity that previously seemed hardly worth mentioning, must be established in the economy through an activity-based methodology.

The application of the activity approach opens new prospects. It makes possible to consider human problems in a special methodological aspect, in a different conceptual plane. It promotes the development of new ideas, points out a number of ways of solving some traditional and new problems.

2. Problem Statement

A simple statement of the expediency of using the activity approach, which describes various phenomena from the perspective of the category "activity", is unconvincing. Only a positive response to the questions:

- Does the proposed approach capture the specificity of social phenomena?
 - Does the proposed approach discover new horizons in the study of social phenomena?
- will allow us to agree with the application of the activity approach.

The basic principles of the activity approach include the following. In the situation of activity, it should be defined: the subject of activity (the cause of activity); the object of activity (the object to which activity is directed). Activity takes place either through subject-object line (S - O), or through subject-subject line (S - S).

Many authors do not pay attention to the fact that in the process of activity various aspects of value relations (S - SO; S - OS) come into existence.

It is known, value expresses the meaning of the object for the subject, and not any own qualities of the object. In this case the subject receives not clearly objective, but subjectively-objective information. Relations of the type (S-SO) are "woven" into the process of activity. It is no mere chance that American researcher Warren Bennis notes: "The leader works, first of all, with the emotional and spiritual resources of the organization, such as values, representations of the desires, needs" (Ruttinger, 1986).

As for relations (S-OS), they correspond to the process of reification of the subject's activity in material and spiritual results, which are the objective embodiment of value ideals, as well as the process of formation of group values. This aspect is interesting for us, since objectification is the basis of advertising-propaganda, ideological phenomena. Presentations, ceremonies, organization myths, heroes and other elements of corporate culture are directly related to this phenomenon.

Thus, subjects, objects, values participate in the activity. We attempted to draw attention to the role of values in this study. Emphasizing the importance of this aspect of analysis, it is important to point

out that without identifying in the activity, along with the moment of transforming the objective reality, the world of human subjectivity, many features of the labor process turn out to be indistinguishable. It is well illustrated by the example given by V.N. Sagatovsky in the parable of three masons who carried stones in wheelbarrows daily from sunrise to sunset. When the passer-by asked what they did, one answered: "Do not you see, I'm driving the stones". "I earn money for bread," said the second. The third one answered: "I am building a temple". If we consider activity only as a transformation of reality, all three masons had the same activity. However, these are three different activities in terms of values and human meanings.

Values have a significant impact on activities. Therefore, the production process appears not as technical, but as a social reality.

Values, as it shown by Dodonov (1984), are estimative attitudes to the situation and the included objects, separated from the needs that generated them, and independently fixated in the person. Initially, they arise in the form of an evaluation reaction in the interaction of needs with an object that can satisfy them. Subsequently, the evaluation reaction may arise when interacting with the same object. The appraisal reaction, "awakened" by the object "outside the real connection with the needs", acquires the status of value. It can not only separate itself from the objective need generated it, but also gradually become a "self-sufficient value" for the individual, the motive of behavior.

It is necessary to point out the concept of "perception". It well defines the general properties that connect the subject-subject relations, values, and even the relationship of the subject.

What is the place of the concept "perception" in the system of categories that describe activities?

The subject-subject relationship is mediated by sign means (semiotic subsystem), and subject-object relations - means of labor (technical and technological subsystem), and by sign means (relations S - SO, S - OS). Any sign action implies a stage of perception. The concept of "perception", placed between the actor, on the one hand, technology and other subjects, on the other hand, reveals a new research reality: the way of activity that is awaiting its investigation.

According to such a formulation of the question, new values are created in the process of activity, and "penetrate" into consciousness through perception. The proposed interpretation of the concept of "perception", relates both aspects of activity: the mechanism of activity and the factors that shape it.

The famous American economist Peter Drucker (1994) in the section "From Analysis to Perception" of the monograph "New Reality" notes: "In fact, we began to shift the focus toward perception ... Starting with Descartes, the emphasis was always on the conceptual. We are increasingly trying to balance the conceptual and perceived". The enterprise is increasingly perceived as an organization for the production not only products, but also patterns of behavior, perception of events, and images of feelings (Rüttinger, 1986).

American economist Heilbroner (1993), answering the question why it is necessary to pay attention to the study of perception mechanisms, writes: "The world that is analyzed by us does not only undoubtedly exist, but it reveals the same characteristic features that we attribute to it".

Passing through the mechanism of perception, the production environment appears not as physical, but as a social reality (Kaz, 2017). Elements of the production environment are "socially loaded" ideas,

opinions of the individual, his attitudes and emotional reactions. The concept of "value" is the category most aptly characterizes the fullness of new elements of reality.

"Values, - writes Chernoushek (1989), - convey to us the motivational information that regulates our actions. It is very difficult to imagine an environment that would not transmit by its symbols a certain system of orders on the mode of action". According to this fact the decisions are made, and the labor process is carried out with a certain intensity.

3. Research Questions

What is the significance of this approach? In our opinion, it clarifies the role of categories of "values" (personal and group), "pattern of activity" in these models.

Therefore, it is natural that out of the entire set of indicators, which investors pay attention to, when choosing a company for the effective investment of free cash, according to the executive director of the Association for the Development of Financial Communications and Investor Relations Rink (2014), financial indicators account only 24%, while the share of non-financial indicators is 76%. In addition, according to the poll conducted by the Economist Intelligence Unit (2005), managers of large European companies recognized reputation risks as the most important among all types of risks.

A high reputation, fixing only the moment of general perception and evaluation of the company, is nevertheless an important condition for the company to achieve sustainable business success because:

- gives the organization additional market weight;
- promotes the involvement of customers and partners;
- protects the position of the enterprise from substitute goods of companies-competitors;
- accelerates sales processes;
- increases sales volumes;
- it enhances the ability of the enterprise in lending;
- simplifies the company's access to various resources.

On the contrary, low reputation causes not only a negative attitude at the emotional level, but also contributes to the reduction of orders and sales, up to the complete cessation of the functioning of the enterprise. The relationship between reputational risk (the risk of loss due to negative perception of the company) and decreasing orders illustrates the risk model of interaction with counterparties, which asserts that this risk is the result of both professional and reputational risk.

It is obvious that a professional risk (risk of default by the supplier of the order) is a decisive argument for the customer in favor of refusing to cooperate with him. However, the risk model of interaction with counterparties shows that the supplier's low reputation is no less valid. Otherwise, there is a high probability that the name of the customer company in its business environment will be strongly associated with the low reputation of the supplier. The spread of reputational risk from the supplier to the buyer, as a result, will also threaten the financial well-being of the latter.

The analysis shows that the reputation of the company is affected by:

- the quality of products, goods or services;
- the level of the relationship between the organization's personnel and customers (Kaz, 2016);
- the reputation of the company's managers;

the formed visual image of the organization;
the reputation of the company's consumers;
the social reputation (representation to the general public about social goals and the role of the organization in the economic, social and cultural life of society);
business image of the organization (presentation to the public about the good faith of the company in the performance of its obligations).

Our research is devoted to the identification and analysis of the data that allow us to answer the question: how much does the company management understand the role of social reputation, the company's visual image, business image of the organization and other intangible assets in the success of its activities.

4. Purpose of the Study

Our hypothesis is that if the management of the company highly estimates the contribution of intangible assets to the company's prosperity, then the management:

- will make efforts for their creation and development within the organization;
- pay attention to their presentation and disclosure in the corporate reporting. It is an important tool for communicating with shareholders, employees, potential investors, public authorities and other stakeholders.

5. Research Methods

We relied on the results Chandra Ragini's study (2012). It was established that the reporting of various companies contains information on 180 "elements" (intangible assets), according the terminology of the author. These "elements" were combined into the following groups:

- A. Science researches and inventions (20 species);
- B. Strategy and competition (30 species);
- C. Market and consumer (36 species);
- D. Human resources (26 species);
- E. Rights related to intellectual property, business reputation and other intangible assets (25 types);
- F. Corporate information and property information (18 species);
- G. Ecological and other non-essential factors (25 species).

We conducted a pilot survey among large Russian companies in order to quantify the disclosure of intangible assets in their annual financial reporting. Reporting of 50 companies from the oil, drilling, gas, diamond and metal industries was analyzed. The information on intangible assets, presented both in the sections of enterprises' production activities, and in the sections containing data related to issues of business social responsibility were studied by us. The disclosure index was calculated as the ratio of the number of disclosed "elements" of intangible assets in the reporting to 180.

6. Findings

The analysis of the annual financial reporting of Russian companies revealed that they are more revealing the "elements" of intangible assets related to human resources. Enterprises disclose only 40.15% of the maximum possible number of such "elements" in their annual reports. The least represented were the "elements" associated with intellectual property rights and business reputation. Russian companies disclosed 13.44% of the elements attributed to this group for a year (Table 01).

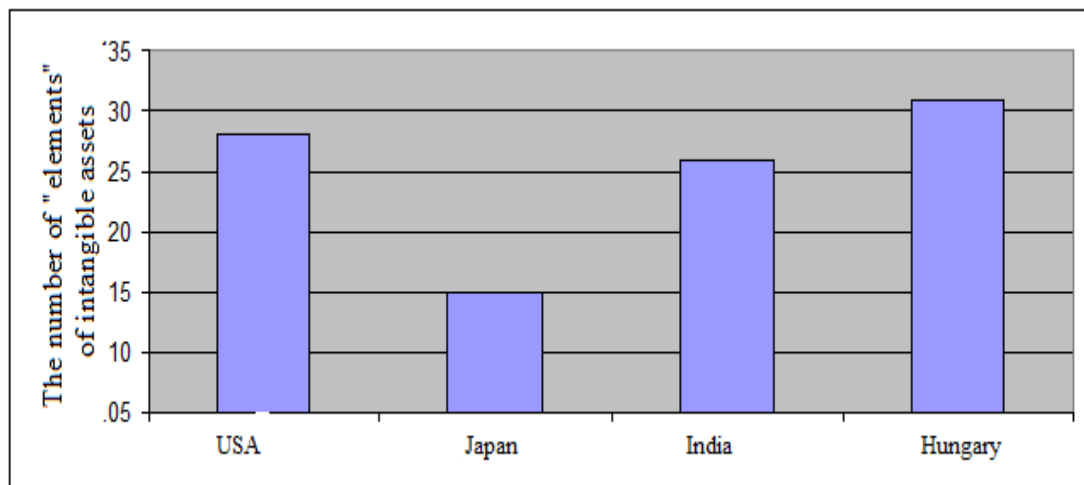
The disclosure of information, at the indicated index, was 25.18% for all groups of intangible assets. It means that the investigated companies disclosed, on average, 45 out of 180 "elements" of intangible assets.

Table 01. Disclosure of intangible assets in Russian companies

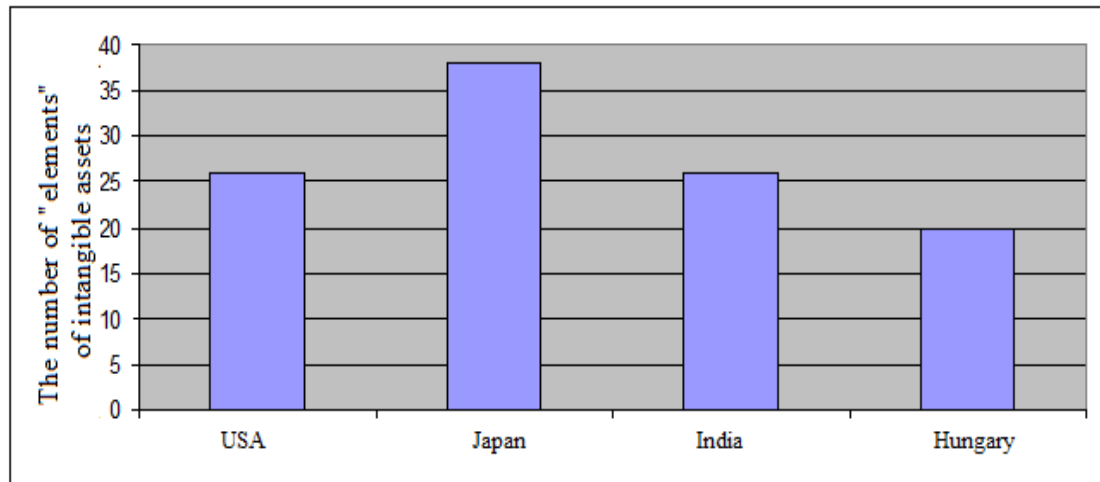
The title of an element of intangible assets	Disclosure percentage
Human resources	40.15
Strategy and competition	33.3
Environment	31,76
Research and development	25.2
Corporate information and property information	19.56
Market and consumer	17.78
Rights related to intellectual property, business reputation and other intangible assets	13.44

How do Russian companies look at the disclosure of intangible assets against the foreign companies?

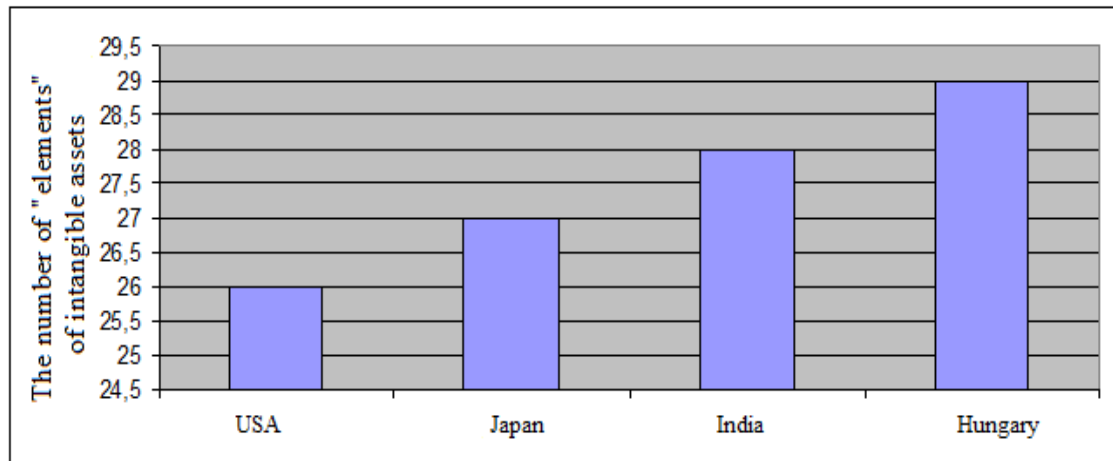
For conducting the cross-country comparative analysis, we also used data published by the Zsuzsanna Ilona Kovács (2015) (Figure 01).



a) Companies belonging to the first quartile



b) Companies related to the second quarter



c) Companies related to the third and fourth quartiles

Figure 01. Distribution of the companies according to disclose data on "elements" of intangible assets in the financial reporting

The table shows the number of "elements" of intangible assets disclosed in the reporting of companies in a number of countries. These data indicate that, for example, 25% of Indian companies are the best companies according to this parameter, disclosed 126 "elements" of intangible assets. The next 25% of companies disclosed 26 "elements". Finally, "the worst" companies on this indicator disclose in their reporting, on average, 28 "elements" of intangible assets. Studied Russian companies disclose, on average, 45.32% "element" in its financial reports.

7. Conclusion

A small amount of the pilot sample does not allow us to present a statistically significant distribution of companies in a table format. However, the resulting component disclosure of intangible assets of Russian enterprises (45.32%), leads to the conclusion that the Russian company occupy an

intermediate position between foreign companies belonging to the 1 and 2 share groups for disclosure of intangibles. This indirectly indicates that they are aware of the role of the organization's intangible assets in shaping its positive image in stakeholders' sight. They understand that the company in which they work is not only an organization for the production of products, but also symbols that, in turn, contribute to the stability and prosperity of an enterprise in an unstable economic environment.

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