ACCOUNTING VALUES AND METRICS FOR THE SUSTAINABLE EXPLOITATION OF INTANGIBLE HERITAGE ASSETS RELATED TO FOOD AND AGRICULTURE

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Abstract

Oral knowledge concerning, for example, traditional recipes and old harvesting techniques, is much diffused in small rural areas, in bio-districts and in local communities. This kind of knowledge, if well recognised and documented, can contribute to the development of territories in which it developed through oral transmission from local people. At the same time, Traditional Knowledge, at the light of the UN Convention for Safeguarding of the Intangible Cultural Heritage, must be preserved for future generations.

The objective of the paper is to show how accounting can be useful in order to determine the value for this knowledge (having a cultural other than an economic value), to preserve it for future generations and to report it to local stakeholders, in order to grant the economic, social and environmental sustainability of the entire community to which this knowledge “belongs” to.

As a matter of fact, the economy is defined as sustainable if it saves more than the combined depreciation on man-made and natural capital, i.e. \( Z > 0 \) if and only if \( S > (\delta M + \delta N) \), where \( S \) is savings, \( \delta \) is depreciation, with the subscripts M and N indicating man-made and
natural capital, respectively. It is clear the role of accounting, in terms of valuation (and related loss of value/damage/impairment deriving by the “non-use” of the community) and reporting even for Traditional Knowledge, interpreted in terms of Cultural Capital, in a sustainability context. According to the recent IPSASB position, Knowledge-in-action intangible cultural heritage is “owned” by a whole community. Therefore, because it cannot be controlled by an entity, this type of intangible cultural heritage does not meet the definition of an asset, even if it falls within the definition of a heritage item. Given the difficulty to assess its economic other than cultural value, the sustainable management of this type of intangible asset requires a structured reporting to stakeholders, interpreted in terms of Integrated Reporting (IR). In fact, it should show not only financial values but also non-financial elements, such as KPI (Key Performance Indicators) and KRI (Key Risk Indicators). In the proposed statement for intangible heritage related to food and agriculture uses and traditions, a central role is played by the disclosure.

The research question is the following: is accounting relevant in the sustainable management of intangible heritage assets related to food and agriculture? The main hypotheses is that accounting plays a central role in order to preserve the cultural value of local heritage related to food and agriculture and to allow the sustainable development of local firms and of a territory/community.

The methodology used is based on a deductive and critic analysis of Academic and Professional literature concerning accounting for intangible assets and Traditional Knowledge in a framework of sustainability.

Main conclusions are that intangible heritage items in terms of Traditional Knowledge related to food and agriculture in local communities require continued use or enactment by living people to exist and to be preserved for future generations. They belong to the whole community. That is the reason why the accounting profession does not consider them as assets for financial reporting purposes. But these are resources that can generate future income flows for the firms belonging to the territory, if valorised in a properly manner (incorporating them in educational, well-being and tourism services). So, financial and non-financial reporting is central in order to preserve this knowledge and to allow the sustainable development of the firms belonging to, e.g., a biodistrict (“microeconomic” effect) and of the community/territory as a whole (“macroeconomic” effect).

The main limitation of the paper is based on its theoretical nature. For this reason, the analysis will be integrated, in the future, with an empirical research.
References


