



Institut Mines-Télécom
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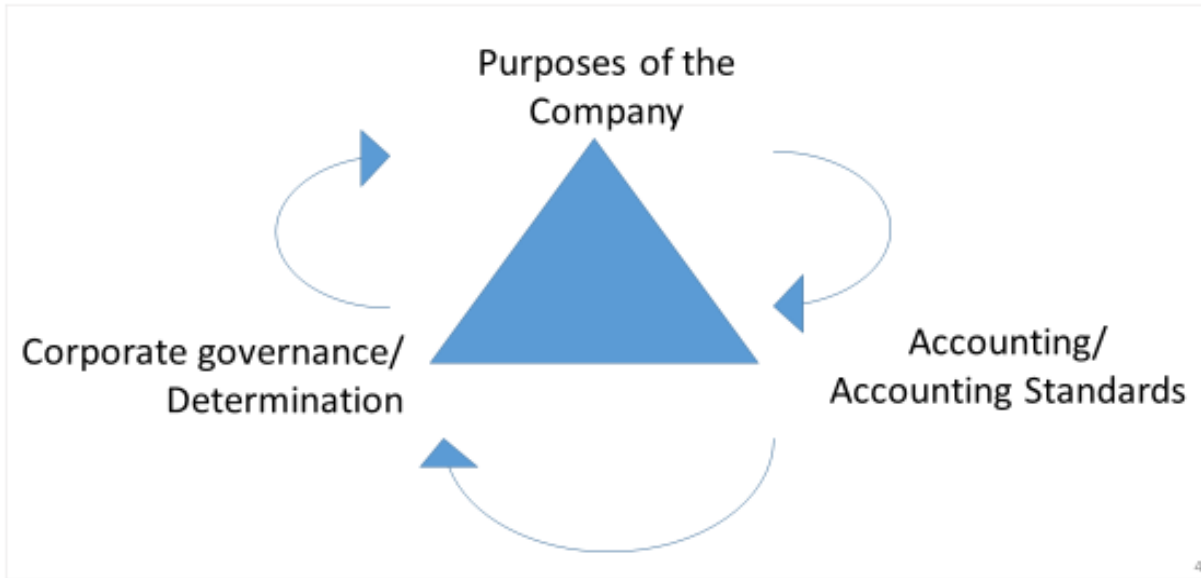
THE CONCEPT OF VALUE IN CORPORATE GOVERNANCE: CENTRAL !

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1. THE TRIANGULAR MODEL OF BUSINESS OPERATION: THE PGA TRIANGLE



The apexes that founded the PGA triangle share a reciprocal relationship with one another, in which the PGA stands for Purpose, Governance and Accounting (Charolles, Bernardins, 2018).

2. THE WAY ACCOUNTING DEFINES VALUE: A LANGUAGE ANALYZED FROM A WITTGENSTEIN THEORETICAL BASE

“The limits of my language mean the limits of my world.” *Tractatus*, 1922, p.74)

" This entanglement in our rules is what we want to understand (i.e. get a clear view of).“ *Philosophical Investigations*, 1967, 50 para.125.

"But what men consider reasonable or unreasonable alters. At certain periods men find reasonable what at other periods they found unreasonable. And vice-versa. » *On certainty*, 1969, para. 336.

3. THE BIAS OF ACCOUNTING NORMS: THE EXAMPLE OF LABOR PROCESSING

- Labor is a charge and a debt by never not a value in accounting
- A long-standing issue
- Dealt with in IAS 38 with a poor argument:

“15 An entity may have a team of skilled staff and may be able to identify incremental staff skills leading to future economic benefits from training. The entity may also expect that the staff will continue to make their skills available to the entity. However, an entity usually has insufficient control over the expected future economic benefits arising from a team of skilled staff and from training for these items to meet the definition of an intangible asset. For a similar reason, specific management or technical talent is unlikely to meet the definition of an intangible asset, unless it is protected by legal rights to use it and to obtain the future economic benefits expected from it, and it also meets the other parts of the definition.” (underlined by us) norm IAS 38

4. THE RATIONAL TO MAKE THE LABOR CONTRACT A VALUE AND ITS CONSEQUENCES ON CORPORATE GOVERNANCE

The model (ISAS):

- uses the labor contract, and not the employee, as the basis for recognizing an employee asset,

Making labour an accounting value would be possible and even rational, including within the contemporary accounting corpus.

Hence, the burden of proof on the current treatment of labor by accounting standard setters can be reversed.

This would lead to concrete changes, as for example:

- The “salary own equity” lay the groundwork for employee participation in governance.