

DOI: 10.5281/zenodo.11425146

THE IMPORTANCE OF DISCLOSURE AND TRANSPARENCY REGARDING FIXED ASSETS IN ENHANCING THE COMPETITIVE ADVANTAGE OF SMALL COMPANIES IN KINGDOM SAUDI ARABIA

Nahla Al-Nour Muhammad Al-Makki¹, Felwah ObaidAllah² and Fatihelalah
Mohammed Ahmed Mohammed³

¹Accounting Sciences, Applied College in King Khalid University Saudi Arabia

²Accounting Sciences, Applied College in King Khalid University Saudi Arabia

³Accounting Sciences, Applied College in King Khalid University Saudi Arabia

Received: 13/06/2025
Accepted: 19/11/2025

Corresponding Author: Nahla Al-Nour Muhammad Al-Makki
(nmaky@kku.edu.sa)

ABSTRACT

The study aimed to measure the importance of disclosure and transparency regarding fixed assets in enhancing the competitive advantage of small companies in kingdom Saudi Arabia. The Problem of the study was that maintaining and increasing the level of profitability is a fundamental Requirement that enterprises seek to achieve using various methods including, increasing assets and Working capital by focusing on fixed assets and disclosing them in their Financial Statements to Improve the image of the enterprise in front of the investor and to disclose everything that contributes to The profitability of the establishments, but the lack of interest in disclosure and transparency of these assets does not reflect the real financial position of the enterprise, its relation to the level of profitability and its impact On competitive advantage. The resolution relied upon the questionnaire as a study tool through distributing 120 questionnaires to a sample of Saudi enterprises staff and analyzing the questionnaire data Using the simple-regression method, where the researcher was able to find a statistically significant impact On research and development costs and the reputation of the shop in increasing the level of profitability And thus the competitive advantage of Saudi enterprises, the study found that there was statistically Significant impact of the trademark as an intangible asset in the level of competitive advantage of Enterprises. The study recommended the need to pay attention to the brand as an intangible asset and Disclose it because of its importance in gaining the trust of enterprises customers, and to adopt plans for the Periodic evaluation of the establishment to be more effective to identify the best ways to evaluate the Goodwill so it will reflect on the profitability of the enterprises, and to adopt methods for the periodic evaluation Of the goodwill, which returns to quite a profitability of the enterprise. This research was supported by small research groups at the Deanship of Scientific Research - King Khalid University - Saudi Arabia (RGP.1/119/46)

KEYWORDS: Disclosure, Transparency, Fixed Assets, Competitive Advantage.

1. INTRODUCTION

disclosure and transparency are keys requirement for stakeholder, hence many enterprises seek to increase attention to disclosure and transparency and fixed assets. disclosure of thesis assets reflects the strength of the enterprise financial performance and level of profitability in the face of intense competition in Saudi business environment. there for, the study measure the importance of disclosure and transparency regarding fixed assets in enhancing the competitive advantage of small companies

1.1. Problem of the Study

The problem addressed by this study is that maintaining and increasing profitability is a fundamental requirement that businesses strive to achieve, employing various methods. Businesses often focus on intangible assets (assets) and their disclosure in financial reports to enhance their image with investors. However, disclosing these assets requires accurate valuation to reflect the true state of the business. Failure to disclose these assets may deprive the company of new investors, potentially impacting the profitability of Saudi companies. Therefore, the study's problem can be formulated in the following questions:

Main Question: Does disclosing and being transparent about intangible assets increase the level of competitive advantage?

1.1.1. This Leads to the Following Questions

Does disclosure and transparency regarding research and development costs affect the level of competitive advantage?

Does disclosure and transparency regarding brand identity affect the level of competitive advantage?

Are there statistically significant effects of disclosure and transparency regarding brand reputation on the level of competitive advantage?

1.2. Significance of the Study

1.2.1. Scientific Significance

This study addresses the gap in previous research concerning disclosure and transparency, or the level of competitive advantage, by linking them to intangible assets. Intangible assets are a relatively new topic requiring further attention. The study also enriches academic literature with contemporary topics in accounting thought and encourages researchers to conduct further research on the subject.

1.2.2. Practical Significance

The practical significance lies in the fact that

disclosure and transparency regarding intangible assets improve profitability and the financial position of an organization, attracting more investors. This, in turn, provides a competitive advantage for companies by meeting the needs of accounting information users to understand an organization's competitive position and the size of its assets. Furthermore, the study clarifies how to leverage accounting disclosure of intangible assets to enhance competitive advantage and achieve its objectives.

1.3. Study Objectives

This study aims to measure the impact of disclosure and transparency regarding intangible assets on the level of competitive advantage by measuring the effect of research and development costs, brand, and brand reputation on the competitive advantage level of the Saudi business environment.

1.4. Study Methodology

The researchers adopted the following methodologies:

- The inductive method, through which the researcher selected the study hypotheses.
- The deductive method, through which the researchers identified the nature of the problem and determined the requirements for a solution.
- The historical method, to review previous studies related to the topic and framework.
- The study followed the descriptive method, as it was the most suitable for this case. Al-Rashidi (2000, p. 59) defined it as a set of research procedures that integrate the description of a phenomenon or topic by collecting, classifying, processing, and analyzing facts and data sufficiently and accurately to extract their significance and reach conclusions or generalizations about the phenomenon or topic under investigation.

1.5. Study Hypotheses

To achieve the study's objectives, the following hypotheses will be tested:

Main Hypothesis: There is no statistically significant effect of disclosure and transparency of fixed assets on enhancing the competitive advantage of small companies. The following sub-hypotheses stem from this main hypothesis:

- There is no statistically significant effect of disclosing and being transparent about research and development costs, as an intangible asset, on increasing the level of competitive advantage.

- There is no statistically significant effect of disclosing and being transparent about brand value, as an intangible asset, on increasing the level of competitive advantage.
- There is no statistically significant effect of disclosing and being transparent about brand reputation, as an intangible asset, on increasing the level of competitive advantage.

2. OPERATIONAL DEFINITION OF STUDY VARIABLES

2.1. Independent Variable

Intangible assets are current economic resources or future benefits used in or contributing to the production process. They are acquired as a result of past events or processes and are characterized by their lack of physical existence. They are acquired through the following:

1. Research and Development Costs: Costs spent on obtaining new products or improving existing products, and on discovering new knowledge that could be valuable in the future.
2. Trademark: A word, phrase, or symbol that distinguishes or identifies a particular establishment or product.
3. Goodwill is the cost excess over the fair value of the net distinguishable assets acquired.

The dependent variable is competitive advantage: it is the level of competition among companies operating in the same sector.

2.2. Previous Studies

2.2.1. Several Previous Studies Related to the Study Variables are Presented from Most Recent to Oldest as Follows

A study by Mujaddad (2018) aimed to establish the concept, components, and elements of knowledge assets, the role of knowledge capital in achieving competitive advantage, and to determine whether the current accounting framework is suitable for addressing the challenges facing the knowledge economy. It also examined the importance of measuring and disclosing knowledge capital, its contribution to maximizing the importance of the establishment, and its role in the success of establishments. The study reached the following conclusions: Knowledge capital is not considered a value creation function due to its negative impact, the increasing competition among establishments, and their need to adopt strategies for offering a product that cannot be imitated by competitors; the overlap between the components of knowledge and intangible assets has a

comprehensive impact on knowledge and the use of information technology, leading to increased added value and the achievement of competitive advantages for establishments; there is no agreement on a specific method for measuring and verifying the value of knowledge capital and the value of investments due to the inadequacy of traditional methods for measuring and disclosing them; and the true value of establishments is not based on their knowledge capital, which can be transformed into value and serves as a pillar of economic progress and a source for achieving competitive advantage through the knowledge and mental skills they possess. Superiority and weakness in increasing the competitive capabilities of business establishments do not help them to present a complete picture of the establishment with all its elements.

Najjar's study (2017) aimed to examine the impact of investment in intangible assets, financial performance, and fiscal policy on firm value. The study was conducted on a sample of 34 companies listed on the stock exchange during the period 2006-2014. The results showed that Palestinian public shareholding companies in the industrial sector had a higher value of investment in intangible assets than companies in the investment sector. Investment in intangible assets, financial performance (measured by the current ratio, return on assets (ROA), and asset turnover ratio), and fiscal policy (measured by the debt-to-equity ratio and dividend payout ratio) all significantly and positively affect the market value of publicly listed companies.

Kashko's study (2016) aimed to determine the extent of disclosure of intangible assets in the financial reports of Palestinian companies listed on the Palestine Exchange, the role of such disclosure in serving users of these reports, and to identify international standards for the treatment of intangible assets. The study concluded that intangible assets appeared in four main sectors of the stock exchange: banking, services, investment, and industry. It did not appear in the insurance sector, and the majority of companies listed on the stock exchange disclosed sufficiently and in separate lists their intangible assets, as in the banking and financial services sector and the services sector, while some others merely referred to them in the context of the financial statements only, as in the investment sector.

Abdul Qawi's study (2014) aimed to address methods of measuring intangible assets under the new economy and to determine the nature of these assets. The study concluded that financial statements in their current form do not reflect the economic reality of establishments, as intangible assets

represent more than 75% of the value of establishments under the new economy and are not recognized in these statements. Goodwill is only an exception to the non-recognition of internally developed intangible assets in an exceptional case, namely sale or merger, which arises as a result of the strictness of standards in recognizing internally developed intangible assets. Disclosing intangible assets has a significant impact on helping users of financial reports estimate the value of an entity.

A study by Ta'ima (2013) aimed to develop and improve methods for reporting and voluntary disclosure of intangible assets. The goal was to propose a model that provides reliable, relevant, and dependable information for comparing companies with similar business activities. This would provide investors and lenders with information to inform their investment and credit decisions. The study concluded that there was agreement on the voluntary disclosure of intangible assets using the value chain as a unit of measurement, and that there were positive relationships between the overall level of voluntary disclosure and related company characteristics.

The study by (Yalal, 2013) aimed to review and evaluate the most common models used in valuing intangible assets. This review process should highlight the advantages and disadvantages of these models, and then propose an intangible asset valuation model that incorporates their strengths. The study concluded that the proposed intangible asset valuation models have a high degree of reliability, indicating that the proposed model is a viable approach for valuing intangible assets. The study recommended using an income-cost valuation model in the intangible asset valuation process.

The study by (Razouq and Aziz, 2010) aimed to examine the concept and components of intangible assets, their accounting measurement requirements according to International Accounting Standard (IAS) 38, and to compare these requirements with those stipulated in the basic accounting system in this area. The study's problem stemmed from the fact that intangible assets are among the most important assets in businesses, and their importance has become even more pronounced with the shift towards knowledge economies, where investment in this type of asset is clearly increasing. The study concluded that the basic accounting system's compliance with the requirements of International Accounting Standard (38) was low with regard to accounting measurement requirements for intangible assets.

The study (Silva, 2009) aimed to analyze the extent to which intangible assets are disclosed in the consolidated accounts of seven Portuguese and seven Spanish banks between 2006 and 2009. It also analyzed

the factors most influential on intangible asset disclosure. Among the most important findings was that increased bank size is associated with greater disclosure of the elements required by International Accounting Standard (IAS) 38, and that greater disclosure of intangible assets is also associated with a lower degree of bank internationalization.

The study (Sandra & Hoffmann, 2008) aimed to assess the quality of intangible asset disclosure in an international sample of 29 publicly traded stocks of telecommunications network operators. It revealed the correlation between annual reports and the quality of intangible asset disclosure, and interpreted the variables related to the quality of intangible asset disclosure. The study concluded that the quality of intangible asset disclosure in the annual reports... The website is relatively low. Disclosure of intangible assets is mostly limited to small pieces of qualitative information. The quality of intangible asset disclosure in the annual report is often positively correlated.

Mohammed's study (2006) aimed to develop the measurement and reporting requirements for intangible assets as outlined in Egyptian Accounting Standard No. (23) on Intangible Assets. The study employed both inductive and deductive methods. It concluded that Egyptian Accounting Standard No. (23) on Intangible Assets requires several amendments to keep pace with the significant growth in intangible assets that has characterized the knowledge economy. The study also found that applying the same traditional recognition and measurement standards to renewable and purchased intangible assets is insufficient, while developing new recognition and measurement standards for internally generated identifiable intangible assets and non-identifiable intangible assets is necessary.

Al-Adawi's study (2004) aimed to highlight the importance of accounting disclosure and the various aspects of addressing the needs of financial statement users related to intangible assets, as well as to integrate banking practices in the face of global challenges. The study concluded that internally generated intangible assets are not included, despite their significant impact on financial statements, rendering them unsuitable for providing accurate information. This is due to the large scale of investments directed towards acquisitions, highlighting the need to develop standards. Accounting for the measurement and disclosure of intangible assets.

3. Theoretical Framework of the Study

3.1. The Concept of Intangible Assets

An asset is defined as an economic benefit expected to be obtained in the future, and that the accounting

entity has acquired the right to obtain or control these benefits as a result of past events or transactions (Al-Shirazi, 1990, p. 243). It is also defined as resources owned by the project, or over which it has the right to control as a result of past events, and from which potential future benefits to the project are expected to flow (Matar, 2010, p. 223). Intangible assets are assets that benefit the project through the exploitation of specific rights or advantages, and they differ from other tangible assets. Intangible assets may be acquired from outside or built internally (Kashin, 2004, p. 352). They are defined as capital assets that do not have a physical existence; their value depends on the rights and benefits they grant to the owner. They are largely related to the project as a whole, not its components, and most of these assets carry with them a monopoly right for their owner (Schroeder et al., 2010, p. (390), and it is defined as an identifiable, non-monetary asset without a material substance (Jumah 2010, p. 290).

3.1.2. Types of Intangible Assets

Intangible assets vary depending on the nature of the establishment and its economic activity, resulting in several types of these assets (Al-Sharqawi, 2006, p. 74). This study focuses on research and development costs arising from the development of patents or copyrights, such as a new product, a process, an equivalent idea, or a literary work (Ibrahim, p. 112; Awadallah, 2006). Goodwill is viewed as stemming from good customer relationships. Factors such as a suitable location and customer habits are considered to add value to the project. It has been described as anything that can contribute to giving a new project an advantage. The concept of goodwill has evolved into the concept of profitability, where it is defined as the present value of the sum of what the establishment is expected to achieve in the future, in addition to what a similar establishment achieves (Schroeder, 2010, p. 395). In business consolidation, costs (purchase price) are allocated to the net tangible and intangible assets, and the remainder is recorded in the intangible assets account. Tangible assets, also known as goodwill, are often referred to as one of the most important types of intangible assets because they can be identified with the business and its operations in general, or as a single unit. The only way to sell them is to sell the business itself (Ibrahim & Awadallah, 2006, p. 102).

3.1.3. The Concept of Competitive Advantage

Competitive advantage refers to the efforts, procedures, innovations, pressures, and all administrative, marketing, production, innovative,

and developmental activities that organizations practice in order to obtain a larger segment and a wider reach in the markets they are interested in (Saber and Ta'leeb 2011, p. 348). Competitive advantage at the enterprise level is defined as the ability to provide the consumer with products and services more effectively and efficiently than other competitors in the international market. This signifies the continued success of this establishment globally, even in the absence of government support and protection. This is achieved by increasing the productivity of the factors of production employed in the production process. The establishment's competitiveness can be measured through several indicators, most importantly profitability and growth rates over a period of time (3) Sultan, 2007, p. 3

3.1.4. Intangible Assets and the Profitability of Establishment

The relationship between the level of competitive advantage and the disclosure of intangible assets is represented in the impact that the disclosure of intangible assets has on the establishment's competitive advantage in the financial statements and reports (Noor, 2004, p. 608). This impact can be illustrated through the following:

3.1.5. Disclosure of Goodwill and the Establishment's Profitability

Showing goodwill as an item on the balance sheet and writing it off or closing it in the reserves or profit and loss account, or showing it as a liability deducted from shareholders' equity since it is not considered an asset (Al-Nagi, 2011, p. 450), helps to accurately reflect the company's position and positively impacts its competitiveness.

3.1.6. Disclosure of Trademarks and Company Profitability

Expenses that contributed to the emergence and establishment of trademarks are treated as expenses to be charged to the revenues of the accounting period in which these expenditures occurred. Although most companies do not incur direct costs to establish their trademarks (Bottom, 1998, p. 136), if it becomes apparent that the trademark has lost its effectiveness and does not contribute to generating income for the economic unit, the remaining cost must be fully exhausted in the accounting period in which the decision was made. This should be disclosed in the financial statements as explanatory notes (Al-Sabban & Abu Al-Makarem, 2006, p. 182). This also contributes to evaluating the company's position. The real picture This is reflected in the level of competition.

3.1.7. Disclosure of Research and Development Costs and the Company's Profitability

Many companies used to capitalize research and development (R&D) costs in years of low profitability and then write them off in full in years of high profitability. The Financial Accounting Standards Board (FASB) later re-examined the issue of R&D costs and issued Financial Accounting Standards No. 2. This standard stipulated that all R&D costs must be charged to expenses as soon as they are incurred (Sharid Yader, 2010, p. 402).

3.2. Field Study Procedures

3.2.1. Study Population and Sample

The study population consisted of employees in the finance departments of Saudi companies, totaling 32 companies. The study sample was randomly selected from (6) companies. (120) questionnaires were distributed to enterprises department employees, of which (112) were returned (93.3%), and (8) questionnaires (667%) were not returned.

3.3. Limits of the Study

Time limits: 2024/2025 AD.

3.4. Description of the Study Instrument

The study relied on a questionnaire as the primary instrument for collecting the necessary data. It comprised two sections: the first section contained four items addressing the personal characteristics of the study participants, and the second section measured the study's main hypotheses. This second section consisted of four axes and nineteen items. Responses were measured using a five-point Likert scale, ranging from strongly disagree to strongly agree. The hypothetical mean for the study was calculated as follows: the total score on the scale divided by the number of weights, which is 3. The higher the mean score above the hypothetical mean (3), the more the participants agreed with the statement; conversely, a lower mean score indicated disagreement.

3.5. Evaluation of Measurement Instruments

To ensure the validity of the measurement instrument, validity and reliability tests were used. The instrument's validity was measured by testing its content validity and ensuring it served the study's objectives. It was presented to a panel of experts, and their feedback and modifications were considered by the researchers as constituting face validity. The questionnaire was redesigned after these modifications. Validity was further measured by assessing the

questionnaire's reliability, and Cronbach's alpha coefficient was used (Cronbach's alpha coefficient).

3.6. Statistical Analysis Methods

Several statistical measures were used for statistical analysis, such as medians and deviations for descriptive analysis and measuring the validity of the study instrument. Pearson's correlation coefficient was used, and reliability was measured using 0.7 out of 11 alpha coefficients. Model fit indicators were assessed using simple regression analysis between the independent and dependent variables.

Several statistical measures were used for statistical analysis, such as: Cronbach's alpha test to measure internal consistency of the research statements to verify the validity of the instrument. A measure is considered well-fitted and appropriate if the value of Cronbach's alpha coefficient exceeds (0.60), as measured by Allam (2000, p. 165) according to the equation:

$$\text{Stability coefficient: } \frac{N}{N-1} \frac{1-\sum p^2}{\sum p^2}$$

(N) represents the total number of test items

(P) represents the variance of scores for each test item.

($\sum p$) represents the sum of the variance of scores for all items.

The arithmetic method was used to reflect the average responses to the research statements. The statement "Strongly Agree" was assigned a weight of 5, "Agree" 4, "Uncertain" 3, "Disagree" 2, and "Strongly Disagree" 1. The standard deviation was used to measure the homogeneity of responses among the surveyed units and to measure the relative importance of the statements in the questionnaire axes. Simple linear regression analysis was used to test the effect of each independent variable on the dependent variable to test the research hypotheses. A value of (1) was used, where the decision rule for accepting the alternative hypothesis was that the calculated value of (1) was greater than the tabulated value of (1), or that the accompanying statistical significance value (calculated p-value) was less than 0.01.

The table above shows that 56.3% of the participants are employed, which is typical within the career ladder. 60.7% have a degree in accounting or accounting information systems, which positively impacts their understanding of the study's terminology. 81.3% hold bachelor's or postgraduate degrees, indicating the institutions under study's focus on academic qualifications.

3.7. Analysis of the Personal Data of the Study Sample

Table 1: Frequency Distribution of the Study Sample According to basic Characteristics.

Scientific Specialization	Repetition	Ratio	Academic Qualification	Repetition	Ratio
Accounting	55	49.1	Diploma	10	8.9
Business management	33	29.5	Bachelor's	58	51.8
Accounting information system	13	11.6	Master	21	18.8
Economic	5	4.5	Ph.D	12	10.7
Other	6	5.4	Other	11	9.8
Total	112	100	Total	112	100
Job Title	Repetition	Ratio	Years of Experience	Repetition	Ratio
Manger	6	5.4	Less than 5 years	6	5.4
Deputy director	3	2.7	From 5 years to less than 10 years	16	14.3
Head of department	24	21.4	From 10 years to less than 15 years	13	11.6
Employee	63	56.3	From 15 years to less than 20 years	17	15.2
Other	16	14.3	More than 20 years	60	53.6
Total	112	100	Total	112	100

Source: Prepared by researchers from field study data using SPSS-202

94.6% of the participants have 205 years or more of experience, demonstrating their extensive work experience.

3.8. Validity and Reliability

Reliability refers to the degree to which a measure is free from errors, i.e., the degree of internal consistency between different statements that measure a variable. Reliability means stability, i.e., obtaining the same values when the measurement is repeated. Therefore, it leads to the same or consistent results each time the measure is administered. The higher the degree of reliability and stability of the instrument, the greater the confidence in it.

For the validity and reliability of the questionnaire, Cronbach's alpha coefficient was used, as shown in the table below.

Table (2) shows that Cronbach's alpha across the questionnaire dimensions ranges from an overall mean of (0.62) to (0.80), and across the total

questionnaire score, the reliability coefficient for Cronbach's alpha is approximately (0.78). All of these are reliability indicators > 0.60, where the reliability of the measurement performance is achieved when the Cronbach's alpha value reaches (0.60), and vice versa.

Table 2: Cronbach's Alpha Reliability Indices (n=112).

Statement	Cronbach's alpha
First dimension	0.69
Second dimension	0.80
Third dimension	0.70
The first axis	0.62
The questionnaire as a whole	0.78

Source: Prepared by researchers from field study data using SPSS-2025

The internal consistency of the questionnaire was assessed by calculating Serman's correlation coefficients to verify the degree of internal consistency of the questionnaire items, as shown in the following table:

Table 3: Correlation Coefficients of Axis Items and the Overall Score of the Dimension to Which they Belong.

Research and Development Costs		Brand		Goodwill		Competitive Advantage	
M	Correlation	M	Correlation	M	Correlation	M	Correlation
F1	0.18	F1	0.91	F1	0.47	F1	0.48
F2	0.77	F2	0.83	F2	0.90	F2	0.60
F3	0.77	F3	0.38	F3	0.90	F3	0.47
F4	0.56	F4	0.85	F4	0.47	F4	0.58
F5	0.28	F5	0.77	F5	0.87	F5	0.68
		F6	0.89				0.28

Source: Prepared by researchers from field study data using SPSS-2025

Table (3) shows the following: All items in the dimensions of Brand, Store Reputation, and Competitive Advantage are correlated with the overall score of the dimension to which they belong at a significance level of (0.01) (**). As for the Research and Development Costs dimension, the majority of items were correlated with the overall

score of the axis to which they belong

Table (4) shows that all correlations for the dimensions of the first axis are statistically significant at the 0.01 level (**), while there is no statistically significant correlation between the total score for the competitive advantage level and the total questionnaire score at the 0.17 level.

Table 4: Shows the Correlation Coefficients of the Axis Dimensions Items and the Overall Score of the Dimension to which they Belong.

No	The Content of the Dimension or Axis	Correlation with the Overall Questionnaire Score
1	Research and development costs	0.65
2	Brand	0.91
3	Goodwill	0.87
4	Competitive advantage	0.17

Source: Prepared by researchers from field study data using SPSS-2025

3.9. Descriptive Statistics: Study Variables

To understand the reality of the study variables from the perspective of the sample of Saudi companies employees, arithmetic means and standard deviations were calculated, and a one-

sample t-test with a criterion value of (3) was performed.

Results related to the reality of the dimensions of accounting disclosure of intangible assets:

First Dimension: Research and Development Costs

Table 5: Descriptive Statistics for the Dimension Research and Development Costs in Saudi Companies.

Paragraph Content	Average	Standard Deviation	Relative Weight	T	Connotation	Degree	The Importance
Research and development costs are recognized as an item in the financial statements	4.63	0.57	0.93	30.37	0.000	Very big	First
Disclosing research and development costs provides measurement information on the company's progress.	4.17	0.54	0.83	23.14	0.000	Big	Third
Disclosing research and development activity provides comparative information on the company's performance over many years	4.20	0.46	0.84	27.41	0.000	Big	Second
Disclosing research and development costs reflects the company's commitment to keeping pace with developments in accounting standards	3.61	0.86	0.72	7.44	0.000	Big	Fourth
Total average	4.15	0.61	0.83	22.09	0.000	Big	

Source: Prepared by researchers from field study data using SPSS-2025

Table (5) shows that the overall arithmetic mean was (119), with a standard deviation of (061), which is one of the indicators of the fourth mean category.

(3.41 to 4.20) with a certainty of (683) out of a total

sample of 16 indicators, indicating that research and development costs are incurred from the perspective of the study sample in its general form to a large extent.

Second dimension: the brand

Table 6: Descriptive Statistics on the brand Dimension in Saudi Companies.

Paragraph Content	Average	Standard Deviation	Relative Weight	T	Connotation	Degree	The Importance
Using a brand name on a product helps increase sales volume.	3.26	1.25	0.65	2.19	0.030	Medium	Fourth
Including brand value as an intangible asset allows users of accounting information to assess performance quality.	4.08	0.67	0.82	16.99	0.000	Big	First
Disclosing the brand name is an indicator of the strength of the company's reputation in the market	3.69	0.79	0.74	9.16	0.000	Big	Second
The company benefits from specialized marketing costs due to brand loyalty	3.59	0.78	0.72	8.02	0.000	Big	Third
Rebranding products and services results in higher profits for the company	3.15	1.22	0.63	1.31	0.192	Medium	Fifth
Total average	3.55	0.94	0.71	7.53		Big	

Source: Prepared by researchers from field study data using SPSS-2025

Table (6) shows that the overall arithmetic mean was 3.55 out of 5 with a standard deviation of 0.94. This falls within the fourth mean category (3.41 to 4.20) and has a confidence level of 71%. These indicators suggest that, from the perspective of the study sample, the brand is practiced to a significant degree in its general form.

Third dimension: goodwill

Table (7) shows that the overall arithmetic mean was (364) out of (5) with a standard deviation of (0.97), which is one of the indicators of the fourth average category (3.41) to (4.20), with a confirmation rate of (73%) of the total surveyed study sample. These indicators show that the practice of selling shisha is carried out from the perspective of the sample.

Table 7: Descriptive Statistics for the Dimension Goodwill in Saudi Companies.

Paragraph Content	Average	Standard Deviation	Relative Weight	T	Connotation	Degree	The Importance
Goodwill can be measured by assessing the true financial health of the business.	4.08	0.69	0.82	16.66	0.000	Big	Second
Disclosing goodwill is linked to the periodic evaluation of the business	3.16	1.24	0.63	1.37	0.173	Medium	Fourth
Disclosing goodwill in financial statements provides investors with the necessary information about the strength of the business	4.09	0.69	0.82	16.67	0.000	Big	First
Disclosing goodwill allows for comparison of the business's performance with similar businesses	3.22	1.27	0.64	1.86	0.066	Medium	Third
Total average	3.64	0.97	0.73	9.14	0.06	Big	

Source: Prepared by researchers from field study data using SPSS-2025

4. Results Related to the Competitive

Advantage Axis

Table 8: Descriptive Statistics Axis: Level of Competitive Advantage.

Paragraph Content	Average	Standard Deviation	Relative Weight	T	Connotation	Degree	The Importance
The focus is on the quality of services the bank provides to its customers.	4.14	0.60	0.83	20.22	0.000	Big	Fifth
Customer needs are met quickly without compromising service quality.	4.02	0.70	0.80	15.45	0.000	Big	Sixth
The company is committed to providing guidance to customers, enabling them to identify their needs and choose the best services.	4.54	0.77	0.91	21.24	0.000	Very Big	Second
Access to desired services is facilitated through all modern technological means, in the shortest time and with the greatest effort.	4.55	0.77	0.91	21.37	0.000	Very Big	First
The company's work policies aim to support modern work methods in order to gain the largest share of the labor market.	4.50	0.85	0.90	18.70	0.000	Big	Fourth
Total average	4.32	0.70	0.86		0.000	Very Big	Third

Source: Prepared by researchers from field study data using SPSS-2025

Table (8) shows that the overall arithmetic mean was (132) out of (5) with a standard deviation of (0.86), which is one of the indicators of the fourth average category (4.21 to (5) with a certainty rate of (86%) of the total surveyed study sample. These indicators show that the level of competitive advantage is practiced, from the point of view of the study sample, in its general form to a very high degree.

4.1. Testing the study's hypotheses:

Results of the simple linear regression analysis for

the main hypothesis: There is no statistically significant effect of disclosure and transparency regarding intangible assets on the level of competitive advantage.

The following hypotheses branch out from this:

First Hypothesis: There is no statistically significant effect of disclosing and being transparent about Research and development costs as an intangible asset on increasing the level of competitive advantage

Table 9: Simple Linear Regression Analysis of the Relationship between Disclosing and Being Transparent about Research and development costs as an Intangible Asset and Increasing the Level of Competitive Advantage.

Third Hypothesis	Correlation Coefficient (R)	Determination Coefficient (R2)	Regression Coefficient (B)	Test (T)	Test (F)	Morale Level	Result of Relationship
There is no statistically significant effect of disclosing and being transparent about Research and development costs as an intangible asset on increasing the level of competitive advantage	0.77	0.59	0.608	5.818	79.014	0.00	Reject

Source: Prepared by researchers from field study data using SPSS-2025

Table (9) shows the following: There is a (strong) correlation between research and development costs and competitive advantages, with a value of (0.77).

This is evident from the value of the correlation coefficient (R), which is an absolute value that does not determine the form of the relationship between the

dependent and independent variables. Referring to the value of the regression coefficient (8) (0.608), this indicates a positive direct relationship between research and development costs and competitive advantage. The value of the coefficient of determination (0.59% of the changes occurring in the dependent variable, competitive advantage, and the independent variable, research and development costs) is also shown. As is evident from the results of the analysis, there is a statistically significant relationship between the dependent variable (competitive advantage) and the independent variable, research and development costs, according

to test (1) at a significance level of (1%). The calculated value of (1) was (5818) at a significance level of (0.000), which is a value less than the significance level of 1%. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted, which indicates that there is a statistically significant effect of disclosure and transparency of research and development costs, such as intangible assets, in increasing the level of competitive advantage.

second Hypothesis: There is no statistically significant effect of disclosing and being transparent about the brand as an intangible asset on increasing the level of competitive advantage

Table10: Simple Linear Regression Analysis of the Relationship between Brand Disclosure as an Intangible Asset and Increasing the Level of Competitive Advantage.

Third Hypothesis	Correlation Coefficient (R)	Determination Coefficient (R ²)	Regression Coefficient (B)	Test (T)	Test (F)	Morale Level	Result of Relationship
There is no statistically significant effect of disclosing and being transparent about the brand as an intangible asset on increasing the level of competitive advantage	0.46	0.21	0.387	6.038	14.947	0.00	Reject

Source: Prepared by researchers from field study data using SPSS-2025

Table (10) shows the following: There is a sub-average correlation between the brand and the competitive advantage, with a value of (0.46). This is evident from the value of the correlation coefficient (R), which is an absolute value that does not determine the form of the relationship between the dependent and independent variables. Referring to the value of the regression coefficient (1) (0.387), this indicates a positive direct relationship between the brand and the competitive advantage. The value of the coefficient of determination (2196) of the changes occurring in the dependent variable (competitive advantage caused by the independent variable, the brand). As is evident from the results of the analysis, there is a statistically significant relationship between

the dependent variable (competitive advantage) and the independent variable (brand) according to test (1) at the significance level (1), where the calculated value of (1) reached (6.038), with a significance level of (0.000), which is a value less than the significance level of 1%. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted, which indicates that there is a statistically significant effect of disclosure and transparency about the brand, as an intangible asset, in increasing the level of competitive advantage.

Third Hypothesis: There is no statistically significant effect of disclosing and being transparent about goodwill as an intangible asset on increasing the level of competitive advantage.

Table 11: Simple Linear Regression Analysis of the Relationship between Disclosing and Being Transparent about Goodwill as an Intangible Asset and Increasing the Level of Competitive Advantage.

Third Hypothesis	Correlation Coefficient (R)	Determination Coefficient (R ²)	Regression Coefficient (B)	Test (T)	Test (F)	Morale Level	Result of Relationship
There is no statistically significant effect of disclosing and being transparent about goodwill as an intangible asset on increasing the level of competitive advantage	0.65	0.42	0.404	10.970	39.011	0.00	Reject

Source: Prepared by researchers from field study data using SPSS-2025

Table (11) shows the following: There is a (strong) correlation between store reputation and competitive advantage, with a value of (0.65). This is evident from the value of the correlation coefficient ®, which is an absolute value that does not specify the nature of the relationship between the dependent and independent variables. Referring to the value of the regression

coefficient (8) (0.404), this indicates a positive correlation between store reputation and an increase in the level of competitive advantage. The value of the coefficient of determination (142) represents the changes occurring in the dependent variable (competitive advantage) relative to the independent variable (store reputation). Furthermore, the analysis

results show a statistically significant relationship between the dependent variable (competitive advantage) and the independent variable (store reputation) according to test (1) at a significance level of (1%). The calculated value of (1) was (10.970), with a significance level of (0.000), which is less than the significance level of 1961. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted, indicating a statistically significant effect of disclosing store reputation as an intangible asset on increasing the level of competitive advantage. Competitiveness

4.2. Results and Recommendations

This section presents the most important results and recommendations of the study, as follows:

Results

First: Results of the Hypotheses

- The study demonstrated a statistically significant effect of research and development costs, as an intangible asset, on increasing the level of competitive advantage.
- The study also found a statistically significant effect of brand disclosure and transparency on competitive advantage.
- Furthermore, the study found a statistically significant effect of store reputation disclosure and transparency on the level of competitive advantage. This aligns with the study by Al-Adawi (2004), which confirmed that internally generated intangible assets (goodwill) have a significant impact on financial statements, including profitability statements. All independent sub-variables (research and development costs, store reputation) related to disclosure and transparency of intangible assets significantly affect company profitability. This is corroborated by the study by Abdul Qawi (2014), which found that disclosing intangible assets significantly helps users of financial reports estimate the value of the company. The

study by Ta'miya (2013) also confirmed positive relationships between the level of total voluntary exclusion and factors related to company characteristics, including profitability.

Second: Descriptive Statistics Results

- Study and development costs are recognized as an item in the financial statements of Saudi companies.
- Including brand value as an intangible asset enabled accounting information users to understand companies' focus on intangible assets.
- Disclosing and being transparent about goodwill in the financial statements provides the necessary information for evaluating company assets.
- A high level of competitive advantage is considered a guarantee of the entity's ability to meet its obligations.

Study Recommendations

- Increased attention to disclosing intangible assets by organizations, through finding appropriate ways to reduce the use of practices that decrease transparency and encouraging the use and application of concepts that increase disclosure and transparency
- Attention to branding and its disclosure, given its importance in gaining the trust of company customers.
- Adoption of more effective periodic evaluation plans for the organization to identify the best ways to enhance local branding and generate profitable returns.
- Attention to research and development activities so that the organization can provide sufficient information to compare its performance development over the coming years.
- Conducting further research and studies in the field of branding.

This research was supported by small research groups at the Deanship of Scientific Research - King Khalid University - Saudi Arabia (RGP.1 /119/46)

Acknowledgement: "The authors extend their appreciation to the Deanship of Research and Graduate Studies at King Khalid University for funding this work through small Group Project under grant number (RGP.1 /119/46)

REFERENCES

- Sultan, Attia Salah (2007), Improving the Competitiveness of Public and Private Institutions, Symposium of the Arab Organization for Administrative Development, Cairo, June 10-14.
- Shrwydr Wakhrwn, Rytshard, (2010). T'ryb: Khald 'ly Ahmd Kajjij. Wld Mhmd Fal. Nzryt Almhasbh. Alryad: Dar Almrykh Llshrh.
- Alshyrazy, 'bas Mhdy (1990). Nzryt Almhasbh. Alkwyt: Dat Alslasl.
- Slah Aldyn Mhmwd 'lam (2000). Alqyas Waltqwym Altrbwym Walnfsy, Asasyath Wttbyqath Alm'asrh. Alqahrh, Dar Alfkr Al'rby.

- Sltan, 'tyh Slah (2007), Thsyn Alqdrh Altnafsyh Llm'ssat Al'amh Walkhash. Ndwat Almnzmmh Al'rbyh Lltnmyh Aledaryh,
- El-Sharkawy, Mosaad Mahmoud (2006). Principles of Financial Accounting, Cairo: Al-Asriya Library for Publishing and Distribution.
- Schroeder et al., Richard (2010), translated by Khaled Ali Ahmed Kajiji Ould Mohamed Fall, Accounting Theory, Riyadh: Dar Al-Marikh for Publishing.
- Al-Shirazi, Abbas Mahdi (1990), Accounting Theory, Kuwait: That Al-Salasil.
- Saber, Mohamed Abdel-Aleem, and Khaled Abdel-Majeed (2010), Human Resource Management: A Contemporary Approach, Alexandria: Dar Al-Fikr Al-Jami'i.
- Al-Sabban, Mohamed Samir Abu Al-Makarem, and Wasfi Abdel-Fattah (2006), Intermediate Accounting: Measurement, Evaluation, and Accounting Disclosure, Cairo: University Press for Printing and Publishing.
- Salah El-Din Mahmoud Allam (2000) Educational and Psychological Measurement and Evaluation: Fundamentals and Contemporary Applications. Cairo: Dar Al-Fikr Al-Arabi.
- Ta'ima, Thanaa Muhammad Ibrahim (2013) A Proposed Model for Voluntary Reporting and Disclosure of Intangible Assets in Egyptian Companies. Published in: Journal of Commerce and Finance, Tanta University, Issue 3.
- Abdel-Qawi Ahmed Helmy Abdel-Sayed (2014) Methods of Measuring Intangible Assets in the New Economy. Published in: The Scientific Journal of Commercial Research and Studies - Egypt, 28(1).
- Al-Adawi, Nahed Saad Ahmed (2004). A Proposed Framework for Measuring and Reporting on Intangible Assets for Mergers in the Banking Sector. Unpublished Master's Thesis in Accounting, Faculty of Graduate Studies, Suez Canal University.
- Al-Fadagh, Fadagh (1999) Intermediate Accounting: Theory and Application. Amman: Al-Warraq Foundation.
- Cashin, James A. (2004) Principles of Accounting, Cairo: International House for Cultural Consultations
- Kashko, Sand Mahmoud (2016). The Extent of Disclosure of Intangible Assets in the Financial Reports of Companies Listed on the Palestine Stock Exchange, Master's Thesis in Accounting and Finance, published by the Faculty of Graduate Studies, Islamic University (Gaza).
- Mujaddad, Ibrahim, and Faiza (2018). Visual Perspectives on Standardized Pathways for Measuring Knowledge Capital and Disclosure Determinants for Creating Sustainable Competition in the Context of the Knowledge Economy, Journal of Accounting and Financial Studies: 13(44).
- Muhammad Fahim Abu Al-Azm (2006). Developing Accounting Measurement and Reporting of Intangible Assets in the Context of the Knowledge Economy, Journal of Accounting Thought 10(2), Ain Shams University
- Matar, Muhammad (2010). Accounting Theory, Cairo: Arab United Company for Marketing and Supply.
- Al-Naghi, Mahmoud Al-Sayed (2011) Studies in Accounting Theory: A Contemporary Approach. Mansoura: Modern Library for Publishing and Distribution.
- Tajjar, Hassan, Jamil (2017) The Jordanian Journal of Business Administration (13(3)
- Nour Ahmed (2004) Financial Accounting: Measurement and Disclosure According to International, Arab, and Egyptian Accounting Standards. Cairo: University Press.
- 'bd Alqwy, Ahmd Hlmy 'bd Alsyd (2014). Trq Qyas Alaswl Ghyr Almlmwsh Fy Zl Alaqtasad Aljdyd. Bth Mnshwr Fy Almjhlh Al'lmyh Llbhwth Waldrasat Altjaryh- Msr, 28(1).
- Al'dwa, Nahd S'd Ahmd (2004). Etar Mqtrh Llqyas Waltqryr 'n Alaswl Ghyr Almlmwsh L'mlyat Alandmaj Fy Alqta' Almsrfy. Bth Majstyr Fy Almhasbh, Ghyr Mnshwrh, Klyt Aldrasat Al'lya, Jam't Qnah Alswys
- Alfdagh, Fdagh (1999). Almhasbh Almtwsth Nzryh Wttbyq. 'man: M'sst Alwraq.
- Jm'h, Ahmd Hlmy (2010). Nzryt Almhasbh Almalyh Alnmwdj Aldwly Aljdyd. Byrwt: Dar Sfa' Llnshr Waltwzy'.
- Kashyn, Jyms A. (2004). Aswl Almhasbh. Alqahrh: Aldar Aldwlyh Llastsharat Althqafyh.
- Kshkw, Sa'd Mhmwd (2016). Mda Alefsah 'n Alaswl Ghyr Almlmwsh Fy Altqaryr Almalyh Llshkrat Almdrjh Fy Bwrsh
- Flstyn. Bth Majstyr Fy Almhasbh Waltmwyl, Mnshwr, Klyt Aldrasat Al'lya, Aljam'h Aleslmyh (Ghzh)
- Mhmd, Fhym Abw Al'zm (2006). Ttwyr Alqyas Waltqryr Almhasby 'n Alaswl Ghyr Almlmwsh Fy Zl Aqtasad Alm'rfh. Mjlt
- Alfkr Almhasby: 10(2). Jam't 'yn Shms.

- Mjdd,Ebrahym,Fa'zh (2018). R'a Tswyryh Lmsarat Qyas Ras Almal Alm'rfy Alm'yaryh Wmhddat Alefsah Lkhlq Almnaafsh
 Almstdamh Fy Zl Aqtsad Alm'rfh. Mjlt Drasat Mhasbh Wmalyh: 13(44).
- Mtr, Mhmd (2010). Nzryt Almhasbh. Alqahrh: Alshrkh Al'rbyh Almthdh Litswyq Waltwryd.
- Alnaghy, Mhmwd Alsyd (2011). Drasat Fy Nzryh Almhasbh Mdkhl M'asr. Almnswrh: Almktbh Al'sryh Llnshr Waltwzy'.
- Njar,Hsn, Jmyl (2017) Almjlh Alardnyh, Edarh A'mal. 13(3)
- Nwr, Ahmd(2004). Almhasbh Almalyh Alqyas Walefsah Almhasby Wfqaan Lm'ayyr Almhasbh Aldwlyh Wal'rbyh Walmsryh. Alqahrh: Aldar Aljam'yh.
- Rady, Mhmd Samy (2004) Almhasbh Almtwsth. Aleskndryh: Aldar Aljam'h.
- Rzwq, Sat' W'zyz, 'Ezw (2010). Alqyas Almhasby Llaswl Ghyr Almlmwsh Wfq Alm'yar Aldwly Rqm (38) Drash Mqarnh M'
- Alnzam Almhasby Alasasy L'am 2007m, Mjlt Jam't Tshryn: 32(5). Dmshq.
- Alrshydy Bshyr (2000). Mnahj Albhth Altrbwy: R'yh Ttbyqyh Mbsth. Alkwyt: Dar Alktab Alhdyth.
- Sabr, Mhmd 'bd Al'lym, Wt'lyb, Khald 'bd Almjyd (2010), Edart Almward Albshryh- Mdkhl M'asr. Aleskndryh: Dar Alfkr Aljam'y.
- Alsban, Mhmmsmyr, Abw Almkarm, Wsfy 'bd Alftah (2006). Almhasbh Almtwsth- Alqyas Waltqyym Walefsah Almhasby.
 Alqahrh: Aldar Aljam'yh Lltba'h Walnshr.
- Alshrqawy, Ms'd Mhmwd (2006). Mbad' Almhasbh Almalyh. Alqahrh: Almktbh Al'sryh Llnshr Waltwzy'.