

ACCOUNTING FOR INTANGIBLE ASSETS AND FIRMS PERFORMANCE: THE CASE OF LISTED FIRMS IN GHANA.

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Abstract

Accounting for intangible assets has been a problem for most organisations, especially because it is not mandatory and therefore most organisations use their subjective interpretation in accounting for intangibles. This may lead to under estimation or over estimation of the value of the firm. This problem called for this research to delve more into the extent to which accounting for intangible could lead to higher firm performance. Further, the study sought to find out the moderating effects of management support, knowledge intensity and technological changes on the relationship between disclosure and firm performance. The study took a quantitative method approach by adopting an explanatory research design and further conducting a case study by focusing on a particular organisation. A sample size of four hundred (400) employees and top management were used for the quantitative study; while for the case study, four (4) personnel were interviewed. In all, out of the 12 hypotheses, six were supported. The findings from the study showed that the disclosure of branding and human capital had a positive effect on organisational performance, while management support moderated the relationship between disclosure of branding and organisational performance. The firm's technological capability positively moderated the relationship between disclosure of branding and firm performance. The firm's technological capability positively moderated the relationship between disclosure of human capital and organisational performance; and the firm's knowledge intensity positively moderated the relationship between disclosure of branding and organisational performance. The qualitative case study, to a large extent, underscored the need for firms to account for intangibles that can be computed since, in doing so, it helps in finding out the true value of the firm. Based on the results, it was recommended that there should be the implementation of good internal control that incorporate financial laws such as those that ensure the disclosure of intangible assets. The role of managerial support cannot be underestimated since disclosure of such assets is a managerial decision. Finally, the research is of the view that there should be knowledge development as this could enhance the value of the firm.

Keywords: Branding, Human capital, Intellectual capital, knowledge intensity, firm performance.