

Intangibility in a Tangible-Intensive Industry

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Resumo

We examine the relationship between intangibility and the competitive advantage of electricity companies across all six continents. Despite the industry's focus on tangible assets, our findings indicate that intangibility plays a significant role in driving superior performance within this sector. Interestingly, tangibility does not appear to have a significant impact on firms' competitive advantage. In contrast, intangibility exhibits a positive and statistically significant relationship with the performance of electricity firms. This conclusion remains robust even after accounting for various control variables, omitted variables, and endogeneity. Our contribution is twofold. First, we propose a method for measuring a company's intangibility that does not rely on data about intangible investments, such as research and development or advertising expenditures, which can be challenging to collect for utility companies. Second, we emphasize the increasing importance of intangibility for all types of companies, even those that may not seem to depend heavily on intangible assets.