

EFFECT OF INTELLECTUAL CAPITAL ON THE PERFORMANCE OF LAW FIRMS IN BEIJING, CHINA

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Abstract

Intellectual capital, including Human capital, Structural capital, and Relational capital, is crucial for shaping the performance and long-term competitiveness of law firms in the dynamic and competitive environment of Beijing, China. Despite the recognition of its significance, there is a need for empirical research focusing specifically on the effect of intellectual capital on law firms' performance in Beijing. This research aims to study the effect of intellectual capital on the performance of law firms in Beijing, China. The population is law firms in Beijing, China with a total of 320 samples. Use questionnaires as a tool to collect data. The data were analyzed by frequency, percentage, mean and standard deviation, Beta, t-value, p-value, Cronbach's alpha(α) and Cohen's F², and the hypothesis was tested with a t-test, p-test, and PLS-SEM.

The results found that: 1) the overall reliability of the questionnaire in this study was very high (Cronbach's Alpha values of the questionnaire were greater than 0.990, far greater than 0.7). 2) the Path Coefficient of Intellectual Capital Factors in terms of Human Capital was 0.432 ($t = 9.383$, $p\text{-value} = .000$), and Structural Capital was 0.208 ($t = 5.436$, $p\text{-value} = .000$), and Relational capital was 0.429 ($t = 10.444$, $p\text{-value} = .000$), which all 3 components affected the performance of law firms in Beijing, China at a statistically significant level. 000 and together predicted up to 73.9% ($R^2 = 0.739$). 3) The factors that have the most influence on the performance of law firms in Beijing, China are Human capital, Relational capital, and Structural capital the least.

Keywords: Intellectual Capital, Human Capital, Structural Capital, Relational Capital, Firm Performance, Law Firms

Introduction

In recent years, China's legal service market has developed rapidly, but it has also encountered many problems, such as extensive internal management and severe legal competition. How to improve the competitiveness of law firms has become an urgent problem to be solved in the development of the legal industry.

In the era of the knowledge economy, intangible resources and capabilities are crucial to the survival of enterprises in a dynamic environment. Li and Liu (2018) pointed out that intellectual capital is an important strategic resource of knowledge-intensive service companies. Recent empirical studies have shown the important role that intangible assets and intellectual capital (IC) play in influencing variables like a company's levels of productivity, efficiency, profitability, and stability. One such study was carried out by Onumah and Duho (2019). A further point made by Ali, Murtaza, Jiang, and Naeem (2022) was that intellectual capital is a significant factor in the financial performance of non-financial enterprises. One of the key findings from their investigation, according to them, was this. They noticed that organisations can increase their financial performance by investing in intellectual capital by using their resources more effectively. Because of this, intellectual capital has become a key area of research emphasis for academics looking at the methods through which businesses maintain their competitive advantage and generate value. It enables the cultivation, investigation, and evaluation of the firm's value from a novel perspective, offering a novel approach to understanding the value composition of a company and providing a novel approach to understanding the value composition of a company. Overall, the research significance of this paper is reflected in the following three aspects: Firstly, measuring the influence of intellectual capital on firm performance has become a topic of practical significance. Secondly, this paper provides a theoretical and empirical basis for scholars to carry out further research on law firm intellectual capital in the future. Intellectual capital is one of the key research areas by scholars exploring how firms maintain competitive advantage and create value. On this basis, enriches and supplements the relevant theories of intellectual capital. Thirdly, this is an effective attempt to study intellectual capital and law firm performance and also provides a scientific basis for law firms to formulate development plans and strategies. In addition, the research conclusions can also be used for reference in the management of intellectual capital of other knowledge-intensive enterprises.

Research Objectives

The purpose of this research is to investigate the impact of intellectual capital, which includes human capital, structural capital, and relational capital, on the performance of law firms in Beijing, China. The goal is to assist law firms in developing long-term intellectual capital competitiveness.

Research Hypothesis

1. Human capital has a significant role in promoting law firm performance.
2. Structural capital has a significant role in promoting law firm performance.
3. Relational capital has a significant role in promoting law firm performance.

Conceptual Framework

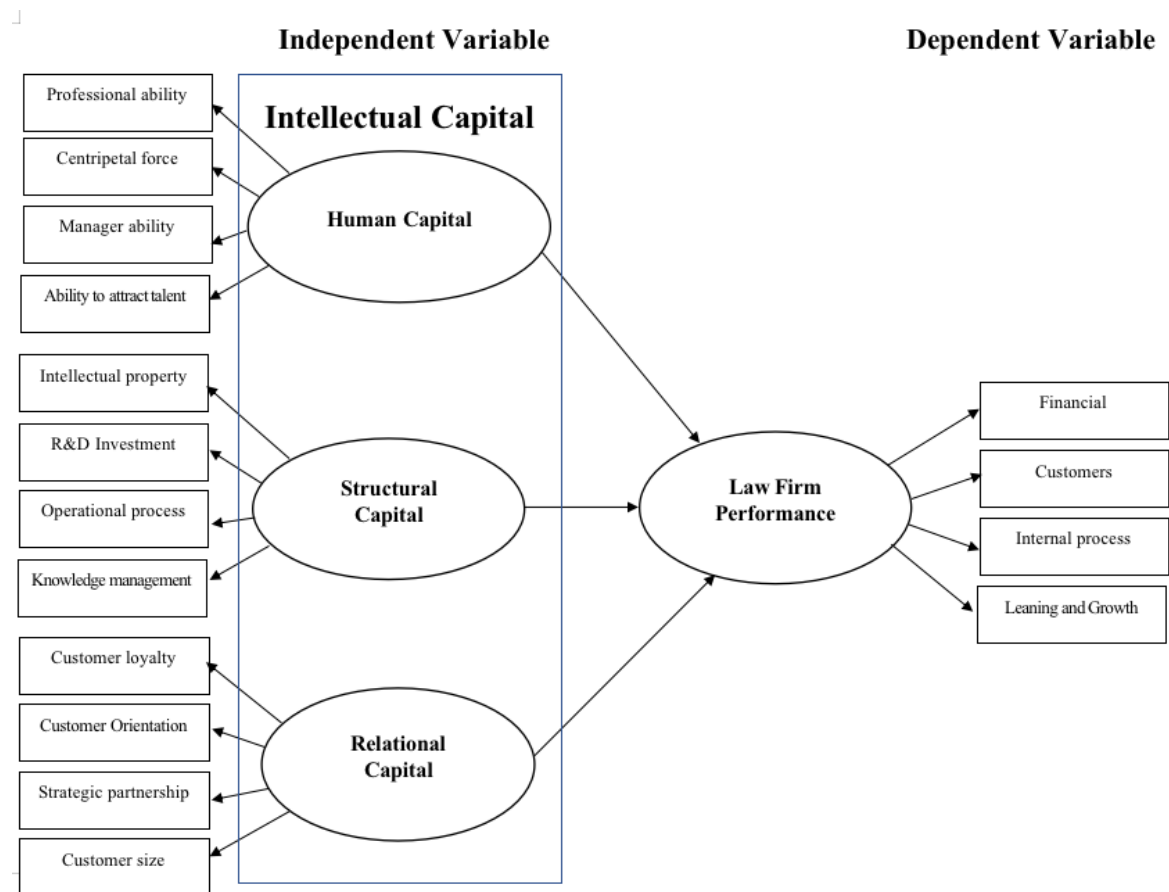


Figure 1 Shows the conceptual framework of the study

Literature Review

Concepts, Components and Measurement of Intellectual Capital

The term “intellectual capital” was first coined by Galbraith (1969) believing that intellectual capital does not only refer to “intelligence as pure intelligence”, but also includes a certain degree of “intellectual activities”. Stewart (1997) gave a relatively complete definition of intellectual capital. He was aware that intellectual capital is the sum of individual knowledge and comprehensive ability that can gain a competitive advantage for the enterprise. Moreover, he stressed the value of intangible assets like knowledge and experience to help businesses gain an edge in the market. Since then, although a large number of studies related to intellectual capital have emerged, scholars have different views on the definition of intellectual capital and its constituent elements. Scholars' definitions of the concept of intellectual capital are mainly divided into the following categories: perspectives based on intangible assets, perspectives based on knowledge management, and perspectives based on value.

In addition, Brooking (1996) believed that intellectual capital is “the general term for all intangible assets that enable a company to operate”. Intellectual Capital refers to the intangible resources of a firm that improves the competitive advantage and thus the performance of an organization. This intangible asset is based on intellectual labour and is owned by the organization or its members and can create value for the organization and build sustainable competitiveness. All knowledge, ability, skills, work skills, experience, creativity, and other intellectual labour results in a combination. In this study, intellectual capital is divided into three categories, human capital, Structural capital, and relational capital, and these three types of capital constitute the explanatory variables of this study (Al-Sartawi, 2018). Intellectual capital includes three components of intellectual capital: human capital, structural capital, and relational capital (Bontis, 2001).

Table 1 Intellectual capital components

Intellectual Capital Factors		
Human capital factors	Structural Capital Factors	Relational capital factors
Professional ability (Anwar & Abdullah, 2021)	Intellectual property (Dzinkowski, 2000)	Customer loyalty. (Hussinki et al., 2017)
Centripetal force (Nguthari, 2015)	R&D investment (Guo & Zhou, 2018)	Customer orientation (Li et al., 2019)
Managers ability (Ogaji & Isichei, 2019)	Operational business process (Nguthari, 2015)	Strategic Partnership (Hsu & Sabherwal, 2011)
Ability to attract talents (Onumah & Duho, 2019)	Knowledge management process. (Fombad, 2016)	Stakeholders relationship (Hsu & Sabherwal, 2011)
Human capital		

Human capital plays a leading role in the realization of enterprise value, and different scholars at home and abroad expound it from different angles. Brock (2006), Younis (2014), Curado, Jesus, and Bontis (2022) believe that “human capital mainly includes knowledge, technology, ability, health, quality, attitude and other factors Li and Liu (2018), Hanifah, Abd Halim, Vafaei-Zadeh, and Nawaser (2022) think that human capital is composed of knowledge and skills; Li & Zhao (2018) believe that human capital is composed of a single element of knowledge. Cheng, Xiang, Sher, and Liu (2018) the statistical results show that the top five elements of human capital are knowledge, ability, Technology (skills), experience, and physical fitness (health). From the perspective of value and uniqueness. Youndt & Snell (2004) divided human capital into general human capital and special human capital; Li and Liu (2018) divided human capital into the same qualitative human capital and heterogeneous human capital; Zhang, Lettice, & Pawar (2019) believes that “human capital is divided into general human capital, specific human capital and quasi-specific human capital”.

Structural capital

Structural capital is the basis and platform to support the transformation of human capital into enterprise value. Only under the condition of sufficient structural capital can the value of human capital be fully utilized, thereby further realizing the value of the enterprise. Different scholars have different explanations for it. Sharabati, Jawad, & Bontis (2010) believed that structural capital is a kind of capital owned by the enterprise that does not depend on the enterprise's human capital. It represents the transformation of various factor inputs into the final value of the enterprise. This kind of ability will not disappear with the departure of employees; Stewart (2010) believes that structural capital refers to the organizational structure, system norms, and corporate culture of the enterprise; Jiang & Zhai (2021) believes that organizational capital is embedded in the business process of the enterprise, work practices, corporate culture, and a capital of the organizational ecosystem.

Relational capital

Relational capital is directly related to the external environment of the enterprise, and it is the only way to realize the value of the enterprise (Plukphonngam, Chinnavong, Jaruthapolnukul, & Poompurk, 2022). Nguthari and Kwasira (2015) believe that customer capital is the organizational value between an enterprise and its business contacts. Fombad (2016) believes that relational capital is external relational capital, which should include external stakeholders such as upstream and downstream suppliers in addition to traditional customers. Zhang & Wang (2017) believed that relational capital should include social stakeholders; customer relationships and supplier relationships belong to relational capital, and the interaction between enterprises and external stakeholders is the key to enterprise profitability and success. Chen (2018) believes that customer capital is mainly composed of three aspects: market basic ability, market strength, and customer loyalty. Market basic ability is the basis for

an enterprise to operate customer capital, and market strength is the final form of customer capital.

Concepts and Measurement of Firm Performance

Firm Performance refers to an economic category that reflects the ability of firms in using human resources and material resources to achieve the targets of the firm (Prasad, 2022). The firm performance also considers the efficiency of using business means during the production and consumption process (Ratchaieng & Srinet, 2021). According to the Statistics Department of the Ministry of Finance of China, firm performance refers to "the operating efficiency and operator performance of a firm in a period of time. This study analyses from a system perspective, adopting the Balanced Scorecard from Kaplan and Norton (2005). Based on their research, we select process indicators and outcome indicators as the main indicators for performance measurement: Financial, Customers, Internal Process, and Learning and Growth (Huang, 2021).

Kaplan and Norton (2005) believed that enterprise management needed a multi-dimensional evaluation system to guide their decision-making. The Balanced Scorecard is a systematic evaluation framework that combines financial and non-financial indicators that play an important role in enterprise performance. The Balanced Scorecard is a new performance management system that implements an organization's strategy into operational measurement indicators and target values from the four perspectives of finance, customers, internal process, learning, and growth (Charutawephonnukoon, Cninnavong, & Rittiboonchai, 2022). According to the explanation, the balanced scorecard mainly realizes strategic planning through charts, cards, and tables (Kefe, 2019).

Effects of Intellectual Capital on Law Firm Performance

Li, Song, Wang, & Li (2019) studied the financial reports of 72 listed companies and concluded that there is an insignificant positive relationship between intellectual capital and company performance. Duho and Agomor (2021) found that structural capital efficiency is the main driver of profitability. In contrast, human capital efficiency and capital use efficiency have no significant impact on the profitability of non-financial firms. While Zhang & Vigne (2021) found that in pharmaceutical-listed companies, intellectual capital has a significant role in promoting firm performance. Also, Ali, Murtaza, Jiang, and Naeem (2022) found that human capital (HC), structural capital (SC), and employment capital (CE) have a significant impact on the financial performance of Pakistani and Indian companies. The results of the survey should provide management with hints to improve economic performance and emphasize the importance of IC.

Research Methodology

1. The population used in this study was the law firms in Beijing, China. 3259 law firms in Beijing are the potential population. The respondents are middle and senior managers

of law firms, including directors, partners, and practising lawyers of law firms. The exact population in this paper is gender, nature, age, educational level, and average income.

2. Research Instrumental is a questionnaire created after studying and researching concepts and theories to obtain information related to the effect of intellectual capital on law firm performance in Beijing, China. The questionnaire is divided into four sections: personal factors of respondents, opinion questionnaire about intellectual capital factors, law firm performance and suggestions and comments. Using the online form to collect the data from the respondents.

3. Data analysis consists of descriptive statistics analysis presented as a table of frequency distribution, percentage, mean, and standard deviation to describe basic information about the sample group. And inferential statistical analysis was used to test the hypothesis. With statistical significance at the 0.05 level with the Enter method of multiple regression analysis. Inferential Statistics tests by Partial Least Square—Structural Equation Modeling (PLS-SEM).

Results

1. The results of 202 males (63.13%) and 118 females (36.88%), mostly 31-50 years old, 173 people (54.06%), followed by lower or equal to 30 years, 83 people (25.94%) and the least, more than 65 years old, 10 people (3.13%). In addition, the majority of respondents had Bachelor's degrees, 203 people (63.44%), followed by Postgraduate, 65 people (20.31%), and the least Undergraduate 52 people (16.25%). Most of the respondents had average monthly incomes of 20,001 – 100,000 yuan, 187 people (58.44%), followed by 100,001-500,000 yuan, 93 people (29.06%), and the least Less than or equal to 20,000 yuan, 19 people (5.94%).

2. Results of Intellectual Capital Factors in Beijing, China

Table 2 shows the mean and standard deviation of intellectual capital factors.

Intellectual capital factors	Mean	SD	Level of opinion	Ranking
Human capital	3.33	1.08	Moderate	1
Structural capital	3.25	1.14	Moderate	3
Relational capital	3.29	1.26	Moderate	2
Overall	3.29	1.16	Moderate	

From Table 2, it was found that most of the respondents had a medium level of opinions on intellectual capital factors ($\bar{X}$ = 3.29, SD = 1.16). Human capital was the highest ($\bar{X}$ = 3.33, SD = 1.08), followed by Relational capital ($\bar{X}$ = 3.29, SD = 1.26) and the least Structural capital ($\bar{X}$ = 3.25, SD = 1.14).

3. Results of law firm performance in Beijing, China

Table 3 shows the mean and standard deviation of the law firm's performance as a whole.

Law firm performance	Mean	SD	Level of opinion	Ranking
Financial	3.00	1.09	Moderate	1
Internal process	2.99	1.09	Moderate	3
Customer	2.99	1.10	Moderate	4
Learning and Growing	3.00	1.09	Moderate	1
Overall	2.99	1.09	Moderate	

From Table 3, it was found that most of the respondents' opinions on law firm performance were at a moderate level ($\bar{X}$ = 2.99, SD = 1.09). Considering the average, it was found that most respondents had The most opinions towards Financial Learning and Growing ($\bar{X}$ = 3.00, SD = 1.09), followed by Internal process ($\bar{X}$ = 2.99, SD = 1.09) and the least, Customer ($\bar{X}$ = 2.99, SD = 1.10).

4. Hypothesis test results

Table 4 Shows the test results for structural integrity and component weight

Factors	Loading	AVE	Dijkstra-Henseler's rho (ρ_A)	Jöreskog's rho (ρ_c)	Cronbach's alpha(α)
Human Capital		0.992	0.997	0.998	0.997
- Professional ability (X11)	0.996				
- Centripetal force (X12)	0.996				
- Manager's ability (X13)	0.997				
- Ability to attract talents (X14)	0.995				
Structural Capital		0.992	0.997	0.998	0.997
- Intellectual property (X21)	0.995				
- R & D investment (X22)	0.997				
- Operational business process (X23)	0.996				
- Knowledge management process (X24)	0.996				

Table 4 (Continue)

Factors	Loading	AVE	Dijkstra-Henseler's rho (ρ_A)	Jöreskog's rho (ρ_c)	Cronbach's alpha(α)
Relational Capital		0.992	0.997	0.998	0.997
- Customer loyalty (X31)	0.995				
- Customer orientation (X32)	0.996				
- Strategic partnership (X33)	0.996				
- Other Stakeholders relationship (X34)	0.997				
Firms Performance		0.993	0.998	0.998	0.998
- Financial (Y1)	0.997				
- Internal process (Y2)	0.997				
- Customer (Y3)	0.996				
- Learning and Growing (Y4)	0.996				

From Table 4, it was found that all the observed variables in the model had a component weight of more than 0.7, with a value between 0.995-0.997, and the reliability of the measurement was considered. Dijkstra-Henseler's rho (ρ_A) ranged from 0.997-0.998, Jöreskog's rho (ρ_c) ranged from 0.998, Cronbach's alpha (α) ranged from 0.997-0.998, all values greater than 0.7. have discriminant accuracy The AVE values greater than 0.5 were considered, ranging from 0.992-0.993 (Henseler, Hubona, & Ray, 2016).

Table 5 Shows a comparison of discriminatory accuracy according to the Fornell-Larcker criterion.

Construct	Human Capital	Structural Capital	Relational Capital	Firms Performance
Human Capital	0.992			
Structural Capital	0.142	0.992		
Relational Capital	0.220	0.224	0.992	
Firms Performance	0.505	0.329	0.532	0.993

From Table 5, it was found that the discriminant validity derived from the Average Variance Extracted (AVE) was higher than the correlation value with other latent variables as observed from the diagonal numbers. (Fornell & Larcker, 1981).

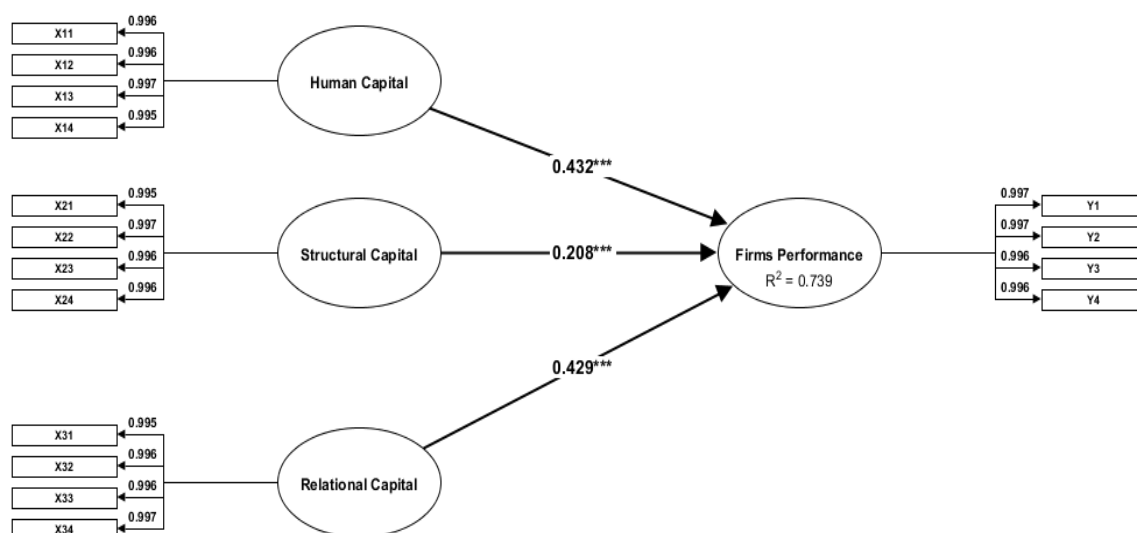


Figure 2 shows the results of hypothesis testing.

Table 6 shows the effects between intellectual capital factors and firm perform

Effects	Beta	t-test	p-value	Cohen's F2
Human capital > Firm performance	0.432	9.383	.000***	0.535
Structural capital > Firm performance	0.208	5.436	.000***	0.123
Relational capital > Firm performance	0.429	10.444	.000***	0.478

*** Statistical significance at .001 level

From Table 6, it was found that the Path Coefficient of Intellectual Capital Factors in terms of Human Capital was 0.432 ($t = 9.383$, $p\text{-value} = .000$), and Structural Capital was 0.208 ($t = 5.436$, $p\text{-value} = .000$) and relational capital was 0.429 ($t = 10.444$, $p\text{-value} = .000$), which all 3 components affected the performance of law firms in Beijing, China at a statistically significant level. 000 and together predicted up to 73.9%.

Discussion

Human capital is the only thing that has a bigger effect on how well a law firm does than relational capital. Among the four constituent levels of relationship capital, the order of importance from high to low is a relationship with other stakeholders, customer loyalty, customer orientation, and strategic partnership. Based on the theoretical view, relational capital refers to an intangible asset that creates or maintains relationships with individuals, groups, or other organizations that are relevant to the organization's interests. The dimensions of relational capital in this paper include Customer loyalty, Customer orientation, Strategic partnership, and stakeholder relationships (Duan, Liu, Yang, Chin, Peng, Russo, & Dezi, 2022)

The relationship with stakeholders directly affects the public image of the law firm. This study found that most of the respondents believed that "your clients have a high regard for your law firm's brand" and "your clients have a high opinion of your law firm's professionalism and reputation." Customer loyalty is not easy to obtain. Only when a law firm truly establishes a customer-oriented business philosophy, does what customers want, and thinks what customers think, can it truly win the voice of customers. Therefore, whether a law firm has established a customer-oriented business philosophy. Philosophy is the key to the cultivation of relationship capital, and it directly affects the performance of law firms. The study is consistent with the study done by Byars and Neil (1987), who researched the topics of organizational philosophy and mission statements. They discovered that developing an organization's philosophy and mission is essential because it can establish the values, beliefs, and guidelines for how the organization conducts its business and determines its relationship with its stakeholders, which include employees, customers, shareholders, suppliers, the government, and the general public.

Customer loyalty can improve the relationship between law firms and customers, reduce transaction costs, and save costs. On the other hand, a customer who is happy with the products will often tell someone he knows to buy them. The transactional relationship between the law firm and the client can also last longer if the client is loyal. This can help the law firm keep more clients. For many businesses, getting a new customer costs about five times as much as keeping an old one. Also, new customers don't always bring in money for the business. According to the study's findings (Kumar & Maull, 2011), the average value that the enterprise receives from each customer will increase by 25%–100% if the customer retention rate rises by 5%. On the other hand, when the law firm has already occupied a fixed market share, the internal formation After establishing a sound management mechanism and institutional system, expanding the organization's external relations has become an important aspect for law firms, including how to consolidate customer relationships, form strategic partnerships, and develop other stakeholder relationships (Liu, 2020).

The results of this study show that structural capital has the least impact on law firm performance, but it is still significantly correlated at the 0.001 level. Among the four constituent levels of structural capital, the order of importance from highest to lowest is intellectual property rights, investment in R&D and innovation, knowledge management processes, and business process management capabilities.

First of all, law firms can reach their goal of improving structural capital and organizational performance by putting more money into innovative research and development. For example, boosting process innovation can effectively lower production costs, and legal product and service innovation can provide high-tech and unique products that allow law firms to make more money from premiums. Based on the theoretical view, structural capital refers to the valuable intangible assets that employees cannot take away

when they leave work or the enterprise, including the tangible systems used to transmit and store knowledge. It belongs to the control of the organization, which transforms the knowledge and ability belonging to the individual into the benefit of the organization (Jarinto, Jermisittiparsert, & Chienwattanasook, 2019). Such as information systems, knowledge dissemination channels, operating procedures, production processes or management culture, etc., In this paper, structural capital can be divided into four dimensions: intellectual property management, investment in R&D and innovation, and knowledge management, processes, and operational business processes (Xu, Shang, Yu & Liu, 2019).

Second, a good knowledge management process has a big effect on the performance of knowledge-intensive businesses. How to improve the ability of knowledge acquisition, dissemination, sharing, and innovation in the enterprise directly determines its competitive advantage. In particular, it is the core of knowledge management to effectively solidify the individual knowledge, skills, and experiences of employees through the role of the knowledge management mechanism into the knowledge wealth of the organization as a whole so that the law firm will not be affected by the departure of individual employees. suffering significant losses but can also fully exploit the marginal incremental utility of knowledge and achieve the goal of cost reduction and performance improvement through repeated use of knowledge. Therefore, a knowledge management mechanism is established so that both new and old employees can overcome the problems they face at work in the shortest possible time, or exchange and share practical experience.

Lastly, if a law firm is good at business process management, it can break down barriers to communication and collaboration between departments, make sure information flows freely, and avoid wasting money and people. The reasonable design and execution of various business processes can also enable the law firm. The operation is more scientific, reasonable, and standardized, which can effectively reduce the production cost of the law firm and improve the performance level of the organization. From the above, the importance of structural capital can be seen. The better the structural capital, the smoother the overall process of the law firm, the more flexible the design of the organizational structure, the higher the ability of the employees to apply information technology, the sound management of intellectual property, and the complete structure of the information system, The study is consistent with the study done by Pu et al. (2022), who attempted to understand technological innovation investment performance considering the evolution of industry-university-research cooperation for the technological innovation of lithium-ion storage batteries in China using data from three stages, including 2009–2012, 2013–2016, and 2017–2020, and found that innovation investment was needed to evolve the industry. In addition, the study is also consistent with the study done by Trachuk and Linder (2018), who attempted to investigate the relationship between investment in research and development (R&D), innovation expenses, and productivity of manufacturing companies using data from high-tech

industries and found that investment in research and development (R&D) is crucial; the companies that operate in high-tech industries not only invest more in R&D and innovation but also have better performance due to research and development.

Implications of the study

Implications for Managerial Aspect:

This study suggests how to improve human capital factors so that lawyer has more chances of progressing in performance in Beijing, China. The study suggests that human capital factors can help law firms increase their performance.

First of all, human capital is the core foundation of intellectual capital, the main factor for the realization of intellectual capital, and plays a leading role in the operation of intellectual capital. Because intellectual capital is the knowledge that can be transformed into market value, it is the sum of knowledge, skills, and experience that can bring profits to enterprises. This knowledge, skills, and experience are hidden in the minds of employees, and the human mind is the carrier of intellectual capital. Without the minds of people with certain knowledge, the knowledge, skills, and experience required and possessed by intellectual capital cannot be activated and operated, let alone transformed into market value.

Secondly, relational capital is an essential component of intellectual capital since it serves as a bridge and a catalyst in the operational dynamics of the latter. It plays the role of the deciding factor in the process of turning intellectual capital into market value and has the most direct impact on the performance of the organisation. To highlight this point, the existence of relational capital is necessary for the production of market value.

Third, structural capital is the infrastructure of intellectual capital. The operation process of intellectual capital creates conditions for the best use of human capital and works together with human capital to form, develop, and utilize the relationship capital of enterprises. After the formation of structural capital under the leadership of human capital, it does not depend on human capital and exists objectively, such as the organizational structure, system norms, business operation process, and knowledge management process of the enterprise.

Implication for Academic Aspect:

1. This study mostly looks at how intellectual capital affects how well a company does as a whole. Its goal is to show that intellectual capital exists, which is made up of three hidden things: human capital, structure capital, and relationship capital. Human capital is made up of the skills of the employees, the skills of the managers, the unity of the workers, and the business's ability to find new talent. Structural capital includes things like intellectual assets, investments in innovation and R&D, methods for managing information, and business processes. Relational capital includes strategic relationships, customer loyalty, focusing on the customer, and having a large number of customers.

2. Regarding the study, the academicians can affirm that the composition of enterprise performance, including financial, customer, internal process, and growth and development aspects. Financial perspective refers to the average annual growth rate of sales revenue, average annual total profit, the average annual growth rate of total profit, the average annual return on total assets and so on. Customer perspective refers to customer market share, customer satisfaction, rate of customer referrals, and rate of customer complaints to represent the performance of the customer perspective. The internal process perspective refers to the cost and expense ratio, refund rate for entrusted cases, flexibility in organisational structure adjustment, public image, and social popularity to represent the performance of the Internal process perspective. In addition, the learning and growth perspective refers to employee satisfaction, training costs, information systems, and employee commitment to representing the performance of the learning and growth perspective.

Thirdly, through data analysis using structural equation modelling, the academicians can confirm that there is a relationship between the two variables of intellectual capital and enterprise performance. Human capital includes employee professional ability, manager ability, employee cohesion, and enterprise's ability to attract talents; structural capital including intellectual assets, innovation R&D investment, knowledge management process, and business process; and relational capital including strategic partnership, customer loyalty, customer orientation, and customer scale can influence enterprise performance which includes financial, customer, internal process, and growth and development aspects.

Future Research

As mentioned above, the field of intellectual capital is an emerging research hotspot and a perfect theoretical body has not yet been formed. There are still many aspects and a large number of problems worthy of in-depth discussion and research. Here, the author summarizes the conclusions of the research, and the following future research directions are proposed for the continuation and in-depth issues of this study:

1. The intellectual capital of enterprises has also been in the process of dynamic development, so it is suggested that vertical. The cross-sectional research (longitudinal study) method, observing the changes in the total amount and proportion of the constituent elements of enterprise intellectual capital under different sample observation periods, and its impact on enterprise performance, can obtain a more complete effect of intellectual capital on enterprise performance.

2. This study verified the positive correlation between intellectual capital and corporate performance but failed to answer the question of how to enhance corporate intellectual capital. The author believes that intellectual capital should be linked with knowledge management and organizational learning theory to explore the relationship

between the increase of intellectual capital and corporate knowledge management. Strategies, organizational learning behaviour linkages, thus finding increased.

3. Taking the enterprise's factors or industry factors as buffer variables to explore the industry characteristics of enterprise intellectual capital and firm characteristics and their impact on the "intellectual capital-firm performance" relationship.

4. Explore the behaviour of intellectual capital management to improve enterprise performance utilizing interviews or case studies, and discover feasible and effective intellectual capital management strategies.

5. Explore the measurement methods of enterprise intellectual capital employing interviews or case studies combined with questionnaires, and propose more accurate and effective measurement indicators or tools for the components of intellectual capital.

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