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# Editorial on Intellectual Capital

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## Editorial

Traditional annual financial statements only show a portion of the value of intangible assets such as concessions, licenses, patents, trademarks, and other intangible assets in the knowledge era, where intellectual capital constitutes a substantial part of the value of a product. In fact, developing intellectual capital is a critical activity for businesses that wish to be efficient in the marketplace and so gain a long-term competitive advantage. Intellectual capital is a valuable resource and a crucial contributor to a company's economic success and value creation. An organization's intellectual capital is an intangible value driver that generates future advantages. Competition is fierce in today's markets, and purchasers have become more knowledgeable. Furthermore, the modern business climate is quite dynamic, and businesses are always changing. Many firms' survival is contingent on their willingness and capacity to adjust to such developments. Firms can quickly adjust to changes and remain competitive in the market because to intellectual capital. Because of innovation, intellectual capital has become a source of competitive advantage. In today's economic world, intellectual capital is one of the most important components in a company's development and competitiveness. Intellectual capital is intangible by nature, therefore estimating its value can be difficult. Intellectual capital is commonly defined and described in terms of creating value, strengthening a company's competitive advantage, and ensuring its success.

Intellectual capital contributes to the creation of wealth and other high-value assets. In a business, intellectual capital refers to the abundance of ideas and the ability to innovate, both of which have a significant impact on the firm's future. Individuals used to believe that organizational effectiveness was determined by the financial and expenditure resources available. Researchers have come to the conclusion that the success of organizations is strongly dependent on the intellectual capital items that contribute to organizational performance, hence this strategy is no longer valid. Human capital, structural capital, and relational capital are the three basic components of intellectual property[1-3].

### Human Capital

Human capital refers to the abilities and inventiveness of employees, which may be improved by investing in training programmes. The talents and competence of an organization's personnel are referred to as human capital. Employees who are more efficient are more likely to improve the company's performance. Structural capital is a subset of intellectual capital that comprises an organization's nonhuman assets. Copyrights, patents, procedures and rules, and policies that facilitate decision-making are all part of it. The firm's relationship with external stakeholders is referred to as relational capital. This involves the crucial relationship between a company and its consumers, which is built on trust, experience, and knowledge. External stakeholders, such as clients, are prevented from departing the economic connection because of relational capital. One of the components of intellectual property is human capital. Professional competency, social competence, employee motivation, and leadership ability are all examples of human capital.

### Structural Capital

Product innovation, business culture, managerial instruments, IT and explicit knowledge, internal cooperation, and process optimization are all examples of structural capital. An organization's future is improved via product innovation. This is because innovation ensures the creation of new products, which improves the organization's competitiveness and long-term survival. Patents and copyrights are two examples of product innovation. Corporate culture is a form of structural capital as well. The values and standards that drive knowledge transfer and job interactions are referred to as corporate culture. A positive company culture encourages policy compliance and instils the habit of innovation and development. Management instruments tend to assist leaders' efforts and affect decision-making processes, including communication channels used during decision-making. The constant improvement of internal procedures and processes is referred to as process optimization. Internal collaboration refers to the ability of employees within a company to collaborate and share information.

### Relational capital

Customer relationships, supplier relationships, public relationships, and investor relationships are all examples of relational capital. The relationship between a corporation and its customers is referred to as a customer relationship. Good customer service, for example, contributes to a positive customer relationship. Relationships with suppliers, both existing and potential, are referred to as supplier relationships. Managing supplier connections entails a variety of activities aimed at improving relationships during the purchasing process. Businesses take steps to strengthen investor relationships, such as providing accurate information to investors to help them make better decisions [4,5].

## Conflict of Interest

None.

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