



THE MEDIATING EFFECT OF DIVERSIFIED CAPITAL STRUCTURE ON THE RELATIONSHIP BETWEEN BUSINESS MODEL INNOVATION AND FIRM PERFORMANCE IN CHINA

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ABSTRACT

This paper studies the impact of business model innovation on firm performance, the mediating role of diversified capital structure between business model innovation and firm performance, and the moderating role of external environmental uncertainty in the relationship between business model innovation and firm performance. Taking 45 Chinese domestic listed companies with the concept of Industry 4.0 as the research objects and a total of six years' data from 2014 to 2019 were used. The results show that business model innovation has a positive effect on firm performance, and this effect is more obvious when the external environment is uncertain. At the same time, the diversified capital structure of a firm plays an mediator role between business model innovation and firm performance, and can affect firm performance by adjusting the proportion between Intellectual Capital and Financial Capital of a firm.

Keywords: *Business Model Innovation; Firm Performance; Diversified Capital Structure; Environment Uncertainty*