



**THE ROLE OF COMPETITIVE HUMAN
CAPITAL IN IMPROVING INVESTMENT ATTRACTIVENESS
AND BUSINESS ENVIRONMENT**

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RESUME

Human capital is a major asset of modern society. Today, the successful economic development can only be achieved through competitive human capital and its share in national wealth, especially in developed countries, reaches 70-90%. It determines the competitiveness of the economic systems, becomes the main resource for economic growth and development, based on that, the economy of a country becomes more high-technology-, updated information-, innovations-oriented. Therefore, it is necessary to invest equally in all

components of human capital, if we want to get a lasting effect. Otherwise, an interesting, relevant business environment for investors can not be created. The coronoeconomic crisis has shown us the new opportunities, that the solution to the global problems caused by the pandemic, the recovery and development of a stagnant economy can only be achieved by creatively-minded, creative people, or **competitive human capital**.

Keywords: Human capital, investment, competitiveness, innovation.

MAIN TEXT

During globalization, the market requirements are changing rapidly. In the modern rapidly competitive world, people are the main driving factor of the socio-economic development of the country. The level of human education, or raising the quality of human capital development, creativity is the factor, the driving force, and the only or not, one of the prerequisites, without which it is impossible to move forward and win in fiercely competitive conditions.

Improving the quality of human capital, transformation requires a non-standard, complex, systemic investment approach to it. This is reflected in the need to prioritize investments not in any single component of human capital (education, health, etc.), but in all components (Education, Healthcare..) as done, for example, in **Finland**, South Korea and elsewhere. Resolving this issue is primarily the responsibility of the state. In developing investment policy, the state can prioritize (especially in the context of the COVID-19 pandemic, the coronoeconomic crisis) such a component of human capital as healthcare, but investing only in this area cannot have long-term effects if not have cared also on the improvement of food safety and a healthy lifestyle, to develop science, etc. Without such an approach, investors will not be interested and the business environment will not be improved, the country will not be developed. With the occurrence of a new opportunity, the coronoeconomic crisis has shown us that the solution to the global problems caused by the pandemic,

the recovery and development of a stagnant economy can only be achieved by creatively-minded **competitive human capital**.

The question is: is the human capital of our country so competitive that it meets the needs of investors? If not, then what is needed to raise it ?. It should be noted that the level of human capital development in Georgia does not yet meet international standards in order to be competitive in the global employment market and meet the needs of potential investors. Such discrepancies, as it is known, can become a serious reason for the reduction of investment and complete cessation. The situation can be corrected if there was a developed system of continuing education, training and retraining. But if such a system is underdeveloped, even if it lags behind (for example, the moral obsolescence of scientific and technical knowledge, the declining interest in education, etc.), this system itself may become an obstacle to the development of fields that need and are based on new, modern, digital technologies. All this, in turn, will hinder the attraction of foreign investment.

Thus, in the conditions of rapid competition, the continuous improvement and development of human capital requires investments not in individual but in all components of human capital, mainly in continuing education. The increase in such costs is directly related to the development of human capital. Such a special care for human capital is due to the fact that, unlike some traditional factors (land, raw materials, working capital), which have a framework, a limitation for development, only human capital, its knowledge and spirituality are **boundless**. In rapidly changing competitive conditions, it is impossible to succeed in any field of economic activity without activating the unlimited resources of human creative potential, which would contribute to raising the level of human creativity, knowledge, experience, qualification. But, in order to achieve the desired results, we need changes, non-standard thinking, striving for something new.

Generally, the specificity of capital is that it is a self-growing value. Without this feature, capital is unimaginable. Similarly, the man (human capital as one of the forms of intellectual capital) provides

a total capital net marginal increase and has such completely unique properties (1.p.43) and no inflation and crisis refers this value. On the contrary, in a force majeure, crisis situation, the potential of a creative person increases, whether it is a manager or an assistant, the main thing is to do his job. Human nature is arranged in such a way that she/he has always a desire for self-realization, personal perfection. Therefore, human value (unlike other types of capital) is characterized by infinite growth more than the capital invested in it can.

Based on the above circumstances, we can conclude:

a) Investments must be made in all components of human capital equally if we want to achieve a long lasting effect. Otherwise, an interesting, relevant business environment for investors will not be created;

b) The unlimited resources of human creative potential should be used as much as possible to increase human capital as the “self-growing, self-realizing” value (capital). There really exist reserves here, because a person uses probably only 10-15 % from his/her potential throughout his life;

c) Every organization - be it a firm, a field, a scientific institution, etc. - in the face of intensified competition, must constantly seek the ways to improve its activities, performance, especially must take care of key resources and wealth – human resources with their knowledge, experience and innovative ideas;

d) In any institution, it is necessary to create immediately a creative environment for continuous education, continuous training of staff and renewal of knowledge in order to raise the overall level of education, so that to be always prepared to face stiff competition, and other challenges.

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