



## BODY

The whole world is influenced by the globalization process, including professional and business field in particular. The new technologies, the innovation process, the complexity of transactions and processes determine a continuous refresh of the knowledge about the human factor. *"The exponential growth in scientific and technical field recorded during the twentieth century, has accredited the new concept of **Knowledge Society**, outlining the role of creativity as a basic and resulting factor of knowledge - now the main factor of progress in all fields"* (Burtic , & Pop, p. 489). Although physical work has been mostly replaced with automated forms of doing productive activities, in achieving performances human factor plays a decisive role because it establishes development goals, the strategies for achieving them and the forms of control, and also the adaptation strategies to constantly changing conditions of internal and external environment. Human factor is permanently accumulating knowledge that can continuously be developed and renewed.

Defining human capital is not a simple thing to do, taking into consideration the fact that in literature there are many approaches to this. Leif Edvinsson, Skandia, and Pat Sullivan define human capital, equivalent to the term *intellectual capital*, as *"knowledge that can be converted into value"* (Sveiby, 2001). This is not a complex and demanding definition, but this simplicity does not necessarily mean "non-including". In our opinion it may well mean clarity and relevance, as it is in this case.

To bring additional clarity to this aspect, we will say that, *for employers*, human capital is the higher qualification, the theoretical and practical knowledge degree, the multitude of skills and abilities that give high quality and efficiency to the activity performed. On the other hand, *in terms of employee*, human capital is equivalent to the effort and the task to develop his skills and to consider both education and improvement a continuous and a lifelong process.

## HUMAN CAPITAL IN DIRECT, POSITIVE RELATION WITH THE EDUCATIONAL LEVEL AND THE LEVEL OF SOCIAL DEVELOPMENT

Studies have shown that, in education, the investments have resulted in the formation of human capital and its profitability is higher than the profitability for investments in material capital.

In this respect, The United Nations Development Programme pleads in its annual reports made after 1990, for a new development concept, namely the Sustainable Human Development (Nica, 2008).

The same conclusion can be drawn from the study conducted by Lajos Koteles and Katalin Rozsnyai, who state that the concern for the quality of labor has become an integral part of economic investments, with the highest profitability. In the U.S., two thirds of economic growth gained in the 1990s were triggered by human resource development (Koteles & Rozsnyai, 2008).

The consequences of the human capital formation on economic growth within the state are also presented through a study on the impact of investments in higher education, conducted at the State University of New York. The analysis results show that the investments in higher education and the income are dependent and that the University has a significant positive effect on the economic growth of the state (Vogel, & Keen, 2010).

Another study (Erosa, et al, 2010) examines a heterogeneous model of individuals who invest in the quantity and quality of schooling, quantifying the importance of human capital differences in total factor productivity. It appears that human capital accumulation increases the differences between countries in terms of factor productivity.

This study, unlike others that examine the link between human capital and education, takes into account not only the financial costs incurred in the preparation of the human factor, but also the time factor. The both costs, financial and the time spent learning, are seen as an explanation of the inequalities between countries and between different regions of the same country.

By another study (Zamarik, 2010), *a direct link between the economic growth of a country and the human capital* was established. This study shows that a higher level of education contributes to the employee value increasement, and at the same time, to the increasement of labor productivity. Using the empirical method, *a direct and positive relationship between school preparation and regional growth* for a group of U.S. states was illustrated.

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## HUMAN CAPITAL - INTELLECTUAL CAPITAL

## HUMAN CAPITAL - A MANAGERIAL AND RELATIONAL PERSPECTIVE

## HUMAN CAPITAL AND SOCIAL ENVIRONMENT

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In an information society based on revolutionary technology and information systems that produce high performance, people, as keepers of knowledge, experience, creativity, and innovation, are the ***link between information and knowledge of information technology*** (Brezai, 2006). Information systems produce valuable information that require human intervention in order to be utilized. Without the ability of people to make the best decisions based on valuable information generated through advanced technologies, the efforts and the costs involved for obtaining them are high.

The approach of the notion of human capital also captures the relationship between human capital and demographic area. The quality of human capital as influence on fertility rates is analyzed. Thus, the more a country's population becomes larger, the more the quality and preparation of human factor decreases, as a result of the reduction of public expenditure on education for each individual. The school system and the investments cannot be extended in order to cope with the increasing number of students, given the fact that public expenditure on education are low. Thus, a low level of education for a large population will have a negative impact on economic growth.

The novelty of the study is given by the idea that investments in health human capital in the sense of responsibility to birth, should be given priority before the investment in education, internationally speaking, through cooperation and mutual aid. This idea is a valid one because, as long as the public sector has limited financial resources that can be devoted to education, and the population grows, it is impossible to form a valuable human capital in that particular country. According to the author's opinion, the human capital is the root cause and the key of development and, therefore, it must have priority over other investments (Wolfgang, p. 3046).

Gregory Clark subscribes as well to this idea (2006), which examines human capital influenced by fertility and industrial revolution. He stated that the industrial revolution and demographic changes are the two major forces underlying revenues in the current context.

Demographic changes, in terms of birth rate and aging population, show that aging results in an increased demand for welfare, which may lead under certain conditions, to an increased quality of the human factor and to an increased consumption per capital (Lee, & Mason, 2010).

*The small number of children in a family means a greater investment in children's education, which adds an extra point to human capital value and economic development.*

Employees are considered to be valuable assets of the organization, because they are key actors in the process of knowledge. The market value of an enterprise is mostly generated by intangible assets and secondly by the material component.

From an accounting perspective, human capital is recognized as an intangible fixed asset. In the international approach, an intangible asset is a fixed asset, an identifiable and non-monetary asset, without physical substance (IAS 38, 2009).

In the national approach, intangible assets are identifiable non-monetary assets, without physical support, held for being used in the production process or for good/services supply, for being rented to others or for administrative purposes.

We can note that according to both approaches, *human capital is recognized in accounting field as the know-how*, meaning that specific knowledge, held by an individual or a company, on a

There are research studies that try to evaluate and to “measure” human capital, in order to account it and record it the company’s financial statements.

A new approach to the research, outlines the fact that *human life is limited*. Therefore, the accumulation of human capital that can influence and support the long-term development is impossible (Growiec, 2010).

Although we acknowledge this inconvenience, we should mention, contrary to this view, that people who possess human capital come from different generations and some knowledge can be transmitted from generation to generation. New generations appear to be more intelligent and with a greater capacity for acquisition of value, that allows the “inheritance” of knowledge from previous generations, knowledge which is eventually developed and passed other generation. Only the financial resources that contributed to the creation of human capital are lost, the knowledge is not. Further investments are needed in order to create and develop human capital, without reaching the conclusion that they are useless.

Dnes, A. & Garoupa, N., (2010) offer an interesting approach of the human behavior as a ***member of a gang***. They draw attention to the fact that abnormal behavior can hide behind a valuable human capital, resulted in valuable personal characteristics that can help to form groups and to strengthen the relations within them. This potential of human capital can be exploited by increasing the opportunities for gang members to integrate into society.

Finally, we must retain a professional opinion - Arvetta Powell, HR Director at Wal-Mart Stores Inc., the manager of more than 3.000 employees: *“the future success of organizations may well depend on people's strategic skills”*. Reed-Woodard subscribes to this view as well (2010) by highlighting an obvious reality: the human capital acquires an increasingly important place in the market value of the society and it represents the advantage of the competitive companies that increasingly rely more on performance.

Our conclusion is that the importance and the value of human capital is widely recognized, with a diversified approach and substance. It attracts researcher's attention more and more because the importance that it wins to the detriment of other areas is growing day by day.

After researching the literature, we concluded that the human capital issues, the influences, the relationships and the connections established in the modern society are complex and timely. The approaches and the research directions are multiple and diverse. They point out, every time, the importance of human capital as factor of development and progress at enterprise level and, therefore, at society level.

The concept of human capital refers to the emotional and cognitive capacities of individuals, whose role is to raise capital and to enhance development at economic entity level and generally at city, country, society in generally.

When we talk about human capital, we need to reserve a special place to education. It is the main factor which helps to create and develop human capital. Investments have a major role for this. Human capital involves public investment, private investment and self-development.

Development and utilization of human capital is not only a prerequisite for progress. Limitation and even the danger of the exhaustion of available resources, the growing demands,

The study made an inventory of the main issues that should not be neglected when we are talking about human capital. At the same time, it can stimulate interest and curiosity, creating a promising path for future research on this area.

## REFERENCES

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