

## **International Competitiveness as the Catalyst of Productivity**

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*In this paper, international competitiveness (IC) is defined axiomatically as a catalyst of productivity. IC enhances national productivity but it is not consumed when interacting with production factors. In literature, the distinction between production factors and catalysts has not been yet analysed. We have modified the Solow model in such a way that it can account for the interactions of IC with physical capital or human capital. Therefore, IC, as a business school product, reaches a solid economic foundations. The panel data from WEF's The General Competitiveness Reports and Penn World Tables PWT8.0, for the years 2007-2011 and for 134 countries, have been used for estimating the theoretical model. We have found that IC enhances labour productivity when interacting catalytically with human capital only.*

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