

THE IMPACT OF INVESTMENT IN HUMAN CAPITAL TO LABOR PRODUCTIVITY

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INTRODUCTION

Human capital is considered the intangible quality asset within individuals that they accumulated throughout their lives. The investment in human capital through education, training and health will be able to boost labor productivity they gained greater knowledge, skills as well as healthy physical capability that makes them better at doing their work.

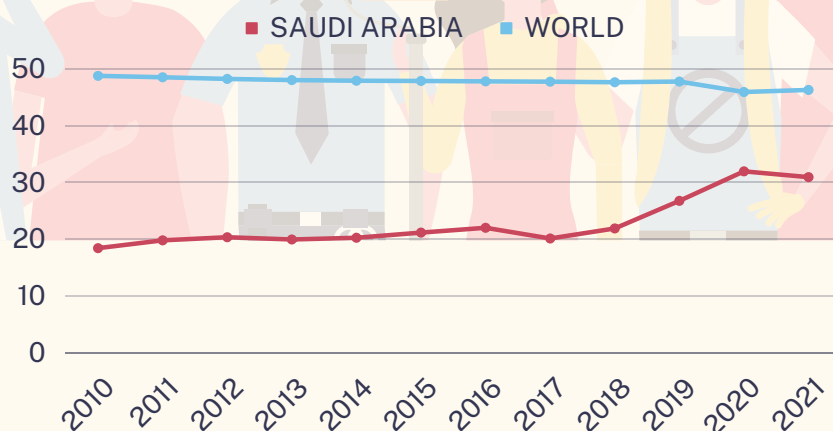


FIGURE: FEMALE LABOUR FORCE PARTICIPATION RATE (% of female ages 15+), 2010-2021
SOURCE: THE WORLD BANK

FLFPR RANKING

year: 2021

159

out of 181 countries

(The Global Economy, 2021)

WHY IS THE FEMALE LFPR LOW?

RELIGIOUS PRINCIPLES

- **Guardianship system**
Male has legal guardianship over their wife/daughters which requires them to ask permission for certain activities such as working (Human Rights Watch, 2016).

CULTURAL & TRADITIONAL VALUES

- **Patriarchal view**
Male role as the breadwinner whereas female role comprises of childcare and house chores, holding them back from joining the labour market.

GENDER DISCRIMINATION

- **Limited job opportunities**
Women were prohibited to work in certain sectors such as construction and manufacturing (International Labour Organization, 2013).

POLICY REFORMS

According to the World Bank (2022), Saudi Vision 2030 has implemented several reforms that will help increase female empowerment in the labor market:

2018 Women's right to drive

Women are finally allowed to drive which eases their mobility to workplace.

2020 Changes in guardianship law

Women no longer need male guardian's permission to apply for jobs, obtain passports, travel and access credits.

2021 Equal opportunities

All the restrictions on women's employment have been eliminated, thus women can work in any sector.

RECOMMENDATIONS

- **Increase awareness** of the importance of female labour force participation in helping boost household income and economic growth.
- Providing **better childcare facilities** to help ease the burden of perspectives that women need to stay home to take care of the children.
- Increase women's involvement in **technical and vocational education and training (TVET)** to widen job opportunities and produce skilled female workforce, especially in occupations heavily dominated by men.

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