Female Human Capital: Key to Economic Development of Pakistan

Dr. Saima Tabassum Siddiqui, Ph.D, MS, MBA
Assistant Professor (Business Administration), University of Sindh, Jamshoro, Pakistan

Abstract: Women are half of the world’s human capital but it is one of the most underutilized human resources. Better utilization of Women’s potential might increment economic growth, decrease poverty, improve social well-being, and guarantee sustainable development and economic growth in the world. Increasing female labour force and using their full potential and skills contribute in organizational and economic development. However, in Pakistan only 22 percent women are in the labour force. Majority of the women’s potential is ignored or untapped. Therefore, this article discusses significance of developing female human capital in Pakistan and its relationship with economic development and presents recommendations for improving female labor force rate in Pakistan.

Keywords: Female human capital, economic development, sustainable development, human resource, women’s potential, China Pakistan Economic Corridor (CPEC), Gross National Product (GNP), Gross Domestic Product (GDP).

1. Introduction

Pakistan is among the five worst countries of the world regarding women economic cooperation and integration. More than 200 million women are working around the world and contributing in every industry. 63% of the women are working as informal workers globally. [Progress of the world’s women 2015-2016] Similarly, women play an important role in the economic development of Pakistan. Women in Pakistan constitute about 48.79 percent of the total population. But a large portion of this population remains within four walls of their houses though they are actively contributing in the economic development of the country. Women are employed mainly in the informal sector of the economy and constituted 71.7 percent of the workforce in 2008, and their contribution to Gross National Product (GNP) estimated at 36.8 percent, which is quite significant. A study conducted by the Pakistan Institute of Development Economics (PIDE) in 2007-8 had noted that the informal economy of Pakistan was 91.4 percent of the Gross Domestic Product (GDP) and it is not reported in the formal economy. [http://www.thenews.com.pk/Todays-News-3-143058-Size-of-informal-economy-at-914-percent-of-GDP-study] The labour force survey 2012-13 shows that the number of own account workers is (33.6%), and contributing family workers are (26.3%). Majority of these are women. However, their role is not recognized based on their contribution in the economic development and neither it is truly calculated in the GDP. Therefore, women as an informal work do not enjoy the rights of a worker or have social security.

It is important to analyze the relationship between women and economic activity in Pakistan because their potential is not truly recognized in the labour market. Another, reason to investigate women’s economic role is the current China Pakistan Economic Corridor (CPEC) investments. This paper will also delineate the broad contours of recommendations that would maximize benefits and minimize risks for the poor women engaged in economic activities. These recommendations can also serve as a reference point for future research. Another reason to study women’s role in economic development and organization development is to contribute in the limited knowledge in this discourse.

In the local context of Pakistan, such studies, however, are very few. There exists an urgent need to conduct further research that examines women’s role and their contribution in GDP and its application in local economy in the context of Pakistan. It would provide a useful starting point for similar research in this notion. It would also aid in developing policies and programmes for investing in female labour force.

2. Literature Review

Economic contribution is measured in terms of the Goss Domestic Product (GDP). GDP is a measurement of the size of an economy. GDP estimates are commonly used to measure the economic performance of a whole country or region, but can also measure the relative contribution of an industry sector. This contribution is made by formal and informal labour force.

Women in the world work hard and more than men, but their contribution is not formally recognized in the economy. According to the (WorldBank, 2012), although women perform 66% of the world’s work, and produce 50% of the food, they earn only 10% of the income and own 1% of the property in the world. This is in no way different in the context of Pakistan. Despite women having the potential of being meaningful contributors to economic development they remain in the outskirts, even championing the informal economy.

Several governments have tried to promote development including literacy, health and economic wellbeing of the people. But the development picture of especially women in Pakistan is bleak. Governments have had announced various programmes to promote wellbeing, especially among women but they have been unable to translate their words into action because of various political, social, economic, religious and cultural obstacles (Allen, 2013).
In a recent country level survey (GOP, 2015) in Pakistan, for the first time it is reported that the level of education has been dropped by 2%. While in province of Sindh and Balochistan, literacy rate has been dropped by 4%. It means that development process is further deteriorated. Thus, poor not being able to get better / quality educational facilities, rich get high level jobs, while poor work as labourers, clerks, domestic workers and peasants etc. This is a vicious cycle, it is a sort of web around the poor, where they are born and end up their lives as slave in generational poverty (UNDP, 2014). Wealth of the rich families is increasing while income of the poor is decreasing every day in Pakistan (Haque, 2009: 127-140). The marginalization of women within most formal industries is not only a national issue that needs to be addressed, but also a worrying international trend that needs immediate rectification (Saeed, et al. 2009: 141-149; Mustaghis-ur-Rehman, 2009:53).

Pakistan needs to recognize the value of female contributions within formal industries to achieve economic empowerment. Evidence shows that women can be powerful drivers of the economy. When more women join the labour force, and particularly become entrepreneurs, GDP rises noticeably in both developed and developing economies. Neglecting female human capital development will result in possible slowed down in economic development (World Bank, 2012). David Dollar (2001) pointed out that any sustainable solution to poverty in Africa must be built on economic growth (E-consultant; respondent; World Bank, 2005; Roderick, 2004). The same recommendation can be applicable to a developing country in South Asia like Pakistan.

Pakistan’s official data show that overall only 16 percent of women are working compared to 50 percent of the men. However, the rate of women’s workforce participation is higher in rural areas than in the urban areas, but a lot of the work that women do, either in the households or in the work place, is not recorded (Burki, 2012).

Women are working in all sectors of the economy in Pakistan as labourer; in construction, own account workers in the textile and agricultural workers in the field, but their contribution is unaccounted in the GDP (Burki, 2012). The formal sector controls capital and markets in Pakistan. Over 75% women work in decentralized labour. These working women have no control on their work, labour, and chance for promotion. They are working in repetitive nature of work (Manzoor, 2009:26; Mustaghis-ur-Rehman, 2009).

Agriculture is the dominant sector in Pakistan and contributes 21.4% in the GDP directly. It also provides raw material for other sectors in the economy such as textile. Pakistani women play a key role in agriculture production. Women participate in all operations related to crop production. 79.4% of rural women are engaged in agriculture as against 60.8% of rural men. (FAO Report)

Women also play an important part in the subsectors of agriculture such as in vegetables growing and livestock. Raising vegetables for supplementing diets as well as for income is an important activity that women of the rural area perform to play their part in agricultural production and to develop nation. Livestock contributes about 50% of the Agricultural GDP and 11% of overall national GDP. In most of the rural areas of Pakistan, women are actively involved in the livestock production activities. Unfortunately, their involvement in livestock management is undervalued and regarded as housework. (Amin, Ali, Ahmad, & Iqbal, 2010; Burki, 2012).

Similarly, the textile sector of Pakistan contributes 9.5% of the GDP (Tribune, 2013). In this industry, most of the women work as own account workers at the end of the production chain and does not qualify as worker nor their contribution is recorded.

The evidence for an increase in women’s participation within economies can no longer be ignored. It has been proven that the integration of women in economies increases profits and has resulted in improved corporate leadership. It is very important for Pakistan to recognize women’s contribution in economy, not only for measuring GDP accurately but also for women’s empowerment and development. A study by the Department for International Development (DFID, 2008-2013: 6) shows that higher female earnings and bargaining power can translate into greater investment in education, and health which will lead to economic growth in the long term.

According to Nasreen, (2012: 185-204) the women labour force participation in Karachi city is not significant; women are working as a result to combat poverty. They have been pushed in the labour force but their conditions are not improved. More than 60% population lives below the poverty line; they cannot afford to buy food for more than twice a day for their families (Yaqub, 2014). They hardly earn 1 dollar a day (GOP, 2015). The draft of the task force report explained that in this situation the top priority for the poor remains survival and getting food for living, not the education for their children (World Bank, 2011).

It has been shown in several researches (Aroroa et al, 2011; Verveer 2013; Kukreja, 2003; WorldBank, 2012) that when women are economically independent, there are ripple effects that spread across to younger women, thereby enabling the creation of a sustainable succession plan that will enable an increase in more women to contribute towards the country’s economic growth. Women’s contribution in the GDP of developed world has been proven; for example, in the United States an increase in women employment and business ownership increased their GDP contribution to $3.5 trillion - a quarter of the current GDP. Further, removing barriers to women labour force participation could increase America’s GDP by 9% and Japan's by 16% (WorldBank, 2012).

Empowerment of women encompasses access to options, information, education and resources; decision-making power and authority; and control over one’s life source (GOP, 2004; Kukreja, 2003). It is identified in a survey conducted by McKinsey [The analysis is based on the McKinsey survey conducted in February 2011, is based on 1000 female and 525 male respondents working up to that time in large corporations or professional services firms in US] (Aroroa et al, 2011) that without women’s participation...
in economy the GDP of USA would be of three quarters lesser of its present size.

The (Verveer, 2013) pointed out that the challenges faced by the political leadership of the world are that how to promote economic growth and prosperity for all, and the simple solution is the full integration of women into the economies. According to Allen (2013), it is possible to achieve the path of economic growth through full empowerment of women and girls. [The US ambassador Melanie Vermeer at the Center for Strategic and International Studies on September 7, 2010 “making the most of the MGD Summit: Advancing Progress through the Empowerment of Women and Girls” in another statement in 2013; she also repeated and mentioned the same points while sharing on women empowerment. Her appointment was made to show that the progress of women and girls was central to the development policies of president Obama]

A research paper by Sachs (2015) indicated that by removing the barriers to female labour force participation would increase Europe’s GDP by 13% and Japan’s by 16%. In the USA women own nearly 8 million businesses that come to a US$1.2 trillion of the GDP. Sachs (2015) believes that women’s empowerment can be achieved by increasing women’s labour force participation because it is a key source of long term economic growth.

According to (Goheer, 2003), to increase social and economic contribution of women, it is necessary to have empowered and liberated women. The best technique is to let women have entrepreneurship. There are numerous benefits of encouraging women entrepreneurship in Pakistan. Therefore, in fact the economic situation of the country will improve when women are being facilitated with same opportunities as men (Goheer, 2003).

The OCED has analyzed several studies on better use of the world’s female human capital and concluded that increasing female human capital enhance business performance and innovation.

Shane and Venkataraman (2000) compared the business owned, managed and operated by women with business owned by men. They found out that women entrepreneurs are growing slowly as compared to men and are smaller in size. It can be said that the determinant factor that motivates women to start a business and grow is just to support the financial needs of their family and to not feel necessary to expand (Kamal, 1997).

A study conducted by British Journal of Education, Society & Behavioural Science provides vital information regarding barriers faced by women entrepreneurs in Pakistan. The study identified gender specific barriers, but also variance in some aspects like rights for property, communication gap, and lack of education. In this research, sexual harassment was also added as the main barrier for encouraging women entrepreneurship (Mahmud, Sohail, Khalid et al., 2012). The report also identified the lack of financial resources as one of the main barriers for women in starting their business. This barrier has also been endorsed by the fact presented in the report of World Bank that less than 25 percent of the women entrepreneurship in Pakistan borrows money from microfinance industry (Mahmud, Khalid et.al, 2012). Through researches it is, however, identified that after engaging in entrepreneurial activities, the lifestyle of women entrepreneurs has changed a lot. Women are more empowered and liberated and can take independent decisions. They can provide better education to their children and healthy food to their families. It can be concluded that lifestyle of women is substantially improved after starting a business and as the income of the family is improved there is a definite increase in the economic growth of that country.

3. Significance of Developing Female Human Capital for Pakistan

Pakistan is among the five worst countries of the world regarding women economic cooperation and integration. It is crucial for Pakistan to ensure sustainable development for men and women for achieving economic and social development goals. Pakistan’s ranking in terms of GDP per capita income (818.87$ in 2014) [http://www.tradingeconomics.com/pakistan/gdp-per-capita] is higher than the ranking in terms of Human Development Index which is 146 [Human Development Report 2014], suggesting that economic development does not translate fully into human development. However, the ranking in terms of Human Development Index is higher than the Gender Development Index (141 out of 142 countries), reflecting the inequalities persisting between men and women. The equitable development outcomes will only be possible when the contribution of both men and women is assessed equally.

In the 2012, overall the labour force participation rate in Pakistan was 32.8 per cent of the population which is extremely lower than other developing countries. The estimate population of the country in 2012 was 181 million and 32.8 per cent means the size of the entire workforce is 59.41 million. Out of 59.41 million, 41.2 million (69.4 per cent) is in the rural areas and the remaining 18.2 million is in the urban areas. The World Bank estimated Pakistan’s GDP in 2012 at $200 billion. This indicates output per worker at $3,400 approximately. It would have been much higher if women’s work force participates in enhanced fully in the workplaces and women friendly policies and programmes are initiated.

The Planning Commission has noted that the contribution women play in the GDP is very important but it is unrecognized and unaccounted in the GDP. One of the reasons is lack of availability of data. The Federal Bureau of Statistics’s data on women’s employment (Labour Force Surveys) neither accurately captures rural women’s work in agriculture, nor women’s work in the non-formal / unorganized sector of the urban economy. Over 70 percent of rural women work in agriculture and livestock, while over three-quarters of the urban female labour force is in the non-formal sector, where women are deprived not only of enumeration in the official data, but also of adequate remuneration, skills training, legal protection, social protection and security, health and maternity benefits under labour laws, as well as the right to organize. The gendered
division of labour, with the consequent ghettoization of women’s work, is still in evidence.

The Economic Survey of Pakistan presented that the GDP growth accelerates to 4.24 percent in 2014-15 against the growth of 4.03 percent recorded in the same period last year. The growth momentum is broad based, as all sectors namely agriculture, industry and services have supported economic growth. Pakistan Labour Force Survey 2012-13 has noted that 72 percent of women are associated with agriculture sector out of the total women labour force in Pakistan. With a GDP contribution of around 21 percent, the agricultural sector employs around 45 percent of the labour force. [Omar Farooq, Economic Survey of Pakistan (2009) Government of Pakistan <http://www.finance.gov.pk/survey/chapter_10/02_Agriculture.pdf>]

The agricultural workers are informal workers and, women do 70% of the agricultural work (FAO 2014).

In case Pakistan improves proportion of women in the workforce for example at the level of 50 percent, this means an addition of 25 million women to the labour force and this addition to the workforce will add $85 billion to the GDP of $200 billion. It is an upsurge of 42.5 per cent in the economy and GDP income per capita will increase from $1100 to $1575. As women’s workforce is enhanced, it would result into larger contribution to the economy.

It has been proved by various studies that increasing women’s income has strong positive economic stimulus effect. Women spend increased income on food, health care, home improvement, and education for their children and for themselves. It is a fact and proved by research studies that women save more than men. A look at 20 semi-industrialized countries suggests that for every percentage point increase in the share of household income generated by a woman, aggregate domestic savings increases by roughly 15 percentage points. However, for that to happen, the government and society must lift the various weights that burden women and keep them away from adding to the economy.

4. Recommendations

Increasing women’s participation is vital for the economic development of the country. Following are some of the recommendation for improving women’s role in the economic development.

- It should be at three levels, these are: (i) at the policy level, (ii) at the corporate level and (iii) at the community level.
- This relies on upon induced government approaches including:
  1) family-accommodating approaches to expand the Labour force participation of women;
  2) development approaches which advance the financial part of female human capital;
  3) redesigning the status of and wages for conventional trade of ladies' work;
  4) motivate women to enter science and innovation occupation;
  5) expanded access to fund and support services women led businesses;
  6) gender based methodologies in social and health insurance schemes and treatment;
  7) better combination of women migrant workers in labor markets and society;
  8) setting targets and objectives for women supervisors and parliamentarians; and
  9) giving more prominent weight to female perspectives and women friendly arrangements.

• Other family-accommodating practices, including paid leave and adaptable work arrangements and plans, can have net advantages as far as general productivity, work, performance and development.

• Paid parental leave permits both women and men to deal with kids for sanctioned periods, without torment unfavorable wage and business impacts.

• Governments and corporates can likewise administer adaptable work approaches which permit workers with children to change their working hours e.g. in the Netherlands. Sweden has diminished their working hours; United Kingdom has requested changed timetables or teleworking.

• Financial motivations are additionally required to improve women’s labour force participation. Governments can decide to better compensate women’s work, which is regularly doled out a lower an incentive in terms of aptitude prerequisites and pay. In fact, many women dominant occupations require great levels of aptitudes, requirements, undertaking variety and multifaceted nature like those of more generously compensated occupations held by men, and similarly female wages ought to reflect this. Tax system and rates ought to be planned so that second workers in a family, regularly women who procure far less, are not burdened at an indistinguishable tax rate from the male essential worker. Business should provide welfare benefits for single parents with childcare. Women’s unpaid care work (family unit obligations, childcare) should be incorporated into national wealth calculations to better reflect their workloads and commitments.

• The most beneficial method for making women contribute more to the national development is to enhance the level of their literacy and confer them with better abilities.

5. Conclusion

To grow as an economically self-sufficient nation, a comprehensive strategy must be followed to eliminate gender disparity. It is universally acknowledged that no nation can be successful without the support and help of their female counterpart. The most productive way of making women contribute more to the national product is to improve the level of their literacy and impart them with better skills.

Pakistan’s conservationist patriarchal society has kept women from accomplishing their full potential in the economic development. Many obstacles constraining women’s part in the economy including lack of opportunities, chance, limited mobility, missing acknowledgment of women’s work and lower status of societal impression of women.
To develop as an economically independent country, a far-reaching system must be taken after to dispose of gender difference. It is widely recognized that no country can be fruitful without the support and help of their female population. The most beneficial method for making women to contribute more to the GDP and achieve economic development is to enhance the level of their education, grant them with better aptitudes, initiate women worker friendly policies and programmes and value their unpaid care work.

References


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