

**HUMAN CAPITAL AND LABOUR PRODUCTIVITY IN THE DEMOCRATIC REPUBLIC OF
CONGO 1980-2014**

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Abstract

The DRC has one of the lowest productivity in the world. This is one of probable causes of non-inclusive economic growth in the country, with high growth rates recorded since 2009 followed by high poverty rate too. One of determinants of labour productivity is human capital. The human capital augmented Solow growth model highlights the crucial role of human capital in the production process. By enhancing labour productivity, human capital matters in improving peoples' living standard. There is a long literature on the relationship between human capital and labour productivity. This study investigated on that relationship in the DRC by including the health aspect of human capital. The data collected cover the period from 1980 to 2014. Using the OLS estimation method and after correcting for unit root in variables, it was found that human capital has no significant effect on labour productivity in the DRC. Therefore, both hypotheses stating a non-significant relationship between labour productivity and health status on one hand and between labour productivity and education on the other hand were rejected at 5% significance level. That shows a need of improvements in health and education system to make them effective in the production process since their poor quality may be hindering their positive impact. Moreover, physical capital presented a significant impact on labour productivity. An efficient financial sector is needed for saving collection and hence capital accumulation for the improvement of labour productivity and therefore living standard.