Sada Al-Jamiah Journal of Financial and Administrative Sciences
مجلة صدى الجامعة للعلوم المالية والإدارية
Volume 2, Issue 1 - 2026 - Pages 49-57

Artificial Intelligence as a Human Capital Multiplier: Productivity Dynamics and Economic Growth in the Digital Era

Huda A. A. Megeirhi *
Department of Economics, Faculty of Economics, University of Benghazi, Libya
***Email (for reference researcher):** hudaelmegeirhi@gmail.com

الذكاء الاصطناعي كمضاعف لرأس المال البشري: ديناميكيات الإنتاجية والنمو الاقتصادي في العصر الرقمي

هدى عبد الله عبد العزيز المقيرحي *
قسم الاقتصاد، كلية الاقتصاد، جامعة بنغازي، ليبيا

Received: 30-11-2025; Accepted: 22-01-2026; Published: 29-01-2026

Abstract

This paper looks at how artificial intelligence (AI) helps people work better and grow the economy. AI does not replace skilled workers. It helps them do more. It supports thinking, learning, and getting work done faster. When people also get training, AI makes their skills more useful. We say AI works like a "human capital multiplier." It boosts how well people do tasks. It also helps new ideas grow and shifts jobs to better types of work. Firms gain more from AI when they also invest in their workers. This paper shares research, real cases, and charts to explain that. It also talks about problems, like unfair access to tools or learning. The last part of the paper gives steps to help everyone benefit from AI. The main point is clear: AI works best with skilled people. Countries that train workers and use AI wisely can grow faster and more fairly.

Keywords: Artificial Intelligence, Human Capital, Productivity, Economic Growth, Skills, Augmentation, Technological Change, Education, Policy, Digital Economy.

الملخص

تتناول هذه الورقة البحثية كيف يُسهم الذكاء الاصطناعي في تحسين أداء الأفراد ودفع عجلة النمو الاقتصادي. لا يحل الذكاء الاصطناعي محل العمالة الماهرة، بل يُساعدهم على إنجاز المزيد. فهو يدعم التفكير والتعلم وإنجاز العمل بسرعة أكبر. وعندما يتلقى الأفراد التدريب اللازم، يُعزز الذكاء الاصطناعي من كفاءة مهاراتهم. يُمكننا القول إن الذكاء الاصطناعي يعمل كـ"مُضاعف لرأس المال البشري"، إذ يُحسّن من جودة أداء الأفراد للمهام، ويُساعد على تطوير الأفكار الجديدة، ويُساهم في نقل الوظائف إلى مجالات عمل أفضل. تستفيد الشركات بشكل أكبر من الذكاء الاصطناعي عندما تستثمر في موظفيها. تُقدم هذه الورقة البحثية دراسات وحالات واقعية ورسومًا بيانية لتوضيح ذلك، كما تتناول المشكلات، مثل عدم المساواة في الوصول إلى الأدوات أو فرص التعلم. ويُقدم الجزء الأخير من الورقة خطوات عملية لمساعدة الجميع على الاستفادة من الذكاء الاصطناعي. الفكرة الأساسية واضحة: يُحقق الذكاء الاصطناعي أفضل النتائج مع الأفراد المهرة. الدول التي تُدرب عمالها وتستخدم الذكاء الاصطناعي بحكمة يُمكنها تحقيق نمو أسرع وأكثر عدلاً.

الكلمات المفتاحية: الذكاء الاصطناعي، رأس المال البشري، الإنتاجية، النمو الاقتصادي، المهارات، التعزيز، التغير التكنولوجي، التعليم، السياسات، الاقتصاد الرقمي.

Introduction

Artificial Intelligence (AI) is now a powerful tool. It affects many parts of the economy. AI does more than repeat tasks. It helps people think better and be more creative. In recent years, AI has started to change how people work and learn. These changes are deep and lasting. They may shape how fast countries grow and improve.

Experts are now asking a big question. Can AI truly increase productivity? And if yes, how soon? So far, AI works well in narrow tasks. But it hasn't yet raised the whole economy's

productivity. This is normal. Right now, only a few sectors use AI often. Most places are still testing or waiting. But if more places adopt AI, the impact could grow fast.

This paper looks at one key idea. It asks: can AI act as a human capital multiplier? That means AI could make skilled people even more productive. It may boost what workers can do, not replace them. The paper shows how AI and human skills work together. It explains how this link shapes economic growth.

Human capital means the skills and knowledge people have. These skills help economies grow. Trained workers can do more and create new ideas. Older growth models treat human skills and technology as separate. But AI mixes the two. It makes human skills more useful.

AI also changes how we gain skills. It offers training that fits each person. At work, AI tools support thinking and problem solving. So AI does not just replace jobs. It lifts skilled workers and boosts their output. Early studies show this clearly. AI improves tasks that need thinking, coding, or creativity (Brynjolfsson & Mitchell, 2017).

This means people with strong skills will benefit more. They can use AI to work better and faster. Others who lack digital skills may be left behind. This could increase skill gaps. It's what we call skill-biased change. New tech helps high-skill workers more than low-skill ones.

At the same time, AI reduces the need for some basic tasks. This means schools and training systems must move fast. They must help people gain the right skills. AI also helps us learn. AI tutors and smart learning tools can adjust to each learner. This makes learning faster and more useful (National Academies of Sciences, Engineering, and Medicine, 2025).

Despite growing interest in AI's economic effects, many studies focus narrowly on either automation of jobs or aggregate productivity, without examining the link through human capital. This leaves a gap in understanding how AI and human capital together drive growth. The goal of this paper is to fill that gap by providing an integrated view. We propose that AI should be seen as a *human capital multiplier*: a force that increases the productivity of human skills and knowledge, thereby accelerating growth. We will outline a conceptual framework for this idea and review emerging evidence. The analysis will also consider differences across countries. In developing economies, AI could help "leapfrog" development stages if paired with skill investments, but it could also widen skill gaps if human capital lags behind. Throughout, we use simple language and short sentences to ensure clarity. The aim is to explain how AI, working through human capital, can influence productivity dynamics and long-run growth.

Theoretical Background

Human Capital and Growth: Human Capital Theory holds that a skilled workforce raises productivity and incomes. Education and training enhance workers' abilities, leading to innovation and higher output. Endogenous growth models suggest that human capital drives technological adoption – economies that invest in people can better use new technologies. In the past, the complementarity between skills and technology was relatively stable and evolved gradually. Workers gained education, and technology advanced, and both together lifted productivity. But AI changes this pattern by interacting directly with human cognitive skills. Unlike the industrial revolution technologies that automated physical work, AI can supplement intellectual tasks. This forces economists to rethink how technology and human capital relate.

AI as a Skill-Augmenting Technology: AI changes how people and machines work together. It does not just take over jobs. It works with humans. AI can read data, write text, or help code.

It does these things with people, not instead of them. That makes skilled workers do more in less time.

Studies show AI makes smart skills more useful. These include problem-solving, deep thinking, and coding. People with these skills gain the most from AI. For example, lawyers using AI tools can finish work faster. AI helps them research and write better. But people without tech skills may not see such gains. So AI helps skilled workers more. This is like past tech changes, such as computers or the internet. But AI's effect is stronger because it shares thinking tasks with people.

AI also changes how we grow our skills. AI tutors and platforms help people learn better. They adjust to each person's level. This makes learning faster and more helpful. Workers can grow skills all the time. AI tools give them lessons and feedback quickly. This builds a smarter workforce. It also spreads knowledge faster.

AI does more than use human skills. It helps create new skills. As people use AI, they learn more. This makes them better at using AI. This cycle keeps repeating. It pushes work and learning to higher levels. Over time, this can raise output across the economy.

AI and Productivity Dynamics: AI and human skills working together raise how much work gets done. This happens in companies and whole economies. But AI does not help by itself. The real gains come when people also get training. Companies must also change how they work. If a company adds AI tools but does not teach people, it may not improve. Business systems must adjust too.

Human capital thus acts as a mediator of AI's effects. If workers have the right skills to leverage AI, then AI investments translate into higher output. If not, AI might yield little payoff or even create disruptions. At the macro level, AI-augmented human capital can contribute to growth through multiple channels:

- **Higher labor productivity:** AI helps workers complete tasks faster and more accurately, raising output per worker. For example, an AI-assisted customer service agent can handle more calls per hour by getting recommended responses, thus improving efficiency.
- **Innovation and creativity:** AI allows workers to tackle more complex, non-routine problems by handling routine analysis. This frees up human capacity for creative tasks and R&D. AI can also generate new ideas (e.g. drug discovery, design suggestions), acting as a catalyst for innovation.
- **Structural transformation:** By boosting productivity in certain sectors, AI can shift labor and resources toward higher-value industries. For instance, if AI greatly improves productivity in manufacturing, some labor may move to expanding tech or service sectors. Over time, the economy can reallocate toward more innovative activities, raising overall growth.

In all these channels, AI functions as a multiplier of human capital, not just a substitute for it. It reinforces the importance of skills and knowledge in the growth process. Figure 1 illustrates this concept with a simple hypothetical relationship between human capital and output.

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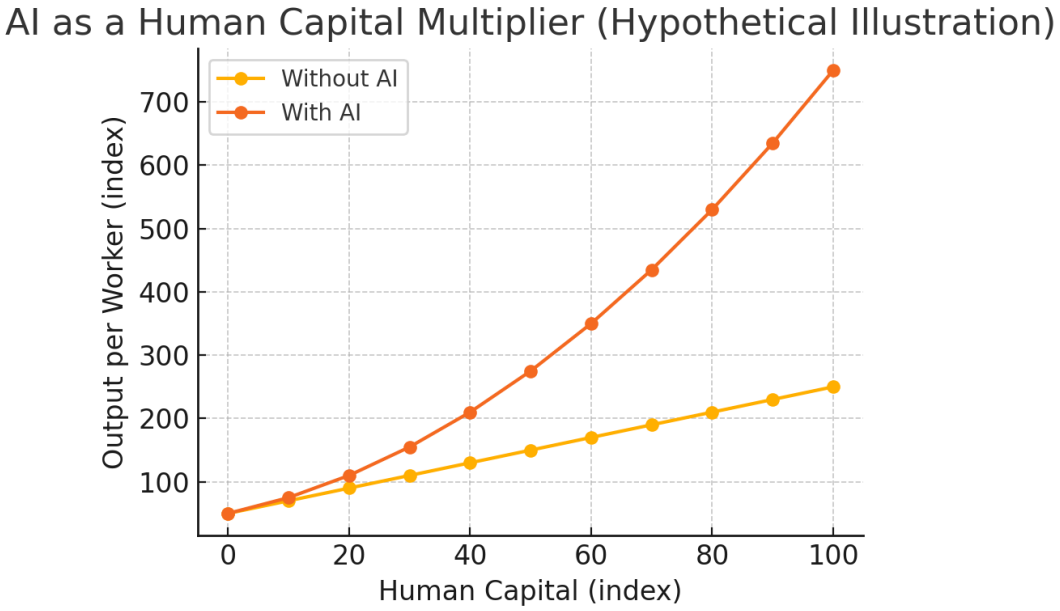

Figure 1 AI as a human capital multiplier (hypothetical illustration).
This chart shows a stylized relationship between the human capital level and worker output. The steeper line "With AI" indicates that when AI is available, increases in human capital (skills) lead to much larger gains in output per worker, compared to the scenario without AI. In other words, AI amplifies the productivity benefits of education and training. (Source: Author's illustration, generated with Python code)

If AI helps skilled workers become much more productive, countries with strong skills could grow much faster than before. But these gains will not come quickly. Many people and firms still need time to start using AI tools. Delays in adoption slow down how fast AI spreads across jobs. Without the right skills, even the best tools cannot help much. To make AI useful, we also need extra support like training, better systems, and improved tools at work. History gives clear lessons. Big inventions like electricity and computers also took years to show full results. They needed both machines and skilled people to work well together. AI follows the same path. Companies must change how they work, and workers must learn how to use AI in their daily tasks. One study shows that if a tool can raise output by 10% but takes ten years to use fully, it adds only 1% per year. This proves the process is slow. Even powerful tools bring results only when people are ready. That's why patience and skill investment matter. The real benefits of AI will grow step by step, not all at once.

Emerging Evidence of AI's Impact on Productivity

AI's contribution to productivity can be examined at two levels: micro-level task improvements and macro-level growth trends. We look at both types of evidence, highlighting the role of human capital in each.

Task-Level Productivity Gains

At the task and firm level, there are already many examples of AI boosting productivity.

Table 1 shows a few illustrative cases from recent studies and pilot programs.
Table 1 Examples of measured productivity gains from AI in specific tasks. In each case, AI tools augmented human workers' capabilities, allowing them to produce more output in the same amount of time. Notably, less-experienced workers often benefit the most from AI assistance, since AI can help them achieve performance closer to expert levels.

Domain / Task	Productivity Improvement with AI	Source
Legal document review	+34% to +140% output per hour using an AI assistant	OpenAI internal study (2025)
Customer service (call centers)	+14% more queries handled per hour with AI guidance; largest gains for junior staff	NBER working paper / OpenAI (2023)
Computer programming	Tasks completed ~55% faster with AI code completion tool (GitHub Copilot)	GitHub Research (2023)
Marketing content creation	~11 hours saved per week on content generation using AI	Industry survey (2023)

These examples show that AI can significantly boost productivity at the task level, often by double-digit percentages. In legal services, an OpenAI pilot found that lawyers using an AI model to assist with research and writing completed work between 34% and 140% faster (depending on the task) than those without AI. The quality of work also improved with AI aid. In customer support, a field experiment in a call center showed a 14% increase in resolved inquiries per hour when agents had access to an AI tool for suggestions. Interestingly, the biggest improvements were seen among less-experienced agents – AI helped them catch up to the productivity of more seasoned workers. This suggests AI can transfer some expertise to novices, acting as a skill equalizer at the micro level.

In software development, AI coding assistants like GitHub Copilot have yielded impressive productivity gains. Developers using Copilot have been measured to complete coding tasks about 55% faster than without it. This is a dramatic improvement in an industry where productivity differences are closely watched. The AI helps by handling boilerplate code and suggesting solutions, saving mental effort on routine parts of programming. Surveys report that a large majority of developers feel more productive and less frustrated when using such AI tools (Zigler, 2025). However, it takes some weeks of learning for teams to fully utilize coding AI, and experienced developers typically use it to handle repetitive work while focusing their own effort on complex design problems. This again highlights that *human capital (developers' skills) and AI work in tandem*. The developers need to know how to integrate the AI's suggestions effectively into their workflow.

Beyond these domains, many other pilot studies echo the theme of AI augmenting human productivity. In marketing and content creation, generative AI tools can produce draft copy, designs, or social media posts in a fraction of the time. One study found content creators saved over 11 hours per week by using AI for initial drafts and ideas. In consulting, tests with AI tools showed that junior consultants worked 25% faster and did better quality work. This helped close the gap between junior and senior staff. These results show how AI boosts what people can do. It helps them get more done and make fewer mistakes. But to see these gains, workers must learn how to use the tools. The work itself may also need to change. When both training and changes in tasks happen, the rise in productivity can be large.

Broader Productivity Trends and Growth Projections

Turning small task-level gains into full economy growth is not simple. It depends on how many places use AI, which jobs it affects, and whether the economy makes needed changes. One big question is whether AI will raise yearly growth in labor output and national income. Or will it only give a one-time boost? Experts are still studying this, and their answers are very different.

Right now, growth in many rich countries has been slow for years. In the U.S., for example, labor output has risen by about 1% or less each year. This slow pace is called the productivity puzzle. Some hope that AI can help break this pattern by improving how work gets done. AI is often compared to old big changes like electricity or computers. Those tools raised growth—but only after some delay. Not all experts agree on how much AI will help. Some are hopeful. Others are more careful. Figure 2 shows different estimates from recent studies about how much AI might raise yearly growth.

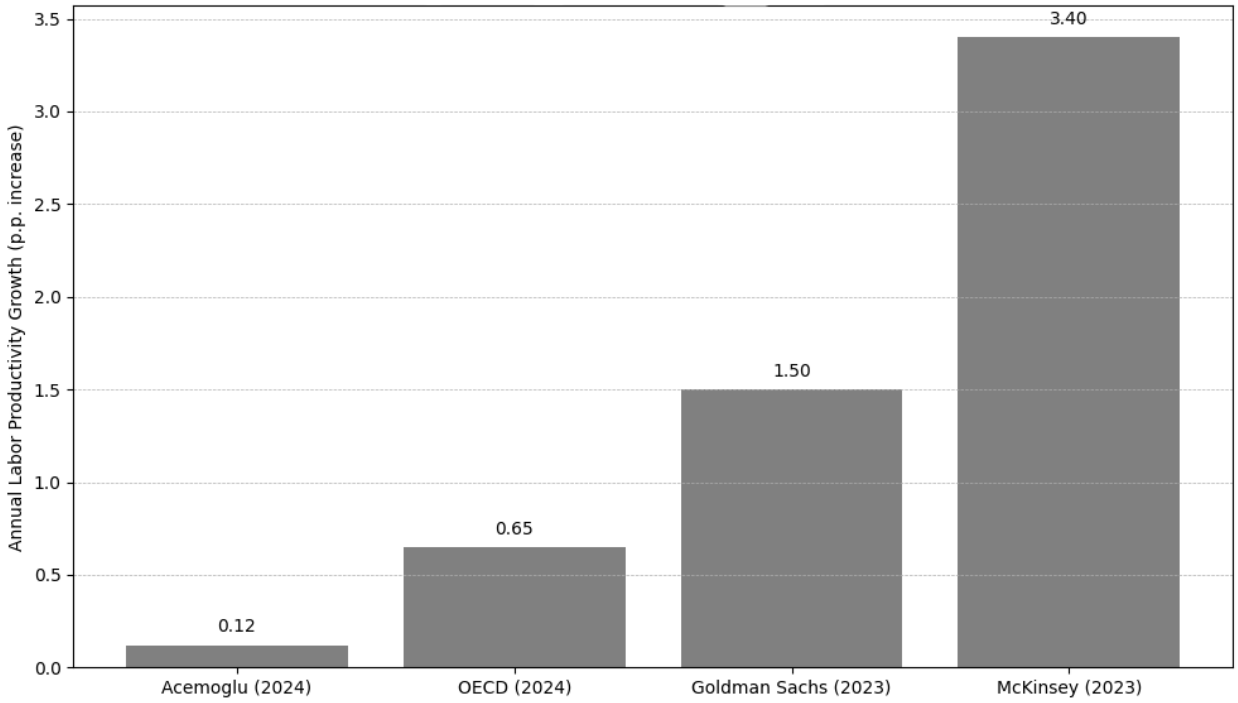

Figure 2 Selected estimates of AI's impact on annual labor productivity growth.
This chart compares projections from different sources, reflecting the uncertainty about AI's macroeconomic effect. Acemoglu (2024) projects a very modest increase (~0.1 p.p. per year) using a task-based model. A report by OECD (2024) expects AI to raise U.S. labor growth by about 0.4 to 0.9 percentage points soon. Goldman Sachs (2023) gives a wider guess, from 0.3 up to 3.0 points, with the middle near 1.5. McKinsey (2023) says growth could rise as much as 3.4 points if AI tools are fully used. These numbers show both hope and care about how much AI can improve growth.

As Figure 2 shows, expert forecasts range from minimal to very large productivity effects. On the low end, Acemoglu (2024) argues that generative AI's impact might only add about 0.1 percentage points to yearly productivity growth. This cautious view stems from a task-level analysis indicating limited aggregate gains once you factor in that not all tasks are automated and there may be diminishing returns. Similarly, some researchers warn that without broad adoption, AI's benefits could remain concentrated and small at the macro level. On the high end, consultancies like McKinsey envision AI (especially generative AI) potentially adding *up to* 3 additional percentage points to annual productivity growth under fast adoption scenarios. That would be historically unprecedented – essentially doubling or tripling the typical productivity growth rate – and would require overcoming significant implementation challenges. Goldman Sachs says AI might raise U.S. productivity by 0.3 to 3.0 percentage points each year. Their main guess is 1.5 points. That would be huge, since U.S. labor output grew about 1.9% yearly over the past 150 years. Adding 1.5% could nearly double the growth rate.

Public groups also shared their views. The OECD expects AI to raise U.S. productivity by 0.4 to 0.9 points a year. This is a hopeful but more cautious view. It means AI might raise growth from 1% to 2%. Another group, the Penn Wharton Budget Model, predicts the biggest AI effect in the early 2030s. They say it may raise growth by 0.2 points then fade to 0.04 later. So, it may only shift the level, not raise growth forever.

This raises a big question: is AI a one-time push or a long-lasting force? If the effects wear off once AI spreads, growth might fall back to normal. To keep high growth, new AI tools must keep coming.

Some are hopeful. They say AI can help create new science and tech. It already helped solve protein shapes and may speed up health and material studies. If AI helps scientists, it might boost long-term progress. Others are unsure. So far, national data show little change. Few firms use AI. In 2024, only 5% of U.S. firms used AI. A 2023 EU survey found 8% use. AI use is mostly in big firms with skilled teams. Many companies don't have the tools or talent yet. This is like the early computer days. It took many years for computers to spread and raise output. AI may need time too.

For now, we may see some disruption. AI might take over simple mental tasks but help other jobs grow. Jobs may shift, not vanish. The total gain will depend on how fast workers move to new tasks. Schools and training must help people learn to work with AI. If these changes are slow, some areas may lose. That could cancel the gains. To avoid this, we must invest in training and new company ways. If AI makes work faster, but no one trains staff or updates steps, gains are blocked. Fixing these blocks is key to get real value from AI.

In summary, the macro-level outlook for AI and growth is promising but uncertain. The consensus is that AI *will* raise productivity *levels* meaningfully – for instance, adding several percent to GDP over the next decade or two is plausible. Whether AI lifts the *growth rate* (the year-on-year percentage gains) in a sustained way depends on continuous innovation and diffusion. Human capital is a big piece of that puzzle: a workforce that can effectively use AI and continuously adapt to new tasks will determine how far AI can go as a growth engine. As one Federal Reserve analysis put it, even a 0.3 p.p. boost to annual productivity growth from AI (a conservative scenario) would, over 25 years, lead to noticeably higher GDP per capita, though not a dramatic change (Wynne & Derr, 2025). A larger boost (1-2 p.p. or more) would be transformative, potentially ushering in a new era of faster growth and prosperity – something not seen since the mid-20th century boom. Policymakers and businesses are thus keenly interested in scaling the factors that could make the optimistic scenarios come true, which we discuss next.

Implications and Policy Considerations

If AI makes skills more valuable, then education matters even more. Teaching and training people well brings bigger rewards now. To use AI fully, workers need both technical and human skills. These include coding and data use, but also thinking, solving problems, and adapting fast. Countries that build strong schools and retraining programs may benefit more from AI. Their people can use these tools better. But countries that ignore education may fall behind. This gap could grow. Rich countries may gain higher wages and output. Poorer countries may lose skilled workers to richer places. This could increase global inequality. One study from the Bank for International Settlements says rich nations may gain more from AI soon (Gambacorta et al., 2025). That's because they have more jobs that need thinking and better tools to use AI. Many poorer countries still have more low-skill jobs. They also lack strong schools and fast internet. This makes AI harder to use well.

Still, AI can help poorer places too. For example, AI can break language barriers or help students in places with few teachers. It can give health advice where no doctors are nearby. This could raise output without copying the full path of richer countries. But to gain from AI, these

countries need to teach people basic skills and help them use digital tools. They also need to make internet service strong and stable. Local leaders should create plans to fit AI into their own needs. Global help can also play a role. AI knowledge is often shared freely. If poorer countries build skilled workers, they can use this shared AI to grow faster.

For AI to bring full benefits, companies must also change how they work. They may need to update tasks, tools, and goals. This could mean new ways of working or even new types of businesses. Past research shows that to gain from new tech, firms must invest in more than machines. They must invest in things you can't touch, like training, software, or better ways to manage people. AI needs the same. Managers should find which tasks AI can help with and adjust jobs to fit. Change can be slow if people resist. A workplace that values learning can help workers adapt faster. Companies doing well with AI often train their teams and let them try new ideas. Firms that skip this may not use AI well. Policymakers can support change by sharing good practices or offering support, like training grants or tax help. Labor laws should also help workers shift jobs if needed. If AI changes what jobs need doing, people must be able to move or learn new things. Strong safety nets and retraining can help people through these changes.

During this shift, some workers may benefit, while others may lose jobs. This has happened before with past technologies. Over time, new jobs appear, but the first steps can be hard. To make the benefits fair, help should go to workers most at risk. For example, office workers doing simple tasks may lose jobs to AI tools. They could be trained for roles in care, design, or AI support – jobs that still need people. Some experts suggest giving companies rewards for using AI to support workers, not replace them. If AI is used to help people do more, firms often train staff and adjust jobs. But if AI is used to cut staff, then skills may be lost. That can hurt both the company and the wider economy. Using AI to grow people's skills is often the better long-term path.

AI is also creating new ideas and industries. Governments and companies can fund research to grow these areas. Many new companies now focus fully on AI. Small businesses that use AI are often growing faster than others. This shows how AI can lead to fresh products and markets. But to support this growth, countries need strong networks. These link schools, tech experts, and industries. Rules are also needed to keep AI safe and fair. Privacy, bias, and security are big concerns, but smart policies can help manage risks. Governments and firms can also work together to bring AI to public services. In fields like schools, health, and transport, AI could raise quality and reach more people.

AI is still new, and its full impact is not yet clear. So, it's important to track how it changes jobs, pay, and output. If AI lifts output a lot, then new rules may be needed to spread gains. If it falls short, more help may be needed in training or planning. But no matter what, teaching workers new skills is always a smart move. People will need to keep learning as AI changes their roles. Policies that help adults learn and train on the job will be key. These steps can help make sure AI helps everyone, not just a few.

Conclusion

Artificial Intelligence can boost human skills. It helps people do more, not replace them. AI works best with people, not alone. We see this in many jobs. AI tools help workers finish tasks faster and better. But big results across the whole economy need more than just tools. People need skills to use AI well. Workplaces need new ways to include AI. Without this, progress will be slow or uneven. In the short term, AI helps with simple tasks. It gives a quick push in some areas. But to keep growing, we need new ideas and wide use of skills. The next ten years will show how far AI can go. If many people learn how to use it, growth will be stronger and longer. People's knowledge and learning are key. Schools must teach students about AI. Workers must learn new things over time. When people learn and grow, they use AI better. This helps everyone do more. If people don't get these chances, AI tools might not help much or could even cause

problems. Leaders and rules also matter. If governments support learning and training, more people can gain from AI. If they help firms change how they work, AI use will grow. Good rules can also stop problems like job loss or unfair use. With the right support, AI can help many, not just a few.

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