



UNIVERSITAS ANDALAS

**UNDERSTANDING THE FORCES BEHIND THE HUMAN
DEVELOPMENT INDEX OF INDONESIA**

UNDERGRADUATE THESIS

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Understanding the Forces behind the Human Development Index of Indonesia

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ABSTRACT

This study proposes to analyze the short run and the long run effect of corruption, urbanization, and CO₂ emission on the Human Development Index (HDI) in Indonesia. The HDI in Indonesia has generally experienced an upward trend over the years. Nevertheless, Indonesia's HDI still lags behind several other ASEAN countries and is still below the global average. This study adopts a quantitative approach using two analytical techniques, which include Pearson correlation and Autoregressive Distributed Lag (ARDL) model.

Based on the findings of the study, indicating that using Pearson Correlation, this study revealed that corruption has a significant negative correlation with the Human Development Index, while CO₂ emission has a significant and positive relationship with the HDI. Furthermore, there is a negative and insignificant relationship between urbanization and HDI. The results of ARDL revealed that corruption and urbanization have a negative and significant impact on the Human Development Index, while CO₂ has a significant and positive impact on the Human Development Index in both the short and long run.

Keywords: Human Development Index, Corruption, Urbanization, CO₂ Emission, Pearson Correlation, ARDL Model

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