

ABSTRACT

UNDP sets an index known as HDI which is used to determine the development of a country using three key dimensions: health, education, and income. As education is considered an inseparable part of the HDI, the level of education of a country should have resulted in a higher value of HDI. The intention of this research paper is to see how much education impacted the HDI, more specifically the impact of tertiary education on the HDI. The data for this research is purely secondary and is obtained from the Indonesian Central Bureau of Statistics (BPS). The result of this research shows that although tertiary education has a positive and significant impact on the HDI, that impact is substantially lower than the impact of primary and secondary education on the HDI. There could be several reasons why this result might occur such as the financial issues and the poor resource allocation or spending behavior of average Indonesians which hinder them in pursuing a higher education level, as well as the lower density of STEM graduates. However, those statements would require further research to validate the claim.

Keywords: Human Development Index, Education, Tertiary Education, Primary and Secondary education