

An Empirical Investigation of the Impact of Human Development on Economic Complexity: Evidence from Pakistan

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ABSTRACT

Purpose - Competing in a globalized world is the main issue, which can be accomplished when a country has uniqueness resources. Besides focusing on other factors, e.g. financial development index, natural resources' rents, and trade openness, this study places particular emphasis on the impact of human development (HD) on economic complexity (EC).

Design/ Methodology/Approach - The study uses the 30-year annual data set spanning the years 1990 to 2019. This research used the Autoregressive Distributed Lag methodology to determine the long-run association between human development and economic complexity in Pakistan.

Findings - Based on the findings, the human development index (HDI) has significantly and positively impacted Pakistan's economic complexity index (ECI).

Practical Implications - It is suggested that the Ministries of Health and Education should improve education and health quality by offering skill training programs and better health facilities. Considering that Pakistan's primary trade sectors encompass textile and agriculture, it is essential to underscore the necessity of specialized training in these domains. Providing comprehensive information technology (IT) skill training would yield substantial benefits to the trade sector, leveraging cutting-edge technological advancements for enhanced productivity and competitiveness.

Keywords: Economic Complexity Index (ECI), Human Development Index (HDI), Natural Resource Rent (NRR), ARDL, ECM

JEL Classification: C32, E60, F16, F41, F43

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