Comparing human development index with community asset inventory rankings and its impact on income, poverty and employment in Indiana

Srikant Devaraj; Sushil K. Sharma; Michael Hicks; Dagney Faulk
Ball State University, Muncie, Indiana, USA

Keywords
Human Development Index (HDI), Community Asset Inventory Rankings (CAIR), Income, Employment, Poverty, Health, Education, Living standards

Abstract
Many countries and states worldwide have used Human Development Index (HDI) with variables such as; life expectancy, educational attainment and income for measuring their both social and economic development. However, the HDI has not been comprehensively used at the sub-national level, and has not been heavily compared to other measures of human development.

This study compares the results of the United Nations Human Development Index and the Community Asset Inventory and Ranking to evaluate whether these two measures augment or provide a similar insight for social and economic development at the very disaggregated county level in the United States. The study also estimates the impact of these indices on household income, employment and poverty, to evaluate the broader explanatory power of the HDI in this setting.

We find both the indices were to be statistically indifferent. This suggests that the HDI is a useful tool at the sub-national level, and may provide a good alternative against more costly measures of human development. We also find the Human Development Index was positively associated with the median household income and employment. Also, the HDI was negatively associated with poverty rates under 18 years of age. The findings of the study will help policy makers and residents of Indiana State to know how these two different measures influence the quality of life and the economic conditions within each county.