

Original Research Article

Health Adjusted Human Development Index: A Modified Measure of Human Development

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ABSTRACT

Introduction: Presently we are living in a world where out of every seven persons one person is disabled (WHO Disability Report). Though most of the developed countries have already achieved high level of life expectancies, incorporation of life expectancy as a major component in the construction of Human Development Index (HDI) together with the other two components (Education and Income) may not capture the actual developmental status of a country as people may continue to live longer, but whether higher value of life expectancy ensures a full healthy life in different segments of a population is of serious concern. The quality of healthcare facilities and its accessibility should therefore be the integral part of development and HDI should be adjusted accordingly. It is also necessary to validate the existing 4-group classification (Very High, High, Medium and Low HDI groups) on the basis of which 181 countries are classified. Through this paper we would like to acknowledge the need of using Healthy Life Expectancy at Birth (HALE) together with a newer 5-group classification that could minimize the misclassification errors to an acceptable level.

Objectives: 1) To find the modified HDI that is adjusted for morbidity.

2) To Rank 181 countries on the basis of new modified HDI and to compare the rankings by these two methods.

3) To introduce a newer 5-group classification and to validate that classification against the existing 4-group classification for 181 countries in 2015-2016.

Data Sources: Human Development Report 2016 and Global Health Observatory (GHO) data.

Methodology: Formula for modifying HDI is derived with proper choice of weights. The New 5-group classification is validated against the existing 4-group classification through Discriminant Analysis. Ranks of countries according to the newly constructed Health adjusted HDI are compared with that of the original set of HDI ranks. Differences in the value and rank of both adjusted and unadjusted HDIs are calculated and interpreted accordingly.

Results: Our modification and the new 5-group classification are found to yield lesser misclassification errors than the existing HDI with 4-group classification. The new modification is named as Health Adjusted Human Development Index (HAHDI)

Conclusion: The inclusion of HALE in HDI together with the suggested classification would produce a substantially improved result over the existing HDI with 4-group classification in terms of capturing the true developmental status of these 181 countries in 2015-2016.

Keywords: Human Development Index, Healthy Life Expectancy, Human Development Report (2016), Discriminant Analysis, Health Adjusted Human Development Index.

INTRODUCTION

Background:

Human development is a multidimensional concept that was first addressed by UNDP in the year 1990 and is

conceptualized as a process of enlarging people's choice by "creating an environment in which people can develop their full potential and lead productive and creative lives in accordance with their needs and

interests". Until 1970 the terms development and economic growth were being used interchangeably and since the conceptualization of development as a holistic approach which encompasses many other aspects of human livelihood together with economic prosperity, it has been refined and modified several times. In order to reflect on the progress of people in the path of development, a composite measure named Human Development Index (HDI) has been defined and it is designed or structured so as to measure the average achievement of a country in three basic dimension of life- namely: leading long and healthy life (measured by Life expectancy at birth), having access to knowledge (measured by Education Index which is actually derived by combining Mean years of schooling and Expected years of schooling) and maintaining a decent standard of living (measured by the log of the PPP-adjusted Gross National Income per capita). With passage of time the concept of development has been broadened to incorporate not only the expansion of "capabilities and people's choices to live healthy, productive and safe lives- but also ensuring that these choices do not compromise or restrict those available to the future generations" (Human Development Report 2014). Much emphasis was made upon "reducing vulnerabilities and building resilience" so that human progress can be sustained.

In its 25-year history, in spite of gaining popularity as one of the most widely used indicators for comparing welfare across countries, the current method of constructing HDI, being based on only three aspects of well-being has been criticized widely for its inability to capture all the dimensions of development together with the variations and distributions in achievements in those dimensions of life. Moreover, the indices which have already been considered in the construction of HDI are not completely reflecting on all aspects of that respective dimension. For example, in order to encapsulate the degree and

direction of development in people's capability to lead long and healthy life, Life Expectancy at Birth (LEB) is being relied upon whereas living a long life in terms of higher LEB doesn't necessarily ensure living a fully healthy life especially when we are living in a world where out of every seven persons one person is disabled (WHO Disability Report) and older population are forced to live with degenerative diseases like cancer, diabetes, impairment or mental illness. The real irony lies in the fact that that though most of the developed countries have already achieved high level of life expectancies, incorporation of life expectancy as a major component in the construction of HDI may not capture the actual developmental status of a country as people may continue to live longer, but whether higher value of life expectancy ensures a full healthy life in different segments of a population is of serious concern. The quality of healthcare facilities and its accessibility should be the integral part of development and HDI should be adjusted accordingly.

Since 1970, the concept of "basic needs" started to gain attention of the policymakers and the attempt of associating or incorporating this concept into human development became a core concern for them (Hicks and Streeten, 1979; Streeten et. al., 1981). The most prominent attempt in this respect is the annual publication of the Human Development Index by the UNDP since 1990. HDI is such a composite index that it comprises of four indicators reflecting on three major dimensions of human development: longevity, knowledge and standard of living. HDI combines the essential choices of people "...to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living" (UNDP, 1990, p. 10). Despite being quite simple and easy to conceptualize and compute, HDI is criticized for overlooking the contribution of several other dimensions of human well-being, such as for example, human rights, social security, political-economic-social

and community participation etc. (Anand & Sen, 1992; Ranis, Stewart & Samman, 2005; Harttgen et. al., 2008).

Till today there have been a good number of attempts to modify HDI by means of modifying either the Education Index (Farhad Noorbakhsh, 1997) or the Income Index (Herrero et.al., 2012). Many of them showed subsistent effort to incorporate some relevant variables and suggested minor changes to the aggregate indices. However, the majority of the related literature and research works on modification of existing HDI have tried to address the inconsistencies in capturing the relevant dimensions of development that were left out and proposed mathematical formulae by utilizing household survey data so that the variables explaining those specific dimensions could be aggregated into a single indicator (G.M. Antony et. al., 2007; Kenneth Harttgen et. al., 2012). Through this paper, we would like to address the inconsistency within the Health and Longevity dimension and would suggest some modifications that would respond to these well-known shortcomings of the traditional design of this index and entail substantial improvements

Rationale Behind the Study:

Though Life Expectancy at Birth (LEB) is considered as a standardized and universally comparable measure to capture the mortality scenario around the world, it is quite incomplete in the sense that it fails to capture the morbidity situation that is getting prevalent and quite prominent over years. As LEB is considered in the calculation of component index LEI, the morbidity situation is ignored in HDI.

In this paper, we are particularly interested in Health-adjusted life expectancy (HALE) which is a measurement developed by the World Health Organization that attempts to capture a more complete estimate of health than standard life expectancy rates. HALE estimates the number of healthy years an individual is expected to live at birth by subtracting the

years of ill health – weighted according to severity – from overall life expectancy. HALE is also calculated at age 65 to provide a measurement of the quality of life of seniors. By moving beyond mortality data, HALE is meant to measure not just how long people live, but the quality of their health through their lives.

Besides that, there is substantial inconsistency and uncertainty regarding the existing classification on how good it can portray the real picture of human development across the globe or can actually be improved with respect to HDI, i.e. for a classification to be valid, we need to check whether the intra group variations are less but the inter group variations are large. Based on such motives, a detailed analysis is carried out and some changes are proposed in order to avoid the above inconsistencies that the present format involves.

Objectives:

Looking at the current scenario, the main purpose of this paper is to address the burden of degenerative diseases and vulnerability through a newly proposed Human Development Index that will incorporate Healthy Life Expectancy at Birth in the construction of Health Index and thus will encapsulate the morbidity situation together with mortality in the HDI.

a) In this paper, our first objective is to substitute HALE at birth in order to derive a more plausible Health Index for the year 2015 (181 countries).

b) Our next immediate motive is to examine the performance of our proposed method of refining HDI through the newer Health Index. For that, we have to derive the rankings by our modified method and compare it with the actual HDI rankings for the given set of countries in 2015.

c) Next, we will demonstrate the variability within and between 4 different development groups (Very high, High, Medium and Low Human Development Index groups according to the classification of UN) and will assess the effectiveness of a newer 5-

group classification against the existing classification by constructing discriminant functions for both the methods of calculating HDI with the help of discriminant analysis.

DATA AND METHODS

Sources of Data:

For the purpose of the desired modification and to assess the validity of such modification against the existing HDI formula, we have extracted data on LEB (Life Expectancy at Birth), MYS (Mean Years of Schooling), EYS (Expected Years of Schooling), GNI per capita at purchasing power parity (PPP US\$) along with the HDI values and complete ranking according to four HDI groups (Very high human development, High human development, Medium human development, Low human development) for 2015-2016 (181 countries) from Human Development Reports (2016) published for the United Nations Development Programme (UNDP). We have used those values to recalculate the HDI values for 181 countries with the help of the existing formula (as updated on 10th June, 2011). For the purpose of calculating our newly proposed HAHD (Health Adjusted Human Development Index) using HALE instead of LEB, we have extracted the data on HALE (Healthy Life Expectancy at Birth) for the same set 181 countries in 2015 from the Global Health Observatory Data Repository (GHO database) which is a gateway of WHO to health-related statistics for more than 1000 indicators for its 194-member countries.

Methods and Analysis:

As published on 4 November 2010 (and updated on 10 June 2011), the 2010 Human Development Index (HDI) combines the following three dimensions of human life and captures the average achievement in those three dimensions-

- A long and healthy life: Life expectancy at birth

- Education index: Mean years of schooling and Expected years of schooling
- A decent standard of living: GNI per capita (PPP US\$)

In its 2010 Human Development Report, the UNDP began using a new method of calculating the HDI. The following three indices are used:

$$\text{Life Expectancy Index (LEI)} = \frac{\text{LEB} - 20}{85 - 20}$$

$$\text{Education Index (EI)} = \frac{\text{MYSI} + \text{EYSI}}{2}$$

$$\text{Mean Years of Schooling Index (MYSI)} = \frac{\text{MYS}}{15}$$

$$\text{Expected Years of Schooling Index (EYSI)} = \frac{\text{EYS}}{18}$$

$$\text{Income Index (II)} = \frac{\ln(\text{GNIpc}) - \ln(100)}{\ln(75000) - \ln(100)}$$

Finally, the HDI is derived as the geometric mean of the previous three normalized indices.

$$\text{HDI} = \sqrt[3]{\text{LEI} * \text{EI} * \text{II}}$$

LE: Life expectancy at birth

MYS: Mean years of schooling (i.e. years that a person aged 25 or older has spent in formal education)

EYS: Expected years of schooling (i.e. total expected years of schooling for children under 18 years of age)

GNIpc: Gross national income at purchasing power parity per capita.

Modification: In this modification, we've substituted Healthy Life Expectancy (HALE) at Birth for Life Expectancy at Birth (LEB) in the existing expression for the Health Index. We have taken 75 years as the maximum and 20 years as the minimum to work out the corresponding normalized index as-

$$\begin{aligned} \text{Healthy Life Expectancy Index (HALI)} \\ = \frac{\text{HALE}(0) - 20}{75 - 20} \end{aligned}$$

We have retained the other 2 indices and calculated the final HDI (**HAHDI**) by taking the Geometric Mean of the 3 indices. We have prepared a ranking and introduced a 5-group classification to categorize 181 countries. We will discuss about the newer classification in the next section.

INTRODUCING A NEW CLASSIFICATION FOR THE MODIFIED HDI: As suggested by UN, there are originally 4 HDI groups- Very High ($HDI \geq 0.8$), High (<0.8 but ≥ 0.7), Medium (<0.7 but ≥ 0.55) and Low (<0.55) into which these 181 countries are categorized according to their respective HDI values.

In this paper, we are introducing a newer classification, which we have followed to classify these 181 countries according to the values of modified HDI- HAHDI.

In this newer classification, there are 5 groups- Very High ($HDI \geq 0.8$), High (<0.8 but ≥ 0.7), Medium (<0.7 but ≥ 0.6), Low ($<.6$ but ≥ 0.5) and Very Low (<0.5) HDI Groups into which these 181 countries are categorized according to their respective HAHDI values.

DISCRIMINANT ANALYSIS FOR THE ORIGINAL HDI AND THE MODIFIED HDI: We have assessed 3 things- the significance of HALI in determining which group a country should fall, the contribution of HALI to the respective HAHDI and most importantly, the validity of our new classification compared to the original classification by means of Discriminant Analysis in SPSS.

While considering the original 4-group classification according to the original HDI values, we have taken LEI, EI and II as the predictor variables and for the modified HDIs with 5-group setup, we have taken the respective HALI and EI, II as the predictors.

Hence, we have 2 equations-

$$D_1 = v_{11} * LEI + v_{12} * EI + v_{13} * II + a_1 \text{ (for HDI)}$$

$$D_2 = v_{21} * HALI + v_{22} * EI + v_{23} * II + a_2 \text{ (for HAHDI)}$$

Where D_i 's are discriminant functions, v_{ij} 's are the discriminant coefficients or weights for the j^{th} variable and i^{th} HDI but unstandardized (analogous to the regression coefficients in the regression equation). a_i 's are constants. Here $j=3$.

The main purpose of these v_{ij} 's is to maximize the distance between the means corresponding to the different categories of the categorical response variable. In our case the aim is to maximize the distance between the HDI Groups on the basis of the predictor variables.

RESULTS AND INTERPRETATION

Interpretation of Rankings by HAHDI and the Relative Deviations with respect to the Ranking according to the Original HDI:

For each of the 181 countries, we have computed the HDI and HAHDI values and obtained the corresponding ranking. The component values and the detailed rankings according to these 2 methods are shown in Table: 6.1. In this section, we will discuss what significant changes in the values of the final Development Index and the rankings could be seen from the said Table: 6.1.

As seen from the ranking according to the HAHDI values as compared to the ranking according to the original HDI values, there are 49 countries for which at least either of the rankings exactly matches with the corresponding HDI ranking. The most significant fact is, the top 10 countries according to the ranking given by HDI values are able to stay within top 10 except for the fact that they have different permutations. Though all the top 3 countries (Norway, Switzerland and Australia) have retained their positions in the modified version of HDI, though their respective scores according to HAHDI (0.9481, 0.9373 and 0.9326 respectively) have dropped significantly from their respective HDI scores (0.9494, 0.9391, 0.9387 respectively). For the bottom 10 countries again, the only difference is their permutation. The highest rise in the ranking can be seen in case of

Swaziland (+10) on the other hand, the biggest fall in the ranking due to the incorporation of in Health Index can be observed for Lebanon (-12). Now let's observe the relative positions of these 181 countries with respect to the 5-group

classification that has been introduced by us. It is observed that, the deviations are more prevalent in High and Medium HDI groups as compared to the other 3 groups modifications.

Table 6.1: The Ranking and Relative Changes in Ranking of 181 countries according to the existing and new formulae of HDI

| COUNTRY | LEI | HALI | EI | II | HDI | HAHDI | Ranking | | Relative Change |
|----------------------|--------|--------|--------|--------|--------|--------|---------|-------|-----------------|
| | | | | | | | HDI | HAHDI | |
| Norway | 0.9494 | 0.9455 | 0.9158 | 0.9843 | 0.9494 | 0.9481 | 1 | 1 | 0 |
| Switzerland | 0.9713 | 0.9655 | 0.8912 | 0.9568 | 0.9391 | 0.9373 | 2 | 2 | 0 |
| Australia | 0.9621 | 0.9436 | 0.9392 | 0.9153 | 0.9387 | 0.9326 | 3 | 3 | 0 |
| Germany | 0.9399 | 0.9327 | 0.9145 | 0.9228 | 0.9257 | 0.9233 | 4 | 7 | -3 |
| Singapore | 0.9724 | 0.98 | 0.8135 | 1 | 0.9249 | 0.9273 | 5 | 4 | 1 |
| Denmark | 0.9294 | 0.9309 | 0.9233 | 0.9212 | 0.9246 | 0.9251 | 6 | 5 | 1 |
| Netherlands | 0.9493 | 0.9491 | 0.8971 | 0.9272 | 0.9243 | 0.9242 | 7 | 6 | 1 |
| Ireland | 0.9393 | 0.9364 | 0.9105 | 0.9187 | 0.9227 | 0.9218 | 8 | 8 | 0 |
| Iceland | 0.965 | 0.9582 | 0.9064 | 0.8935 | 0.9211 | 0.9189 | 9 | 9 | 0 |
| Canada | 0.9573 | 0.9509 | 0.8903 | 0.9145 | 0.9203 | 0.9182 | 10 | 10 | 0 |
| United States | 0.9111 | 0.8927 | 0.9 | 0.9483 | 0.9196 | 0.9133 | 11 | 11 | 0 |
| New Zealand | 0.9542 | 0.9382 | 0.9168 | 0.8754 | 0.9149 | 0.9097 | 12 | 12 | 0 |
| Sweden | 0.9592 | 0.9455 | 0.8551 | 0.927 | 0.9127 | 0.9083 | 13 | 15 | -2 |
| United Kingdom | 0.9361 | 0.9345 | 0.8959 | 0.897 | 0.9095 | 0.909 | 14 | 14 | 0 |
| Japan | 0.9798 | 0.9982 | 0.8416 | 0.8944 | 0.9035 | 0.9091 | 15 | 13 | 2 |
| Korea (Republic of) | 0.9558 | 0.9673 | 0.8667 | 0.8829 | 0.901 | 0.9046 | 16 | 16 | 0 |
| Israel | 0.9625 | 0.96 | 0.8698 | 0.8676 | 0.8989 | 0.8981 | 17 | 17 | 0 |
| Luxembourg | 0.952 | 0.9418 | 0.7835 | 0.9724 | 0.8985 | 0.8952 | 18 | 19 | -1 |
| France | 0.9594 | 0.9564 | 0.8393 | 0.8976 | 0.8974 | 0.8965 | 19 | 18 | 1 |
| Belgium | 0.9382 | 0.9291 | 0.8415 | 0.9097 | 0.8955 | 0.8926 | 20 | 21 | -1 |
| Finland | 0.9386 | 0.9273 | 0.8467 | 0.9007 | 0.8945 | 0.8909 | 21 | 22 | -1 |
| Austria | 0.9474 | 0.9455 | 0.8198 | 0.9181 | 0.8934 | 0.8928 | 22 | 20 | 2 |
| Slovenia | 0.9319 | 0.9291 | 0.886 | 0.8547 | 0.8903 | 0.8894 | 23 | 23 | 0 |
| Italy | 0.9744 | 0.96 | 0.8139 | 0.8786 | 0.8866 | 0.8822 | 24 | 24 | 0 |
| Spain | 0.9656 | 0.9527 | 0.818 | 0.875 | 0.8842 | 0.8802 | 25 | 25 | 0 |
| Czech Republic | 0.9042 | 0.8982 | 0.8781 | 0.8519 | 0.8778 | 0.8759 | 26 | 26 | 0 |
| Greece | 0.9396 | 0.9436 | 0.8296 | 0.8329 | 0.8659 | 0.8671 | 27 | 28 | -1 |
| Estonia | 0.8771 | 0.8909 | 0.8767 | 0.8421 | 0.8651 | 0.8696 | 28 | 27 | 1 |
| Brunei Darussalam | 0.908 | 0.9145 | 0.7158 | 0.9956 | 0.8649 | 0.867 | 29 | 29 | 0 |
| Malta | 0.9342 | 0.94 | 0.7811 | 0.859 | 0.8559 | 0.8576 | 30 | 30 | 0 |
| Cyprus | 0.9282 | 0.9327 | 0.7858 | 0.8588 | 0.8556 | 0.857 | 31 | 31 | 0 |
| Qatar | 0.8973 | 0.8691 | 0.6979 | 1 | 0.8555 | 0.8465 | 32 | 35 | -3 |
| Poland | 0.8865 | 0.8855 | 0.8516 | 0.8286 | 0.8552 | 0.8549 | 33 | 32 | 1 |
| Lithuania | 0.823 | 0.8382 | 0.8824 | 0.84 | 0.8481 | 0.8533 | 34 | 33 | 1 |
| Chile | 0.9532 | 0.9182 | 0.7837 | 0.8124 | 0.8466 | 0.8361 | 35 | 41 | -6 |
| Saudi Arabia | 0.8376 | 0.8073 | 0.7685 | 0.9427 | 0.8466 | 0.8363 | 36 | 40 | -4 |
| Slovakia | 0.8678 | 0.8745 | 0.8233 | 0.8443 | 0.8449 | 0.8471 | 37 | 34 | 3 |
| Portugal | 0.9413 | 0.9345 | 0.7562 | 0.8406 | 0.8427 | 0.8406 | 38 | 36 | 2 |
| United Arab Emirates | 0.8788 | 0.8782 | 0.6869 | 0.9812 | 0.8398 | 0.8396 | 39 | 38 | 1 |
| Hungary | 0.851 | 0.8618 | 0.8339 | 0.824 | 0.8362 | 0.8398 | 40 | 37 | 3 |
| Latvia | 0.836 | 0.8564 | 0.8349 | 0.8187 | 0.8299 | 0.8365 | 41 | 39 | 2 |
| Croatia | 0.8845 | 0.8982 | 0.7979 | 0.8025 | 0.8274 | 0.8316 | 42 | 42 | 0 |
| Argentina | 0.8686 | 0.8655 | 0.8078 | 0.8073 | 0.8274 | 0.8264 | 43 | 43 | 0 |
| Bahrain | 0.8725 | 0.8545 | 0.7167 | 0.8942 | 0.8239 | 0.8182 | 44 | 44 | 0 |
| Montenegro | 0.8677 | 0.8709 | 0.7966 | 0.761 | 0.8072 | 0.8082 | 45 | 46 | -1 |
| Russian Federation | 0.7733 | 0.7891 | 0.816 | 0.8233 | 0.8039 | 0.8093 | 46 | 45 | 1 |
| Romania | 0.8436 | 0.8509 | 0.7693 | 0.796 | 0.8024 | 0.8047 | 47 | 48 | -1 |
| Kuwait | 0.8392 | 0.8309 | 0.6105 | 1 | 0.8002 | 0.7975 | 48 | 50 | -2 |
| Belarus | 0.7918 | 0.8218 | 0.8342 | 0.7631 | 0.7958 | 0.8058 | 49 | 47 | 2 |
| Oman | 0.8765 | 0.8473 | 0.6517 | 0.8823 | 0.7958 | 0.7868 | 50 | 56 | -6 |
| Uruguay | 0.8823 | 0.8709 | 0.7169 | 0.7938 | 0.7948 | 0.7913 | 51 | 53 | -2 |
| Barbados | 0.858 | 0.8509 | 0.7734 | 0.7564 | 0.7947 | 0.7925 | 52 | 52 | 0 |
| Kazakhstan | 0.7629 | 0.7873 | 0.8051 | 0.8154 | 0.7941 | 0.8025 | 53 | 49 | 4 |
| Bulgaria | 0.8357 | 0.8436 | 0.7777 | 0.7691 | 0.7936 | 0.7961 | 54 | 51 | 3 |
| Bahamas | 0.8547 | 0.8473 | 0.715 | 0.8117 | 0.7916 | 0.7893 | 55 | 55 | 0 |
| Malaysia | 0.8446 | 0.8455 | 0.7004 | 0.8317 | 0.7894 | 0.7897 | 56 | 54 | 2 |
| Panama | 0.8885 | 0.8745 | 0.6907 | 0.7963 | 0.7877 | 0.7835 | 57 | 59 | -2 |
| Antigua and Barbuda | 0.8652 | 0.8582 | 0.6944 | 0.807 | 0.7856 | 0.7835 | 58 | 60 | -2 |

| Table to be continued... | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|-----|-----|-----|
| Seychelles | 0.82 | 0.8273 | 0.7061 | 0.8272 | 0.7824 | 0.7847 | 59 | 58 | 1 |
| Mauritius | 0.8399 | 0.8509 | 0.7245 | 0.784 | 0.7814 | 0.7848 | 60 | 57 | 3 |
| Trinidad and Tobago | 0.7772 | 0.7873 | 0.7169 | 0.8514 | 0.7799 | 0.7833 | 61 | 61 | 0 |
| Costa Rica | 0.9171 | 0.9055 | 0.6837 | 0.7465 | 0.7765 | 0.7731 | 62 | 63 | -1 |
| Serbia | 0.8469 | 0.8673 | 0.7595 | 0.7257 | 0.7757 | 0.7819 | 63 | 62 | 1 |
| Cuba | 0.9165 | 0.8945 | 0.7788 | 0.6513 | 0.7747 | 0.7684 | 64 | 67 | -3 |
| Iran (Islamic Republic of) | 0.8551 | 0.8455 | 0.7041 | 0.7703 | 0.7741 | 0.7711 | 65 | 64 | 1 |
| Georgia | 0.8465 | 0.8436 | 0.7945 | 0.6773 | 0.7694 | 0.7685 | 66 | 66 | 0 |
| Turkey | 0.8543 | 0.84 | 0.6684 | 0.7902 | 0.767 | 0.7627 | 67 | 70 | -3 |
| Venezuela (Bolivarian Republic of) | 0.8367 | 0.8218 | 0.7105 | 0.7582 | 0.7667 | 0.7621 | 68 | 71 | -3 |
| Sri Lanka | 0.8469 | 0.8545 | 0.7518 | 0.7071 | 0.7664 | 0.7687 | 69 | 65 | 4 |
| Albania | 0.8918 | 0.8873 | 0.7154 | 0.6994 | 0.7642 | 0.7629 | 70 | 69 | 1 |
| Lebanon | 0.916 | 0.8309 | 0.656 | 0.7388 | 0.7628 | 0.7385 | 71 | 83 | -12 |
| Mexico | 0.8765 | 0.8618 | 0.6546 | 0.7702 | 0.7617 | 0.7574 | 72 | 72 | 0 |
| Azerbaijan | 0.783 | 0.8127 | 0.7234 | 0.7705 | 0.7585 | 0.768 | 73 | 68 | 5 |
| Brazil | 0.8423 | 0.8273 | 0.6808 | 0.748 | 0.7541 | 0.7496 | 74 | 76 | -2 |
| Grenada | 0.824 | 0.8182 | 0.7245 | 0.7168 | 0.7536 | 0.7518 | 75 | 74 | 1 |
| Bosnia and Herzegovina | 0.8713 | 0.8836 | 0.6942 | 0.697 | 0.7498 | 0.7534 | 76 | 73 | 3 |
| The former Yugoslav Republic of Macedonia | 0.8543 | 0.8636 | 0.673 | 0.7282 | 0.7481 | 0.7508 | 77 | 75 | 2 |
| Algeria | 0.8466 | 0.8418 | 0.6583 | 0.7413 | 0.7448 | 0.7434 | 78 | 80 | -2 |
| Ukraine | 0.7866 | 0.8018 | 0.8032 | 0.6494 | 0.743 | 0.7478 | 79 | 77 | 2 |
| Armenia | 0.8444 | 0.8527 | 0.7295 | 0.6655 | 0.7428 | 0.7453 | 80 | 78 | 2 |
| Jordan | 0.8335 | 0.8182 | 0.7015 | 0.6973 | 0.7415 | 0.7369 | 81 | 84 | -3 |
| Thailand | 0.8402 | 0.8509 | 0.6408 | 0.752 | 0.7398 | 0.7429 | 82 | 81 | 1 |
| Peru | 0.8433 | 0.8309 | 0.6723 | 0.714 | 0.7397 | 0.7361 | 83 | 86 | -3 |
| Ecuador | 0.8634 | 0.8545 | 0.6652 | 0.7035 | 0.7393 | 0.7368 | 84 | 85 | -1 |
| China | 0.861 | 0.8818 | 0.6307 | 0.7392 | 0.7377 | 0.7436 | 85 | 79 | 6 |
| Fiji | 0.7716 | 0.78 | 0.7766 | 0.6665 | 0.7364 | 0.7391 | 86 | 82 | 4 |
| Saint Lucia | 0.8492 | 0.8382 | 0.6766 | 0.6925 | 0.7355 | 0.7323 | 87 | 88 | -1 |
| Mongolia | 0.7662 | 0.7655 | 0.7374 | 0.7023 | 0.7348 | 0.7346 | 88 | 87 | 1 |
| Jamaica | 0.8588 | 0.8545 | 0.6778 | 0.6684 | 0.73 | 0.7288 | 89 | 89 | 0 |
| Colombia | 0.8343 | 0.8218 | 0.6295 | 0.7325 | 0.7273 | 0.7236 | 90 | 92 | -2 |
| Suriname | 0.7889 | 0.7836 | 0.6299 | 0.7668 | 0.725 | 0.7233 | 91 | 93 | -2 |
| Tunisia | 0.8459 | 0.8491 | 0.643 | 0.6993 | 0.7246 | 0.7255 | 92 | 91 | 1 |
| Dominican Republic | 0.8254 | 0.82 | 0.6218 | 0.7324 | 0.7217 | 0.7201 | 93 | 94 | -1 |
| Saint Vincent and the Grenadines | 0.816 | 0.8109 | 0.6566 | 0.7012 | 0.7216 | 0.7201 | 94 | 95 | -1 |
| Tonga | 0.8152 | 0.8364 | 0.7663 | 0.5993 | 0.7207 | 0.7269 | 95 | 90 | 5 |
| Libya | 0.7964 | 0.7945 | 0.616 | 0.7497 | 0.7164 | 0.7159 | 96 | 96 | 0 |
| Belize | 0.7704 | 0.7673 | 0.7037 | 0.6496 | 0.7062 | 0.7052 | 97 | 99 | -2 |
| Samoa | 0.8257 | 0.8473 | 0.7015 | 0.6018 | 0.7038 | 0.7098 | 98 | 97 | 1 |
| Maldives | 0.8763 | 0.9 | 0.5606 | 0.7013 | 0.701 | 0.7073 | 99 | 98 | 1 |
| Uzbekistan | 0.76 | 0.7709 | 0.7396 | 0.612 | 0.7007 | 0.704 | 100 | 101 | -1 |
| Moldova (Republic of) | 0.7959 | 0.8164 | 0.7254 | 0.5917 | 0.699 | 0.705 | 101 | 100 | 1 |
| Botswana | 0.6847 | 0.6709 | 0.6583 | 0.7535 | 0.6977 | 0.693 | 102 | 104 | -2 |
| Gabon | 0.6913 | 0.6764 | 0.618 | 0.7929 | 0.6971 | 0.6921 | 103 | 106 | -3 |
| Paraguay | 0.8154 | 0.8218 | 0.6133 | 0.6653 | 0.693 | 0.6948 | 104 | 103 | 1 |
| Turkmenistan | 0.7036 | 0.7236 | 0.6293 | 0.7467 | 0.6915 | 0.698 | 105 | 102 | 3 |
| Egypt | 0.7896 | 0.7673 | 0.6009 | 0.6966 | 0.6914 | 0.6848 | 106 | 107 | -1 |
| Indonesia | 0.7546 | 0.7655 | 0.6219 | 0.6964 | 0.6888 | 0.6921 | 107 | 105 | 2 |
| Viet Nam | 0.8606 | 0.8473 | 0.6171 | 0.6007 | 0.6833 | 0.6797 | 108 | 111 | -3 |
| Philippines | 0.7437 | 0.7473 | 0.6368 | 0.6692 | 0.6818 | 0.6829 | 109 | 109 | 0 |
| El Salvador | 0.8196 | 0.8018 | 0.5836 | 0.6568 | 0.6798 | 0.6748 | 110 | 112 | -2 |
| Bolivia (Plurinational State of) | 0.7499 | 0.7727 | 0.6563 | 0.6223 | 0.6741 | 0.6808 | 111 | 110 | 1 |
| South Africa | 0.5794 | 0.6255 | 0.7054 | 0.7243 | 0.6664 | 0.6837 | 112 | 108 | 4 |
| Kyrgyzstan | 0.7814 | 0.7982 | 0.7213 | 0.5186 | 0.6636 | 0.6683 | 113 | 113 | 0 |
| Iraq | 0.7635 | 0.7273 | 0.4996 | 0.7182 | 0.6495 | 0.639 | 114 | 117 | -3 |
| Cabo Verde | 0.8237 | 0.8036 | 0.5339 | 0.6197 | 0.6483 | 0.643 | 115 | 115 | 0 |
| Morocco | 0.8355 | 0.82 | 0.5028 | 0.6459 | 0.6474 | 0.6434 | 116 | 114 | 2 |
| Nicaragua | 0.8494 | 0.7964 | 0.5423 | 0.5831 | 0.6452 | 0.6315 | 117 | 120 | -3 |
| Namibia | 0.6933 | 0.6818 | 0.5464 | 0.6921 | 0.64 | 0.6365 | 118 | 118 | 0 |
| Guatemala | 0.801 | 0.7673 | 0.5079 | 0.6431 | 0.6396 | 0.6305 | 119 | 121 | -2 |
| Guyana | 0.7154 | 0.7091 | 0.5679 | 0.6392 | 0.638 | 0.6361 | 120 | 119 | 1 |
| Micronesia (Federated States of) | 0.758 | 0.7727 | 0.6485 | 0.5278 | 0.6378 | 0.6419 | 121 | 116 | 5 |
| Tajikistan | 0.7628 | 0.7655 | 0.658 | 0.4922 | 0.6275 | 0.6282 | 122 | 122 | 0 |
| Honduras | 0.8205 | 0.8164 | 0.5178 | 0.5739 | 0.6247 | 0.6237 | 123 | 123 | 0 |
| India | 0.7434 | 0.72 | 0.5349 | 0.6098 | 0.6236 | 0.6169 | 124 | 124 | 0 |
| Bhutan | 0.767 | 0.7491 | 0.4521 | 0.6435 | 0.6065 | 0.6018 | 125 | 126 | -1 |
| Timor-Leste | 0.7464 | 0.7473 | 0.4943 | 0.6018 | 0.6055 | 0.6057 | 126 | 125 | 1 |
| Vanuatu | 0.8016 | 0.8109 | 0.5263 | 0.5036 | 0.5967 | 0.599 | 127 | 127 | 0 |

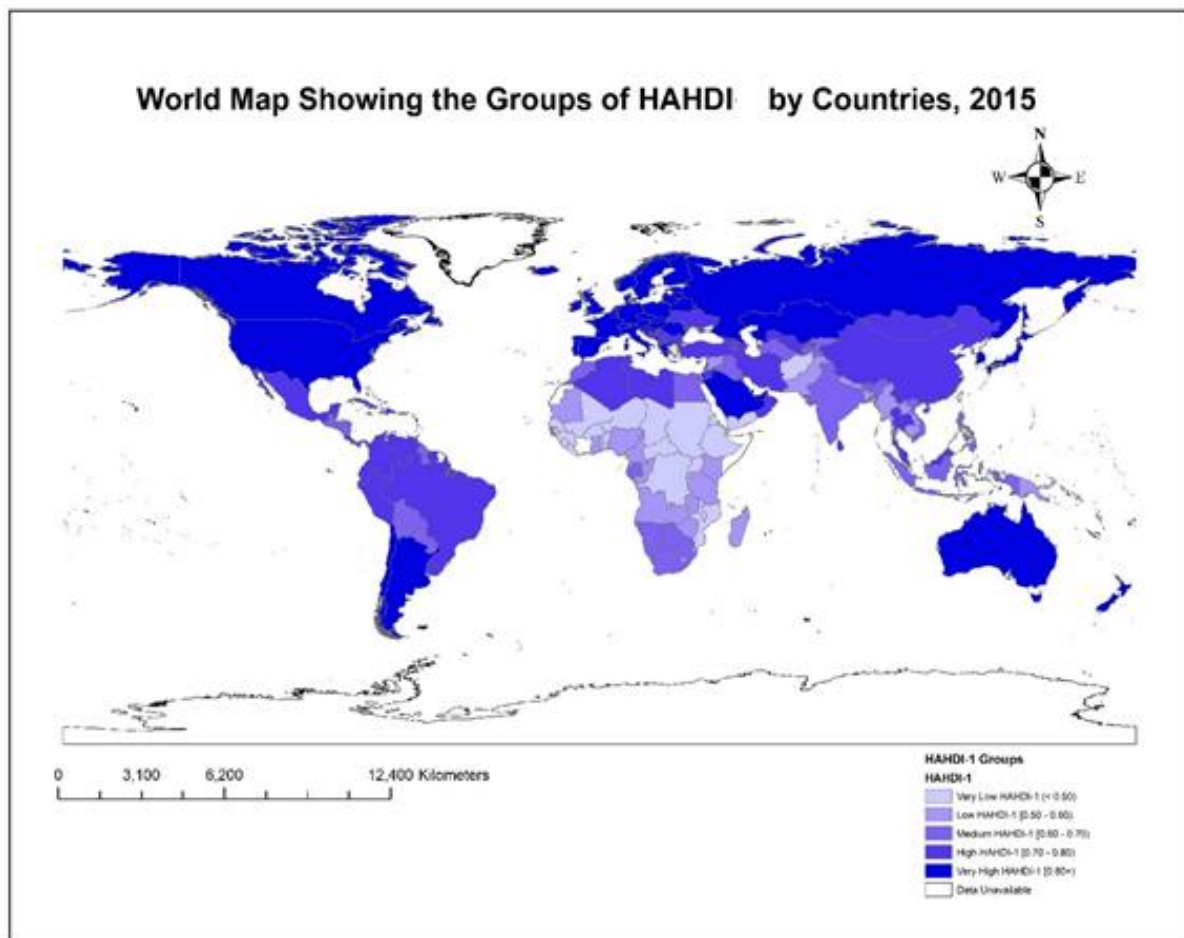
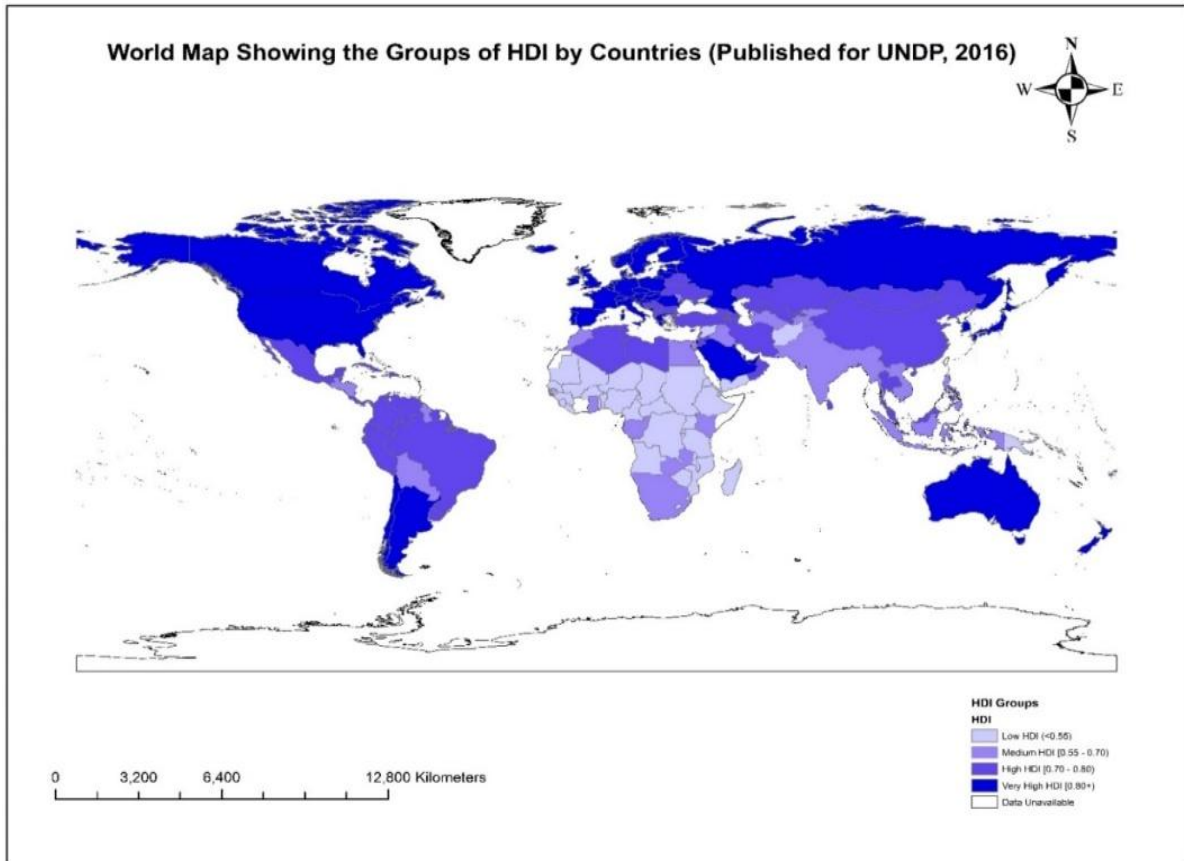
| Table to be continued... | | | | | | | | | |
|------------------------------------|--------|--------|--------|--------|--------|--------|-----|-----|----|
| Equatorial Guinea | 0.5832 | 0.5691 | 0.4394 | 0.8114 | 0.5924 | 0.5876 | 128 | 129 | -1 |
| Congo | 0.6599 | 0.6655 | 0.5201 | 0.6054 | 0.5923 | 0.5939 | 129 | 128 | 1 |
| Kiribati | 0.7112 | 0.7036 | 0.5901 | 0.4847 | 0.5881 | 0.586 | 130 | 130 | 0 |
| Lao People's Democratic Republic | 0.7169 | 0.6891 | 0.4739 | 0.5924 | 0.586 | 0.5784 | 131 | 133 | -2 |
| Zambia | 0.628 | 0.6127 | 0.5774 | 0.5355 | 0.5791 | 0.5743 | 132 | 134 | -2 |
| Ghana | 0.6389 | 0.6418 | 0.5509 | 0.551 | 0.5788 | 0.5797 | 133 | 132 | 1 |
| Bangladesh | 0.7998 | 0.7709 | 0.4575 | 0.5301 | 0.5788 | 0.5718 | 134 | 135 | -1 |
| Sao Tome and Principe | 0.7166 | 0.7091 | 0.5095 | 0.5172 | 0.5737 | 0.5717 | 135 | 136 | -1 |
| Cambodia | 0.7509 | 0.6927 | 0.4586 | 0.5185 | 0.5631 | 0.5482 | 136 | 140 | -4 |
| Nepal | 0.7691 | 0.7491 | 0.475 | 0.476 | 0.5582 | 0.5533 | 137 | 139 | -2 |
| Myanmar | 0.7095 | 0.7109 | 0.4102 | 0.5892 | 0.5556 | 0.5559 | 138 | 137 | 1 |
| Kenya | 0.6487 | 0.6473 | 0.5182 | 0.5076 | 0.5547 | 0.5543 | 139 | 138 | 1 |
| Pakistan | 0.7133 | 0.6873 | 0.3948 | 0.5919 | 0.5504 | 0.5436 | 140 | 141 | -1 |
| Swaziland | 0.4453 | 0.5618 | 0.545 | 0.6526 | 0.541 | 0.5846 | 141 | 131 | 10 |
| Syrian Arab Republic | 0.7639 | 0.6527 | 0.4175 | 0.4826 | 0.5359 | 0.5085 | 142 | 149 | -7 |
| Angola | 0.503 | 0.4709 | 0.4824 | 0.6256 | 0.5335 | 0.5219 | 143 | 143 | 0 |
| Tanzania | 0.7002 | 0.6218 | 0.4405 | 0.4842 | 0.5306 | 0.51 | 144 | 148 | -4 |
| Nigeria | 0.5086 | 0.5036 | 0.477 | 0.6038 | 0.5271 | 0.5254 | 145 | 142 | 3 |
| Cameroon | 0.5532 | 0.5509 | 0.493 | 0.5084 | 0.5175 | 0.5168 | 146 | 146 | 0 |
| Papua New Guinea | 0.658 | 0.6618 | 0.4193 | 0.4985 | 0.5162 | 0.5172 | 147 | 145 | 2 |
| Zimbabwe | 0.6031 | 0.5836 | 0.5443 | 0.4177 | 0.5156 | 0.51 | 148 | 147 | 1 |
| Solomon Islands | 0.7401 | 0.7655 | 0.4446 | 0.4151 | 0.515 | 0.5208 | 149 | 144 | 5 |
| Mauritania | 0.6652 | 0.6382 | 0.3773 | 0.5382 | 0.5131 | 0.5061 | 150 | 150 | 0 |
| Madagascar | 0.7002 | 0.6709 | 0.4923 | 0.3897 | 0.5121 | 0.5049 | 151 | 151 | 0 |
| Rwanda | 0.6884 | 0.6655 | 0.4256 | 0.4204 | 0.4976 | 0.492 | 152 | 155 | -3 |
| Comoros | 0.6703 | 0.6527 | 0.4693 | 0.3915 | 0.4975 | 0.4931 | 153 | 154 | -1 |
| Lesotho | 0.4628 | 0.4836 | 0.5026 | 0.529 | 0.4974 | 0.5047 | 154 | 152 | 2 |
| Senegal | 0.722 | 0.6964 | 0.355 | 0.4703 | 0.494 | 0.4881 | 155 | 156 | -1 |
| Uganda | 0.6032 | 0.6182 | 0.4666 | 0.4253 | 0.4928 | 0.4969 | 156 | 153 | 3 |
| Haiti | 0.6634 | 0.6436 | 0.4254 | 0.4241 | 0.4928 | 0.4879 | 157 | 157 | 0 |
| Sudan | 0.6728 | 0.6527 | 0.3175 | 0.5513 | 0.4902 | 0.4853 | 158 | 158 | 0 |
| Togo | 0.6181 | 0.5964 | 0.489 | 0.383 | 0.4874 | 0.4816 | 159 | 160 | -1 |
| Benin | 0.6117 | 0.5909 | 0.4138 | 0.4509 | 0.4851 | 0.4795 | 160 | 161 | -1 |
| Yemen | 0.6777 | 0.6855 | 0.3497 | 0.4737 | 0.4824 | 0.4842 | 161 | 159 | 2 |
| Afghanistan | 0.6262 | 0.5873 | 0.3976 | 0.4424 | 0.4794 | 0.4692 | 162 | 164 | -2 |
| Malawi | 0.6751 | 0.5673 | 0.4454 | 0.3585 | 0.4759 | 0.4491 | 163 | 166 | -3 |
| Côte d'Ivoire | 0.4906 | 0.4909 | 0.4152 | 0.5218 | 0.4737 | 0.4738 | 164 | 162 | 2 |
| Djibouti | 0.6507 | 0.6509 | 0.3105 | 0.5243 | 0.4731 | 0.4732 | 165 | 163 | 2 |
| Gambia | 0.6225 | 0.6145 | 0.3581 | 0.4131 | 0.4516 | 0.4496 | 166 | 165 | 1 |
| Ethiopia | 0.6862 | 0.6564 | 0.318 | 0.4114 | 0.4478 | 0.4412 | 167 | 167 | 0 |
| Mali | 0.5919 | 0.5655 | 0.3118 | 0.4682 | 0.4421 | 0.4354 | 168 | 168 | 0 |
| Congo (Democratic Republic of the) | 0.6009 | 0.5782 | 0.4747 | 0.2895 | 0.4355 | 0.4299 | 169 | 170 | -1 |
| Liberia | 0.6337 | 0.5945 | 0.4232 | 0.2901 | 0.4269 | 0.4179 | 170 | 171 | -1 |
| Guinea-Bissau | 0.5459 | 0.5727 | 0.3528 | 0.3953 | 0.4238 | 0.4307 | 171 | 169 | 2 |
| Sierra Leone | 0.4818 | 0.4436 | 0.3741 | 0.412 | 0.4203 | 0.4089 | 172 | 175 | -3 |
| Eritrea | 0.6798 | 0.6491 | 0.2674 | 0.408 | 0.4202 | 0.4137 | 173 | 174 | -1 |
| South Sudan | 0.5559 | 0.5436 | 0.297 | 0.4434 | 0.4183 | 0.4152 | 174 | 173 | 1 |
| Mozambique | 0.5458 | 0.5382 | 0.3685 | 0.362 | 0.4176 | 0.4156 | 175 | 172 | 3 |
| Guinea | 0.6033 | 0.5764 | 0.3305 | 0.3564 | 0.4142 | 0.4079 | 176 | 176 | 0 |
| Burundi | 0.571 | 0.5855 | 0.3947 | 0.292 | 0.4038 | 0.4071 | 177 | 177 | 0 |
| Burkina Faso | 0.6001 | 0.5927 | 0.2617 | 0.4128 | 0.4017 | 0.4001 | 178 | 178 | 0 |
| Chad | 0.4907 | 0.4745 | 0.2802 | 0.4518 | 0.3961 | 0.3917 | 179 | 179 | 0 |
| Niger | 0.6452 | 0.6218 | 0.2059 | 0.3301 | 0.3526 | 0.3483 | 180 | 181 | -1 |
| Central African Republic | 0.484 | 0.4709 | 0.3382 | 0.2675 | 0.3524 | 0.3492 | 181 | 180 | 1 |

Interpretation of the Results from Discriminant Analysis:

DISCRIMINANT ANALYSIS FOR THE ORIGINAL HDI WITH 4-GROUP CLASSIFICATION:

The TABLE: 7.2a is showing the Group Statistics where it is evident that the mean values for LEI, EI and II are highest in Very

High HDI group and as we move downwards from Very High HDI group to Low HDI group, we see a continuous deterioration in each of the mean values for LEI, EI and II for that respective group and these mean values are the least for the LOW HDI group.



| 7.2a Group Statistics | | | | |
|-----------------------|-----|-------|----------------|------------|
| LEVEL | | Mean | Std. Deviation | Valid N |
| | | | | Unweighted |
| VERY HIGH | LEI | 0.917 | 0.049 | 48 |
| | EI | 0.831 | 0.070 | 48 |
| | II | 0.890 | 0.061 | 48 |
| HIGH | LEI | 0.838 | 0.039 | 52 |
| | EI | 0.702 | 0.056 | 52 |
| | II | 0.733 | 0.062 | 52 |
| MEDIUM | LEI | 0.742 | 0.069 | 40 |
| | EI | 0.557 | 0.084 | 40 |
| | II | 0.613 | 0.087 | 40 |
| LOW | LEI | 0.610 | 0.081 | 41 |
| | EI | 0.397 | 0.081 | 41 |
| | II | 0.439 | 0.088 | 41 |
| Total | LEI | 0.786 | 0.128 | 181 |
| | EI | 0.635 | 0.176 | 181 |
| | II | 0.682 | 0.179 | 181 |

TABLE: 7.2b provides strong statistical evidence of significant differences between means of all 4 groups over all 3 component dimensions (LEI, EI and II). Most importantly all of the 3 indices are producing very high values of F statistics. The pooled Within-Group Matrices are also supporting the use of these 3 independent variables as the intercorrelations are low.

| 7.2b Tests of Equality of Group Means | | | | | |
|---------------------------------------|---------------|---------|-----|-----|------|
| | Wilks' Lambda | F | df1 | df2 | Sig. |
| LEI | 0.216 | 213.525 | 3 | 177 | .000 |
| EI | 0.166 | 297.286 | 3 | 177 | .000 |
| II | 0.168 | 293.227 | 3 | 177 | .000 |

The main assumption in DA is that, the variance-covariance matrices are equivalent. For this assumption to hold, log determinants for these 4 groups should be equal which is in this case not met properly. The corresponding eigen values indicate that the model explains 93.12% of the variation in the grouping variable (i.e. which HDI group a particular country belongs to) through the 1st discriminant function.

The Wilks' Lambda table indicates that only in the first row the Wilks' Lambda is significant (p<.000) but not in the 2nd and 3rd row, which means over and above the 1st discriminant function, the 2nd and 3rd functions do not contribute much and only 6.7% of the total variability remained unexplained by the 1st discriminant function. From the Structure matrix, we find that, the order of importance of the predictor variables from high to low is II, LEI and EI

with Income playing as the strongest predictor to determine to which group a particular country belongs.

FINAL DISCRIMINANT EQUATION:

$$D_{11} = (9.159) * LEI + (7.926) * EI + (8.154) * II + (-17.794)$$

$$D_{12} = (11.043) * LEI + (1.916) * EI + (-9.522) * II + (-3.410)$$

$$D_{13} = (8.503) * LEI + (-11.229) * EI + (5.149) * II + (-3.062)$$

CLASSIFICATION ACCORDING TO GROUP CENTROIDS TABLE:

The **TABLE: 7.2c** showing the group centroids suggests that a country with a given set of LEI, EI and II values can be categorized into a particular group and the rule is that, the country with discriminant function value closer to the centroid of a group is predicted as belonging to the said group.

A visualization of the predicted grouping by means of DA can be obtained from **Figure: 8.1**

| 7.2c Functions at Group Centroids | | | |
|-----------------------------------|----------|-------|-------|
| LEVEL | Function | | |
| | 1 | 2 | 3 |
| VERY HIGH | 4.448 | -.165 | -.016 |
| HIGH | 1.429 | .212 | -.044 |
| MEDIUM | -1.574 | .014 | .151 |
| LOW | -5.484 | -.090 | -.072 |

Unstandardized canonical discriminant functions evaluated at group means

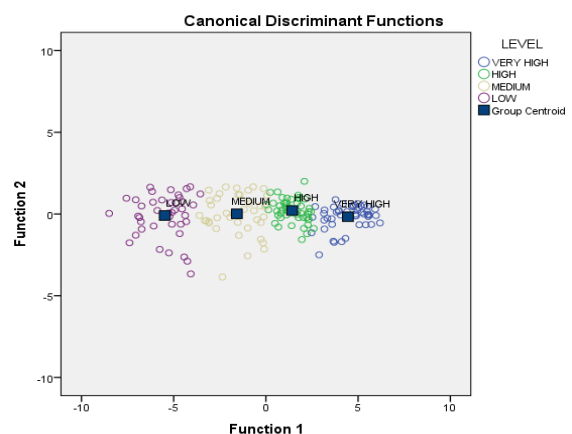


Fig. 8.1 Canonical Determinant Functions and Group Centroids for the 4-Group Classification of HDI

CLASSIFICATION RESULTS:

The **TABLE: 7.2d** shows that 3 countries originally belonging to Very High HDI group have been classified wrongly in High HDI groups. A total of 4 countries originally belonging to Medium HDI group have been

classified wrongly, 3 of them being wrongly included in High and the other being wrongly identified as member of Low HDI group. Altogether out of every 100 countries, more than 4 countries are being misclassified according to the existing classification technique whereas for cross

validated grouped cases the percentage of correctly classified countries further drops to 93.9%.

Now we will see whether our modified HDI and the new classification can improve the Discriminant Analysis results or not.

| 7.2d Classification Results ^{a,c} | | | | | | |
|--|-----------|----------------------------|-------------|------------|------------|-------------|
| | LEVEL | Predicted Group Membership | | | | Total |
| | | VERY HIGH | HIGH | MEDIUM | LOW | |
| Original | VERY HIGH | 45 (93.8%) | 3 (6.3%) | 0 (0.0%) | 0 (0.0%) | 48 (100.0%) |
| | HIGH | 0 (0.0%) | 52 (100.0%) | 0 (0.0%) | 0 (0.0%) | 52 (100.0%) |
| | MEDIUM | 0 (0.0%) | 3 (7.5%) | 36 (90.0%) | 1 (2.5%) | 40 (100.0%) |
| | LOW | 0 (0.0%) | 0 (0.0%) | 1 (2.4%) | 40 (97.6%) | 41 (100.0%) |
| Cross-validated ^b | VERY HIGH | 45 (93.8%) | 3 (6.3%) | 0 (0.0%) | 0 (0.0%) | 48 (100.0%) |
| | HIGH | 0 (0.0%) | 52 (100.0%) | 0 (0.0%) | 0 (0.0%) | 52 (100.0%) |
| | MEDIUM | 0 (0.0%) | 6 (15.0%) | 33 (82.5%) | 1 (2.5%) | 40 (100.0%) |
| | LOW | 0 (0.0%) | 0 (0.0%) | 1 (2.4%) | 40 (97.6%) | 41 (100.0%) |

a. 95.6% of original grouped cases correctly classified.
 b. Cross validation is done only for those cases in the analysis. In cross validation, each case is classified by the functions derived from all cases other than that case.
 c. 93.9% of cross-validated grouped cases correctly classified.

DISCRIMINANT ANALYSIS FOR THE HAHDHI WITH 5-GROUP CLASSIFICATION:

The TABLE: 7.3a is showing the Group Statistics where it is evident that the mean values for HALI, EI and II are highest in Very High HDI group and as we move downwards from Very High HDI group to Very Low HDI group, we again see a continuous deterioration in each of the mean values for HALI, EI and II for that respective group and these mean values are the least for the Very Low HDI group.

| 7.3a Group Statistics | | | | |
|-----------------------|------|-------|----------------|--------------------|
| LEVEL | | Mean | Std. Deviation | Valid N unweighted |
| VERY HIGH | HALI | 0.911 | 0.050 | 49 |
| | EI | 0.835 | 0.061 | 49 |
| | II | 0.883 | 0.061 | 49 |
| HIGH | HALI | 0.838 | 0.033 | 52 |
| | EI | 0.696 | 0.052 | 52 |
| | II | 0.733 | 0.074 | 52 |
| MEDIUM | HALI | 0.756 | 0.054 | 25 |
| | EI | 0.587 | 0.071 | 25 |
| | II | 0.645 | 0.074 | 25 |
| LOW | HALI | 0.647 | 0.087 | 26 |
| | EI | 0.482 | 0.056 | 26 |
| | II | 0.537 | 0.086 | 26 |
| VERY LOW | HALI | 0.592 | 0.064 | 29 |
| | EI | 0.367 | 0.071 | 29 |
| | II | 0.408 | 0.071 | 29 |
| Total | HALI | 0.780 | 0.131 | 181 |
| | EI | 0.635 | 0.176 | 181 |
| | II | 0.682 | 0.179 | 181 |

TABLE: 7.3b provides strong statistical evidence of significant differences between means of all 5 groups over all 3 component dimensions (HALI, EI and II). Most importantly all of the 3 indices are producing very high values of F statistics. The pooled Within-Group Matrices will also support the use of these 3 independent variables as the intercorrelations are low. These results can be treated as the very first justification for our classification.

| 7.3b Tests of Equality of Group Means | | | | | |
|---------------------------------------|---------------|---------|-----|-----|------|
| | Wilks' Lambda | F | df1 | df2 | Sig. |
| HALI | 0.181 | 199.579 | 4 | 176 | .000 |
| EI | 0.118 | 328.023 | 4 | 176 | .000 |
| II | 0.158 | 234.572 | 4 | 176 | .000 |

In order to validate the assumption regarding the equality of the variance-covariance matrices, the log determinants for these 5 groups are examined and are found to vary less. On the other hand, the eigen values provides that the model explains 95.06% of the variation in the grouping variable (i.e. which HDI group a particular country belongs to) through the 1st discriminant function. Now this explained variation is higher than the previous case.

The Wilks' Lambda table indicates that only in the first row the Wilks' Lambda is significant (p<.000) but not in the 2nd and

3rd row, which means over and above the 1st discriminant function, the 2nd and 3rd functions do not contribute much and only 4.6% of the total variability remained unexplained by the 1st discriminant function, which again indicates an improvement over the original 4-group classification for original HDI.

From the Structure Matrix, we find that, the order of importance of the predictor variables from high to low is HALI, EI and II with Healthy Life Expectancy Index (HALI) playing as the strongest predictor to determine to which group a particular country belongs. This is again an indication that in our proposed 1st modification HAHD, the contribution of HALI is significant.

FINAL DISCRIMINANT EQUATION:

$$D_{21} = (8.632) * HALI + (11.418) * EI + (8.823) * II + (-19.997)$$

$$D_{22} = (15.222) * HALI + (-4.359) * EI + (-6.512) * II + (-4.662)$$

$$D_{23} = (3.395) * HALI + (-11.100) * EI + (8.721) * II + (-1.539)$$

CLASSIFICATION ACCORDING TO GROUP CENTROIDS TABLE:

The TABLE:7.3c showing the group centroids suggests that a country with a given set of HALI, EI and II values can be categorized into a particular group and the rule is that, the country with discriminant function value closer to the centroid of a group is predicted as belonging to the said group. A visualization of the predicted

grouping by means of DA can be obtained from **Figure: 8.2**.

| 7.3c Functions at Group Centroids | | | |
|-----------------------------------|----------|-------|-------|
| LEVEL | Function | | |
| | 1 | 2 | 3 |
| VERY HIGH | 5.200 | -.184 | -.012 |
| HIGH | 1.660 | .285 | -.029 |
| MEDIUM | -1.080 | .083 | .142 |
| LOW | -4.168 | -.409 | -.012 |
| VERY LOW | -7.094 | .096 | -.039 |

Unstandardized canonical discriminant functions evaluated at group means

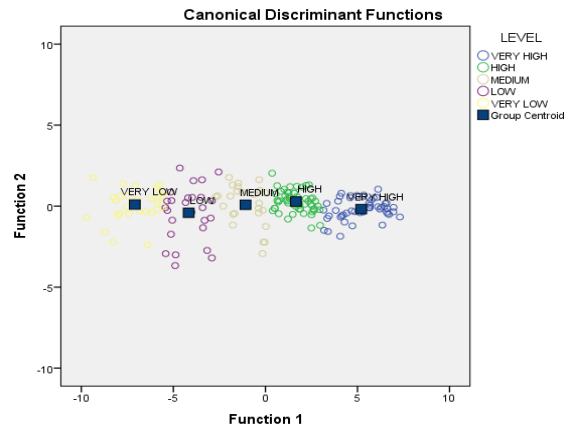


Fig. 8.2 Canonical Determinant Functions and Group Centroids for the 5-Group Classification of HAHD

CLASSIFICATION RESULTS:

The TABLE: 7.3d shows that our newly proposed classification is yielding a more improved result than the previous one as only 4 countries are misclassified according to our classification technique.

| 7.3d Classification Results HAHD | | | | | | | |
|----------------------------------|-----------|----------------------------|-------------|-------------|------------|-------------|-----------|
| | LEVEL | Predicted Group Membership | | | | | Total |
| | | VERY HIGH | HIGH | MEDIUM | LOW | VERY LOW | |
| Original | VERY HIGH | 46 (93.9%) | 3 (6.1%) | 0 (0.0%) | 0 (0.0%) | 0 (0.0%) | 49 (100%) |
| | HIGH | 0 (0.0%) | 52 (100.0%) | 0 (0.0%) | 0 (0.0%) | 0 (0.0%) | 52 (100%) |
| | MEDIUM | 0 (0.0%) | 0 (0.0%) | 25 (100.0%) | 0 (0.0%) | 0 (0.0%) | 25 (100%) |
| | LOW | 0 (0.0%) | 0 (0.0%) | 1 (3.8%) | 25 (96.2%) | 0 (0.0%) | 26 (100%) |
| | VERY LOW | 0 (0.0%) | 0 (0.0%) | 0 (0.0%) | 0 (0.0%) | 29 (100.0%) | 29 (100%) |
| Cross-validated ^b | VERY HIGH | 45 (91.8%) | 4 (8.2%) | 0 (0.0%) | 0 (0.0%) | 0 (0.0%) | 49 (100%) |
| | HIGH | 0 (0.0%) | 52 (100.0%) | 0 (0.0%) | 0 (0.0%) | 0 (0.0%) | 52 (100%) |
| | MEDIUM | 0 (0.0%) | 2 (8.0%) | 23 (92.0%) | 0 (0.0%) | 0 (0.0%) | 25 (100%) |
| | LOW | 0 (0.0%) | 0 (0.0%) | 1 (3.8%) | 25 (96.2%) | 0 (0.0%) | 26 (100%) |
| | VERY LOW | 0 (0.0%) | 0 (0.0%) | 0 (0.0%) | 1 (3.4%) | 28 (96.6%) | 29 (100%) |

a. 97.8% of original grouped cases correctly classified.
 b. Cross validation is done only for those cases in the analysis. In cross validation, each case is classified by the functions derived from all cases other than that case.
 c. 95.6% of cross-validated grouped cases correctly classified.

According to the table, 97.8% of the original grouped cases are classified correctly, which is again another improvement over the existing HDI and its

classification. As we consider the cross validated grouped cases, the percentage of correctly classified countries drops to 95.6% which is better than the previous case.

DISCUSSION

In our newly constructed HDI, As we look at the world map and the distribution of countries according to the existing HDI with respect to the 4-group classification and the modified HDI-HAHD with respect to the new classification, we find the entire North America has retained the position in all 2 rankings, whereas some countries of Europe are seen to lose ground in their rankings with respect to HAHD. Highly developed European countries like Germany, Sweden, Belgium, Finland are found to slip down the ranking due to incorporating HALE instead of LEB in the formulation of new HDI. In fact when the distribution of different diseases and injuries among different population sub-groups are considered, these high income European countries in spite of having relatively high Life Expectancy at Birth are slipping down the rankings due to a relatively higher burden of diseases and as we try to capture both the fatal and non-fatal health outcomes in HDI, the years lived with fatal and non-fatal diseases combined with the ageing problem are partially obliterating the good scores and effects of substantial development in the other two dimensions.

Next, if we look at the Western and Southwestern Asia, most of the high income countries like Qatar, Oman, Kuwait, Saudi Arabia are found to lose some ground in the new ranking which further indicates that the inability to sustain the longevity in terms of full health is imposing a considerable negative impact on overall developmental status of these high income countries which the existing HDI is blatantly ignoring.

The similar things can be concluded about Indian subcontinent as well, though India has retained her position (124) in both the rankings. African and Sub-Saharan countries however have maintained a consistent but poor show with respect to both the HDIs, where many countries which are originally categorized in Low HDI group according to the existing HDI with 4-group classification have entered Very Low

HDI group with respect to HAHD with new 5-group classification. Here the matter of concern is that, the existing classification has failed to provide a mutually exclusive classification and thus it has combined two different groups into one group just to increase the intra-group variabilities and misclassification errors.

Information on the distribution of different diseases and injuries is an important tool for monitoring population health and thus provides evidence base to construct effective health policy and service planning. Effective implementation of such health policies and programmes among different sub-population groups which are found to be affected by a particular disease or health condition in turn improves and develops the country as a whole. By integrating the idea of burden of disease with Human Development, the eradication of different factors and determinants of fatal and non-fatal diseases among population sub-groups can actually raise the status of a country as development is all about the aggregate achievement in all spheres of life and its equitable distribution among every community and sub-population groups in the country.

From a policy perspective, emphasizing the ability to sustain longevity in terms of fully healthy life in HDI establishes the need for a pragmatic approach to promote human development while also stimulating growth that could improve the resources for good health and well-being. The new policy instruments and approaches could and should be geared to not only advancing growth but also promoting human development through reducing the burden of diseases which could strengthen the growth effects of policies as well as help sustain high growth.

CONCLUSION

From the study, we have found that HAHD with 5-group classification fares better than the existing HDI with 4-group classification. This perhaps also signifies the need to consider some kind of combinations

of the standardized measures of mortality and morbidity in future so see how good these new indices can capture the actual picture of global and regional disparity in health. It is believed that Income is having the highest contribution in the existing HDI which have already been tested and validated in the previous section, but our HAHDHI is found to consider its Health Adjusted Life Expectancy Index (HALI) as the strongest predictor or contributor to determine which country will fall in which HDI group.

In spite of emerging as a better composite index to measure Human Development, our refined or modified HDI has a serious limitation. The Healthy Life Expectancy values at birth are not available for a few countries for which the Life Expectancy values at birth are available, hence while calculating the HAHDHI values so that we can rank the countries and compare those rankings with the existing ranking according to the HDI values, we had to omit those countries for which the respective Healthy Life Expectancy values at Birth are not available for 2015-2016.

To comment on the existing classification for HDI, we feel that combining 2 groups having significant variation in their respective group mean values for all three dimensions of development is not an acceptable classification at all. Still there are scopes to improve the health index further by incorporating different weights to the components of mortality and morbidity in the health index and we can also think of adjusting these measures for inequality in future. For now, HAHDHI together with the 5-group classification can be considered as a valid and composite refinement of the existing HDI with a huge scope of potential developments in future

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