Construction of Islamic Human Development Index

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ABSTRACT. The existing HDI concept is value neutral and unable to capture the religious and ethical perspective of socio-economic development in Muslim countries. It is argued that Muslim countries have some special features, cultures, and values that are not completely accommodated by the HDI measurement. Therefore, the current study is an attempt to propose an Islamic Human Development Index (I-HDI) as a holistic and comprehensive index for human development derived from the five dimensions of maqāṣid al-Sharī‘ah: religion (dīn), life (nafs), intellect (‘aql), family (nasl) and wealth (māl). The computation method of an I-HDI is parallel with the HDI method. The constructed index is utilized to rank the human development level for 33 provinces in Indonesia. The study finds that the composition rank between I-HDI and HDI is slightly different. However, the two indices have a statistical positive correlation confirming the assumption that I-HDI might serve as a predictor for the rank of HDI. The findings also show that the majority of the provinces in Indonesia have a poor performance in overall score of I-HDI.

Keywords: Human Development Index, Islamic Human Development Index, Maqāṣid al-Sharī‘ah, Economic Development.

JEL Classification: O11, O18, R11

KAUJIE Classification: B5, H47, S7

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1. Introduction

The concept of development should be considered as a multidimensional process that accommodates changes of social structure, attitudes of society, and national institutions. In essence, it must reflect the total changes of a society without neglecting the diversity of the basic needs and desires of the individual and the social groups within it, to move forward toward a better life, in material and spiritual state (Todaro & Smith, 2006, p. 17).

Along with the changes and developments of human views on the concept of development and welfare, efforts have been made to seek a new concept that is more representative and comprehensive about human wellbeing. The most recent and more accepted concept of human development is the Human Development Index (HDI) published by UNDP (United Nations Development Programs). This concept is preferred because it shows the incompleteness of the existing indices’ concepts such as GNP (Gross National Product) (Streeten, 1994, p. 235). This concept is superior to income per capita which ignores the distribution aspect (Noorbakhsh, 1998, p. 590). Moreover, HDI is considered to “capture more aspects of human development” (Haq, 1995, p. 54). The HDI is a composite index of four indicators. Its components reflect three main dimensions of human development, namely: longevity, knowledge, and access to resources. These dimensions illustrate the three choices of human substance in order that human beings can live long and healthy lives, acquire knowledge, and access the resources needed for a decent standard of living (UNDP, 1990, p. 10).

The three dimensions of human development developed by the UNDP are are built upon the idea of human capabilities proposed by Amartya Sen (Desai, 1991, p. 354). Sen (1984, p. 497) says “the process of economic [human] development can be seen as a process of expanding the capabilities of people”. However, it is recognized that the dimensions developed do not reflect all essential dimensions such as law, peace, security, and freedom.

HDI itself has never claimed that its model is more comprehensive to measure the human well-being but rather a simple alternative to economic measures (Kovacevic, 2011, p. 1). “The concept of human development is broader than any measure of human development. Thus, although the HDI is a constantly evolving measure, it will never perfectly capture human development” (UNDP, 1993, p. 104; emphasis in original). Therefore, a number of studies are conducted to criticize the concepts and dimensions of HDI in order to obtain more comprehensive concepts and dimensions that can represent the complete picture of the human development.

Bourgoin (2014, p. 32) proposed a modified HDI model by adding employment and political freedom dimensions. This study defined human development in three main components, namely: human capabilities, choices, and opportunities. The components are then broken down into six dimensions namely: education, employment, goods and services, health, and freedom. This modification is considered to be a more representative measure of human development. Furthermore, Stanton (2006, p. 3) criticized the HDI model which does not include the income distribution gap (inequality) component. The study further proposed an element of economic inequality as one of the key components of the human development model. While the study conducted by Nevima and Kiszova (2016, p. 168) criticized the method of calculation (weighting) of the HDI.

Referring to these critics, they are mostly concerned with the choice of indicators, their justification, and the mathematical method used for measurement and aggregation. However, HDI and its proposed refinements are value-neutral in the sense that they do not cover violations or deprivations in moral and ethical dimensions (Hasan & Ali, 2018, p. 4).

By contrast, a number of recent studies have attempted to construct an index with religious and ethical perspective of socioeconomic development in Muslim countries. For example, Anto (2011, p. 82) introduces the Islamic Human Development Index; Rehman and Askari (2010, p. 13) develop the Economic Islamicity Index; Dar (2004, p. 1073) constructs ethics-augmented human development index; and Hasan & Ali (2018, p.13) promote the Šarī‘ah Deprivation Perception Index. These indices are considered to be more suitable for Muslim countries in particular and non-Muslim countries in general. The adopted methods totally capture the rich content of
the human development concept. Exercising the index for a particular Muslim country to provide an alternative index of human development for policymaking purpose is highly needed. Therefore, the purpose of this study is to construct an alternative Islamic Human Development Index (I-HDI) and exercise it for Indonesia. Furthermore, the result of the index is then compared and discussed with the HDI of Indonesia.

The paper is divided into five sections. After the introduction, section two briefly explores the human development index and some of its critiques followed by the introduction to the Islamic human development index. Section three discusses the data sources and methodology of constructing the Islamic human development index. Discussion of the findings is provided in section four, while the last section gives the conclusions and recommendations for further research.

2. Literature Review

2.1 Concept of the Human Development Index

Humans are the most important asset among the many resources owned by a country. Human development places human being as the ultimate goal of development, not the instrument of development. Human development, according to UNDP (1990, p. 10), is “a process of enlarging people’s choices”. The most critical ones are: to lead a long and healthy life, to be educated, and to enjoy a decent standard of living.

The Human Development Index (HDI) is a concept to measure the level of human development published by the UNDP. HDI was introduced by the UNDP in 1990 and is published periodically in the annual Human Development Report. The concept consists of three important aspects of human life, namely: health, education, and income. The health aspect represents the general dimension of a long and healthy life, while education represents the knowledge dimension and income represents the decent standard of living. The health aspect is assessed through life expectancy at birth. Education is measured through two indicators: the mean years of schooling for adults and the expected years of schooling for children. Finally, income is measured through GNP per capita. Furthermore, from each of these indicators, three main indices are formed, namely: (i) health index, (ii) education index and (iii) expenditure index.

Figure (1) Operationalization of HDI Concept

Source: Adapted from BPS, Central Bureau of Statistics, 2015.
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Figure 1 illustrates the operationalization concept of HDI from its components and dimensions to indicators. Furthermore, HDI is calculated as the geometric mean of the three main dimensions (health, education and expenditure). The formula is as follows:

\[ HDI = \sqrt[3]{Health \times Education \times Expenditure} \]

In 2010, the geometric mean was introduced over arithmetic mean to compute the HDI. The shift to the geometric mean is mainly to reduce the level of substitutability between dimensions (UNDP, 2010, p. 15). The geometric mean values an increment in any of the dimensional indices equally. Unlike the arithmetic mean, the rankings produced by the geometric mean are invariant to the scale in which each variable is measured (Shetty, 2013, p. 7).

2.2 Critiques of the Concept of Human Development Index

Many studies have been conducted to refine the human development index. Some of these were concerned with the dimensionality of the index while others focused on the mathematical method of measurement and aggregation. Anand and Sen (2000, p. 94) argued that the HDI calculation method ignores the aspect of income inequality among individuals in society. As a solution, Hicks (1997, p. 1292) provides input for refinement of HDI methods in terms of income distribution to include the Gini ratio (Gini coefficient) in HDI calculations. It has been argued that distributional inequalities in income, education, and longevity are significant concerns for human development and well-being. Hicks (1997, p. 1293), then illustrated the implications of adjusting HDI to account for inequalities. For example, the rank of most Latin American countries (which is a region known to have the most severe income distribution problems) will fall when inequality is factored into the development index. In response to the criticism that the three dimensions chosen for the HDI were incomplete and could leave out many important variables, or did not cover them adequately, UNDP began publishing alongside the HDI a variety of indices, such as Multidimensional Poverty Index, the Gender Development Index, and the Gender Inequality Index.

Efforts to find the best concept and method to assess human development have never stopped to date. These efforts revolve around either improving the existing measures or developing new measures (Anto, 2011, p. 74). Some studies tried to propose addition of relevant dimensions in HDI such as sustainability and inequalities (Neumayer, 2011, p. 18), morals (Dar, 2004, p. 1072), and family (Bagolin & Comim, 2008, p. 12).

On the other hand, there have been many attempts to develop an index by theorizing and operationalizing interaction between Islamic values and socioeconomic development in Muslim countries on the basis of *maqāṣid al-Sharīʿah*. Hasan & Ali (2018, p. 5) highlighted a number of studies taken from a series of seminars held in Saudi Arabia, Indonesia and Malaysia conducted by the Islamic Research and Training Institute (IRTI) of the Islamic Development Bank (IDB) on the construction of the *maqāṣid al-Sharīʿah* index (MSI). After reviewing 41 papers, Hasan & Ali (2018, p. 6) summarized two approaches from those works: derivation of MSI from existing national level indices, and construction of MSI from household/individual level surveys. The former is considered more suitable for cross-country comparison while the latter is more useful for policy targeting.

*Maqāṣid al-Sharīʿah* Index (MSI) is a composite index derived from five main dimensions namely: faith, life, intellect, posterity, and property. The enrichment of these five dimensions should become the main focus of all human endeavors and developments. Anto (2011, p. 77) introduces the Islamic Human Development Index (I-HDI) as an alternative measure to human development for Muslim countries. The I-HDI is a more comprehensive measure to capture the dimensionality of the development of human beings.

2.3 Concept of Islamic Human Development Index (I-HDI)

The traditional single indicator such as income per capita or economic growth is no longer sufficient to represent the economic development performance. Composite indicators could serve as complements or alternatives to the traditional measure. Development is conceived as a multidimensional process evolving many aspects like morals, spiritual, and material. However, the composite indicators of the existing human development index only accommodate the
Islam, on the other hand, promotes the human development and welfare of human beings (see Qur’an, 2:201). Aspects of morals, spiritual, material, social, and economic should not be separated to achieve socio-economic development goals in Islam. Development must be oriented towards human development of all dimensions. Human satisfaction is not only manifested when their economic needs are met but also other spiritual and non-material needs (Chapra, 2000). Spiritual and non-material needs involve value judgment and are not quantifiable. They are, nevertheless, important and cannot be ignored. Among the most important and generally recognized requirements for sustained well-being are security of life, property and honor, individual freedom, education, marriage and proper upbringing of children, family and social solidarity, minimization of crime, tension, and anomic (Chapra, 2008, p. 4).

Islamic teachings consider the welfare of mankind as the focus of development. Human being is mandated as a khalīfah on earth in order to manage all resources bestowed for the welfare of whole mankind (Rama & Makhlani, 2013, p. 36). Therefore, most Islamic scholars conclude that the purpose of Sharīʿah or maqāṣid al-Sharīʿah is to promote the welfare of all human beings and avoid anything that can destroy it. This is as stated by al-Ghazali and quoted by Chapra (2008, p. 5) that the main purpose of Sharīʿah is to promote the well-being of the people, which lies in safeguarding their faith (dīn), their self (nafs), their intellect (ʿaql), their posterity (nasl) and their wealth (māl). Whatever ensures the safeguarding of these five serves public interest and is desirable, and whatever hurts them is against public interest and its removal is desirable.

The concept of maqāṣid al-Sharīʿah lies in the benefit (welfare) of human beings. Shatibi, as quoted in Hasan and Ali (2018, p. 4), divides the maqāṣid al-Sharīʿah into ʿādārī (necessary), ḥājī (commendable) and ʿaḍārūrī (necessary) categories. The ʿādārī category consists of the protection of the five elements: religion, life, intellect, posterity, and wealth. Preservation of these five elements is divided into positive and negative manners of protection. Positive manners of protection include rituals (ʿibādāt), customs (ʿādāt) and transactions (muʿāmalāt) while the preventive manners of protection include penalties (jināyāt) and punishments (ḥudūd) (Hasan & Ali, 2018, p. 5). Therefore, maqāṣid al-Sharīʿah is considered as an important and comprehensive instrument that can be applied to assess the socio-economic condition of Muslim countries from a Sharīʿah perspective.

Ali and Hasan (2014, p. 3) stated that the concept of Islamic development emphasizes upon two aspects of life: material and morals. Islam recognizes the need for material as well as spiritual aspects such as moral, ethical, and trust aspects. Furthermore, Sadeq (1987, p. 36) emphasized the concept of a two-stage permanent life of human beings. The life of mankind consists of two sequential stages, namely the worldly life which is temporary, and the life of the hereafter which is eternal and permanent. Islam desires the welfare of mankind for its whole life. Hence, human welfare (W) is a function of welfare in both stages of life.

In addition, Abu Zahrah (1958) in his theory of maqāṣid al-Sharīʿah classified the purpose of Sharīʿah (maqāṣid al-Sharīʿah) into three broader areas, namely: (i) individual education (taḥdhīb al-fard); (ii) law enforcement (iqāmat al-ʿadl); and (iii) promoting welfare (jālīb al-maṣlaḥah) (see Ali & Rama, 2016, p. 141). In terms of education, Abu Zahrah (1958) emphasizes the important role of individual in the society. Proper education for individuals plays a significant role in the goodness of the society. He also considered upholding justice as the noble mission of Islam. It creates stability and equality of life. Prosperity is also perceived as an ultimate goal of Islam.

Some earlier studies developed a measurement index derived from the maqāṣid al-Sharīʿah such as Ali and Hasan (2014, p. 12), Anto (2011, p. 82), Dar (2004, p. 1073), and Hasan and Ali (2018, p. 9). For example, Anto (2011, p. 82) introduces the Islamic Human Development Index (I-HDI) from existing national level indices while Hasan and Ali (2018, p. 9) construct a maqāṣid al-Sharīʿah index from household/individual level surveys. In addition, Hasan and Ali (2018, p. 5) mentioned five categories of studies on the construction of the maqāṣid al-Sharīʿah index (MSI): (i) studies concerning
explicitly on developing MSI theoretically and empirically; (ii) studies providing a methodology of developing MSI without empirical analysis; (iii) studies constructing an index based on Islamic teaching as a whole without explicitly developing an MSI; (iv) studies proposing only one dimension of MS as an index; and (v) studies developing MSI for Islamic banking and finance.

Hasan and Ali (2018, p. 6) evaluated the indicators of the index construction in different studies. For example, Amiruddin, as quoted by Hasan and Ali (2018, p. 6), develops indicators for the five dimensions: faith protection (importance of religion in life, şalāh, sawm, hajj, zakāh, and ṣadaqah); life protection (average life expectancy, freedom from malnutrition, life satisfaction); lineage protection (child mortality rate, homicide rate, environmental safety); intellect protection (primary education, secondary education, tertiary education); and property protection ($1.25 poverty line, $2 poverty line, property security). Furthermore, Anto (2011, p. 82) modified and expanded the main dimensions of maqāṣid al-Sharīʿah into seven dimensions: faith (corruption rate, criminal rate); life (life expectancy rate, drug abuse rate, smoking prevalence); science (education, literacy rate); family social (fertility rate, mortality rate, divorce rate); property (GDP per capita, economic growth, Gini ratio, poverty rate), freedom (political freedom); and environment (CO₂ emission rate). These two studies derive maqāṣid al-Sharīʿah index from existing macro-level data. Ali and Hasan (2014, p. 12) and Hasan and Ali (2018, p. 9), on the other hand, construct maqāṣid al-Sharīʿah index from household/individual level surveys. They develop some axioms for each maqāṣid al-Sharīʿah index. For example, life protection consists of security, health, time use and leisure activities, and physical fitness. The difference of these studies (i.e., Ali & Hasan, 2014, p. 14, and Anto, 2011, p. 84) lies in the methodology of measurement, aggregation technique using counting, focus on individual data rather than macro-level data, and use of a minimum attainment approach rather than achievement approach.

2.4 The Islamic Human Development Index

The HDI is considered unable to capture the religious and ethical perspective of socio-economic development in Muslim countries. It is argued that Muslim countries have some special features, cultures, and values that are not completely accommodated by the HDI measurement. Moreover Hasan and Ali (2018, p. 6) stated that the index might be beneficial for comparison but not useful for policy prescription. Therefore, it is necessary to develop an appropriate index of human development in accordance with the concept of Islamic teachings which is suited to Muslim countries in particular and non-Muslim countries in general.

The current paper attempts to construct an index inspired by maqāṣid al-Sharīʿah framework to measure the level of development in Muslim countries. The study is the extension of earlier studies particularly Anto (2011) and Dar (2004). The contributions of the study might be summarized in three aspects: (i) the approach and philosophy, (ii) the choice of indicators and its justification, and (iii) the mathematical method used for measurement and aggregation.

The philosophical foundation of the index is grounded from the concept of maqāṣid al-Sharīʿah which is basically concerned with the promotion of human wellbeing through the protection of religion, self, intellect, posterity, and property. Maqāṣid al-Sharīʿah means the purposes and ends of Sharīʿah to achieve maṣlaḥah (the public interest). Maṣlaḥah is the way to falāḥ which is a comprehensive and holistic welfare both in this world and the hereafter. Fulfilling those five objectives of the Sharīʿah will be the condition for achieving holistic welfare for human beings. Therefore, deriving an index from this approach is more adequate in order to capture the whole dimension of the development of human beings.

The choice of indicators of the study is different from the study of Anto (2011, p. 83). Since the nature of the study is to construct an index of human development for a particular Muslim country (Indonesia), the adopted indicators fit the uniqueness of the sample. A number of indicators and various data sources are available. For example, degree of freedom for life preservation and zakāh collection for faith preservation are included in the study; indicators that were not found in earlier studies.
Geometric mean is used for measurement and aggregation of the index. The geometric mean is more appropriate than the arithmetic mean in the measurement and aggregation of an index. This was also adopted by Anto (2011, p. 85). The method might reduce the level of substitutability between dimensions and value increments in any of the dimensional indices.

Another interesting feature of the study is the use of data from 33 provinces of Indonesia that provide a new comparison and room for policy discussion. It is useful to recommend a country-specific policy on the basis of national level indices. To the best of the authors’ knowledge, there are no studies that construct a human development index based on maqāṣid al-Sharīʿah approach for a specific Muslim country employing national level indices. Therefore, the present study is an attempt to fill this important gap.

Based on the brief explanation above, the fulfillment of five basic elements of maqāṣid al-Sharīʿah is the theoretical foundation for constructing the Islamic Human Development Index (I-HDI). The indicators are selected in the light of a theoretically plausible link between an indicator and the dimension developed. Table 1 presents the operationalization of I-HDI dimensions into its relevant indicators.

The rationale for selecting the indicators for each dimension is given below in detail. Some of the indicators fall into the category of positive protection while others are in the category of preventive protection.

| Dimension | Indicators | Data |
|-----------|------------|------|
| Religion  | Worship    | Zakāh Collection/GDP |
|           | Morals (negative) | Number of crimes/total population |
|           |            | Corruption Perception Index |
| Life      | Life Expectancy | Life expectancy rate |
|           | Employment Opportunity | Unemployment rate |
|           | Freedom    | Democracy Index |
|           | Basic Needs Provision | Poverty rate |
|           |            | Average Expenditure |
| Intellect | Access to Educational Institution | Number of Schools/Population |
|           | Educational outcomes | Literacy rate |
| Family    | Positive   | Fertility Rate |
|           | Negative   | Divorce Rate |
|           |            | Infant Mortality Rate |
| Wealth    | Wealth ownership | GDP per capita |
|           | Wealth growth | Economic growth rate |
|           | Wealth distribution | Gini ratio |

Source: Prepared by author.

(a) Religion Dimension

Religion has an important role in directing the life of mankind. The religious worldview has the greatest potential of ensuring the reform of human self in a way that helps to ensure the fulfillment of all the spiritual as well as material needs of the human personality (Chapra, 2008, p. 29). Religion injects a meaning and purpose into life, provides the right direction to all human endeavors, and transforms individuals into better human beings through a change in their behavior, lifestyle, tastes, preferences, and attitude towards themselves as well as their Creator, other human beings, and environment.

Ibn Ashur (1946/2006, p. 120) defines preserving religion (ḥifẓ al-dīn) as salvaging the faith of every individual Muslim from being affected by anything that might undermine and confuse his or her beliefs and distort his or her behavior. As for the community as a whole, it may refer to defending Muslim territory and sovereignty and preserving the means of Islamic learning and education among the present and future generations of the Muslim community. On the other hand, Atiyah (2008, p. 38) extends the dimension of preserving religion from the individual level to also include the family and the society.
Chapra (2008, p. 32) develops indicators related to religion preservation, namely values (rules of behavior), motivation, and education. While Ali and Hasan (2014, p. 9) derive religious preservation by building axioms that include ṣalāh, ḥajj, ṣawm, ẓakāh, religious education, time allocation for religious learning, and exaggeration attitude. Anto (2011, p. 79), on the other hand, employs positive and negative approaches in selecting indicators for the religious dimension, in the sense of actions that strengthen and weaken religion both at the level of worship and morals. Furthermore, Amin, Yusof, Haneef, Muhammad, and Oziev (2015, p. 163) operationalized four broad dimensions for the religious dimension, namely (i) philosophical dimension – providing worldview; (ii) spiritual dimension – strengthening the belief; (iii) moral dimension – enhancing good morality; and (iv) practical dimension – performing mandatory worship and practicing virtuous acts. Furthermore, Auda (2008, p. 24) interprets the preservation of religion in the contemporary context, namely freedom of faith and freedom of belief.

Ideally, the study should have indicators which measure the vision, commitment, and implementation of Islamic teaching in a holistic perspective within society, for example, the fundamental practice of Islamic teaching, for instance, the percentage of people performing ẓakāh, ḥajj, ṣalāh, etc. However, in the absence of the secondary data, the study only takes a certain indicator as proxy. Therefore, the study selects two indicators for religion preservation: worship and morals. Worship will be represented by the level of ẓakāh expenditure conducted by the Muslim population. The ratio of ẓakāh expenditure to gross domestic product (GDP) is the secondary data for this indicator. Ẓakāh expenditure is the total amount of ẓakāh collected by regional ẓakāh institution. The data is reliable to reflect the practice of ẓakāh in the region. A high number of the calculated ratio is preferable, meaning that many Muslim people allocate their money for ẓakāh.

In addition, morals may refer to good and bad behavior. This study only takes negative aspect represented by the level of crime and corruption. Ratio of crime to total population and corruption perception index are taken for the indicator. High ratio of crime or corruption perception index indicates the lower of morality and religious practice, and hence, is not preferable.

(b) Life Dimension

There is a difference of opinion in the definition of preservation of life (ḥifẓ al-nafs). Al-Ghazālī, for example, defines it as the protection of human life through the law of retribution (see Amin et al., 2015, p. 164). While al-Shatibi, as quoted in Amin et al. (2015, p. 164), explains that preservation of life can be achieved in three ways, namely (i) the legitimacy of procreation – ensuring that they enter into marriage and have the ability to take any necessary actions including divorce; (ii) ensuring survival through eating and drinking; and (iii) providing clothing and shelter.

Chapra (2008, p. 11) develops the views of earlier scholars, including al-Ghazali and al-Shatibi on the preservation of life in a contemporary context. The preservation of life, according to him, includes (i) dignity, self-respect, human brotherhood and social equality, (ii) justice, (iii) spiritual and moral uplift; (iv) security of life and property; (v) freedom; (vii) education, (vii) good governance, (viii) need fulfillment, (ix) employment and self-employment, (x) equitable distribution of income and wealth, (xi) marriage and proper upbringing of children (xii) family and social solidarity, (xiii) minimization of crime and anomie, and (xiv) mental peace and happiness. While Ali & Hasan (2014, p. 8) develop axioms related to the maintenance of life in an individual context that includes security, health, time use and leisure activities, and physical fitness.

Furthermore, Amin et al. (2015, p. 164) define the preservation of human life through three means, namely (i) human sustenance through the fulfillment of human physical and biological needs in terms of food and drinks, (ii) fulfillment of spiritual or psychological needs, including moral and spiritual uplift, and (iii) the fulfillment of intellectual needs through education. In addition, the preservation of life can also be in the form of protection of human life from the harm and dangers of their natural environment and disease and the fulfillment of social needs (see Amin et al., 2015, p. 164). Furthermore, Auda (2008, p. 23) with a contemporary approach, sees the protection of life as promotion of human freedom.
Based on earlier studies, this study develops four main indicators for preservation of life, namely (i) life expectancy; the right to life is a fundamental right of everyone. This indicator is represented by life expectancy. A longer life represents a better quality of life. (ii) Access to employment. Access to work is one of the most fundamental rights for everyone. Work is obligatory to support the sustainability of life. The unemployment rate represents the access of people to employment. (iii) Freedom is desirable by the basic human nature. Democratic index is considered more relevant for human freedom. A high value of the index represents a higher degree of freedom. (iv) The fulfillment of basic needs is represented by the poverty rate and expenditure per capita. Both data are different. The former refers to the number of people living below the poverty line while the latter represents the expenditure for consumption. Higher poverty rate is undesirable while higher expenditure for consumption is desirable.

(c) Intellect Dimension

Intellect is the distinguishing characteristic of a human being and needs to be enriched continually to improve the knowledge and technological base to promote development and human well-being (Chapra, 2008, p.37). Improving science and technology is fundamental to human development and welfare and it plays a crucial role in the realiza-tion of the *maqāṣid*. Ibn Ashur (1946/2006, p. 121) defines the preservation of intellect (*ḥifẓ ʿaql*) as the protection of the human intellect from something that can destroy it. Any form that can strengthen intellect, such as education and research is highly recommended and is part of the preservation of intellect. Anto (2011, p. 82) develops the dimension of intellect into education and scientific efforts.

The current study develops two indicators for the preservation of intellect: access to educational institutions and output of education. Access to educational institutions is represented by the ratio of number of schools to population. A higher ratio represents a higher access to education and hence is desirable. While output of education refers to the result of the educational process represented by the literacy rate. A higher literacy rate shows a better output of the educational process.

(d) Posterity/Family Dimension

According to Amin et al. (2015, p. 165), the preservation of posterity (*ḥifẓ al-nasl*) involves protection, preservation and promotion of progeny. Chapra (2008, p.43) considers that no civilization can survive if its future generations are spiritually, physically and mentally weak or of a lower quality and therefore unable to respond successfully to the challenges that they face. Hence, it is necessary to continuously improve the quality of the future. The family is the first school for the moral upbringing of children. Family plays a crucial role in development and sustainability.

The desire to have offspring is the most basic instinct that everyone has. Therefore, Islam legitimizes the institution of marriage as one way to preserve the survival of the human species. Households are the most legitimate institution in the process of human regeneration. Households certainly not only serve as a proper and legitimate institution for reproduction according to Islamic teachings, but also have a moral and educational dimension.

Ali & Hasan (2014, p. 10) develop several basic principles elaborating the dimensions of posterity protection which are marriage, family life, solidarity, immortality, mortality, home time allocation for upbringing of children, time spent in Sharīʿah compliance activities, respect to family members and religious practice for kids. Furthermore, according to Chapra (2008, p. 46), the way to build a strong generation is to do moral development since childhood, and on the other hand it needs strong support from the institution named households. Anto (2011, p. 81) develops a positive and negative approach in identifying indicators for the preservation of posterity. Positive such as the ratio between the actual and expected number of family and fertility rate, while negative refers to mortality rate, divorce rate, and violence in family.

The posterity (*nasl*) in this study is further extended to family dimensions. The current study introduces three indicators for family preservation: fertility rates, divorce rates in family and infant mortality rates. High fertility rates indicate a high commitment to sustainability of future generations. In contrast, divorce rate and infant mortality rates in households threaten the stability and the survival of human life.
(e) Wealth Dimension

Al-Ghazali and al-Shatibi placed the wealth (ḥifẓ al-māl) at the end of the maqāṣid al-Sharīʿah dimensions. This does not necessary mean that it is the least important. Chapra (2008, p.48) opined that this is due to the fact that without it the other four primary maqāṣid may not be able to get the kind of thrust that is needed to ensure general well-being.

Wealth is a trust from Allah and needs to be developed and used honestly and conscientiously for removing poverty, fulfilling the needs of all, making life as comfortable as possible for everyone, and promoting equitable distribution of income and wealth (Chapra, 2008, p. 48). On the other hand, the role of the government to fulfill the basic needs of the poor people is an important part in Islamic teachings (Rama & Makhlani, 2014, p. 23).

Islam emphasizes the importance of property ownership and wealth distribution in the midst of society as one way to achieve the kindness and the falāḥ. Wealth is the basic support of development in various aspects; spiritual, moral, and physical (Rama & Makhlani, 2013, p. 38). Preservation of property, according to Amin et al. (2015, p. 165), includes (i) protection of ownership and property, (ii) acquisition and development of property or wealth, and (iii) wealth management. Likewise, Anto (2011, p. 82) develops the preservation of wealth into (i) property ownership, (ii) property growth, and (iii) property distribution.

The current study proposes three indicators for the preservation of wealth. First is wealth ownership which is represented by income per capita. A higher wealth ownership represents a higher material welfare. Second is the wealth growth represented by economic growth (GDP growth). A higher economic growth is expected to increase the welfare of the whole society. Third is wealth distribution. It refers to the distribution of wealth ownership among the people. Islam introduces some religious instruments to promote wealth distribution such as zakāh, waqf, alms and inheritance. The Gini ratio is selected by the study to represent the distribution of wealth. A Lower Gini ratio indicates a higher and equitable distribution of income.

3. Methodology

The main purpose of the study is to propose a new measurement index for human development from an Islamic perspective derived from the five dimensions of maqāṣid al-Sharīʿah and compare the index to the HDI. The proposed dimensions are more comprehensive and sufficient to represent the level of human development, particularly for Muslim countries. Figure 2 operationalizes the concept of the index into relevant indicators. The Islamic Human Development Index (I-HDI) is a composite index from five main dimension of maqāṣid al-Sharīʿah: religion, life, intellect, posterity (family), and wealth. Each dimension is then derived into relevant indicators and variables.

To exercise the proposed index, secondary data is collected from 33 provinces in Indonesia covering 16 indicators. The periods of the indicators are ranging from 2012 to 2016. Except the indicator of zakāh collection, all secondary data of targeted indicators are taken from annual reports published officially by the Central Bureau of Statistics (BPS) of Indonesia. The networks of BPS are available in each province. All documents are accessible to the public through its website. The amount of zakāh is accessed from annual report published by the National Board of Zakat (BAZNAS). Indicators and variables can be seen in Table 1.

The aggregation of the index in this study is parallel with the methodology employed in the computation of the HDI. The method is chosen due to the fact that the study aims to rank provincial level of I-HDI and compare it to the corresponding HDI rank. Hence, applying parallel method for comparison analysis is required. On the other hand, since the indicators are inputs for the aggregation of an index employing a certain method, the index depends on the indicators, while the method contributes to the technical soundness of an index.
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There are several steps to aggregate the index. The first step is normalizing all variables. The negative indicators, for instance, poverty rate, Gini ratio and unemployment rate, are normalized with the formula \((100-Pr)/100\), where \(Pr\) is the poverty rate measured in percentage terms. If the poverty rate is not in percentage terms, that is, between zero and 100, but in decimals, then the normalized poverty rate will simply become \(1-Pr\). The second step is adopting a minimum and maximum approach. Minimum and maximum values are set in order to transform the indicators expressed in different units into indices between 0 and 1. The following is the formula of the maximum and minimum approach:

\[
\text{Indicator index} = \frac{\text{actual value} - \text{min value}}{\text{max value} - \text{min value}}
\]

The third step is calculating the average value. Having defined the minimum and maximum values of each indicator, the dimension indices are calculated using average values. The formulas are as follows:

\[
\text{Religion index} = \frac{\text{zakah} + \text{crime} + \text{corruption}}{3}
\]

\[
\text{Life index} = \frac{\text{life} + \text{working} + \text{freedom} + \text{basic needs}}{4}
\]
The final step is aggregating the dimensional indices to produce the I-HDI. The I-HDI is the geometric mean of the five dimensional indices. The formula is as follows:
\[
IHD\text{I} = \left( \frac{\text{religion index} \times \text{life index} \times \text{intellect index} \times \text{family index} \times \text{wealth index}}{5} \right)^{1/5}
\]

4. Results and Analysis

Table 2 shows the I-HDI score and rank for the provinces in Indonesia and its comparison with HDI published by BPS (Central Bureau of Statistics) in 2016. Generally, there is a significant difference between the I-HDI and HDI rank for the high score group, particularly the five higher score provinces which are Kalteng, Malut, Kep B. Belitung, Sulteng and Kalbar. Kalteng and Malut enjoy a significant improved rank in the I-HDI compared to the HDI, shifting from 20th to the 1st and from 26th to 3rd respectively. The simple explanation and argument for this finding is the fact that both provinces are mainly superior in the performance of the intellect dimension which then contributes significantly to the overall rank of I-HDI. By contrast, the rank of DKI Jakarta and Yogyakarta plunged significantly from the top to the 22nd and from the 2nd to the 26th respectively, in their I-HDI compared with HDI. Their poor rank of I-HDI score could be mainly attributed to their lower performance in the religion dimension and the wealth dimension respectively. Interestingly, the position of Bali and Kaltim remains stable at the top position in both indices. This finding confirms that they are superior in every dimension of the two indices. In the context of religious behavior, indicated by lower rate of crime and corruption, Bali shows a higher performance than any other province. Strong preservation of life is also shown in Bali which is indicated by low poverty rate and unemployment. The province also performs better in family preservation particularly in the lower divorce rate. Meanwhile, Kaltim shows a better performance in the preservation of family, life, and intellect. For example, the life expectancy of people in Kaltim is longer than any other province, indicating the province provides better facilities of health and social infrastructure. On the other hand, both provinces (Bali and Kaltim) have higher rank in HDI indicating better performance in the education, health, and income dimensions.

Other provinces having consistent composition in both indices are Jateng, Sultenggara, Kalsel, Sumsel, and Papua. In addition, Papua, Sulbar, and NTB have no substantial improvement from HDI rank to the I-HDI. A number of provinces that enjoy a better rank in the I-HDI are Sumbar, Jateng, Jambi, Sultenggara, Sumsel, and Kalsel. Meanwhile, Sulut, Riau, NTB, and Sulbar have a slightly lower rank in the I-HDI. A relatively substantial improvement from HDI rank to the I-HDI rank could be found in the case of Sulteng, Maluku, Lampung, NTT, and Papua Barat. On the other hand, a number of provinces such as Kep. Riau, Aceh, Sumut, Jatim, Sulsel, Jabar, and Banten suffer a relatively substantial deterioration in their I-HDI rank compared with the HDI rank. Meanwhile, Bengkulu and Papua are provinces with a constant rank.

In addition to I-HDI, it is interesting to look at the value (index) of religion, life, intellect, posterity/family, and wealth separately in order to identify more closely the contribution of each to the whole I-HDI. The rank order of each dimension is slightly different from I-HDI.
**Table (2) I-HDI and HDI values**

| PROVINCE                      | I-HDI | HDI  |
|-------------------------------|-------|------|
|                               | Index | Rank | Index | Rank |
| Kalteng (Central Kalimantan)  | 58    | 1    | 68.53 | 20   |
| Bali                          | 57    | 2    | 73.27 | 5    |
| Mālut (North Māluku)          | 55    | 3    | 65.91 | 26   |
| Kaltim (East Kalimantan)      | 54    | 4    | 74.17 | 3    |
| Kep. B. Belitung              | 53    | 5    | 69.05 | 15   |
| Sumbar (West Sumatera)        | 52    | 6    | 69.98 | 9    |
| Sullteng (Central Sulawesi)   | 50    | 7    | 66.76 | 25   |
| Kalbar (West Kalimantan)      | 50    | 8    | 65.59 | 28   |
| Sulut (North Sulawesi)        | 50    | 9    | 70.39 | 7    |
| Māluku                        | 50    | 10   | 67.05 | 23   |
| Jateng (Central Java)         | 50    | 11   | 69.49 | 12   |
| Riau                          | 50    | 12   | 70.84 | 6    |
| Jambi                         | 49    | 13   | 68.89 | 17   |
| Lampung                       | 49    | 14   | 66.95 | 24   |
| Kep. Riau                     | 49    | 15   | 73.75 | 4    |
| NTT (East Nusa Tenggara)      | 48    | 16   | 62.67 | 31   |
| Sultenggara (South East Sulawesi) | 48 | 17 | 68.75 | 18 |
| Gorontalo                     | 47    | 18   | 65.86 | 27   |
| Bengkulu                      | 47    | 19   | 68.59 | 19   |
| Kalsel (Central Kalimantan)   | 46    | 20   | 68.38 | 21   |
| Sumsel (South Sumatera)       | 46    | 21   | 67.46 | 22   |
| DKI Jakarta                   | 46    | 22   | 78.99 | 1    |
| Aceh                          | 45    | 23   | 69.45 | 13   |
| Papua Barat (West Papua)      | 44    | 24   | 61.73 | 32   |
| Sumut (North Sumatera)        | 44    | 25   | 69.51 | 10   |
| Yogyakarta                    | 44    | 26   | 77.59 | 2    |
| Jatim (East Java)             | 43    | 27   | 68.95 | 16   |
| Sulsel (South Sulawesi)       | 43    | 28   | 69.15 | 14   |
| Jabar (West Java)             | 43    | 29   | 69.50 | 11   |
| Banten                        | 42    | 30   | 70.27 | 8    |
| NTB (West Nusa Tenggara)      | 41    | 31   | 65.19 | 29   |
| Sulbar (West Sulawesi)        | 41    | 32   | 62.96 | 30   |
| Papua                         | 28    | 33   | 57.25 | 33   |

Source: Calculated by author.
Figure 3 presents the index of religion dimension of all provinces. It is clearly shown that Gorontalo takes the highest rank followed by Sumbar in 2nd position. Bali, on the other side, shows a consistent top rank in the index, ranked 3rd. This indicates that these provinces have a better performance in strengthening the religion dimension especially in the aspect of akhlāq or moral (crime and corruption) and Ḣibādah (zakāh practice). Surprisingly, DKI Jakarta, the province with the capital city of the country, has the lowest rank among other provinces representing the weakest performance of the index. Ironically, the majority of the provinces in Indonesia have a lower performance in enriching the religious dimension of human development. It is seen from their index score that most of them are below 50 points. In general, the change of rank composition of religion index is slightly bigger from I-HDI.

The value of the life dimension for all provinces shows a relatively large difference as shown in Figure 4. It is surprising that DKI Jakarta achieves the top rank of the dimension followed by Bali and Yogyakarta. The score of DKI Jakarta is mainly contributed by superior performance in poverty reduction and the fulfillment of basic needs represented by higher individual expenditure. Meanwhile Papua has the lowest rank followed by Papua Barat and NTB. These top most and lowest rank compositions are slightly similar to the HDI. This indicates that the HDI adequately covers only the life dimension of human development compared to the I-HDI concept.

**Figure (3) Value of Religion Demension**

![Graph showing the value of religion dimension](image)

**Figure (4) Value of Life Dimension**

![Graph showing the value of life dimension](image)

Source: Figures prepared by author.
The value of intellect dimension shows an interesting result as shown in Figure 5. All provinces in Indonesia have values above 50 points, except for Papua. The higher value of the index has significantly contributed to their I-HDI overall score. On the other hand, these values confirm that all provinces in Indonesia have a strong performance in enriching the intellect dimension of human development. The intellect dimension is represented by the literacy rate and the ratio of educational institutions and population. This indicates that each province has a relatively higher literacy rate and provides the society broader access to educational institutions such as schools and universities.

Figure 6 presents the contribution of posterity or family index to the overall I-HDI score. The index is an average value of three indicators namely: divorce rate, infant mortality rate and fertility rate. It is interesting to find that Papua has the top rank of this dimension. The score is inversely related to the I-HDI and HDI score placing Papua as the lowest ranked province. It confirms that Papua enjoys a relatively higher performance in enriching the family dimension of human development. In general, provinces in Indonesia have values in the range of 50-70 points. In this dimension, NTB, Kalsel, and Gorontalo have the lowest rank. A lower rank means a lower performance in enhancing the family dimension including family harmony, and family sustainability and reproductivity.

Source: Figures prepared by author.
The final dimension of I-HDI is wealth which is shown in Figure 7. The score of this dimension is an average value of three main indicators, namely: income per capita (wealth ownership), economic growth (wealth growth) and Gini ratio (wealth distribution). DKI Jakarta followed by Kep. Riau and Keb. B. Belitung and Kaltim are superior in this dimension. This indicates that these provinces have a higher performance in wealth dimension, particularly in economic growth and income per capita. Mean-while Yogyakarta is inferior in this dimension indicated by lowest score of the index. The province suffers from an extreme inequality of income. In general, the majority of the Indonesian provinces suffer a weak performance in wealth dimension as most of the scores are below 50 points. This lower score contributes to the overall rank of I-HDI for each province.

Table 3 presents the value of each dimension of I-HDI for each province in Indonesia. DKI Jakarta which is superior in HDI has a poor rank in I-HDI. In fact, DKI Jakarta has the highest performance on strengthening the life dimension but is poor in enriching the religion dimension of human development.

Papua, on the other hand, occupies the lowest rank in both I-HDI and HDI. However, the province has a superior performance in family dimension. Unfortunately, the province suffers significant deterioration in the rest of the dimensions which then contribute to the poor overall score on both indices.

Kalteng enjoys top rank in I-HDI. This is due to mainly its superior performance in the dimensions of intellect, life and family. However, it has a lower score in the religion and wealth dimensions. This implies that having a higher score in I-HDI does not mean having the best performance in all maqāṣid al-Sharī‘ah dimensions. Some provinces enjoy better performance in certain aspects but they suffer in other aspects.
To further see the pattern of rank composition of I-HDI versus HDI, the study provides the matrix correlation of the variables as reported in Table 4. It is presented that I-HDI has a statistical correlation with life, intellect and wealth. This means that the better the quality of life, education (intellect) and wealth, the higher the quality level of human development. By contrast, religion and family was not statistically correlated with I-HDI. This is due to the fact that the religion dimension is found to lower contribution to the overall score of the I-HDI.

Another interesting result is that there is a statistically significant correlation between I-HDI and HDI. This confirms that the concept and methodology for index calculation employed by I-HDI and HDI are similar. It also indicates that the rank composition of I-HDI might serve as a predictor for the rank of HDI. However, the main difference of the two indices lies in the dimensionality of the index and its selected indicators. The I-HDI is considered more holistic and comprehensive than HDI because its dimensions reflect the religious and ethical values of socio-economic development of Muslim countries.

Table 4 also confirms the correlation pattern between I-HDI and HDI. It shows a positive relation between I-HDI and HDI. Thus, the higher the value of HDI the higher the value of I-HDI will be, meaning that these two concepts are substitutable.
To further statistically investigate the functional relationship between the dimensions of *maqāṣid al-Sharīʿah* and I-HDI, a regression test is conducted. The result of the regression test is presented in Table 5. It apparently depicts that the dimensions of religion, life, intellect, family and wealth have a significant positive influence on the I-HDI. This implies that the higher the value of each *maqāṣid al-Sharīʿah* dimension, the higher the value of the I-HDI index. The results of ANOVA and R-square also confirm these statistical results.

### Table 4 Correlation Matrix

|      | Religion | Life   | Intellect | Family | Property | I-HDI | HDI   |
|------|----------|--------|-----------|--------|----------|-------|-------|
| Religion | 1        | -0.202 | 0.185     | -0.271 | -0.227   | 0.306 | -0.131|
| Life   | -0.202   | 1      | -0.094    | 0.036  | 0.173    | 0.502* | 0.772**|
| Intellect | 0.185    | -0.094 | 1         | -0.268 | 0.049    | 0.506* | -0.074|
| Family | -0.271   | 0.036  | -0.268    | 1      | 0.011    | 0.147 | 0.057 |
| Property | -0.227   | 0.173  | 0.049     | 0.011  | 1        | 0.401* | 0.122 |
| I-HDI  | 0.306    | 0.502* | 0.506**   | 0.147  | 0.401    | 1     | 0.403* |
| HDI    | -0.131   | 0.772**| -0.074    | 0.057  | 0.122    |       |       |

The * and ** are significant at 0.05 and 0.10 respectively.

### Table 5 Regression Coefficient

| Variables          | Coefficients | Std. Error | t     | Sig.  |
|--------------------|--------------|------------|-------|-------|
| Constant           | -5.355       | 2.667      | -2.008| 0.055 |
| Religion           | 0.236        | 0.022      | 10.520| 0.000 |
| Life               | 0.226        | 0.018      | 12.352| 0.000 |
| Intellect          | 0.179        | 0.015      | 11.655| 0.000 |
| Family/posterity  | 0.202        | 0.024      | 8.504 | 0.000 |
| Property           | 0.233        | 0.028      | 8.230 | 0.000 |
| R-square           |              |            |       | 0.945 |
| F-stat             |              |            |       | 92.496|
| Sig.               |              |            |       | 0.000 |

Source: Tables calculated by author.

### 5. Conclusion and Recommendations

The research provides an alternative concept and model for measuring human development under Islamic perspective derived from five dimensions of *maqāṣid al-Sharīʿah*. Enrichment of religion, human self, intellect, posterity and wealth is the condition for achieving holistic welfare for human beings. The enrichment of these five dimensions is the theoretical foundation for constructing the Islamic Human Development Index (I-HDI). The index is considerably more holistic and comprehensive than the HDI particularly in capturing the religious and ethical values of socio-economic development in Muslim countries.

The constructed index is exercised to rank the human development level for 33 provinces in Indonesia. The findings of the study confirm that the whole rank composition between I-HDI and HDI is significantly different. A number of provinces enjoy an improved rank in I-HDI compared with HDI, while several others suffer a downgrade in ranking. However, certain provinces enjoy a consistent higher rank in both indices and some suffer persistently lower rank. In addition, those who are superior in HDI are not automatically superior in I-HDI. Moreover, in some cases, provinces with the top most ranks in HDI show a significant deterioration of rank in I-HDI and vice versa. Only two provinces remain stable in both indices.
On the other hand, there is a significant positive relation between I-HDI and HDI confirming that I-HDI might serve as a predictor for the rank of HDI. This substitutability is due to the fact that the concept and methodology for calculating the index are identical. However, the I-HDI is considered more holistic and comprehensive than HDI because its dimensions reflect the religious and ethical perspective of socio-economic development of a specific Muslim country.

The contribution of each dimension (religion, life, intellect, family and wealth) to the overall score of I-HDI varies in each province. Some provinces are strong in one dimension but weak in other dimensions. It confirms that the I-HDI may capture the variations of the observed objects. Thus, the model is more dynamic than the HDI model as it accommodates not only the material aspect but also the non-material aspect of human development.

Overall, the average value of I-HDI for all provinces in Indonesia is below 50 points, meaning that all provinces in Indonesia still have poor performance in promoting and strengthening the human wellbeing through enrichment of religion, life, education, family and wealth. Therefore, the policy makers should focus highly on these dimensions in order to increase the human development performance of the country.

For further research, researchers should concentrate highly on the choice of indicators because any index depends on its indicators. Developing proper indicators is necessary to propose assured results. For example, the proxy of crime and corruption is absolutely not sufficient to measure the religion dimension. Furthermore, extending the classical dimensions of maqāṣid al-Sharīʿah to observe other potential dimensions, such as environment and social relation should be seriously addressed. The addition of relevant dimensions to complete the existing dimensions of maqāṣid al-Sharīʿah is highly recommended to better capture the concept of human wellbeing.

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علي راما وبركان الدين يوسف

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المستخلص. المفهوم الحالي لـ HDI (مؤشر التنمية البشرية) محاييد ولا يشمل الجوانب الدينية والأخلاقية للتنمية الاجتماعية والاقتصادية في البلدان الإسلامية. على الرغم من أنه يعتقد أن البلدان الإسلامية لديها خصائص خاصة مثل الثقافة والقيم التي لا يتم استيعابها بالكامل في مفهوم قياس مؤشر التنمية البشرية. لذلك تسعى هذه الدراسة إلى اقتراح مؤشر للتنمية البشرية الإسلامية (I-HDI) كمفهوم كلي وشامل للتنمية البشرية مستمد من الأبعاد الخمسة الرئيسية لمقاصد الشرعية، أي الدين والحياة والعقل والنسل (الأسرة)، والمال. في هذه الدراسة تقنية حساب مؤشر التنمية البشرية الإسلامية (I-HDI) هي نفس طريقة مؤشر التنمية البشرية (HDI). يستخدم مفهوم مؤشر التنمية البشرية الإسلامية (I-HDI) لترتيب مستوى التنمية البشرية في 32 مقاطعة في إندونيسيا. توصلت الدراسة إلى أن تكون التصنيفات بين مؤشر التنمية البشرية الإسلامية (I-HDI) مختلف بعض الشيء. ومع ذلك، فإن المؤشرين مرتبطان إحصائيًا بشكل إيجابي مما يؤكد الافتراض بأن مؤشر التنمية البشرية الإسلامية (I-HDI) يمكن استخدامه للتنبؤ بتصنيف مؤشر التنمية البشرية (HDI). كما توصلت الدراسة إلى أن غالبية المقاطعات في إندونيسيا تعاني من ضعف الأداء في مؤشر التنمية البشرية الإسلامية (I-HDI).

الكلمات الدالة: مؤشر التنمية البشرية، مؤشر التنمية البشرية الإسلامية، مقاصد الشرعية، التنمية البشرية.

تصنيف JEL: O11, O18, R11

تصنيف KAUJIE: B5, H47, S7