Analysis of the Role of Decent Living Standards and Knowledge on Human Development Index Growth

Ramadhani Hamzah[1], Mutiara Shifa[2], Musdirwan[3], Indra Ismayudi Tanjung[4], Liasulistia Ningsih[5], Saut Maruli Tua Pandiangan[6]

[1] STIE Bisnis Indonesia, Indonesia
[2] Universitas Teuku Umar, Indonesia
[3] Politeknik ATI Padang, Indonesia
[4] Universitas Teuku Umar, Indonesia
[5] Universitas Teuku Umar, Indonesia
[6] Politeknik Unggulan Cipta Mandiri, Indonesia

ABSTRACT

The purpose of this study is to analyze the role of decent living standards and knowledge on human development index growth in Indonesia. This research analysis uses qualitative analysis. Data collection in this study uses secondary data taken from Badan Pusat Statistik Indonesia. The study results show that Indonesia's human development index grew faster in 2024, reaching 75.02, an increase of 0.63 points (0.85 percent) compared to 74.39 in 2023. Decent living standards dimension which measures real per capita expenditure per year, adjusted for Indonesians, increased by 2.89 percent annually from 2020 to 2024. In 2020, real per capita expenditure, adjusted for Indonesians, reached Rp11,013,000, increasing to Rp12,341,000 in 2024. Indicators forming the knowledge dimension, including expected years of schooling and average years of schooling, continued to increase. During the 2020 to 2024 period, Indonesia's expected years of schooling increased by an average of 0.44 percent per year, while average years of schooling increased by 1.07 percent per year.

INTRODUCTION

Human development index is a composite measure that measures the level of human development in a region based on three main dimensions health, knowledge, and a decent standard of living (Adisasmita, 2013). Human development index was created by the United Nations Development Programme to provide an overview of the quality of life of a community and to compare development levels between regions or countries over time.

Before 1990, development was more often measured using economic indicators such as economic growth or per capita income. However, this approach often neglected the distribution of welfare and quality of life in society. Currently, many developing countries are beginning to develop development policies that focus not only on economic growth but also on social welfare and poverty reduction. Therefore, the concept of human development arose from the need to view development not only from an economic perspective or infrastructure development, but also from the perspective of improving the quality of life of individuals and society as a whole (Tambunan et al., 2025). One important figure who popularized the concept of human development is Amartya Sen, an Indian economist and recipient of the 1998 Nobel Prize in Economics. Sen emphasized that development should be seen as a process of expanding individual freedom (Mariani et al., 2023). Human development is not only about economic growth, but also about improving one's capabilities and life choices, including access to education, health, and social participation.

The purpose of the human development index is to measure the success of developing the quality of human life in a region or country, determine its ranking and level of development, and provide strategic data for development planning and budget allocation (Todaro, 2000). Furthermore, the human development index is also used to determine the quality of life of the community in terms of health, education, and a decent standard of living, as well as to strengthen government transparency and accountability.

Effective development planning requires a comprehensive measurement tool to assess the progress of a country or region. One important tool in this regard is the human development index, which provides a comprehensive overview of the quality of life of the community through three main aspects (Arsyad, 1999). The human development index not only measures economic progress but also encompasses social aspects that significantly impact human well-being. In development planning, the human development index can help determine policy priorities. For example, if a region has a low human development index score in the education dimension, this indicates that efforts to improve the quality of education need to be a primary focus in development planning in that region. Likewise, if health indicators show inadequate figures, greater attention needs to be paid to health sector development planning (Suryana, 2000).

The human development index is an output indicator, so the success of human development is determined by the quality of its inputs and processes. To ensure quality human development outputs, a comprehensive and holistic

strategy is required for the series of inputs and processes of human development. From the input-output perspective of human development design, there are three possible scenarios within the overall human development process (Suparmoko, 2000). To understand human development scenarios more deeply, a thorough understanding of the dimensions of human development is necessary. From a human development perspective, the components used to calculate the human development index consist of three dimensions: a long and healthy life, a knowledge dimension, and a decent standard of living. The long and healthy life dimension tends to be related to health indicators, the knowledge dimension is related to education indicators, while the decent standard of living dimension is related to economic indicators.

The purpose of this study is to analyze the role of decent living standards and knowledge on human development index growth in Indonesia.

RESEARCH METHOD

This research analysis uses qualitative analysis. Qualitative analysis is a research method that studies phenomena in depth, focusing on non-numerical data such as texts, interviews, and observations to understand why and how something happens, not just how much (Kurdhi et al., 2023). This analysis relies on in-depth understanding, subjectivity, and context rather than statistical figures, often used to identify motivations, behaviors, and perceptions. The goal of qualitative analysis is to understand phenomena in depth, explore the subjective and complex meanings of experiences, and identify patterns or themes in data that cannot be measured numerically.

Data collection in this study uses secondary data taken from Badan Pusat Statistik Indonesia, secondary data is data that has been previously collected by others and reused for different research purposes. This data is obtained indirectly through existing sources, such as reports, books, scientific articles, government statistics, or archival data (Kurdhi et al., 2023). The purpose of secondary data is to strengthen research, provide broader context, validate primary data, and save time and money. This data is used to support arguments, explain problems, and sometimes uncover alternative perspectives or new research questions.

RESULTS AND DISCUSSION
Human Development Index

The human development index measures human development achievements based on several basic components of quality of life. As a measure of quality of life, the human development index is constructed using a

three-dimensional approach. These dimensions include a long and healthy life, knowledge, and a decent standard of living. These three dimensions are very broad in meaning because they are interrelated with numerous factors. To measure the decent standard of living dimension, the purchasing power indicator is used. The community's purchasing power for a number of basic needs is measured by the average real expenditure per capita, which is an income approximation that represents development achievements for a decent standard of living. To measure the knowledge dimension, a combination of expected years of schooling and average years of schooling is used.
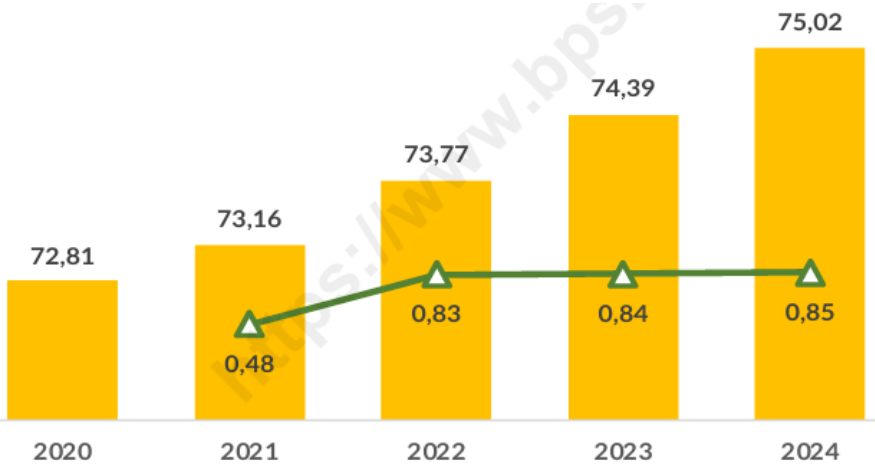
Source: Badan Pusat Statistik (2025)
Figure 1.
Indonesia's Human Development Index

Measuring human development achievements in Indonesia produces the human development index. The human development index in Indonesia is one of the main indicators in the 2019 to 2024 national medium-term development plan, which serves as a benchmark for measuring the success of human development across various fundamental aspects. Indonesia's human development index grew faster in 2024, reaching 75.02, an increase of 0.63 points (0.85 percent) compared to 74.39 in 2023 (Badan Pusat Statistik, 2025).

Role of Decent Living Standards on Human Development Index Growth

Table 1.
Achievement of Decent Living Standards

Region	Adjusted Per Capita Expenditure (Thousand Rupiah/Person/Year)
Sumatera	10.811–15.573
Jawa	12.157–19.953
Bali dan Nusa Tenggara	8.534–14.920

Kalimantan	10.197–13.793
Sulawesi	10.208–12.275
Maluku dan Papua	5.707–11.037
Indonesia	12.341

Source: Badan Pusat Statistik (2025)

Decent living standards dimension which measures real per capita expenditure per year, adjusted for Indonesians, increased by 2.89 percent annually from 2020 to 2024. In 2020, real per capita expenditure, adjusted for Indonesians, reached Rp11,013,000, increasing to Rp12,341,000 in 2024 (Badan Pusat Statistik, 2025). Growth in the decent living standard directly contributes to an increase in the human development index because higher scores on this dimension, as measured by real per capita expenditure, indicate a society's ability to consume more goods and services, reflecting an increase in overall economic well-being (Kuncoro, 2006).

Role of Knowledge on Human Development Index Growth
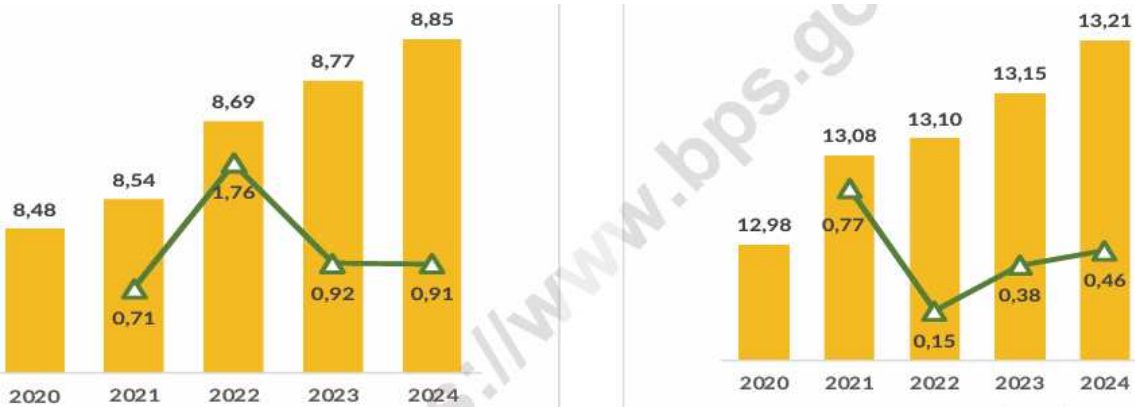
Source: Badan Pusat Statistik (2025)

Figure 2.
Achievement of Knowledge

Indicators forming the knowledge dimension, including expected years of schooling and average years of schooling, continued to increase. During the 2020 to 2024 period, Indonesia's expected years of schooling increased by an average of 0.44 percent per year, while average years of schooling increased by 1.07 percent per year (Badan Pusat Statistik, 2025). Expected years of schooling plays a crucial role in improving the human development index because it is a key indicator of the knowledge dimension, which directly influences a society's capabilities and productivity, and contributes to increased income and overall quality of life (Citrawan et al., 2018). Average years of schooling plays a crucial role in the human development index because it is a key component of the knowledge dimension of the human development index, which directly

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contributes to improving the quality of human resources (Yulianti and Qomariah, 2025). Higher average years of schooling indicate a more educated society, which ultimately increases employment opportunities, income, and overall well-being, positively impacting the human development index.

CONCLUSION

The study results show that Indonesia's human development index grew faster in 2024, reaching 75.02, an increase of 0.63 points (0.85 percent) compared to 74.39 in 2023. Decent living standards dimension which measures real per capita expenditure per year, adjusted for Indonesians, increased by 2.89 percent annually from 2020 to 2024. In 2020, real per capita expenditure, adjusted for Indonesians, reached Rp11,013,000, increasing to Rp12,341,000 in 2024. Indicators forming the knowledge dimension, including expected years of schooling and average years of schooling, continued to increase. During the 2020 to 2024 period, Indonesia's expected years of schooling increased by an average of 0.44 percent per year, while average years of schooling increased by 1.07 percent per year.

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