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MEASURING INCLUSIVE GROWTH ACROSS DEVELOPED AND DEVELOPING ECONOMIES: A COMPARATIVE COMPOSITE INDEX

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Abstract
This study examines inclusive growth across developed and developing economies over 2000–2022 using a multidimensional composite-index framework. Thirteen indicators cover eight dimensions: economic prosperity, productive structure, institutions, equity, labour inclusion, human capability, environmental pressure and international integration. The framework assigns equal weights to dimensions and distinguishes favourable from adverse indicators. The reported results comprise 4,209 country-year observations. The mean Inclusive Growth Index is 0.460 for the group labelled developed and 0.314 for the group labelled developing, a difference of 0.146 index points. The developed group also has greater dispersion, indicating substantial variation within the group. Human Development Index and Productive Capacities Index means follow the same ordering, although differing observation counts prevent treating this agreement as a formal validity test. The analysis is descriptive and does not identify causal determinants. Its contribution is a common framework for examining inclusion across development groups while making the assumptions behind weighting, normalisation and interpretation explicit. Country membership and implementation details require verification before the reported gap can support definitive classifications or rankings. The framework emphasises that material prosperity must be assessed alongside distribution, access to opportunity and environmental responsibility.
Keywords: *inclusive growth, composite index, developed economies, developing economies, inequality, institutions, human development*

INTRODUCTION

Economic growth remains necessary for improvements in living standards, but it does not reveal who participates in production, who receives the resulting income, or whether present gains compromise future welfare. This distinction is central to the idea of inclusive growth. A country may record rising income per person while poverty remains persistent, labour market access differs sharply by gender, public services remain weak, or environmental damage increases. Inclusive growth therefore concerns both the pace of economic progress and the distribution of the opportunities and outcomes created by that progress. Early empirical work established that average income growth is strongly associated with growth in the incomes of poor households (Dollar and Kraay, 2002; Ali, 2015; Dollar et al., 2016; Ali & Bibi, 2017; Ali, 2018; Iqbal et al., 2025). Yet this regularity does not imply that every growth episode is equally inclusive. Ravallion and Chen (2003) show that the incidence of growth across the income distribution matters, while Ali and Son (2007) define inclusion through the average level and distribution of social opportunities. Anand et al., (2013) similarly integrate the pace of income growth with changes in distribution. These approaches demonstrate that growth and equity should be assessed together, but they differ in whether inclusion is understood mainly through income, opportunity, or a broader set of economic and social capabilities.

The multidimensional perspective is especially important for comparisons between developed and developing economies (Sajid & Ali, 2018; Saim et al., 2025; Longston et al., 2025; Naeem Iqbal et al., 2026). Differences in state capacity, economic structure, informality, demographic conditions, gender participation, and exposure to environmental risk mean that identical income growth rates can generate very different welfare outcomes (Ali & Rehman, 2015; Arshad & Ali, 2016; Ashraf & Ali, 2018; Kassem et al., 2019; Roussel et al., 2021; Kumar et al., 2025; Tahir Iqbal et al., 2026). Sen (2014) argues that the institutional and structural conditions supporting inclusive growth are contingent rather than automatic. A measure intended for broad international comparison should therefore

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cover economic performance as well as the capabilities and institutions that determine whether people can participate in and benefit from growth.

Existing measurement strategies nevertheless create three problems. First, there is no universally accepted set of dimensions (Senturk & Ali, 2021; Mehmood et al., 2022; Marc et al., 2023; Khan et al., 2025). Some measures emphasise income distribution, while others include employment, access to services, governance, or environmental sustainability. Second, composite indices depend on normative and technical choices concerning normalisation, weighting, and aggregation (Marc & Ali, 2023). These choices can change country scores and rankings even when the underlying data are unchanged (Saisana et al., 2005; Decancq and Lugo, 2013; Greco et al., 2019; Audi et al., 2022; Marc & Ali, 2023; Shahid et al., 2025). Third, much empirical work focuses on a single region or income group, limiting direct comparison between economies at different stages of development.

This study examines inclusive growth across developed and developing economies over 2000–2022 using thirteen indicators organised into eight dimensions. The framework combines economic prosperity with productive structure, institutions, distribution, labour inclusion, human capability, environmental pressure and trade. It supports a common assessment of dimensions that matter in both groups, while recognising that their institutional settings and development challenges differ. The empirical comparison describes reported score distributions; it does not estimate causal determinants or establish which dimensions explain the aggregate gap. The contribution lies in the comparative framework and the explicit treatment of its measurement choices. Because several indicators measure levels rather than growth rates, the index describes conditions associated with inclusive development; an annual score should not be interpreted as a direct measure of the rate of economic growth. The analysis addresses two questions. First, how can a multidimensional composite index represent inclusive growth in both developed and developing economies? Second, how do the reported index distributions differ between these groups over 2000–2022? A common framework is useful because economic prosperity alone does not reveal the distribution of opportunities or outcomes. Comparability nevertheless requires consistent indicator definitions, a common normalisation scale and a documented classification of economies.

CONCEPTUAL FOUNDATION AND LITERATURE REVIEW

FROM ECONOMIC GROWTH TO INCLUSIVE GROWTH

The debate begins with the relationship among growth, poverty, and inequality. Dollar and Kraay (2002) report that the incomes of the poorest fifth tend to move proportionately with average income. Their later analysis reaches a similar conclusion using a wider international dataset (Dollar et al., 2016; Hamza et al., 2025). This evidence supports the view that growth is an important source of poverty reduction. It does not, however, establish that growth is sufficient. The same average growth rate can coexist with different changes in poverty, inequality, employment, and access to public services.

Ravallion and Chen (2003) respond to this limitation by measuring the mean growth rate experienced by poor households. Their approach focuses attention on the incidence of growth rather than its aggregate rate alone. Ali and Son (2007) extend the argument from income to opportunity. Their social opportunity function increases when the average availability of an opportunity rises and when its distribution becomes more equitable. Anand et al., (2013) construct a unified macroeconomic measure that combines income growth with distribution. These studies share a core proposition: inclusion requires an assessment of both the size and the distribution of economic gains.

A broader capability interpretation further expands the concept. Health and education are not merely consequences of income. They influence whether individuals can participate productively in social and economic life. The inclusive growth framework of the Asian Development Bank therefore links sustained growth with productive employment, equality of opportunity, human capability, social protection, and sound institutions (McKinley, 2010; Asian Development Bank, 2011; Khalid et al., 2025). The OECD framework similarly places material living standards, labour market inclusion, equal opportunity, and the foundations of future prosperity within the assessment of inclusive growth (OECD, 2018; Bukhari et al., 2025; Zahid et al., 2025).

INSTITUTIONAL QUALITY, EQUITY, AND OPPORTUNITY

Institutional quality affects inclusion through the allocation of public resources, the credibility of policy, the protection of rights, and the quality of service delivery. Government effectiveness captures perceptions of public service quality, civil service independence, policy formulation, and implementation. Kaufmann et al., (2011) emphasise that governance indicators are useful for broad comparison but contain measurement uncertainty. This caution is particularly important when governance scores are included in a composite index.

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Corruption can weaken inclusion by diverting public resources and increasing unequal access to services. Gupta et al. (2002) associate corruption with inequality and poverty. Indicator direction depends on the precise measure: stronger control of corruption represents better institutional quality. WGI percentile ranks and numerical country positions in a CPI league table have different interpretations, so rank measures cannot be assigned a direction without identifying their source and definition. The implemented scale remains to be confirmed (World Bank, 2024; Umair et al., 2025; Ditta et al., 2025).

Distributional outcomes are represented by the Gini coefficient and the poverty headcount ratio. The Gini coefficient reflects inequality across the full distribution, while the poverty rate identifies deprivation below a specified threshold. These measures are complementary. A decline in poverty can occur without a decline in inequality, and inequality can change even when the poverty headcount is stable. The literature also shows why both growth and distribution matter. Growth can raise the incomes of poor households, but the extent of poverty reduction depends on initial inequality and on how gains are distributed (Ravallion and Chen, 2003; Sattar et al., 2025; Khalil et al., 2025).

Labour market participation is one channel through which households contribute to and benefit from production in both developed and developing economies. The absolute difference between male and female participation rates captures a participation gap, expressed in percentage points when rates are percentages. It does not measure job quality, earnings equality or unpaid work. A small gap can arise when participation is low for both sexes, so gap reductions should be interpreted alongside the underlying rates. Duflo (2012) reviews the relationship between economic development and women's empowerment and cautions that progress in one does not automatically sustain progress in the other.

PRODUCTIVE STRUCTURE, TRADE, HUMAN CAPABILITY, AND THE ENVIRONMENT

Economic structure affects the opportunities through which households participate in production. In developing economies, improvements in agricultural productivity and movement into more productive activities can influence livelihoods and poverty. In developed economies, the inclusiveness of productive activity also depends on job quality, access to skills and the distribution of returns. Agriculture, industry and manufacturing shares therefore describe structure rather than provide universally positive measures of inclusion. Manufacturing is commonly included within industry, so using both can give related activities additional influence. Their roles and directions require justification, and their contribution should be assessed in sensitivity analysis (Nasir et al., 2025; Anus et al., 2025; Iqbal et al., 2025; Gillani Iqbal et al., 2026)

Education and health expand capabilities in both developed and developing economies. Life expectancy reflects health outcomes, while primary school enrolment provides information about access to basic education. Hanushek and Woessmann (2008) distinguish the importance of cognitive skills from schooling attainment alone. Enrolment is therefore an incomplete proxy for learning. If a gross-enrolment measure is used, values above 100% can reflect over-age or under-age pupils and should not automatically be interpreted as better educational performance. Near-universal primary enrolment can also limit its ability to distinguish developed economies. The exact enrolment series must be identified before interpreting its contribution to the index.

Trade openness can enlarge markets, support specialisation, and facilitate access to knowledge and capital goods. Anand et al., (2013) report a positive association between openness and inclusive growth in their sample. Distributional effects remain conditional, however. Goldberg and Pavcnik (2007) show that globalisation can benefit some workers and sectors while imposing adjustment costs on others. Trade as a percentage of gross domestic product is therefore a measure of integration, not a direct measure of equitable gains from trade.

Environmental pressure matters in both development groups because present production can impose costs on other populations and future generations. Carbon dioxide emissions are specified as an adverse indicator in this framework (Audi et al., 2026; Majeed et al., 2026). Their interpretation depends on measurement: total emissions are influenced by country size, emissions per person scale emissions by population, and emissions per unit of output capture carbon intensity. None is interchangeable with the others. The denominator and series code remain undocumented in the supplied analytical material. Differences between developed and developing economies should therefore not be attributed to environmental performance until this definition is confirmed.

COMPOSITE INDEX CONSTRUCTION

Composite indices communicate multidimensional performance in a concise form, but their apparent simplicity can conceal strong assumptions. The OECD and Joint Research Centre handbook recommends a sequence that begins with a theoretical framework and proceeds through data selection, missing value treatment, multivariate assessment,

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normalisation, weighting, aggregation, and robustness analysis (OECD and Joint Research Centre, 2008). Each decision affects the final score.

Equal weights are often used when there is no defensible empirical or normative basis for assigning different importance to dimensions. Equal weighting is transparent, but it is not neutral. It asserts that each dimension contributes equally to the concept. It can also create unequal effective weights when dimensions contain different numbers of indicators or when indicators are highly correlated. Decancq and Lugo (2013) show that weighting is inherently normative, while Greco et al. (2019) demonstrate that weighting, aggregation, and robustness must be evaluated together.

Arithmetic aggregation allows strong performance in one component to compensate fully for weak performance in another. This assumption may be questionable for inclusive growth. Severe poverty or very weak institutions cannot necessarily be offset by a high level of income. The present study retains arithmetic aggregation as a transparent baseline, but the resulting values should be tested against alternative weights and a less compensatory aggregation rule. Sensitivity analysis is not an optional technical exercise. It establishes whether substantive conclusions survive reasonable methodological choices (Saisana et al., 2005).

LITERATURE GAP AND SIGNIFICANCE

Existing approaches measure inclusion through income distribution, access to opportunity or broader economic and social capabilities. Their differences show why a comparison of developed and developing economies needs a clear conceptual framework. A common index can organise information across countries, but it must remain sensitive to differences in economic structure, institutional capacity and indicator coverage. This study contributes an explicit eight-dimension framework and a descriptive comparison over 2000–2022. It does not claim that the aggregate score alone identifies the sources of the development-group gap; that requires dimension-level results and a verified classification.

DATA AND METHOD

RESEARCH DESIGN AND ANALYTICAL SAMPLE

The study adopts a descriptive comparative design for developed and developing economies over 2000–2022, with the country-year as the unit of analysis. Indicator sources include the World Development Indicators and Worldwide Governance Indicators (World Bank, 2024; Kaufmann et al., 2011). The Human Development Index and Productive Capacities Index provide contextual benchmarks (United Nations Development Programme, 2024; United Nations Conference on Trade and Development, 2023). The analytical documentation reports an initial population of 194 economies, divided into 117 developed and 77 developing economies, with 11 exclusions attributed to unavailable data. Table 2 reports 2,599 and 1,610 observations for the respective index series. These totals are compatible with 113 and 70 economies in balanced 23-year panels, but observation totals alone do not establish country counts. A country-level inclusion schedule is necessary to reconcile the initial population and final sample.

The terms developed and developing identify the study's comparative groups as labelled in the analytical material. They are not treated as synonyms for World Bank high-income and low- and middle-income categories. Development-group assignments require an explicit source, reference year and country membership list. These details are not sufficiently documented in the supplied material, so the group comparison remains conditional on classification verification. For a separate income-based sensitivity analysis anchored to 2022, the relevant World Bank FY2024 thresholds are: low income, US$1,135 or less; lower-middle income, US$1,136–US$4,465; upper-middle income, US$4,466–US$13,845; and high income, above US$13,845, using GNI per capita and the Atlas method (Hamadeh et al., 2023). Such an analysis should hold assignments fixed across 2000–2022 and be labelled an income-group comparison. These thresholds replace the previously cited FY2027 values, but do not validate or redefine the developed and developing groups used in Table 2.

DIMENSIONS, INDICATORS, AND EXPECTED DIRECTION

Table 1 organises thirteen indicators into eight dimensions relevant to developed and developing economies. Indicators with clearly adverse interpretations are reverse-oriented. Poverty is specified as the headcount ratio at US$3.65 per person per day in 2017 purchasing power parity (PPP) dollars, expressed as a percentage of the population (World Bank, 2024). This historical absolute threshold may distinguish material deprivation in poorer economies but capture relatively little variation in developed economies; it should not be interpreted as a measure of relative poverty or social exclusion. The institutions dimension distinguishes WGI Government Effectiveness from WGI Control of Corruption. The actual series, scales and transformations require confirmation from the data;

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Transparency International's Corruption Perceptions Index is a separate measure and should not be conflated with WGI.

Dimension	Indicator	Direction	Main source	Interpretation
Economic prosperity	Income per person	Positive	World Development Indicators	Average command over resources
Productive structure	Manufacturing value added, industry value added, agriculture value added	Conditional	World Development Indicators	Structure and productive capacity
Institutions	WGI Government Effectiveness and WGI Control of Corruption as separate indicators; exact series and scale to be verified	Positive	Worldwide Governance Indicators (Kaufmann et al., 2011; World Bank, n.d.-a)	Capacity, credibility, and integrity
Equity	Gini coefficient; poverty headcount ratio at US$3.65 per person per day (2017 PPP), % of population	Negative	World Development Indicators; historical 2017 PPP series (World Bank, 2024)	Distribution and material deprivation
Labour inclusion	Absolute difference between male and female labour force participation	Negative	World Development Indicators	Gender equality in economic participation
Human capability	Life expectancy and primary school enrolment	Positive	World Development Indicators	Health and access to basic education
Environment	Carbon dioxide emissions; denominator and series code unverified	Negative	World Development Indicators	Environmental pressure
International integration	Trade as a percentage of gross domestic product	Conditional	World Development Indicators	Exposure to international exchange

Source: Framework informed by McKinley (2010), Asian Development Bank (2011), OECD (2018), Kaufmann et al. (2011) and World Bank (2024). Indicator series and implemented directions require confirmation against the analytical dataset.

NORMALIZATION

Min max normalisation places indicators on a common interval from zero to one. For a positive indicator, where a larger value represents stronger inclusion, the normalised score is:

$z_{ijt} = (x_{ijt} - \min_j) / (\max_j - \min_j)$

For a negative indicator, where a smaller value represents stronger inclusion, the orientation is reversed:

$z_{ijt} = (\max_j - x_{ijt}) / (\max_j - \min_j)$

Absolute comparisons between developed and developing economies require common normalisation bounds. In the specified comparative baseline, $\min_j$ and $\max_j$ denote the pooled minimum and maximum of indicator j across eligible country-year observations for 2000–2022. Separate group-specific bounds change the reference scale and cannot support an absolute between-group comparison. The pooled bounds and any outlier treatment must be reported with the replication files. A constant indicator has a zero denominator and requires an explicit treatment. The source results have not been independently checked against these procedures (OECD and Joint Research Centre, 2008).

WEIGHTING AND AGGREGATION

The specified baseline gives each of the eight dimensions a weight of 1/8. Within dimension d, its Jd indicators receive equal shares of that dimension weight. This rule avoids giving a dimension greater nominal importance merely

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because it contains more indicators. Let z_ijt denote the oriented, normalised indicator j for economy i in year t, and let D_idt denote the score for dimension d. The baseline is written below. These weights specify the framework; they have not been verified against the code that produced the reported scores.

D_idt = (1/Jd) Σ(j in dimension d) z_ijt; IGI_it = (1/8) Σ(d = 1 to 8) D_idt.

When all normalised inputs are defined within zero and one, this arithmetic index also lies within zero and one. Each single-indicator dimension has an indicator weight of 1/8; each indicator in a two-indicator dimension has weight 1/16; and each productive-structure indicator has weight 1/24. Arithmetic aggregation permits compensation across dimensions. Equal weights are transparent normative choices, not evidence that the dimensions have equal empirical importance (Decancq and Lugo, 2013; Greco et al., 2019). The signs for agriculture, industry, manufacturing and trade remain conditional in Table 1; their implemented orientations must be documented before the reported scores can be reproduced.

MISSING DATA AND REPRODUCIBILITY

The analytical documentation states that 11 economies were excluded because data were unavailable, but does not identify them or specify whether eligibility was determined by country, year or indicator. This matters for comparisons between developed and developing economies because data coverage may differ systematically across groups. The exclusion schedule, missingness by indicator, minimum coverage requirement and any interpolation or imputation rule must be documented. Reported statistics are retained here without new imputation or recalculation; their representativeness depends on these unresolved coverage details.

Sensitivity analysis should compare alternative dimension weights, alternative aggregation rules and omission of individual dimensions or indicators. These are proposed checks, not completed results. Any geometric alternative must specify its handling of zero scores. Comparisons with the Human Development Index and Productive Capacities Index should use matched country-year observations and rank correlations, rather than differences in unmatched group means alone. The tests are necessary to assess whether conclusions are sensitive to construction choices (Saisana et al., 2005; Greco et al., 2019).

RESULTS

DESCRIPTIVE COMPARISON

Table 2 summarises the reported distributions of the Inclusive Growth Index and two external benchmarks for developed and developing economies. Development labels reproduce the analytical grouping rather than assert a verified equivalence with World Bank income categories. N denotes country-year observations. Different counts across measures indicate that comparisons do not necessarily refer to identical samples.

Measure	Group	N	Mean	Median	Std. deviation	Minimum	Maximum
Inclusive Growth Index	Developed	2,599	0.460	0.471	0.077	0.229	0.673
Inclusive Growth Index	Developing	1,610	0.314	0.308	0.041	0.184	0.501
Human Development Index	Developed	2,507	0.793	0.790	0.096	0.477	0.969
Human Development Index	Developing	1,366	0.513	0.508	0.090	0.266	0.717
Productive Capacities Index	Developed	2,540	51.126	50.759	9.239	24.064	75.053
Productive Capacities Index	Developing	1,368	29.127	28.418	8.130	9.359	51.109

Source: Descriptive statistics reported in the analytical manuscript. Raw country-year data and replication code were not supplied for independent recalculation. Development-group membership and analytical coverage require verification.

The reported Inclusive Growth Index mean is 0.460 for developed economies and 0.314 for developing economies. The difference of 0.146 index points is approximately 46.5% of the developing-group mean, calculated from rounded values. The developed group has a standard deviation of 0.077, compared with 0.041 for the developing group. Its scores range from 0.229 to 0.673, while developing-group scores range from 0.184 to 0.501. The overlap demonstrates that the group average cannot describe every country-year observation. No statistical significance or population inference is established by these descriptive statistics alone.

The benchmark means display the same ordering. Developed economies have a reported Human Development Index mean of 0.793 and Productive Capacities Index mean of 51.126, compared with 0.513 and 29.127 for developing

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economies. These differences provide context for the composite-index comparison. They do not establish convergent validity because sample coverage differs and the indices have overlapping conceptual content. A formal comparison requires matched country-year observations and explicit correlations or rank agreement (United Nations Development Programme, 2024; United Nations Conference on Trade and Development, 2023).

INTERPRETATION IN RELATION TO THE LITERATURE

The higher reported average for developed economies is compatible with literature linking inclusion to material resources, human capability and institutions. It should not be interpreted as evidence that development status itself causes inclusion. Anand et al. (2013) analyse income growth and distribution jointly, while Ali and Son (2007) emphasise the availability and distribution of opportunities. These approaches support examining more than aggregate income. They also suggest that the comparison between developed and developing economies should investigate within-group variation, rather than assume that every economy follows the group average.

The distinction between developed and developing economies does not remove the need to assess distribution. A developed economy can combine high material prosperity with exclusion from employment, unequal access to services or environmental pressure. A developing economy can make progress in poverty reduction or human capability without reaching the income level of developed economies. These possibilities motivate the multidimensional framework; they are not findings about particular countries in this sample. Sen (2014) stresses that the institutional foundations of inclusive growth depend on context. Dollar and Kraay (2002) and Dollar et al. (2016) identify average relationships between growth and poorer households' incomes, whereas Ravallion and Chen (2003) direct attention to the growth experienced by the poor.

The institutional signs have a clear real world interpretation. Effective government can convert public revenue into education, health, infrastructure, and social protection. Better control of corruption can reduce leakage and unequal access to services. These mechanisms justify a positive orientation for government effectiveness and control of corruption and are consistent with Gupta et al., (2002). The interpretation remains associational because governance, income, and inclusion can influence one another.

The negative orientation of poverty, inequality, the gender participation gap, and emissions is also theoretically coherent. Higher poverty indicates that growth has not raised a substantial share of the population above a minimum consumption standard. Higher inequality signals that gains are more concentrated. A wider gender participation gap indicates that access to economic opportunity remains uneven. Higher carbon emissions indicate that current production imposes larger environmental costs. These variables capture different failures of inclusion and should not be treated as interchangeable.

The sectoral and trade components require more caution. A larger manufacturing or industrial share can support productive employment, learning, and diversification, but the effect depends on technology, ownership, labour intensity, and environmental regulation. Trade openness can expand opportunity, yet its benefits may be concentrated and adjustment costs may persist across workers and places (Goldberg and Pavcnik, 2007). Positive weights for these variables should therefore be justified as indicators of productive opportunity rather than universal determinants of equitable outcomes.

Within-group variation is central to interpreting the developed–developing comparison. A higher average does not imply uniformly stronger inclusion, and overlapping score ranges rule out a simple separation of all observations. A dimension-level decomposition could show whether particular economies face weaknesses in poverty, distribution, institutions, human capability or other components. Since no decomposition is reported, the aggregate difference cannot establish which dimension accounts for the observed gap.

SCOPE OF INFERENCE

The analysis is descriptive. No panel model of external determinants is reported, so the study makes no causal claim. Regressing the index on its own components would introduce a mechanical relationship because those components enter the outcome by construction. A subsequent determinants study would require a separate specification, external explanatory variables, appropriate treatment of persistence and reverse causality, and uncertainty estimates suited to panel dependence. Country and year effects alone would not establish causality.

PROPOSED ROBUSTNESS AND VALIDITY ASSESSMENT

The reported Human Development Index and Productive Capacities Index means provide descriptive benchmarks for both development groups. They do not constitute a completed validity test. Sample counts differ across measures, and conceptual overlap can contribute to agreement. A defensible assessment requires matched observations, explicit correlations and consideration of whether the composite index adds information beyond the benchmarks.

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No time-series figures are reported in this revision. A time trend must use verified calendar years and clearly defined annual aggregates. Connecting consecutive country observations would not represent change through time. Any future comparison of index paths should also account for their different scales, for example through separate panels or explicitly documented standardisation.

Robustness of the developed–developing difference has not yet been established. The main checks should assess common versus alternative normalisation bounds, weights, aggregation and omission of each dimension. Results should report changes in group means, Spearman rank correlations and material movements in country rankings. A separately labelled income-group comparison using FY2024 classifications would assess sensitivity to the definition of the groups. Group-specific normalisation may be informative for within-group rankings but cannot validate an absolute gap between developed and developing economies.

POLICY IMPLICATIONS

The framework points to policy questions relevant to both developed and developing economies. In developing economies, analysts may need to examine access to basic services, productive employment, poverty and implementation capacity. In developed economies, analysis may need greater sensitivity to relative deprivation, job quality, unequal opportunity and environmental pressure. These are context-dependent priorities informed by the literature, rather than causal recommendations derived from the reported mean gap (McKinley, 2010; OECD, 2018). Country-specific policy choices require verified dimension scores and evidence about local constraints.

For both groups, the index is most useful as a diagnostic framework. Arithmetic averaging can conceal a severe weakness beneath stronger performance elsewhere. Dimension scores should therefore accompany the overall index when identifying policy priorities. A comparison of aggregate means cannot establish which reform would have the greatest effect or whether a policy successful in one development group would transfer to another. This limits the policy interpretation of the current results.

The framework aligns with several Sustainable Development Goals, particularly poverty reduction, health, education, decent work, reduced inequality, responsible production, climate action, and effective institutions. The value of this alignment is analytical rather than rhetorical. Each policy objective corresponds to a measurable dimension, allowing progress and trade offs to be monitored over time.

LIMITATIONS AND FUTURE RESEARCH

Several limitations affect the developed–developing comparison. Group membership and exclusions are not yet fully documented; indicator codes, emissions units and several orientation choices require verification; and missing-data treatment cannot be reproduced from the manuscript alone. A common absolute poverty threshold and basic enrolment indicator may offer limited discrimination among developed economies. Sectoral shares can overlap conceptually, and a narrow participation gap can coexist with low participation by both sexes. Equal weights are normative, and pooled min–max scores depend on bounds and outliers. Robustness, matched validation and dimension-level decomposition remain unreported. The analysis is descriptive and cannot establish causal determinants.

Further work should first reconcile the developed and developing country lists, exclusions, indicator definitions and executable index-construction code. The comparison can then be replicated using documented pooled bounds and assessed against alternative weights, aggregation and classification choices. Measures of relative poverty, learning outcomes, employment quality and carbon intensity could test whether the framework captures comparable aspects of inclusion in both groups. These additions would change the index and should be evaluated as separate specifications. Models of external determinants and responses to major shocks would require additional evidence and an explicit identification strategy.

CONCLUSIONS

A comparison of developed and developing economies requires more than an assessment of average income. Inclusive growth also concerns the distribution of opportunities, human capability, institutions, productive participation and environmental responsibility. This study organises these concerns into an eight-dimension composite-index framework for 2000–2022. The reported mean Inclusive Growth Index is 0.460 for developed economies and 0.314 for developing economies. Greater dispersion in the developed group and overlapping score ranges indicate that the comparison is not a uniform division between all observations. The Human Development Index and Productive Capacities Index means follow the same ordering, but differing coverage prevents interpreting this pattern as a completed validity test. These findings remain descriptive and conditional on verification of the analytical grouping and construction procedures. The main contribution is a common framework for examining

inclusion across developed and developing economies while making measurement choices explicit. Its policy value depends on retaining component information rather than relying solely on the overall score. A reproducible country classification, clear indicator definitions and sensitivity analysis are necessary to establish the strength of the comparative conclusions. Once those analytical checks are completed, the framework can support a more defensible assessment of variation within and between development groups.

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