Composite indicators of development – the importance of the weights

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Summary: Measuring and quantifying development makes increasing use of composite indicators. A fundamental issue this raises is the determination of the proper weighting of the various dimensions taken into consideration. However, this issue has received little attention in the literature, where we often find that equal weights are assigned to the different dimensions considered. We use a public-opinion survey conducted in Portugal to assess the importance of various factors in influencing a country’s development, and compare our findings to the procedures most commonly reported by other researchers. We also evaluate the extent to which dimensional weights depend on individual characteristics of the respondents, such as gender, age, or educational level. Finally, we also examine relationships between the factor weights. The evidence suggests that, even though the differences between the weights of the different dimensions are not quantitatively significant, both education and health regularly stand out as the most highly-rated factors.

Key words: composite indicators, development, survey, dimensional weights.

JEL Codes: O10, O11

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