ABSTRACT

This study analyzes the effects of institutional quality, economic freedom, economic growth, urban population, foreign direct investment, and the age dependency ratio on human development across 43 member countries of the Organisation of Islamic Cooperation (OIC) over the period 2009–2023. OIC member countries continue to exhibit considerable disparities in human development outcomes. This condition underscores the need for an understanding of the role of institutional and economic factors in enhancing societal welfare within the region. The study employs an unbalanced panel dataset comprising 608 country-year observations, estimated using a fixed effects model (FEM). This approach controls for unobserved country-specific heterogeneity and provides consistent estimates of the effects of institutional quality, economic freedom, and other determinants on human development. The results indicate that institutional quality and urban population exert a positive and significant effect on human development, whereas the age dependency ratio exerts a significant negative effect. Economic freedom, economic growth, and foreign direct investment are not found to have a significant positive effect on human development. These findings suggest that structural and demographic enhancements play a more dominant role in driving human development in OIC member countries compared to economic factors.

Keywords: institutional quality, economic freedom, human development, OIC countries, fixed effect model

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