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# Determinants of GDP in OIC Countries: A Conceptual Thematic Analysis

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## Abstract
Economic growth remains a central priority for member states of the Organization of Islamic Cooperation (OIC), yet these countries continue to experience uneven GDP performance. Understanding the determinants of GDP within this context requires an integrated conceptual approach that considers both conventional economic indicators and Islamic socio-economic principles. This study employs a thematic conceptual analysis to explore the multidimensional drivers influencing GDP across OIC nations. By synthesizing classical economic growth theories with contemporary Islamic economic frameworks, the research identifies key macroeconomic variables—such as capital formation, trade openness, institutional quality, and *zakat*—as critical factors shaping GDP trajectories. The methodology involves a document-based qualitative review of existing academic literature and theoretical models. Findings indicate that integrating Islamic economic instruments, particularly *zakat*, enhances socio-economic equity and fosters inclusive growth, while structural and governance factors mediate the effectiveness of such instruments. This study contributes a comprehensive framework for understanding GDP dynamics in OIC countries and offers a foundation for policy-making that aligns with both economic efficiency and Islamic ethical values.

## Keywords
GDP determinants; OIC countries; Islamic economics; *zakat*; economic growth

# Introduction

Gross Domestic Product (GDP) functions as a key indicator of economic performance, influencing policy decisions, investment trends, and development strategies worldwide. Within the Organization of Islamic Cooperation (OIC), comprising over 50 member states with diverse economic profiles, GDP performance has shown wide disparities. Several countries such as Saudi Arabia, Malaysia, and the United Arab Emirates have demonstrated robust economic trajectories, while others like Sudan and Yemen continue to struggle with stagnation or decline (World Bank, 2024). This uneven performance suggests that a uniform set of determinants may not adequately explain GDP growth across these nations. Consequently, a deeper exploration of both conventional and context-specific factors influencing GDP is warranted.

The determinants of GDP are typically analyzed using frameworks derived from neoclassical and endogenous growth theories, emphasizing factors such as capital accumulation, labor productivity, technological innovation, and human capital development (Barro & Sala-i-Martin, 2004, p. 112). However, these models often fail to account for institutional quality, cultural influences, and ethical governance—all of which are prominent considerations within the Islamic economic paradigm. Scholars argue that Islamic principles, particularly the practice of *zakat*, the prohibition of riba, and the emphasis on social justice, play a critical role in shaping economic behavior and outcomes in OIC countries (Chapra, 2000, p. 77; Asutay, 2013). Hence, integrating Islamic economic insights into GDP analysis offers a more holistic understanding of growth dynamics in these contexts.

Despite the growing body of literature on Islamic economics and development, there remains a theoretical gap in conceptualizing GDP determinants that holistically account for the distinct institutional and religious contexts of OIC countries. Much of the existing research focuses either on Islamic finance in isolation or adopts standard macroeconomic models without adaptation to Islamic values. For instance, while empirical studies highlight the potential of *zakat* in poverty alleviation and wealth redistribution (Kahf, 2015), they often overlook its macroeconomic impact on GDP. Additionally, the broader relationship between governance quality, social equity, and economic growth remains underexplored in OIC-specific settings (Iqbal & Mirakhor, 2011, p. 142).

This study seeks to fill this conceptual gap by addressing three main research questions: (1) What are the primary macroeconomic and institutional determinants of GDP in OIC countries? (2) How do Islamic economic instruments such as *zakat* influence GDP outcomes? (3) What theoretical frameworks best explain the complex interplay between conventional and Islamic growth drivers in these nations? These questions guide a conceptual thematic analysis aimed at synthesizing multidisciplinary perspectives from economics, Islamic studies, and institutional theory.

The objective of this research is to develop an integrated framework that captures both conventional and Islamic determinants of GDP within OIC countries. This is achieved through a document-based qualitative methodology, drawing from international literature and key Islamic economic texts. The study contributes to the theoretical refinement of growth models relevant to Islamic contexts and aims to provide policymakers with actionable insights that balance economic efficiency with Islamic ethical imperatives. Ultimately, this research holds significance not only for academics but also for governments, development agencies, and financial institutions operating within the OIC framework.

## Literature Review

The analysis of GDP determinants is rooted in classical and neoclassical economic theories, which emphasize capital, labor, and productivity as core growth drivers. The Solow-Swan model introduced exogenous technological progress as a key determinant, while endogenous growth theories by Romer and Lucas added dimensions such as human capital, innovation, and institutional quality (Romer, 1990; Lucas, 1988). These frameworks underscore the multifactorial nature of economic growth and have been widely applied in cross-country analyses. However, they often lack context sensitivity, especially when applied to countries with unique institutional, cultural, and religious underpinnings, such as those in the OIC. Recent debates in development economics have highlighted the limitations of one-size-fits-all growth models and called for the incorporation of institutional and governance-related variables (Acemoglu & Robinson, 2012, p. 74).

Islamic economic thought introduces a value-oriented approach to growth, emphasizing distributive justice, ethical behavior, and the spiritual dimensions of development. Key principles such as tawhid (oneness), māl (wealth), and maslahah (public interest) guide economic behavior in ways that differ significantly from secular models (Chapra, 2008, p. 163; Siddiqi, 2004). Within this paradigm, *zakat* serves as a compulsory redistributive mechanism aimed at ensuring social equity and poverty alleviation. Empirical research suggests that *zakat* can enhance aggregate demand and stimulate inclusive growth, especially when institutionalized through efficient collection and disbursement systems (Obaidullah & Shirazi, 2015). However, few studies have explored how such Islamic instruments influence macroeconomic indicators like GDP in a systemic way. Moreover, the interplay between Islamic ethics and formal economic policy remains under-theorized.

Existing studies on OIC countries' economic performance tend to focus on conventional determinants like trade openness, investment, and labor force dynamics (Sboui, 2021; Hassan et al., 2020). While these studies provide useful empirical insights, they often omit variables reflecting the religious and institutional diversity of these nations. Additionally, comparative analyses between Muslim-majority and non-Muslim countries often lack nuance in interpreting culturally embedded practices such as *waqf* or *zakat*. A growing body of interdisciplinary work seeks to bridge this gap by integrating Islamic moral economy with institutional and developmental economics (Asutay, 2012). This literature supports the premise that economic growth in the OIC context must be evaluated not only by GDP figures but also by socio-economic justice and human well-being, in alignment *with maqāṣid al-sharīʿah*.

## Theoretical Framework

1. Neoclassical and Endogenous Growth Theories

The neoclassical growth model, primarily developed by Solow and Swan, emphasizes the roles of capital accumulation, labor force, and technological progress in determining long-term GDP growth. This model posits diminishing returns to capital and suggests that technological innovation is key to sustaining growth (Solow, 1956; Mankiw, 2007, p. 92). However, the model treats technology as exogenous, limiting its explanatory power in dynamic economies. Endogenous growth theorists like Romer (1990) and Lucas (1988) addressed this limitation by introducing internal drivers such as human capital, innovation, and learning-by-doing. These models emphasize the role of government policies, institutions, and education systems in influencing economic trajectories. In the context of OIC countries, where institutional capacity and education vary widely, the endogenous model offers a more adaptable framework for analyzing GDP determinants.

2. Institutional Economics and Governance Theory

Institutional economics, particularly the work of North (1990, p. 3), highlights the role of institutions—both formal (laws, regulations) and informal (norms, values)—in shaping economic performance. Good governance, rule of law, and property rights are considered vital in reducing transaction costs and fostering economic growth. For OIC countries, governance quality has been shown to influence GDP growth more significantly than resource endowments alone (Kaufmann & Kraay, 2020). Institutional economics complements endogenous growth theory by contextualizing how policies are implemented and how trust in institutions affects productivity. Furthermore, governance in Islamic contexts includes ethical dimensions rooted in *sharīʿah*, which reinforces accountability and social responsibility.

3. Islamic Moral Economy

The Islamic moral economy (IME) offers a normative framework grounded in ethical and spiritual values. It aims not only for material prosperity but also for socio-economic justice and human well-being in accordance with maqāṣid al-sharīʿah (objectives of Islamic law) (Chapra, 2008, p. 175). Key instruments such as *zakat*, *waqf*, and prohibition of *riba* (interest) are designed to promote equity, prevent exploitation, and ensure wealth circulation. Unlike conventional economics, IME integrates moral imperatives with economic rationality, proposing a dual-goal system of *falah* (success in this world and the hereafter). In GDP analysis, this framework demands that economic output be evaluated alongside social welfare metrics, challenging growth models that prioritize efficiency over equity (Asutay, 2012).

4. Hybrid Framework for OIC GDP Analysis

To effectively assess GDP in OIC countries, this study adopts a hybrid framework combining neoclassical, institutional, and Islamic moral economy theories. This synthesis recognizes the role of conventional macroeconomic factors while embedding them within the ethical and institutional contexts unique to OIC member states. For instance, while capital formation remains critical, its allocation through Islamic financial instruments like murābaḥah or mushārakah introduces distinctive regulatory and operational considerations. Similarly, social spending driven by *zakat* functions both as a redistributive mechanism and as a stimulant for aggregate demand. This hybrid approach enables a more comprehensive evaluation of GDP determinants that is empirically robust and contextually sensitive.

## Previous Research

Hassan and Tufte (2001) investigated the role of institutional development in fostering economic growth across developing countries, including several OIC members. Using a cross-sectional regression model, the study found that stronger institutions significantly correlate with higher GDP per capita. The authors highlighted the role of governance, legal frameworks, and corruption control as foundational pillars of economic development. This research is relevant for OIC nations where institutional instability often impedes growth. However, it did not consider religion-based economic instruments such as *zakat* or *waqf* in its analysis.

Iqbal and Llewellyn (2002) explored the integration of Islamic banking systems within emerging economies. Employing a qualitative-comparative method, the study emphasized the stabilizing effects of interest-free financial models and their potential to enhance macroeconomic resilience. The authors argued that Islamic finance could contribute to GDP growth through ethical investment and financial inclusion. While influential, the research largely remained within the domain of banking, lacking broader macroeconomic indicators such as social spending or distributive justice.

Chapra (2008) conducted a normative theoretical inquiry into the role of *maqāṣid al-sharīʿah* in economic development. Drawing on classical Islamic sources and modern economic theory, the book identified justice, trust, and accountability as core drivers of sustainable growth (p. 175). Chapra also emphasized the institutionalization of *zakat* as a key policy mechanism. While comprehensive in its vision, the study did not provide empirical validation for the proposed mechanisms or their direct impact on GDP.

Asutay (2012) examined the concept of the Islamic moral economy (IME) and its application in real-world economic policy. Utilizing a content analysis approach, the study identified a disconnect between Islamic financial institutions and broader socio-economic goals like poverty alleviation and equitable growth. Asutay advocated for re-integrating moral considerations into economic planning. This work provides critical theoretical grounding for the current study, especially in aligning Islamic principles with measurable economic outcomes.

Sboui (2021) conducted an empirical panel data analysis on OIC countries, evaluating how macroeconomic variables such as trade openness, foreign direct investment (FDI), and inflation affect GDP. The findings confirmed that open economies with low inflation and high investment rates tend to perform better. However, the study adopted a conventional growth model without integrating religious or ethical dimensions, thus offering limited insights into Islamic determinants like *zakat* or social justice.

Hassan et al. (2023) investigated the influence of Islamic financial inclusion on GDP using data from 32 OIC countries. Employing econometric models, they found a statistically significant relationship between the expansion of Islamic finance and GDP growth. The study highlighted the roles of microfinance, interest-free loans, and mushārakah-based financing. It also hinted at the potential of *zakat* but did not explore its macroeconomic implications in depth. The study is a key empirical contribution to Islamic finance literature but still falls short of offering a comprehensive model integrating Islamic social institutions.

These studies collectively demonstrate growing academic interest in the intersection of Islamic economics and GDP growth, particularly in OIC contexts. While conventional variables like capital, trade, and investment have been well-researched, the macroeconomic impact of Islamic instruments—especially *zakat*—remains understudied. There is a notable lack of integrative frameworks combining neoclassical, institutional, and Islamic moral economy theories to analyze GDP comprehensively. Furthermore, most studies either focus on empirical data without conceptual depth or remain normative without empirical traction. This research seeks to bridge that gap by providing a conceptual thematic analysis that synthesizes multiple theoretical strands relevant to GDP in OIC countries.

## Research Methods

This study adopts a qualitative, document-based research design suitable for exploring conceptual frameworks and thematic relationships. As the objective is to identify and synthesize determinants of GDP specific to OIC countries through both conventional and Islamic lenses, qualitative inquiry provides the flexibility to interpret multifaceted variables. The analysis prioritizes understanding meaning, context, and theoretical integration over numerical measurement. Conceptual analysis, thematic mapping, and interpretive synthesis are applied to distil core constructs such as *zakat*, institutional quality, and economic governance, enabling a deeper understanding of their roles in GDP growth.

The primary data sources consist of peer-reviewed journal articles, international economic reports, and authoritative Islamic economics literature. Priority is given to international publications—books and journals—published no later than 2025, in accordance with rigorous academic standards. Foundational texts such as Chapra (2008), North (1990), and Acemoglu and Robinson (2012) provide the theoretical scaffolding, while empirical studies from journals like the Journal of Islamic Accounting and Business Research and the World Bank Economic Review offer real-world context. Supporting sources include policy documents from the Islamic Development Bank and annual reports from institutions such as IMF and UNDP, which address economic performance within OIC nations.

Data collection involves purposive sampling of literature and policy texts that address at least one of the thematic concerns: GDP, Islamic finance, *zakat*, governance, or institutional economics. An inclusion criterion requires that each source contributes either to the theoretical discourse or to the practical dimensions of economic determinants in Muslim-majority countries. A coding framework is developed to classify concepts into thematic clusters such as economic inputs, institutional variables, Islamic principles, and policy mechanisms. This method facilitates conceptual saturation and allows for comparative cross-referencing between Islamic and conventional theories.

For data analysis, the study applies thematic content analysis, focusing on the interpretive relationships between key concepts. This involves deductive coding using predefined themes—such as growth drivers, redistributive tools, and ethical governance—supplemented by inductive codes that emerge during the review process. Patterns of alignment, divergence, and integration between conventional and Islamic paradigms are identified. The synthesis is both vertical (within individual paradigms) and horizontal (across paradigms), allowing the construction of an integrated framework that explains GDP determinants in the OIC context.

The conclusion-drawing process involves triangulating insights from different conceptual strands to construct a hybrid model. Attention is paid to the consistency, coherence, and applicability of findings to the OIC socio-economic environment. By synthesizing diverse yet interconnected theoretical components, the study produces a nuanced understanding of how GDP in OIC countries is shaped by a combination of capital flows, institutional strength, and Islamic economic principles. This method not only strengthens theoretical rigor but also provides a solid foundation for policy recommendations that reflect both global economic standards and Islamic ethical imperatives.

## Results and Discussion

The thematic analysis confirms that GDP growth in OIC countries is driven by an interplay of conventional economic variables, institutional governance, and Islamic socio-economic principles. Traditional growth factors—such as capital accumulation, labor productivity, and trade openness—remain significant; however, their effectiveness is conditioned by institutional quality and ethical governance. Countries with strong institutional frameworks, transparent public administration, and efficient legal systems tend to translate economic inputs into sustainable GDP growth more effectively. These findings reinforce the relevance of both neoclassical and institutional economic theories within the OIC context, validating earlier work by North (1990) and Barro and Sala-i-Martin (2004, p. 112) while situating it within a culturally specific milieu.

Incorporating the Islamic moral economy into the GDP analysis introduces new dimensions that challenge the efficiency-equity trade-off often assumed in conventional models. The role of *zakat*, for instance, emerges not merely as a social safety net but as a macroeconomic stabilizer with redistributive and consumption-enhancing effects. When administered through institutional mechanisms, *zakat* can stimulate aggregate demand and reduce income inequality, thereby enhancing inclusive growth. This insight expands upon the conceptual premises established by Chapra (2008, p. 175) and aligns with the broader objectives of *maqāṣid al-sharīʿah*. Additionally, perspectives from recent Islamic economic scholarship suggest that instruments like *waqf* and *qard ḥasan* also hold GDP-enhancing potential by improving access to capital and social infrastructure, particularly in low-income segments—a view not emphasized in earlier literature but increasingly relevant in OIC development strategies.

These findings underscore the need for a hybrid framework that goes beyond binary categorizations of "Islamic" versus "conventional" economics. Instead, they advocate for a pluralistic understanding of growth, one that values efficiency, inclusivity, and ethical governance simultaneously. By systematically integrating these dimensions, this study fills a conceptual void in GDP analysis and offers a foundational structure for future empirical exploration and policy experimentation within the OIC bloc.

## *1. Macroeconomic and Institutional Determinants of GDP in OIC Countries*

Research Question 1: What are the primary macroeconomic and institutional determinants of GDP in OIC countries?

Understanding the macroeconomic and institutional factors that drive GDP in OIC countries requires a multidimensional lens. While conventional macroeconomic variables—such as investment, trade openness, and inflation—play key roles, institutional quality often serves as the mediating factor that determines their effectiveness. This section synthesizes literature, theory, and contextual insights to highlight the economic and governance variables most influential in shaping GDP outcomes across the diverse OIC landscape.

Investment—both domestic and foreign—is a widely recognized engine of GDP growth. In OIC countries like Malaysia and Turkey, high rates of capital formation correlate strongly with sustained GDP growth. These nations have attracted significant FDI by improving ease of doing business and offering incentives aligned with Islamic financial norms (Hassan et al., 2023). However, in many OIC countries, such as Nigeria and Sudan, investment is hampered by weak property rights, regulatory opacity, and political instability. These institutional weaknesses reduce investor confidence and diminish the multiplier effects of capital inflows, reinforcing North's (1990, p. 3) argument about the centrality of institutions in economic performance.

Trade openness is another significant determinant of GDP in OIC countries. Nations that embrace liberalized trade policies, such as the United Arab Emirates and Qatar, have leveraged global markets to diversify their economies beyond oil. According to Sboui (2021), trade openness correlates positively with GDP growth in the OIC context, especially when supported by sound infrastructure and competitive export sectors. However, trade liberalization without adequate institutional safeguards can lead to economic volatility, particularly in resource-dependent economies. Thus, trade policy must be designed within a framework of institutional resilience to be growth-promoting.

Inflation control and monetary stability are also vital for GDP growth. Price instability disproportionately affects low-income populations and undermines purchasing power, thereby weakening aggregate demand. OIC countries with sound monetary governance—such as Indonesia—demonstrate more stable GDP trends, compared to those grappling with hyperinflation or currency crises. These dynamics underscore the importance of macroeconomic discipline, which aligns with both neoclassical efficiency models and Islamic teachings on fairness in pricing and protection against gharar (uncertainty).

Institutional quality—particularly government effectiveness, rule of law, and anti-corruption measures—amplifies the positive effects of macroeconomic variables. Kaufmann and Kraay (2020) demonstrate that OIC countries with strong governance indices experience higher returns on investment and more efficient public service delivery. For example, Malaysia's institutional reforms have not only boosted investor confidence but also enabled effective fiscal management aligned with Islamic principles of transparency and accountability. On the contrary, institutional fragility in countries like Afghanistan and Yemen creates a growth-inhibiting environment where even sound economic policies struggle to yield results.

The effectiveness of public sector governance also intersects with religious values in the OIC context. Islamic teachings promote amanah (trust), adl (justice), and shūrā (consultation), which align with democratic governance and accountability mechanisms. Countries that embed these values within administrative practices tend to perform better economically. The moral imperative in Islam to avoid corruption and promote the public good enhances institutional legitimacy and policy compliance—both crucial for sustainable growth.

In summary, while macroeconomic variables like investment and trade are vital, their efficacy is contingent on institutional quality. A hybrid framework that integrates economic efficiency with ethical governance provides the most reliable roadmap for enhancing GDP in OIC countries. This approach not only aligns with endogenous growth theory and institutional economics but also draws from Islamic moral economy principles, offering a context-sensitive lens for evaluating development.

## *2. The Role of Islamic Economic Instruments in Influencing GDP*

Research Question 2: How do Islamic economic instruments such as *zakat* influence GDP outcomes in OIC countries?

The influence of Islamic economic instruments on GDP has often been examined in isolated contexts or limited to microeconomic effects. However, a comprehensive understanding of their macroeconomic impact—particularly on GDP—requires a broader analytical approach. This section evaluates how *zakat* and other instruments such as *waqf*, *sadaqah*, and *qard ḥasan* can act as redistributive tools and economic stimulants that contribute to aggregate demand and inclusive growth within OIC economies.

*Zakat*, one of the five pillars of Islam, is a compulsory wealth redistribution mechanism designed to support the poor and vulnerable. Its macroeconomic relevance lies in its potential to reduce income inequality, stimulate consumption, and increase human capital development. When implemented effectively through state institutions, *zakat* systems can channel dormant capital into productive use, thereby increasing economic circulation. For instance, in Malaysia and Pakistan, institutionalized *zakat* collection and distribution have led to improvements in social welfare indicators, which indirectly enhance labor productivity and aggregate output (Obaidullah & Shirazi, 2015). By reducing poverty and inequality, *zakat* enhances social cohesion—a prerequisite for stable economic environments conducive to growth.

From a Keynesian perspective, *zakat* acts as a fiscal stimulus. The disbursement of *zakat* funds to low-income households raises their marginal propensity to consume, thereby boosting demand for goods and services. This demand-side stimulation can offset cyclical downturns, especially in economies experiencing weak investment or limited fiscal space. Moreover, by targeting consumption at the base of the pyramid, *zakat* contributes to a more inclusive growth pattern—something often missing in capital-centric GDP models. This dynamic interaction between Islamic social finance and macroeconomic stabilization offers an underexplored yet promising area for policy integration.

The potential of *waqf* as a complementary instrument to *zakat* also warrants attention. Historically used to fund education, healthcare, and public services, *waqf* assets contribute to human capital formation—a key input in endogenous growth theory (Lucas, 1988). Countries like Turkey and Indonesia are reviving *waqf*-based models to reduce fiscal burdens and promote public service delivery. These efforts not only ease government expenditure but also create long-term value generation mechanisms that support GDP growth. Furthermore, by financing infrastructure and social enterprises, *waqf* reduces inequality and expands the productive capacity of marginalized communities.

While less formalized, *sadaqah* and qard ḥasan also hold GDP implications. As voluntary charity and interest-free loans, respectively, they fill financing gaps often overlooked by traditional banking systems. Microenterprises, particularly in rural and informal sectors, benefit from these mechanisms, which in turn increases income generation and local economic activity. Although data on their aggregate impact is limited, qualitative case studies suggest they enhance financial inclusion and stimulate entrepreneurship. These functions align with both development economics and Islamic objectives of social justice and economic empowerment.

Institutional frameworks for implementing Islamic instruments significantly affect their macroeconomic efficacy. Countries with centralized *zakat* authorities and clear legal mandates, such as Malaysia, tend to demonstrate higher efficiency in fund distribution and measurable impacts on poverty alleviation. In contrast, decentralized or voluntary *zakat* systems, as seen in parts of the Middle East and Sub-Saharan Africa, often suffer from leakage, duplication, and low collection rates (Kahf, 2015). Thus, for Islamic instruments to influence GDP meaningfully, institutional capacity and public trust must be prioritized alongside religious motivation.

In conclusion, Islamic economic instruments, particularly *zakat*, can influence GDP in OIC countries through multiple channels: enhancing aggregate demand, fostering human capital, and stimulating inclusive economic participation. Their impact is contingent on institutional effectiveness, regulatory support, and integration with national development strategies. By embedding these instruments within a comprehensive economic framework, OIC countries can align growth objectives with the ethical imperatives of Islamic finance and social justice.

## *3. Integrating Conventional and Islamic Frameworks for GDP Analysis*

Research Question 3: What theoretical frameworks best explain the complex interplay between conventional and Islamic growth drivers in OIC countries?

To holistically understand GDP dynamics in OIC countries, there is a need to integrate the explanatory power of both conventional growth theories and Islamic economic principles. Traditional models, such as the Solow-Swan and endogenous growth theories, offer robust mechanisms for analyzing capital accumulation, labor productivity, and innovation. Meanwhile, the Islamic moral economy introduces dimensions of ethical governance, wealth redistribution, and social justice. This section explores how a hybrid framework can synthesize these paradigms into a coherent model suited for the OIC context.

The neoclassical framework, based on diminishing returns and the importance of exogenous technological progress, offers useful baseline indicators for assessing GDP determinants. However, its explanatory power is limited when applied to heterogeneous economies with distinctive socio-religious characteristics. For instance, while investment and capital stock are central to the Solow model, their deployment in Islamic economies is shaped by interest-free financial instruments like mushārakah and murābaḥah. These instruments alter the cost of capital, investor risk-sharing behavior, and regulatory structures, which in turn affect capital productivity. Therefore, to apply neoclassical insights within OIC contexts, one must adapt their assumptions about finance, risk, and return structures.

Endogenous growth theory, which emphasizes human capital, learning, and innovation, is more flexible in accommodating institutional and cultural factors. In OIC countries, the development of human capital is not merely a function of education and health investments but also of spiritual and ethical development, as emphasized in maqāṣid al-sharīʿah. For example, *waqf*-based educational institutions contribute to both skill formation and ethical socialization. This alignment between human development and religious purpose enriches the endogenous model with normative goals. Consequently, endogenous theory can be extended to include not just skill acquisition, but the ethical orientation of that skill within the socio-economic order.

Institutional economics further strengthens the integration by recognizing that economic outcomes are shaped by the quality of governance, legal systems, and societal norms. This is particularly relevant for OIC countries, where Islamic ethics underpin both public and private sector behavior. Institutions that embody shūrā (consultation), adl (justice), and amanah (trust) are more likely to secure social compliance and reduce transaction costs. This reinforces North's (1990, p. 3) theory of institutional change and provides a bridge between formal governance and religious accountability. Thus, a hybrid model must account for both institutional functionality and its embedded ethical worldview.

The Islamic moral economy serves as a normative anchor that challenges the conventional emphasis on material output and efficiency. Its goal of falah—success in this life and the hereafter—requires an expanded definition of GDP that includes social cohesion, equity, and environmental stewardship. This vision critiques GDP-focused development and encourages multidimensional progress tracking. Integrating this with conventional models introduces new variables, such as *zakat* disbursement efficiency, income redistribution rates, and ethical business conduct, into growth analysis. These variables can serve as proxies for inclusive and sustainable growth, better aligning development metrics with Islamic values.

Several scholars have proposed preliminary hybrid models, but few have operationalized them into comprehensive analytical tools. Asutay's (2012) Islamic moral economy framework and Iqbal and Mirakhor's (2011, p. 142) institutional development models offer promising starting points. However, these need to be synthesized with empirical models from mainstream economics to ensure predictive validity and policy relevance. This research contributes to that endeavor by proposing a modular framework in which conventional economic variables are evaluated through ethical and institutional filters derived from Islamic teachings.

In essence, a hybrid GDP framework for OIC countries must be multidimensional—capturing both efficiency and equity, innovation and inclusion, material growth and moral accountability. By synthesizing neoclassical, endogenous, institutional, and Islamic moral economy theories, such a model can better reflect the realities of OIC development. This approach not only provides a more accurate diagnostic of growth but also aligns policy tools with the socio-religious aspirations of the populations involved.

## Core Findings and Pathways Forward

This study has systematically explored the determinants of GDP within OIC countries through a conceptual thematic framework. The first research question revealed that while conventional macroeconomic variables—such as capital formation, trade openness, and inflation control—remain essential for growth, their impact is significantly mediated by institutional quality. Effective governance, legal clarity, and public sector accountability serve as amplifiers of economic inputs. The inclusion of Islamic governance principles—like *adl*, *shūrā*, and *amanah*—further strengthens institutional credibility, linking conventional insights with ethical mandates from Islamic tradition.

The second question addressed the influence of Islamic economic instruments on GDP, particularly the roles of *zakat*, *waqf*, and *qard ḥasan*. These instruments contribute to economic growth by reducing poverty, stimulating aggregate demand, and enabling access to capital, especially for marginalized populations. The institutionalization of *zakat* enhances its macroeconomic relevance, transforming it from a religious obligation into a viable fiscal tool. When effectively implemented, such instruments not only promote distributive justice but also activate latent economic potential within communities, contributing to inclusive growth.

In response to the third question, the study proposes a hybrid theoretical framework integrating neoclassical, endogenous, institutional, and Islamic moral economy models. This integrative approach reflects the socio-economic diversity of OIC countries and bridges the gap between growth-centric and equity-focused paradigms. The findings suggest that GDP analysis in Muslim-majority contexts cannot rely solely on conventional metrics. Instead, it requires multidimensional evaluation tools that incorporate ethical, institutional, and spiritual dimensions alongside traditional economic indicators. This conceptual advancement offers a roadmap for future empirical studies and policy reforms aimed at aligning economic development with Islamic ethical values.

# Conclusion

This conceptual thematic analysis has provided a comprehensive and multidimensional framework for examining the complex and context-specific determinants of GDP growth in member countries of the Organization of Islamic Cooperation (OIC). By integrating insights from conventional macroeconomic models with principles rooted in Islamic economics and the institutional theory of development, the study sheds light on how economic performance in these countries is influenced by a unique blend of material, institutional, and moral factors.

It argues that traditional variables such as capital accumulation, labor productivity, and technological advancement, while still relevant, are insufficient on their own to fully explain the economic trajectories of OIC nations. In these contexts, ethical governance structures, value-driven leadership, redistributive justice, and the embeddedness of socio-religious norms play an equally pivotal role. Islamic fiscal instruments such as zakat and waqf are presented not simply as religious obligations or charitable practices, but as macroeconomic tools capable of stimulating demand, reducing wealth disparities, and promoting social cohesion when they are systematically integrated into formal public finance systems and institutional frameworks.

The study also highlights the synergistic relationship between governance inspired by Islamic ethical principles and institutional quality. It posits that such governance models, grounded in transparency, accountability, and social responsibility, can enhance policy credibility and the efficient allocation of resources. These factors, in turn, help to build public trust and encourage greater participation in economic processes, thereby reinforcing growth from the bottom up. The role of faith-based norms in shaping economic behavior—such as risk-sharing, trust in contracts, and aversion to speculative activities—is explored as a distinctive but underutilized avenue for improving macroeconomic stability and resilience in OIC countries.

From a contribution standpoint, the study advances both theoretical and applied dimensions. Theoretically, it offers an integrative model that bridges disparate economic perspectives—endogenous growth theory, institutional development, and Islamic moral economy—into a coherent analytical framework tailored to the OIC context. This model helps explain growth patterns that deviate from standard assumptions in neoclassical economics, especially in regions where informal norms and religious worldviews influence policymaking.

Practically, the study recommends that policymakers in OIC countries adopt hybrid strategies that embed Islamic fiscal mechanisms within national development plans while reinforcing institutional capabilities that align with both Islamic ethical values and global governance standards. For example, modernizing the administration of zakat and waqf, creating legal pathways for Islamic social finance, and enhancing regulatory bodies' capacities to uphold shariah principles without compromising economic efficiency are proposed as key steps. Such policy alignment not only fosters

GDP growth that is quantitatively significant but also ensures that the growth is inclusive, equitable, and morally anchored—meeting both the material and ethical aspirations of the societies it aims to serve.

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