



ANALYSIS OF THE IMPACT OF POPULATION GROWTH, INFLATION RATE, AND FOREIGN INVESTMENT ON ECONOMIC GROWTH IN EIGHT DEVELOPING COUNTRIES FROM AN ISLAMIC ECONOMIC PERSPECTIVE

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ABSTRACT

This study aims to examine the impact of population growth, inflation rate, and foreign direct investment on economic growth in eight developing countries from the perspective of Islamic economics. Secondary data were sourced from the World Bank for the period 2016 to 2021. Panel data regression analysis was employed to test the established hypotheses, considering these independent variables. The results indicate that population growth, inflation rate, and foreign direct investment do not have a significant effect on economic growth in these countries during the study period. These findings are interpreted within the framework of Islamic economics, which emphasizes principles of economic justice, wealth distribution, and resource management in accordance with Shariah law. This research provides deep insights into how conventional economic factors interact with Islamic economic principles and their implications for economic policy in developing countries.

Keywords: Economic Growth, Population Growth, Foreign Direct Investment, Islamic Economics

ABSTRAK

Penelitian ini bertujuan untuk mengkaji dampak pertumbuhan populasi, tingkat inflasi, dan investasi asing langsung terhadap pertumbuhan ekonomi di delapan negara berkembang dari perspektif ekonomi Islam. Data sekunder diperoleh dari Bank Dunia untuk periode 2016 hingga 2021. Analisis regresi data panel digunakan untuk menguji hipotesis yang telah ditetapkan, dengan mempertimbangkan variabel independen ini. Hasil penelitian menunjukkan bahwa pertumbuhan populasi, tingkat inflasi, dan investasi asing langsung tidak memiliki pengaruh signifikan terhadap pertumbuhan ekonomi di negara-negara tersebut selama periode studi. Temuan ini diinterpretasikan dalam kerangka ekonomi Islam, yang menekankan prinsip keadilan ekonomi, distribusi kekayaan, dan pengelolaan sumber daya sesuai dengan hukum Syariah. Penelitian ini memberikan wawasan mendalam tentang bagaimana faktor ekonomi konvensional berinteraksi dengan prinsip-prinsip ekonomi Islam dan implikasinya terhadap kebijakan ekonomi di negara-negara berkembang.

Kata Kunci: Pertumbuhan Ekonomi, Pertumbuhan Populasi, Investasi Asing Langsung, Ekonomi Islam

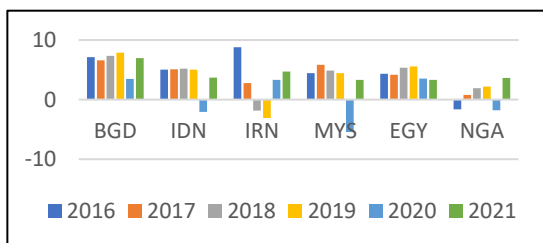


INTRODUCTION

Economic growth is often regarded as the primary indicator of a nation's economic development success (Yenny & Anwar, 2020). Countries worldwide, including those with predominantly Muslim populations, strive to achieve sustainable and inclusive economic growth. To enhance development cooperation among Muslim-majority nations, eight developing countries established the Developing Eight (D-8) group, comprising Bangladesh, Indonesia, Iran, Malaysia, Egypt, Nigeria, Pakistan, and Turkey (The World Bank, 2023). This group aims to facilitate cooperation across various economic sectors to improve the welfare of its members.

Despite numerous initiatives, economic growth in D-8 countries still faces several challenges, such as political instability, inadequate infrastructure, and reliance on commodity exports. Therefore, this study aims to analyze the factors influencing economic growth in D-8 countries and identify strategies to enhance economic cooperation among them. By understanding the economic dynamics and cooperation potential, it is hoped that D-8 countries can design more effective policies to achieve sustainable and inclusive economic growth.

Figure 1.
Economic Growth (Eight Developing Countries)



Source: (The World Bank, 2023)

The graph above illustrates the economic growth in D-8 countries, revealing that the economic growth in these nations has experienced fluctuations. Malaysia displayed stable economic growth from 2016 to 2019; however, in 2020, Malaysia faced an economic contraction, reaching -5.4%. Meanwhile, Iran recorded the highest economic growth, achieving 8.8%. Economic growth, measured by a country's GDP, can be influenced by several factors such as economic expansion (Yunianto, 2021; Zulfa, 2016), inflation rates (Kartika & Pasaribu, 2023), and foreign direct investment (Gandhi et al., 2022).

The population growth rate reflects the demographic dynamics of a region. In developing countries, high population growth is often perceived as an impediment to development (Azulaidin, 2021). Uneven population growth between regions can lead to both positive and negative urbanization (Nur'aidawati & Nurmasari, 2021). A positive impact of population growth is the availability of human resources, particularly in terms of labor supply. However, if the available labor does not meet the qualifications desired by the industry, it can lead to an increase in under-skilled human resources, resulting in higher unemployment rates in certain areas.

In addition to population growth, high inflation rates also hinder economic growth in developing countries (Salim & Fadilla, 2021). High and volatile inflation reflects the economic vulnerability of a country, leading to rising costs of goods and services and affecting poverty levels. High inflation complicates decisions regarding savings, investments, production, and prospective

consumption under uncertain conditions, thereby hampering economic growth (Aydın et al., 2016). Conversely, in developed countries, relatively high inflation can stem from increased demand for goods relative to supply, where demand is driven by individuals willing to pay more for desired goods (Yulianto, 2017).

Every country aspires for robust and high economic growth, as it ensures the welfare of its citizens and significant increases in Gross Domestic Product (GDP). From an Islamic economic perspective, economic welfare should also consider principles of justice, equitable distribution, and avoidance of harm. One way to enhance GDP is through Foreign Direct Investment (FDI). FDI can be a crucial instrument in boosting welfare in the host country by contributing to modern technology transfer, management improvements, skill enhancement, job creation, and industrial growth, provided that such investments align with Sharia principles that avoid *riba* (interest), *gharar* (uncertainty), and *maisir* (speculation) (Gandhi et al., 2022).

This study aims to evaluate economic growth in D-8 countries, focusing on the variables of population growth, inflation rate, and foreign direct investment (FDI). The economic growth graphs indicate significant fluctuations in D-8 countries. For instance, Malaysia exhibited stable growth from 2016 to 2019 but experienced a contraction of -5.4% in 2020. Conversely, Iran achieved the highest growth rate of 8.8%. Factors such as inflation and FDI have been shown to significantly impact economic growth (Yunianto, 2021; Zulfa, 2016; Kartika & Pasaribu, 2023; Gandhi et al., 2022).

High population growth can hinder development, particularly in developing countries, due to uneven population distribution driving urbanization and affecting labor supply (Azulaidin, 2021; Nur'aidawati & Nurmasari, 2021). Additionally, high and fluctuating inflation can slow economic growth by increasing the costs of goods and services and creating economic uncertainty (Salim & Fadilla, 2021; Aydın et al., 2016).

Sustainable economic growth is a primary goal for every nation, and within the context of Islamic economics, this must be achieved by adhering to principles of justice and equitable distribution. FDI plays a crucial role in enhancing GDP by contributing to technology transfer, skill development, and job creation, provided that such investments comply with Sharia principles (Gandhi et al., 2022).

This research contributes to Islamic economic studies by analyzing the influence of population growth, inflation rates, and FDI on economic growth in D-8 countries. Using panel data regression and Eviews testing tools, this study evaluates the interaction between conventional economic factors and Islamic economic principles to achieve fair and sustainable economic growth..

LITERATURE REVIEW

Eight Developing Countries

The Developing-8 (D-8) Organization for Economic Cooperation, established in 1997, consists of eight developing countries: Malaysia, Iran, Indonesia, Turkey, Egypt, Pakistan, Bangladesh, and Nigeria. The organization aims to enhance the economic

standing of its member states on the global stage, diversify and create new trade opportunities, and increase participation in international decision-making processes (Developing8, 2024). Despite its objective of improving the living standards without disrupting the bilateral and multilateral commitments of its members, research indicates mixed outcomes.

A study by SESRIC (2016) revealed that the economic performance of D-8 member countries has not shown significant improvement compared to non-member countries. This raises critical questions about the effectiveness of D-8 membership in stimulating economic growth among its members (Arisman et al., 2021). Further analysis by Arisman et al. (2021) indicates that although there have been several initiatives to strengthen economic and trade cooperation among D-8 countries, policy implementation and coordination among members remain major challenges.

This review highlights that despite the ambitious goals of the D-8, the organization's effectiveness in enhancing the economic performance of its members remains questionable. Further research is needed to identify the factors hindering economic growth and to find solutions that can enhance the economic performance of D-8 countries. Thus, this study seeks to fill the gap in the literature by providing an in-depth analysis of the impact of D-8 membership on the economic growth of its member states.

Population Growth

The rate of population growth significantly impacts economic processes

through the performance of supply chains. The relationship between population growth and economic output growth has been extensively studied (Yunianto, 2021). According to Bey, population growth rates are responsible for the economic growth of every country. A study conducted by Peterson on the relationship between population growth and economic growth utilized historical data to analyze the correlation between population increase, per capita growth, and overall economic growth over the past 200 years. This study found a strong interrelationship between economic growth and population growth. Cited in Jhingan (2002), economic growth is defined as a country's ability, over time, to provide a variety of economic benefits to its population, both technologically and through necessary institutional and ideological adjustments (Zulfa, 2016).

Peterson's research delved into the historical correlation between population increase and economic growth, concluding that both are strongly interconnected. Most previous studies have yielded controversial results regarding the relationship between economic growth and population growth rates. Supported by research conducted by Yunianto (2021) and Zulfa (2016), findings indicate that the variable of human population growth has a significant and beneficial impact on economic growth. This implies that the rate of population increase affects GDP per capita, living standards, agricultural development, employment, and other factors. This relationship is further linked to the growth in per capita income of a country, indicating economic advancement.

H1: Population Growth Positively Influences Economic Growth.

Inflation Rate

Inflation is closely linked to economic growth. If inflation is too low, it can hinder economic growth, while excessively high inflation reduces purchasing power, potentially slowing down economic activity (Handayani et al., 2023). To achieve price stability, inflation strategies are implemented to ensure that inflation remains at a level that does not negatively impact economic activities (Ekinici et al., 2020). Thus, effective control policies need to be executed to promote the desired economic growth with controlled inflation (Wibangga, 2022).

A comprehensive literature survey, encompassing both theoretical and experimental sections, explores the relationship between processes and inflation. Currently, a new class of models that link inflation to economic growth relevance indicates that their relationship is non-linear, suggesting significant underlying dynamics. Throughout the relationship between inflation and economic processes, the supply chain plays a crucial role. Barro's research provides substantial evidence of the significant negative impact of inflation on growth. In contrast, Bruno and Easterly's study shows that the inflation-growth correlation is present only when their cross-section regression is based on annual observations, with the correlation weakening when longer-term averages are used.

Research conducted by Salim and Fadilla (2021) and Simanungkalit (2020) found that inflation rates have a significant impact on

economic growth. Supported by the study by Kartika and Pasaribu (2023), this emphasizes the importance for governments to implement further domestic policy implications or collaborate with development partners to broadly control inflation levels in a country, thereby fostering economic growth. H2: Inflation Rate Positively Affects Economic Growth

Foreign Direct Investment

Foreign Direct Investment (FDI) is a form of investment characterized by the establishment or complete acquisition of a company (Makki et al., 2004). When correctly distributed, such investments add financial value to a country through eventual revenue, especially in the current era of globalization. According to the World Investment Report 2002, FDI can principally aid in boosting exports by: (1) increasing local investments aimed at exports; (2) transferring technology and introducing new products for sale; (3) providing access to new or foreign markets; and (4) offering training to the domestic workforce to enhance their technical and managerial skills (Lamah et al., 2021).

In recent years, enthusiasm for the relationship between development and foreign direct investment has grown, particularly due to the deindustrialization of developed countries and the internationalization of production processes. Currently, FDI integrates several countries into the global market. Comprehensive studies on the impact of financial procedures yield varying results. Initially, numerous examinations suggest constructive outcomes of FDI on job creation through externalities and spillover effects (Didu et al., 2022). For

instance, research by Barrell and Pain indicates that FDI is a crucial component for disseminating ideas and advancements across regions. Similarly, Borensztein's study, which examines the impact of FDI on economic growth in developing countries, demonstrates that FDI serves as an innovation system, enhancing efficiency and performing optimally when the host country meets a certain threshold of human capital (Didu et al., 2022).

FDI can be easily understood as the flow of international capital into an industry to spur economic development and help non-oil manufacturing sectors compete on an international scale. For example, research by Gandhi et al. (2022) shows that FDI positively impacts GDP growth in Indonesia and Singapore, indicating a direct relationship between FDI and both short-term and long-term economic expansion. This finding is supported by Jufrida et al. (2017), who state that FDI significantly influences economic growth. Hypothesis 3: Foreign Direct Investment Positively Influences Economic Growth

Based on the theoretical review, the researchers have illustrated a conceptual framework diagram to facilitate readers' understanding of this study, as follows:

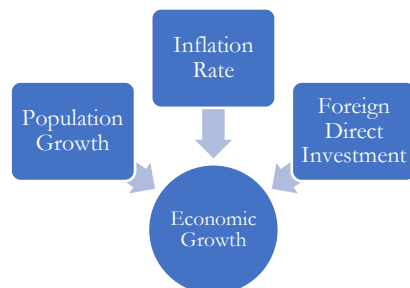


Figure 2. Conceptual Framework

RESEARCH METHOD

This research adopts a quantitative methodology, utilizing secondary data sourced from the World Bank and Transparency International. The focus of the study is on the member countries of the Eight Development Countries (D8), namely Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Turkey, with an observation period spanning from 2016 to 2021. The population of this study encompasses all D8 member countries, with annual data collected from 2016 to 2021. The selection of this period is based on the availability of consistent and relevant data pertaining to the research topic.

This study employs panel data techniques, which combine time series data and cross-sectional data. The data analysis is conducted using panel regression methods to capture both temporal dynamics and cross-country variations. The choice of this method is supported by assumption tests such as heteroskedasticity and autocorrelation tests to ensure the validity of the model. Given the high heterogeneity among the countries, the fixed effect model is utilized. The analysis is performed using Eviews version 12, involving steps of data processing, modeling, and result interpretation. The panel regression equation formulated for this study is as follows:

$$Y_{it} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon_{it}$$

Description :

Y	: Economic Growth
α	: Constant
X_1	: Population Growth
X_2	: Inflation Rate
X_3	: Foreign Direct Investment
β_1, β_2	: Regression Coefficient
ε	: Error
i	: Cross Section
t	: Time Series

Determining the Model Estimation Method and Hypothesis Testing

The model estimation method is employed to select the optimal model for panel data analysis, considering both time series and cross-sectional aspects. Three primary models are considered: First, the Common Effects Model (CEM) serves as a basic approach to panel data by combining time series and cross-sectional data without accounting for variations over time or across individuals. Second, the Fixed Effects Model (FEM) assumes that each cross-sectional unit has a unique intercept, making it suitable when it is believed that specific characteristics of each unit influence the dependent variable. Third, the Random Effects Model (REM) addresses the loss of parameter efficiency caused by reduced degrees of freedom, treating the variation among cross-sectional units as a random component.

The selection of the estimation model is carried out through a series of statistical tests. The Chow Test is used to determine whether the Fixed Effects Model is superior to the Common Effects Model, with the null hypothesis (H_0) positing that the Common Effects Model or pooled OLS is the better model, which is accepted if the p-value (Prob) is greater than 0.05. The Hausman Test helps choose between the Fixed Effects Model and the Random Effects Model, where the null hypothesis (H_0) suggests that the Random Effects Model is more appropriate, which is accepted if the p-value (Prob) is greater than 0.05. Lastly, the Lagrange Multiplier (LM) Test is used to decide whether the Common Effects Model or the Random Effects Model is more suitable, with the null hypothesis (H_0)

positing that the Common Effects Model is superior, which is accepted if the p-value (Prob) is greater than 0.05.

Once the best estimation model is selected, the next step is hypothesis testing using the F-test, T-test, and the coefficient of determination (R^2). The F-test is employed to assess the overall significance of the model, the T-test evaluates the significance of individual parameters, and R^2 measures the proportion of variability in the dependent variable that can be explained by the model.

RESULTS

Descriptive Analysis

In this study, we utilized 48 observations to analyze the descriptive data of the investigated variables. Below is a summary of the descriptive statistics for the analyzed variables:

Table 1.
Descriptive Analysis

	Y	X1	X2	X3
Mean	3.670323	1.437701	10.30720	-5.000.000.000
Median	4.263932	1.310218	7.510280	-2.480.000.000
Maximum	11.35350	2.527317	43.38902	0.000000
Minimum	-5.534456	0.694718	-1.138702	-20.500.000.000
Std. Dev.	3.283452	0.529615	9.515020	5.280.000.000
Observations	48	48	48	48

Source: Eviews, data processed, 2023

From the table above, we can observe that the variable Y has a maximum value of 11.35 and a minimum value of -5.53, indicating a significant variation in economic growth over the observation period. The variable X1 (Population Growth) has an average value of 1.44, with a highest value of 2.52 and a lowest value of 0.69, suggesting that population growth has been relatively stable. The variable X2 (Inflation Rate) exhibits considerable variation with a

maximum value of 43.38 and a minimum value of -1.14. Meanwhile, the variable X3 (Foreign Direct Investment) has an average value of -5.00E+09, indicating significant fluctuations in foreign direct investment during the observation period.

Panel Data Regression Analysis

Panel data regression analysis was conducted to determine the most appropriate model for estimating panel data. Several statistical tests were performed, including the Chow Test, the Hausman Test, and the LM Test, to identify the suitable model, whether it is the Common Effects Model (CEM), the Fixed Effects Model (FEM), or the Random Effects Model (REM).

Table 2.
Model Selection Tests

	Prob	Explanation	Conclusion
Chow Test	0.0874	< 0.05 H_0 rejected	FEM
Hausman Test	0.0609	> 0.05 H_0 accepted	REM
LM Test	0.9210	> 0.05 H_0 accepted	CEM

Source: Eviews, processed data, 2023

Based on the above test results, the probability value in the LM Test is 0.9210, which is greater than 0.05, thus accepting H_0 . This indicates that the Common Effect Model (CEM) is the most appropriate model for estimating panel data compared to the Random Effect Model (REM) and the Fixed Effect Model (FEM). This conclusion is drawn from the results of the three statistical tests, which suggest that the variables in this study are better modeled using the CEM approach..

Hypothesis Testing

First, F-Test (Simultaneous). Based on the results of the F-test conducted using the

Common Effects Model (CEM), the Prob. F-Statistic value obtained was 0.92, which is greater than the significance level alpha (0.05). This indicates that the variables X1, X2, and X3 do not have a significant simultaneous effect on economic growth in the Eight Development Country.

Second, T-Test (Partial).

Table 3.
T-Test (Partial)

	Coefficient	Prob	Result
X ₁	-1.210597	0.1835	H1 Rejected
X ₂	-0.057348	0.2589	H2 Rejected
X ₃	-0.000831	0.3648	H3 Rejected

Source: Eviews, data processed, 2023.

The panel data regression results using the Common Effects Model (CEM) reveal that none of the three independent variables (X1, X2, and X3) exhibit a significant impact on economic growth in the Eight Development Country.

The Coefficient of Determination Test (R^2)

Table 4. (R^2) Test

R-squared	0.063098
Adjusted R-squared	-0.000782

Source: Eviews, data processed, 2023

The panel data regression estimation results indicate that the Adjusted R-squared value is -0.000782. This suggests that the three independent variables—Population Growth, Inflation Rate, and Foreign Direct Investment—have minimal explanatory power regarding economic growth in the Eight Development Country. The remaining variability is accounted for by other factors not included in this study.

From the results above, the hypothesis testing using the Common Effects Model (CEM) indicates that the independent

variables, X1, X2, and X3, do not have a significant influence, either simultaneously or partially, on economic growth in the Eight Development Country. The F-test yields a Prob. F-Statistic value of 0.92, which is greater than the alpha significance level of 0.05, indicating that these variables do not jointly affect economic growth. Additionally, the partial T-test shows that the probability values for each variable—X1 (0.1835), X2 (0.2589), and X3 (0.3648)—are all greater than 0.05, leading to the rejection of hypotheses H1, H2, and H3. The coefficient of determination analysis reveals that the Adjusted R-squared value is -0.000782, indicating that the model can only explain a negligible portion of the influence of these three variables on economic growth, with the majority of the variability being explained by other factors not included in this study.

DISCUSSION

After conducting the analysis using the panel data regression model, the following results were obtained:

$$\text{GDP} = C - 1.210597 (\text{PP}) - 0.057348 (\text{INFS}) - 8.31\text{E-}11 (\text{FDI})$$

The results indicate that the variables of population growth, inflation, and foreign direct investment do not have a significant impact on economic growth, as evidenced by the negative coefficients associated with each variable. Population growth has a coefficient of -1.210597, inflation has a coefficient of -0.057348, and foreign direct investment has a coefficient of -8.31×10^{-11} . These negative coefficients suggest that increases in these variables tend to reduce GDP, although their effects are very small and not statistically significant. This is indicated by p-values

exceeding the accepted significance level. Overall, this model may require further adjustments or the inclusion of other more relevant variables to more accurately depict the factors influencing economic growth. Additional analysis is also needed to understand the reasons behind these negative relationships and the policy implications that can be drawn.

The Influence of Population Growth on Economic Growth and Its Relationship with Islamic Economics

The test results indicate that the population growth variable has a significance value of 0.1835, which is greater than the threshold of 0.05. Consequently, it can be concluded that this variable does not significantly affect economic growth. The coefficient value of -0.057 indicates that for every 1% increase in population growth, economic growth decreases by 5.7%. This finding is consistent with previous research by Yenny & Anwar (2020), which concluded that population growth is not a primary factor considered by the government in driving the country's economic growth. Their study also highlighted that greater attention is given to factors such as investment and technological innovation.

From the perspective of Islamic economics, justice in the distribution of resources and the creation of adequate employment opportunities are crucial elements. Population growth that is not accompanied by economic growth can be addressed through policies aligned with the principles of social justice in Islam, such as zakat and waqf, which function to enhance the overall welfare of society. For example,

the implementation of productive zakat can be used to fund micro, small, and medium enterprises (MSMEs), which in turn can create new jobs and stimulate economic growth. Thus, this study provides a significant contribution to understanding the relationship between population growth and the economy within the framework of Islamic economics, as well as offering relevant policy solutions to improve societal welfare.

The Influence of Inflation Rate on Economic Growth and Its Relationship with Islamic Economics

Based on the results of the tests, the inflation variable showed a significance value of 0.2589, which is greater than 0.05, indicating that inflation does not have a significant effect on economic growth in this study. The coefficient value of the inflation variable is -1.21, meaning that every 1% increase in inflation is associated with a 1.21 unit decrease in economic growth. This finding is consistent with Handayani et al. (2023), who also stated that inflation does not significantly affect economic growth.

In the context of Islamic economics, high inflation can harm the social and economic welfare of society. Therefore, controlling inflation through monetary policies that adhere to Sharia principles, such as the prohibition of *riba* (usury) and the emphasis on price stability, becomes crucial to ensure sustainable economic growth. These findings highlight the need for policies that integrate Islamic economic principles in efforts to control inflation, aiming to maintain economic stability and enhance overall societal welfare.

By emphasizing the practical relevance of these research findings within the context of Islamic economics, this study aims to make a meaningful contribution to the economic literature and Sharia-based economic policy practices. Furthermore, these results align with the literature that underscores the importance of price stability in achieving sustainable economic growth.

The Impact of Foreign Direct Investment on Economic Growth and Its Relationship with Islamic Economics

The Foreign Direct Investment (FDI) variable was tested and found to have a significance value of 0.3648, which is greater than 0.05. Consequently, statistically, FDI does not have a significant impact on economic growth in this study. Although the coefficient value is -8.31, the interpretation that a 1% increase in FDI would reduce economic growth by 831% suggests a potential calculation or typographical error. Consistent with the research by Rofii and Ardyan (2017), the impact of FDI on economic growth is often insignificant in certain developing country contexts.

From an Islamic economic perspective, incoming foreign investments must align with Sharia principles and should not harm the local community. Investments focusing on the development of equitable sectors, such as small and medium enterprises (SMEs) and the halal industry, can have a more significant positive impact on economic growth and societal welfare. This study indicates that, within the context of the eight developing countries analyzed, population growth, inflation, and FDI do not significantly influence economic growth. However, the

Islamic economic approach, which emphasizes justice, wealth distribution, and economic stability, can provide an important additional perspective in understanding and addressing economic growth challenges in these countries.

Therefore, this study suggests the need for a deeper analysis of the types of FDI and sectors that are most effective in driving economic growth in accordance with Islamic economic principles. This approach can help create a more equitable and sustainable economic environment for the broader society.

CONCLUSION

This study aims to evaluate the impact of population growth, inflation rates, and foreign direct investment (FDI) on economic growth in eight developing countries over the period 2016-2021. The results of the analysis indicate that these three variables do not have a significant influence on economic growth and even tend to have negative effects. Specifically, a 1% increase in population growth is indicated to reduce economic growth by 5.7%. Inflation also shows similar results, where a 1% increase in inflation rate reduces economic growth by 12.1%. Likewise, a 1% increase in foreign direct investment decreases economic growth by 8.31%. Overall, these three variables only explain 0.0782% of the variability in economic growth.

In the context of Islamic economics, these findings underscore the importance of the principles of justice, wealth distribution, and economic stability. Sustainable economic growth must be supported by just Shariah-

compliant policies in resource management, avoidance of usury, and inflation control. Ethical investment, equitable income distribution, and the creation of quality employment are key to achieving holistic and sustainable well-being from an Islamic economic perspective. Therefore, this study recommends the implementation of policies aligned with Islamic economic principles to foster more inclusive and sustainable economic growth.

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