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How to Increase Foreign Direct Investment Inflows in OIC Countries: A Green Economy Model

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Abstract

OIC countries face the challenge of attracting Foreign Direct Investment (FDI) while ensuring sustainable economic growth. In practice, traditional investment strategies ignore the role of environmental policies and governance in investor decision-making. This study aims to determine how green economic policies and institutional quality can influence FDI inflows in OIC countries to promote economic resilience and sustainability. This research uses explorative qualitative methods with several case studies to assess the relationship between governance, economic policy, and environmental sustainability. The results of this study suggest that strong institutions, transparency, and well-structured green policies can increase investor confidence. In addition, countries with stable political conditions, anti-corruption measures, and regulatory availability can attract more FDI, especially in the green sector. However, inefficient governance, environmental degradation, and inconsistent policies hinder investment in many OIC countries. This study implies that the OIC Government should strengthen the institutional framework, promote sustainable economic policies, and create a stable business environment. In addition, investing in green infrastructure and encouraging private sector involvement in environmentally friendly industries will increase FDI and drive long-term economic growth.

Keywords: Tax Literacy; Social Media Usage; Tax Compliance; Generation Z; Millennials, Social Learning Theory.

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Introduction

Foreign investment plays a crucial role in job creation, economic integration, and infrastructure development (Nguyen, 2020). Many countries have experienced economic growth through foreign direct investment (FDI), which significantly contributes to national development. The United States, China, and Singapore are examples of nations that have successfully managed FDI inflows (Giroud & Ivarsson, 2020). Investment aims to raise living standards by ensuring long-term economic stability. However, domestic capital alone is often insufficient for development, necessitating foreign investment (Adegboye et al., 2020). Therefore, governments must create an environment that attracts foreign investors by implementing investment-friendly policies (Agustya, 2017).

Global competition to attract FDI has intensified since the 1990s, prompting both developed and developing countries to introduce tax reductions, subsidies, and regulatory reforms to facilitate FDI inflows (UNCTAD, 2013). Organizations such as the South Asian Association for Regional Cooperation (SAARC), the Association of Southeast Asian Nations (ASEAN), and the Organization of Islamic Cooperation (OIC) have also worked to enhance investment environments (Ahmad et al., 2019). According to Dunning's eclectic paradigm theory (2000), foreign investors' decisions to invest depend on government policies, institutional frameworks, and political stability. Weak institutions, including high tax burdens and regulatory inefficiencies, can deter FDI by increasing investment costs (Sabir et al., 2019).

Investors tend to avoid countries with corruption, nepotism, and bureaucratic inefficiencies, as these factors raise business costs and risks (Adhikary, 2017). Research by Harms & Wacker (2019) suggests that investors favor countries with strong democratic structures, while autocratic regimes often struggle to attract FDI due to policy uncertainty. Several studies highlight the significant influence of institutional quality on FDI inflows, including in Asia and Latin America (Gani, 2007) and the ASEAN and Central Asian regions (Ullah & Khan, 2017). Lucke & Eichler (2016) found that foreign investors prefer politically stable nations with diverse societies, emphasizing that institutional and cultural factors play a critical role in investment decisions.

The impact of institutional quality on FDI inflows varies between developed and developing countries. Peres et al. (2018) found that while corruption control and the rule of law significantly affect FDI inflows in developed countries, institutional weaknesses in developing nations often undermine the positive impact of

governance improvements. Mukhtarov et al. (2021) further highlight that high-quality institutions are essential for attracting FDI, yet few studies have examined the relationship between FDI and climate change mitigation efforts, a growing global concern.

Today, investors are increasingly prioritizing environmental, social, and governance (ESG) factors when making investment decisions. Qoyum et al. (2022) argue that companies lacking environmental and social responsibility may face lawsuits and long-term financial losses (Galbreath, 2013; Arjaliès, 2010). Investors seek to protect their assets while contributing to social change, preferring companies with strong ESG practices. The integration of non-financial factors, including ethical, environmental, and social concerns, has become a dominant trend in investment decisions. This aligns with Shehzad et al. (2021), who suggest that nations with strong environmental and social policies are more attractive to global investors.

While existing research has extensively examined factors influencing FDI, such as institutional quality, political stability, and economic policy, limited studies focus on how climate change policies impact FDI inflows, particularly in OIC countries. These nations face unique economic development, institutional, and environmental policy challenges. Given their diverse economic structures, resource availability, and governance systems, their approach to climate change mitigation and investment attraction varies significantly.

Thus, the main aim of this research is to explain how a country's policies in an effort to overcome climate change affect FDI inflows in OIC countries. Green economic policies and institutional quality in accordance with the characteristics of OIC countries are the indicators proposed in this research.

Literature Review

Organization Location and Internalization (OLI) Framework

The OLI Framework, proposed by Dunning (1988), adopts an eclectic approach by integrating three key FDI theories: Industrial Organization Theory, Internalization Theory, and Location Theory. This framework suggests that a company engages in Foreign Direct Investment (FDI) when three conditions are met. First, the company must possess ownership advantages that differentiate it from competitors. Second, it must be more profitable to utilize these advantages internally rather than leasing or selling them to other firms. Third, it must be more

beneficial to apply these advantages in foreign markets where specific inputs or factors are available.

Despite its broad applicability, the OLI Framework has certain limitations, particularly in explaining the presence and evolution of multinational corporations (MNCs) and their progression toward FDI investment (Moosa, 2002). The global economic landscape continues to evolve, influencing both FDI theories and the factors shaping investment decisions. As economic dynamism persists, empirical studies across various countries have led to new approaches in understanding FDI behavior (Koojaroenprasit, 2012).

Institutional Quality

North (1990) defines institutions as human-created constraints consisting of structural, economic, political and social issues. Indeed, institutions represent the formal and informal rules of the game in which different economic players and actors interact and perform actions to maximize their profits and returns (Wang et al., 2018).

International investors are hesitant to invest in a risky and unconducive environment, whereas a risk-free environment is a good location for an investment destination country and good institutions also lead to better utilization of FDI (Adam, 2020). Lucas (1993) argues that in developing countries, institutional factors, compared to purely economic factors, play a more important role in attracting inward FDI. In short, the institutional quality of the host country affects profitability, and institutionally strong countries can attract foreign investors by offering high returns (Sabir et al., 2019).

Dunning (1998) extended the concept of location advantage by adding institutional factors along with economic factors. He argues that foreign investors prefer locations that offer the best economic and institutional facilities. Therefore, foreign investors' decisions depend on the rate of return based on sound institutions and other macroeconomic indicators. Several studies have focused on the impact of institutional quality on FDI (Buchanan et al., 2012; Ali et al., 2010). The dominant view is that countries with good governance can attract more FDI (Gani, 2007; Globerman et al., 2004; Globerman & Shapiro, 2002) whereas a weak governance environment cannot protect investment (Globerman & Shapiro, 2003).

Institutional variables, particularly corruption, political restrictions, and property rights protection, are some of the important determinants of multinational

investment and FDI inflows(Richards & Nwankwo, 2005). Staats & Biglaiser (2012) argue that panel data analysis shows that the rule of law and judicial power are important determinants of FDI inflows in 17 Latin American countries. Some scholars argue that in countries where property rights are poorly protected, multinationals' investments face expropriation risks (Henisz, 2000; Henisz & Williamson, 1999). For example, the host country government may receive a portion of the multinational's return or even nationalize the company.

Jiménez (2010) argues that Spanish multinationals, especially younger ones, implement their internationalization policy by investing in countries where the level of political risk is very low. Thus, the proportional advantage can be achieved by investing in countries where stable political conditions create transparency and ease of doing business, which is an important determinant to attract more foreign investment (Kapuria-Foreman, 2007).

Furthermore, Dunning (2002) argues that institutional factors, such as good governance and economic freedom, are becoming very popular determinants of FDI as multinational corporations' (MNCs) priorities shift away from markets and resources in search of efficiency. Traditional FDI determinants, such as natural resources and low-cost labor, have become relatively less important, while recent factors, such as governance and economic freedom, have become more popular concluding that institutional factors affect FDI directly (S. Ali et al., 2020; Sabir et al., 2019).

Holistic development can only be possible with the right policies advocated by institutions. North's (1990) proposed that the association of institutions and economic activities, especially investment, can help in lowering the cost of doing business and boost profits. Today the emphasis of FDI is more oriented towards the search for efficiency of resources and the integral role of institutions in good governance (Ajide & Raheem, 2016). A pioneering study was conducted by Dunning (2002), who argued that good governance and economic freedom are significant determinants of FDI. Unmitigated institutional quality factors such as good governance, political stability, low corruption, and safe laws and regulations can increase FDI inflows (Canh et al., 2020; Bissoon, 2012).

Green Economy

The green economy concept was first coined in the late 1980s by Pearce et al. (1989) in their widely recognized report called the "blue print" for the green economy. At least that is what the literature most often states about the emergence

of the green economy concept (Georgeson et al., 2017; Loiseau et al., 2016; Boehnert, 2016; Faccer et al., 2014). Published in 1989, Blue print for a Green Economy presented, for the first time, practical policy measures to 'green' the modern economy and put it on the path to sustainable development. The Blue print book, written by two green economy authors, revisits and updates its key messages with the questions, first: what has been achieved in the last twenty years, and second: what more needs to be done to produce a truly concrete 'green economy' in the twenty-first century?. Actually, the first attempt to conceptualize the green economy was achieved two years later by Jacobs (1991) in his book The Green Economy, where the term acquired its own identity through a theoretical demarcation explained through the following two points: (i) the political ideology typically carried by "green parties"; and (ii) the academic discipline of environmental economics.

However, according to Brown et al. (2014) in the middle phase around the 1990s and the beginning of this century, the concept of green economy almost disappeared from common usage among international development experts and was rarely discussed in the scientific literature. Such conceptual weakening was partly due to the emergence of sustainable development, which attracted political attention, particularly after the Rio Summit in 1992 (Gibbs et al., 2017). In 2008, almost twenty years after the blue print for the green economy was published, international organizations saw the concept of the green economy as more comprehensive in its policy response to the problems that occurred including: (i) the global financial crisis; and (ii) environmental problems that occur to date (Bina & La Camera, 2011). In this particular context, the concept of green economy is recycled and described as an operational strategy that enables economic recovery and more sustainable growth in the future (Georgeson et al., 2017; Barbier, 2012; Bowen et al., 2009). The green economy discourse is also seen as a way to cope with the declining appeal of the concept of Sustainable Development in economic policy making (Jacobs, 2012).

According to the United Nations Environment Programme (UNEP, 2011), a green economy is one that results in increased human well-being and social equity, while significantly reducing environmental risks and ecological scarcity. The green economy concept is institutionally driven at the international level mainly by the United Nations (UN) through the UNEP agency, which launched the Green Economy Initiative in 2008 and called for a Global Green New Deal one year later in 2009 (Barbier, 2009). The UN General Assembly also convened the UN conference (2012)

on sustainable development (Rio+20) and designated the green economy as one of the two main focus areas of the UN (Dogaru, 2021). Even in world meetings such as at COP26 Glasgow in the UK (2021) and G20 in Bali (2022) world countries have agreed to reduce climate change through the development of a green economy. The green economy is seen as an indicator of future economic growth, so some researchers examine the role of green economy policies in attracting FDI inflows to a country (Zhou & Zhao, 2022; Asongu & Odhiambo, 2020).

Methods

This study employs an exploratory qualitative research approach using a case study method to examine how institutional quality and green economic policies influence FDI inflows in OIC countries. Given the complexity of these relationships, a qualitative approach provides in-depth insights into the contextual factors affecting investment decisions.

Qualitative research has several defining characteristics: (1) data is collected directly from primary and secondary sources, with the researcher actively involved in the process; (2) the data is descriptive and context-dependent; (3) analysis follows an inductive approach, allowing patterns and themes to emerge; and (4) the primary goal is to understand the deeper meaning behind the data (Rodrigues & Franco, 2023).

To operationalize this method, multiple case studies were conducted to analyze the impact of institutional quality and green policies on FDI inflows within their real-world settings. These case studies were complemented by an extensive literature review to strengthen external validity, addressing potential limitations in qualitative approaches. By examining these dynamics in their natural context, the study identifies key behavioral patterns, institutional factors, and policy frameworks that shape investment decisions.

Through systematic data collection and analysis, this research provides a comprehensive understanding of how institutional quality, governance structures, and environmental policies interact to attract foreign investment in OIC countries, offering valuable insights for policymakers and investors alike.

Result and Discussions

Institutional Quality and FDI

In the 1980s, OIC economies embarked on reforms to establish an institutional framework promoting investment, free market mechanisms, and privatization. However, uneven implementation of these reforms led to an ineffective institutional environment that undermined fair competition in contract enforcement. The OIC region lacks business quality as a result of its failure to adopt adequate institutional reforms and reduce political instability (ESCWA, 2013). Various institutional challenges that occur in OIC countries include; Countries in the Middle East and North Africa region, such as Yemen and Libya, are struggling with political upheaval and transition, leading to uncertainty in the regulatory environment and government effectiveness. Several countries in Sub-Saharan Africa, such as Nigeria and Senegal, face governance problems related to corruption and weak rule of law.

Numerous FDI studies have mostly focused on the African, North and South American, Eastern European and Asian regions, and little attention has been paid to research on FDI inflows and institutional quality in OIC countries, due to the lack of reliable data compared to other regions (Aziz, 2018). The FDI studies of Mina (2009) and Gani & Al-Abri (2013) focused only on the Gulf Cooperation Council (GCC) countries. Several FDI studies have investigated FDI flows and institutional qualit relationships focusing on the Middle East and North Africa, MENA region (Helmy, 2013; Rogmans & Ebbers, 2013; Mohamed & Sidiropoulos, 2010).

The literature on FDI has paid particular attention to the importance of institutions in attracting FDI inflows, suggesting several reasons why the quality of institutions matters. The presence of good institutions tends to increase productivity, which can stimulate foreign investment (Aziz, 2018). Increased productivity requires a strong research and development (R&D) system, the availability of financial institutions capable of funding large-scale scientific or technical projects, flexible labor markets, low restrictions on business and political stability in government. Such productivity developments are intertwined with the evolution of institutions (Hodgson & Stoelhorst, 2014; Nelson, 2008).

Efficient institutions reduce transaction costs, an important factor in the calculation of investment income and taken into account by foreign firms considering making investments abroad. In this context, efficiency refers to the ability to minimize transaction costs, especially the costs of production, logistics operations, information about doing business, and risk mitigation (Aziz, 2018).

These costs may arise due to poorly protected property rights, the absence of a properly regulated institutional system, corruption, underdeveloped financial markets or weak incentive structures (Dunning, 2004).

Prior to entering a foreign market, such costs are, for many firms, obscure and often underestimated, and in some cases may even be overlooked when the firm is established and day-to-day business begins, these costs become more apparent. Transaction costs are an important factor for firms when they assess the business environment and evaluate their subsidiaries, as performance reacts quickly in changing conditions (Adegboye et al., 2020).

As such, transaction costs have a negative impact on the level of investment as they can limit a firm's ability to operate, diversify against risks, resolve disputes, or choose the optimal organizational structure (Ullah & Khan, 2017). Reducing transaction costs increases trust, reciprocity and commitment among businesses, increases competitiveness and ensuring that host countries are committed to providing a stable business environment are components in improving the quality of institutions (Tomassen & Benito, 2009).

Efficient institutions protect property rights and the international economy is becoming a knowledge-based economy, consequently, intellectual property rights are becoming increasingly important. Their protection is necessary because those who produce goods and services can be adequately rewarded. The value of property rights can be quickly destroyed unless governments can enforce the principle of quality institutions.

The extent to which foreign firms can increase investment in a country depends on the extent to which that country has created institutions and policies to protect intellectual property rights, and the effectiveness of the government in enforcing these rights affects the decision of foreign firms to enter the host country. Institutional quality is a proxy for domestic institutional functioning for the host country that affects FDI inflows.

Green Economy Model

This research proposes a set of indicators that are used as a gauge of the green economy in OIC countries. The measurement framework of this study identifies 19 indicators to capture the key characteristics of a green economy and monitor progress towards green growth in OIC countries. in OIC countries. This research

organizes the green economy indicators in OIC countries into five dimensions as follows:

Environmental Dimension

Neoclassical economists argue that environmental problems stem from the inefficient use of natural resources and the undervaluation of natural capital (Borel-Saladin & Turok, 2013). This perspective assumes that man-made and natural capital are interchangeable (Bina & La Camera, 2011). A key idea within this framework is that economic growth and sustainable resource use can coexist, an argument central to Porter's hypothesis, which suggests that environmental regulations can drive innovation, enhance business performance, and create win-win outcomes for both the economy and the environment (Porter & Van Der Linde, 1995). This view is highly optimistic about human ability to solve resource-related challenges (Williams & Millington, 2004).

Environmental economics emphasizes the need to internalize environmental costs by assigning an accurate valuation to natural capital. The concept of external effects serves as a starting point, wherein environmental costs—ranging from local issues (e.g., airport noise) to global concerns (e.g., greenhouse gas emissions and air pollution)—are quantified and factored into economic decision-making (Rennings & Wiggering, 1997; Loiseau et al., 2016). External benefits include incentive-based mechanisms for sustainable resource use, ensuring that costs and benefits are fairly distributed across society. According to Loiseau et al. (2016), environmental challenges—especially climate change—are inseparable from the concept of natural capital.

The international community remains deeply concerned about climate change, as deforestation and greenhouse gas emissions are among the biggest contributors (Rehman et al., 2021). Mitigation efforts focus on controlling pollution and carbon emissions (CO_2), which account for nearly 65% of total global greenhouse gas emissions. Many Islamic countries possess diverse natural resources but face unique environmental challenges due to arid and semi-arid climates, particularly in the Middle East and North Africa (MENA) (Kaminski, 2019). As a result, these countries are highly vulnerable to climate change, particularly in terms of water scarcity, which threatens agriculture and food security (Slesman et al., 2015).

Deforestation is another critical environmental issue for many OIC countries. According to Global Forest Watch, several OIC nations rank among the top 10 countries with the highest deforestation rates in 2020. Indonesia experienced a loss

of 270,000 hectares (ha) of primary forest, followed by Malaysia with 73,000 ha. In Africa, Comoros, Togo, and Nigeria had some of the highest deforestation rates (Ofori & Grechyna, 2021). Urbanization in Malaysia and Turkey further exacerbates forest loss, putting pressure on biodiversity and carbon sequestration functions. Since forests provide habitats for various species and serve as carbon sinks, deforestation not only disrupts ecosystems but also endangers communities that rely on forest resources for their livelihoods.

Extreme weather events such as droughts, floods, and storms have increasingly affected Muslim-majority countries in South Asia, Southeast Asia, North Africa, and the Middle East. Many of these countries lack the capacity to mitigate the adverse effects of extreme weather conditions. Historical disasters, such as the 2004 Indian Ocean Tsunami in Indonesia and the 2005 Pakistan Earthquake, highlight the region's vulnerability to natural hazards. Such disasters pose significant risks to poverty reduction efforts and sustainable development goals. In Pakistan, the destruction of coral reefs and mangroves has contributed to severe flooding, while in Bangladesh, deforestation of mangrove forests has led to environmental degradation and habitat loss for endangered species.

The rapid urbanization of countries such as the United Arab Emirates, Bahrain, Malaysia, and Turkey has led to increased energy consumption, waste generation, and emissions that further contribute to climate change. The combined effects of overexploitation, urbanization, and environmental mismanagement accelerate biodiversity loss and ecosystem degradation, ultimately diminishing the benefits derived from natural resources. To ensure long-term environmental sustainability, Islamic countries must adopt policies that emphasize natural capital protection and eco-friendly development strategies.

Economic Dimension

OIC countries have experienced rapid and stable economic development over the past few decades. However, at the environmental degradation has also increased as a consequence of this development. OIC countries are considered as one of the world's major contributors to CO2 emissions (Khan & Ozturk, 2021). Unsustainable management of natural resources, unsustainable industrial growth, and increasing consumption of the middle-income class are the causes of increased CO2 emissions. The increasing trend of CO2 emissions results in a debatable issue in OIC countries.

In ecological economics, the economy is defined as a subsystem of nature that has physical limitations (scarcity) to economic growth. The economic system is

ultimately constrained by the biophysical limitations of the earth, and it is society that must adapt the economic system to these components in order to operate in a safe space (environment and society) (Bina & La Camera, 2011; Kennet & Heinemann, 2006).

The concept of ecological economics emerged in the late 1980s inspired by earlier research based on the multidisciplinarity of economics and natural sciences. Ecological economics attempts to analyze cause-and-effect relationships and dynamic processes with the environment. This integrated and biophysical (environmental-economic) perspective aims to provide solutions to environmental problems (Ekins et al., 2003; Van den Bergh, 2001) . Among these solutions, great emphasis is placed on structural changes in the economy and society such as creating a smaller scale through decentralization based on greater independence to create an environmentally friendly economic system (Williams & Millington, 2004).

In the process of economic development according to K. J. Bowen & Lynch (2017) green infrastructure has been identified as an effective adaptation strategy to the environment in addressing climate change. Green infrastructure is an interconnected network of green spaces that preserve the value and function of natural ecosystems and provide benefits to human populations. This strategy provides multiple benefits from an adaptation perspective including cooling, air quality, flood reduction, and also provides a range of ecosystem services, which benefit human well-being (Ying et al., 2022).

Despite significant research on the multiple benefits provided by green infrastructure, it has not been widely embraced as an important infrastructure element for some countries (Ying et al., 2022). This research proposes green infrastructure as an indicator in the economic dimension, as the focus on infrastructure development taking place in Islamic countries is very important. According to the OIC outlook economy (2020), developing countries, including member countries of the Organization of Islamic Cooperation (OIC), experience urgent infrastructure needs, as about 1.1 billion people live without clean water, 1.6 billion people live without electricity and 2.4 billion people live without sanitation.

While the current level of investment in sectors relevant to developing countries, including OIC countries, requires an annual budget of around $2.5 trillion. Specifically for OIC member countries, global studies have suggested that they suffer not only from a lack of basic infrastructure but also from high inequality in terms of infrastructure provision among different countries (SESRIC, 2020).

Governance Dimension

Achieving sustained economic growth and development is a fundamental goal of public policy, aimed at enhancing social welfare. Several factors contribute to aggregate output, among which governance quality and foreign capital inflows play a crucial role (Sarkodie et al., 2020). The essence of good governance lies in fostering economic and social progress, ensuring transparency in public actions, reducing corruption, upholding the rule of law, and maintaining macroeconomic stability (Azam, 2022).

According to Puppim De Oliveira et al. (2013), good governance is particularly essential for developing countries, as it creates a healthy economic environment that promotes sustainable growth. Indeed, good governance is widely regarded as one of the most important factors in eradicating poverty and fostering development.

A well-functioning governance system fosters a constructive and stable political environment, while weak governance presents a significant obstacle to economic progress. The World Bank identifies corruption and fraud as major obstacles to economic and social development, as they distort the rule of law and weaken institutional structures (Kohler & Bowra, 2020). Conversely, Shleifer & Vishny (1993) argue that weak governance is associated with high levels of corruption, which stifles growth and exacerbates poverty.

Governance failures caused by widespread corruption and weak institutions have far-reaching consequences, including higher poverty rates and slower economic growth. Chipalkatti et al. (2021) outline three ways in which corruption exacerbates economic instability: (i) it creates uncertainty in policymaking, discouraging investment and job creation; (ii) it diverts private sector savings into the hands of corrupt officials, reducing the rate of GDP growth; and (iii) it inflates project costs, leading to reduced investment and limited expansion in the labor sector. Ehrlich & Francis (1999) further suggest that corruption and per capita income are inversely related at different stages of economic development.

This study identifies corruption and political instability as key governance weaknesses in OIC countries. According to Transparency International (2021), the world's 10 most corrupt nations are predominantly OIC member states, including Sudan, Syria, Somalia, Yemen, Afghanistan, Libya, and Turkmenistan. This situation is a serious concern for OIC member states, particularly given that one of the organization's primary objectives is to promote cooperation and development across various policy areas (S. Ali et al., 2020).

Social Dimension

The social dimension plays a crucial role in the green economy model for Organization of Islamic Cooperation (OIC) countries, as it directly impacts people's welfare. The green economy model seeks to integrate environmental and social considerations to promote sustainability and address climate change challenges. In the OIC context, this dimension is particularly important, as it ensures that sustainability efforts translate into tangible benefits for communities, such as improved quality of life, poverty reduction, and enhanced access to public services including healthcare, education, and sustainable infrastructure.

Active community participation is fundamental to the social dimension of the green economy model. Engaging local communities in the planning and implementation of sustainable projects allows for the expression of aspirations, the contribution of innovative solutions, and the overall success of sustainability initiatives. Inclusivity and social equity are also central to this model. OIC countries must ensure that green economy projects do not marginalize certain populations or exacerbate social inequalities. Instead, sustainability initiatives should provide equitable benefits across all segments of society, particularly for vulnerable groups.

The green economy model in OIC countries also promotes social and environmental justice by minimizing negative environmental and societal impacts while maximizing shared benefits. By prioritizing sustainability, equity, and inclusiveness, OIC nations can build resilient economies that effectively tackle climate change and global environmental challenges, ensuring long-term prosperity for their societies.

Gender Dimension

The gender dimension plays a significant role in the green economy model for Organization of Islamic Cooperation (OIC) countries, emphasizing equality and the active participation of both women and men in achieving sustainability and addressing climate change challenges. In many OIC nations, the contributions of women to sustainability and environmental conservation are often overlooked, despite their valuable knowledge and skills in natural resource management and sustainable practices.

Integrating gender equality into the green economy model ensures that women have equal opportunities to participate in and contribute to environmental protection and sustainable development. Countries that prioritize women's involvement in development assistance and poverty reduction strategies tend to

experience faster economic growth. Within the green economy paradigm, gender equality and women's empowerment are considered prerequisites for effectively addressing poverty, inequality, hunger, and other socio-environmental issues (Gupta et al., 2019).

Women play a crucial role in environmental management and development, making their full participation essential for a country's sustainable progress. To achieve inclusive development, green economy policies must prioritize poverty reduction and women's empowerment, recognizing their contributions as drivers of economic growth.

Beyond economic benefits, the gender dimension also promotes social justice. Women are often more vulnerable to the impacts of climate change and environmental degradation, necessitating policies that address their specific needs and protect their rights. Ensuring equitable access to sustainable resources and services is critical for enhancing resilience and reducing gender disparities.

From an economic perspective, integrating the gender dimension into the green economy model fosters inclusiveness and promotes sustainable growth. Strengthening women's economic roles and empowering them in environmentally friendly sectors contributes to overall economic stability and development. By actively involving women in planning, decision-making, and implementing sustainable projects, OIC countries can create a more equitable, inclusive, and sustainable future. This approach not only benefits society and the environment but also expands opportunities for women, enabling them to play a key role in long-term sustainable development.

Conclusion

The findings of this study highlight the critical role of institutional quality in attracting Foreign Direct Investment (FDI) in OIC countries, particularly when combined with the Green Economy Model. Strong institutions characterized by good governance, transparency, and rule of law foster a favorable investment climate, enhancing investor confidence in the region's sustainability initiatives. Integrating institutional quality with the Green Economy Model can improve OIC countries' attractiveness as investment destinations, facilitating their transition to a green and sustainable economy.

The implications of this study emphasize the strategic importance of improving institutional quality to enhance FDI inflows. Governments and policymakers should

prioritize institutional reforms, promote transparency, and combat corruption to create a stable and predictable business environment. Strengthening investor protections and ensuring a level playing field will position OIC countries as appealing destinations for foreign investors seeking stable and sustainable opportunities. Additionally, integrating institutional quality with green economy principles can have a multiplier effect on investment inflows by streamlining regulatory processes, reducing bureaucratic barriers, and offering legal protections. This approach can encourage greater foreign participation in green projects and technologies.

Building on the institutional quality and Green Economy Model approach, several recommendations are proposed to increase FDI inflows in OIC countries. First, implement comprehensive reforms to enhance governance structures, transparency, and the rule of law. Second, invest in human resource development to cultivate a skilled workforce capable of advancing green technologies and sustainable practices. Third, promote the diversification of FDI target markets by exploring investment opportunities in renewable energy, sustainable agriculture, and waste management.

This study acknowledges several limitations that may impact the effectiveness of the proposed approach. The influence of institutional quality on FDI inflows may vary across OIC countries due to differences in economic, social, and political contexts. Additionally, the study may be constrained by data availability and reliability regarding FDI inflows, institutional quality, and green economy initiatives in OIC countries.

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