Al-Intaj
Jurnal Ekonomi dan Perbankan Syariah

Al-Intaj, Vol. 10 No. 2 September 2024
pISSN 2476 8774 I eISSN 2661- 688X
online: https://ejournal.uinfasbengkulu.ac.id/index.php/Al-Intaj

FACTORS INFLUENCING FOREIGN DIRECT INVESTMENT IN MUSLIM COUNTRIES: THE ROLE OF FINANCIAL DEVELOPMENTS

Fajri Hatim[1], Nurdin I Muhammad[2], Muhammad Adnan Azzaki[3], Fahima Nasar[4]
[1,2,4] Universitas Khairun, Indonesia
[3]Universitas Islam Negeri Sunan Kalijaga, Indonesia
Email: fajrihatim@unkhair.ac.id, nurdinmuhammad@unkhair.ac.id, adnanazzaki96@gmail.com, fahimanasa@unkhair.ac.id

ABSTRACT
Purpose: *This research reviewed the determinant factor of FDI in OIC countries using a framework of institutional quality, green economic policies, and the role of financial development.*
Design/methodology: *The method used in this research is panel data analysis with the Generalized Method of Moments (GMM) approach. This research examines 32 OIC countries with 352 observations in the period 2010 to 2022.*
Findings: *The results of the research are generally show that institutional quality, green economic policies and the role of financial development attract foreign direct investment. However, there are still factors that cause low FDI flows, the causal factor is voice and accountability and control of corruption.*
Practical implications: *The empirical implication of this research is to determine the conditions and factors that cause FDI inflows through institutional quality, green economy and financial development in OIC countries.*
Originality/Value: *OIC countries should improved their institutional quality with policies oriented towards global investor preferences. The contribution of this research focuses on efforts to attract capital flows for the development of OIC countries*
Keywors: *Foreign direct investment; institutional quality; green economy; financial development; OIC countries*

A. INTRODUCTION

In recent years, economists and policymakers have increasingly focused on understanding the factors that influence foreign direct investment (FDI). This is especially true for developing nations that rely on FDI inflows as a source of development funding; job creation, economic integration, and infrastructural upgrades all result from FDI entry. Even in research conducted by Yang, Brosig, and Chen added that FDI also contributes to economic growth (Yang et al., 2014). The number of nations where the inflow of foreign direct investment has resulted in economic growth serves as evidence of this. Examples of nations that have effectively managed foreign direct investment money include the United States, China, and Singapore.

According to Adegboye et al. (2020) the investment collected has the aim of improving living standards as a fulfillment of needs for the coming years in a country. A country cannot rely solely on domestic investment, because the existing capital will not be sufficient to carry out the development. Therefore, it is necessary for a country to create a climate that is able to stimulate investors from abroad to invest their capital. However, currently investment flows to developing countries in 2022 and beyond are predicted to experience challenges. OIC countries are no exception, most of which are lower middle-income countries (Chaudhry et al., 2021). The importance of developing literature on FDI

inflows in OIC countries, as a means of development in an effort to accelerate economic recovery from various global threats and crises, has led several researchers such as Sajilan et al. (2019); Rashid et al. (2016); Megasari and Saleh (2021) to explore the factors that influence FDI in OIC countries. According to Aziz and Mishra (2016), low FDI inflows to Muslim countries amidst the global crisis can be attributed to various factors including the following:

1) Ineffective social initiatives result from a region's lack of an inclusive growth plan. 2) Inadequate institutions and widespread corruption hinder the equitable sharing of financial gains. 3) An alliance between the ruling class and economic elites (rent-seekers) is credited with starting the Arab Spring. 4) Arab economies lack strong institutions.

In consideration of the previously stated, this study aims to significantly advance the process of drawing foreign direct investment (FDI) inflows by focusing on two key factors: institutional quality and green economy policies. Institutional efficacy is a significant factor in FDI inflows because a country's conditions and stability can be explained by a composite of variables. (ii) A green economy is an investment preference that presently emphasizes a company's social and environmental concerns inside a nation. Due to the fact that integrating non-financial aspects, such moral considerations and environmental and social issues, has emerged as a key trend in investing decisions (Qoyum et al., 2022). This research is interesting to conduct because it combines three important issues in attracting FDI inflows. The first issue is based on the OLI paradigm theory, where foreign direct investment (FDI) benefits from institutional quality. The second issue departs from current investor preferences that focus on green economic development, which has a positive role for FDI. The third issue explains how FDI driven by financial development acts as a catalyst for improved institutional quality and faster green growth. Previous studies on the relationship between institutional quality and FDI have been conducted by a number of different researchers, as mentioned in the previous paragraph.

However, the relationship between green economy variables to FDI and the construction of a model involving financial development variables as moderating variables is new to this study, as it has not been studied before. Some of the reasons behind the financial development variable as a moderating variable include: 1) research results that show the moderating effect of financial deepening variables on foreign direct investment (Yiadom et al., 2023; Nguyen and Lee, 2021; Islam et al., 2020). 2) research results that mention the effect of financial development variables as predictor variables on foreign direct investment (Pham et al., 2022; Safdar et al., 2021).

B. LITERATURE REVIEW

1. Institutional Quality on FDI

Many theoretical papers have tried to explain how to attract foreign direct investment (FDI) in recent years. There are various factors that international investors consider when making investment decisions, including through Dunning's eclectic paradigm theory approach. Dunning created the eclectic paradigm hypothesis, or often known as the OLI (ownership, location, internalization) model, as a standard for multinational companies in channeling foreign direct investment (FDI) to the host country. Many empirical studies have

developed the OLI model by making institutional quality part of the component (location) that can attract FDI inflows.

Reduced profitability, inadequate knowledge, and increased transaction costs are the outcomes of inefficient institutions. Nonetheless, nations possessing dependable and high-quality institutions will have an impact on economic activity by reducing expenses associated with transactions, manufacturing, and output. Thus, it is believed that high institutional quality will boost profitability and productivity while also influencing the decline in operating expenses. Most studies use the World Bank's Worldwide Governance Indicators approach as a proxy for institutional quality. In the Worldwide Governance Indicators, various studies empirically found that institutional factors have a significant positive impact on FDI inflows (Chaudhry et al., 2021). An earlier study Kurul and Yalta (2017) found that political instability reduces FDI inflows while another study Bougharriou et al. (2019) found no relationship between FDI inflows and political unrest.

Recent research has examined the impact of institutional and political factors on FDI flows from developing countries such as China (Paul and Benito, 2018). Paul & Jadhav (2020) found that significant factors of FDI in developing countries include institutional quality defined by effective rule of law, political stability, regulatory quality, and control of corruption. Megasari and Saleh (2021) explain that institutional distance is a factor that encourages foreign investors from poor countries to invest in countries with better institutions, which can be considered a positive thing because most developing countries acquire new technologies, patents, IPR, trademarks, and products. Foreign investors believe that the unique advantages of their investments will be protected under more supportive institutional arrangements. Moreover, they find that investments made by developing countries into countries with weaker institutions will reduce FDI inflows. According to the concept of psychological distance, used by Ajide and Raheem (2016), more foreign investors tend to invest in markets where they feel psychologically familiar. As a result, they conclude that smaller institutional differences between countries encourage FDI while larger institutional distances discourage it. In a empirical study, Paul and Jadhav (2020) found that institutional distance has a detrimental impact on FDI flows into the banking sector. Based on the explanation outlined above, the hypothesis developed in this research is:

H1: Institutional quality has a positive effect on FDI

2. Green Economy and FDI

According to Qadri et al. (2023) the role of the green economy on foreign direct investment (FDI) can be analyzed using ecological modern theory that emerged in the discourse of sustainable development, as a result of criticism of natural resource extraction that causes environmental degradation. Ecological modernization theory essentially integrates economic considerations into modernization in ecology. It argues that the ecological crisis can be overcome by technical and procedural innovations. Modernization should be a tool to rise above environmental degradation. Environmental damage is not an obstacle, it is a new opportunity for growth, this theory argues that ecological modernization will encourage innovation in production and distribution techniques (Brown et al., 2014). This view of

ecological modernization is in line with Schumpeter's view that environmental degradation will be "the basic impetus that keeps the engine of capitalism running". The ecological modernization paradigm holds that environmental issues can be caused by environmental laws that are a result of advancements in technology.

This provides a theoretical basis for studying how to promote green economic practices such as green growth (Lorek and Spangenberg, 2014). In this theoretical framework, technical improvements to environmental regulations are identified as the main vehicle towards a green economy. This is supported by the United Nation Environmental Program (UNEP) which uses state policy (state policies and actions) through environmental regulations as an indicator of green economy measurement (Ryszawska, 2017). Relevantly, government regulation to support environmental innovation is a key mechanism for the majority of policymakers to engage in green growth strategies, according to (Brown et al., 2014) who base their argument on ecological modernization theory. Development studies and empirical literature explain that the quality of environmental regulations can provide tangible benefits to a country's economy through the inflow of foreign direct investment.

This is supported by Yang et al., (2014) research which states that environmental regulations in host countries can influence the location decisions of foreign companies to invest. Looking at environmental services as an additional factor of production, Pearson was one of the first theoretical models to introduce the influence of the environment on FDI decisions. It demonstrated that developing nations with low levels of industrial activity would have lower demand for environmental services and, consequently, lower prices (Brown et al., 2014). In line with this, research conducted by Kim and Rhee found that strict environmental regulations can significantly attract FDI inflows in 120 developing countries in the world. Furthermore, the international agency Europea Environmental Agency (EEA) proposes a regional structure where the measurement of the green economy uses welfare and social aspects in the form of human capital (Ryszawska, 2017). This opinion is supported by several empirical studies that explain that human capital has a close relationship with the natural environment in many case studies (Zafar et al., 2019). For example, human capital supports the adoption of green technologies through research and development, promotes green awareness in society on ways to preserve the natural environment, and also motivates the transformation of the economic system as industrial growth accelerates.

Even economic theory considers that one of the main factors influencing FDI inflows is human capital. Some authors who have identified this relationship include (Cleeve et al., 2015). While there are many empirical studies on the variables affecting FDI inflows to developing countries in general, few have focused on human capital. Such as the research conducted by (Dorozynska & Dorozynski, 2015) which explains that in order to foster a favorable environment for investment, it is crucial for a country to invest in education and human capital. The results show that achieving a certain level of education is a condition for a country to attract and retain foreign direct investment, as well as maximize the indirect effects related to human resources resulting from the presence of businesses with foreign capital. Furthermore, the green economy indicators used are sourced from the Global Green Growth Institute (GGGI), namely the environmental dimension through natural resources. Natural

resources are a basic component that is directly related to green economy policies. Because the green economy is actually an effort to increase economic growth by using natural resources wisely, protecting the environment, and being strong against natural disasters, which in turn can minimize pollution and environmental damage (Boehnert, 2016). Natural resources are listed as one of the most alluring criteria for foreign investors in other studies on factors determining FDI inflows. Based on the explanation outlined above, the hypothesis developed in this research is:

H2: Green economy has a positive effect on FDI

3. Financial Development Moderates the Influence of Quality Institutions and Green Economy on Foreign Direct Investment

Financial development can improve the capital allocation efficiency of host countries through the growth and deepening of financial markets, it also moderates the favorable correlation between institutional quality and FDI. To effectively discover investment possibilities, distribute resources fairly, offer strong financial support to businesses with foreign funding, and reduce financing costs and investment risks, financial development should cooperate with a sound institutional system, ultimately strengthening the influence of institutional quality on FDI attractiveness (Nasir et al., 2020). Several studies examining the role of financial development on FDI yield mixed results. (Desbordes & Wei, 2020) state that increased access to external financing and indirect support to overall economic activity resulting from financial growth in both home and host countries can jointly encourage FDI. So in this capacity the government must take action to improve access to external capital by improving the quality of institutions, if the country wants to promote international companies and attract multinational enterprises (MNEs) from abroad. Research by (Desbordes & Wei, 2020) found that tight credit conditions undoubtedly contributed to the overall sharp decline in FDI flows during the recent global financial crisis, given the significant sensitivity of FDI to the availability of external finance that has occurred repeatedly. Therefore, to ensure that the ability of domestic firms to obtain external financing does not diminish as local borrowing from FDI increases, institutional quality plays a role in strengthening the financial system in a country.

Furthermore, several studies that examine the effect of the green economy on FDI provide different indicators and test results. In one of the components of the UNEP version of the green economy, the environmental regulation variable is a basic component that has been widely studied in previous literature. Such as research conducted by Qadri et al. (2023) examined the impact of environmental regulations on the movement of polluting industrial capital, and the statistical results show that weak environmental regulations in the host country have a significant influence on FDI inflows from the US for highly polluting industries. However, for less polluting industries, weak environmental regulations have no significant effect on FDI. In other green economy indicators by the Global Green Growth Institute (GGGI), it is explained that natural resources have a correlation with FDI with different research results. (Elheddad, 2016) said that natural resources can be a blessing for some countries in attracting FDI inflows, but at the same time it can also be a resource curse. (Dinda,

2014) found the influence of natural resources on FDI inflows through the autoregressive vector approach by taking a sample in Nigeria.

Then (Rjoub et al., 2017) in a study that tested the same direction also identified the determinants of FDI in sub-Saharan African countries. Human capital is another element of the green economy modified in this research model. People have the opportunity to reach their potential as productive members of society thanks to the knowledge, skills and health that they invest and accumulate during their lives. FDI inflows and human capital have a favorable relationship, according to a study by Dorozynska and Dorozynski (2015), human capital is statistically significant as a factor in determining FDI inflows; it is also one of the most significant factors, and its significance increases over time. Then (Cleeve et al., 2015) in a study that examined the effect of human capital on FDI inflows in Africa also found similar results, namely all measures of human capital have a significant effect on FDI. Thus, this study tries to see the effect caused by the green economy by involving financial development variables as moderating variables. It is expected that this variable can provide a stronger influence in order to encourage the effectiveness of green economy implementation. The inclusion of financial development variables is based on the considerations mentioned earlier, that the existence of the financial sector can strengthen the productivity of government policies in triggering FDI inflows (Desbordes & Wei, 2020). Based on the explanation outlined above, the hypothesis developed in this research is:

H3: Financial development positively moderates the influence of institutional quality and the green economy on FDI

C. METHOD

This study examines the impact of factors affecting FDI in 32 OIC countries. The SESRIC database is the source for the sample list of well-known OIC member countries. Secondary data in the form of annual frequencies from 2010 to 2020 are used in this study. The following explanatory variables are used in this study: Net inflow of foreign direct investment as a percentage of GDP is the dependent variable. The independent variables refer to the OLI paradigm model developed by Dunning (Aziz and Mishra, 2016). First, institutional quality consists of indicators based on the World Bank's world governance indicators, voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. Furthermore, the development of green economy indicators in OIC countries comes from international organizations, namely UNEP, GGGI, and OECD. Using Joseph Huber's modern ecological theory approach, the green economy variable uses three main indicators, namely state policy (environmental regulations), the welfare dimension (human capital), and the environmental dimension (natural resources).

Furthermore, moderating variables whose existence serves to change the direction of the relationship between the independent and dependent variables. The moderating variable in this study is the financial development index. According to the International Monetary Fund (IMF), the Financial Development Index measures how developed, accessible, and effective a country's financial institutions and financial markets are. This index is a combination of the

Financial Market Index and the Financial Institutions Index. Finally, this study uses three control variables, namely population, openness, and market size. Data on the variables of population, trade openness and market size were obtained from the World Bank database. Given that the data in this study is a combination of time series, namely observation years (2010-2020) and cross-sectional, namely 32 OIC countries, the most appropriate analytical tool used is panel data regression. This study uses a dynamic panel model with the Generalized Method of Moments (GMM) method to measure its parameters.

The dynamic panel development model called GMM is used to eliminate variable bias, unobserved panel heterogeneity and measurement error while controlling the lagged endogeneity of the dependent variable in the dynamic panel model (Ahmed & Ahmad, 2020). GMM estimation is an approach used to show the direct and indirect impact of each independent variable and moderating variable on the dependent variable. The model is modified into a dynamic function, as described below:

$$FDI_{it} = \beta 1 + \lambda FDI_{it-1} + \beta 2 PS_{it} + \beta 3 VA_{it} + \beta 4 GEit + \beta 5 RQ_{it} + \beta 6 RL_{it} + \beta 7 CC_{it} + \beta 8 NR_{it} + \beta 9 RE + \beta 10 HC_{it} + \beta 11 POP_{it} + \beta 12 TO_{it} + \beta 13 MS_{it} + \beta 14 FI_{it} + \varepsilon it \quad (1)$$

Where FDI is constant for year t. The subscripts i and t represent the number of countries and periods covered in the study.

FDI = Foreign Direct Investment;
PS = Political Stability;
VA = Voice & Accountability;
GE = Government Effectiveness;
RQ = Regulatory Quality;
RL = Rules of Law;
CC = Control of Corruption;
NR = Natural Resources;
RE = Regulatory Environment;
HC = Human Capital;
POP = Population;
TO = Trade opennes;
MS = Market Size;
FI = Financial Development Index
εit = Random Variable.

The equation model for GMM analysis with interaction is as follows:

$FDI_{it} = \beta 1 + \lambda FDI_{it-1} + \ldots \beta 15\ PS*FI_{it} + \varepsilon it$ (2); $FDI_{it} = \beta 1 + \lambda FDI_{it-1} + \ldots \beta 15\ VA*FI_{it} + \varepsilon it$ (3); $FDI_{it} = \beta 1 + \lambda FDI_{it-1} + \ldots \beta 15\ GE*FI_{it} + \varepsilon it$ (4); $FDI_{it} = \beta 1 + \lambda FDI_{it-1} + \ldots \beta 15\ RQ*FI_{it} + \varepsilon it$ (5); $FDI_{it} = \beta 1 + \lambda FDI_{it-1} + \ldots \beta 15\ RL*FI_{it} + \varepsilon it$ (6); $FDI_{it} = \beta 1 + \lambda FDI_{it-1} + \ldots \beta 15\ CC*FI_{it} + \varepsilon it$ (7); $FDI_{it} = \beta 1 + \lambda FDI_{it-1} + \ldots \beta 15\ NR*FI_{it} + \varepsilon it$ (8); $FDI_{it} = \beta 1 + \lambda FDI_{it-1} + \ldots \beta 15\ RE*FI_{it} + \varepsilon it$ (9); $FDI_{it} = \beta 1 + \lambda FDI_{it-1} + \ldots \beta 15\ HC*FI_{it} + \varepsilon it$ (10)

D. RESULT AND DISCUSSION

Table 1 shows descriptive statistics are shown. Referring to the descriptive statistical test results above, we can see some characters that appear in each variable. Through 352 observations, a data is considered to fulfill the normality requirement, because

the number of data > 30 (greater than 30). This study takes 32 OIC countries as research samples, with a period of 11 years, starting from 2010 to 2020. Table 2 provides some information, including that the average Foreign Direct Investment (FDI) of all OIC countries reached US$ 3,490,000,009, with the lowest value of US$ -2,810,000,009, and the highest value of US$ 29,200,000,010.

Table 1 Descriptive of Dependent Variables and Independent Variables for 2010-2020

	FDI	SP	CC	VA	RQ	RL	GE	NR	HC	RE
Means	3.490000009	-0.581903	-0.458438	-0.663494	-0.314489	-0.385369	-0.304773	12.17819	41231.00	6.39950
Median	1.510000009	-0.520000	-0.550000	-0.625000	-0.340000	-0.460000	-0.330000	8.719987	17243.75	2.48834
Maximum	2.9200000010	1.220000	1.400000	0.370000	1.110000	1.000000	1.510000	58.91975	259005.4	34.1882
Minimum	-2.810000009	-2.810000	-1.580000	-1.910000	-2.130000	-1.610000	-1.790000	0.001057	474.2611	0.08238
std. Dev.	5.060000009	0.821791	0.617850	0.555209	0.643189	0.592349	0.642239	12.35392	56319.91	8.35159
Obs	352	352	352	352	352	352	352	352	352	352

Source: Authors' calculations

Table 2 Descriptive Moderating Variables and Control Variables for 2010-2020

	TO	POPs	Ms	FD
Means	77.42499	42592175	1.290488	0.270114
Median	71.58569	12345922	1.939394	0.235000
Maximum	191.8726	2.71857970	17.66060	0.730000
Minimum	16.35219	361575.0	-34.77656	0.030000
std. Dev.	35.80952	66456459	4.545614	0.155239
Observations	352	352	352	352

Source: processed data

Table 2 describes three control variables and one moderation variable in this study, namely trade openness, population and market size, and financial development. The country with the highest level of trade openness (TO) was Bahrain in 2013 at 191.87 percent, while the lowest was Nigeria in 2020 at 16.35 percent. The average TO value of 77.42 percent indicates that the majority of governments in OIC countries are actively involved in international trade. The OIC country with the largest population is Indonesia (271 million) in 2020, while the Maldives (2010) is the OIC country with the smallest population (361 thousand). The average OIC population for each country is 42.59 million with a standard deviation value of 66.45 million, which shows the large difference in population size between OIC countries. The real GDP variable proxied by market size (MS) shows an average value of 1.29 percent. The largest MS value was 17.66 percent in Sierra Leone in 2013, while the smallest MS value was -34.77 percent in Maldives in 2020. Market size in OIC countries is still relatively low and uneven, as evidenced by the distance between the average value and the maximum value which is greater than the average value and the minimum value. Furthermore, the moderating variable data is proxied by the Financial Development Index (FD) variable. The International Monetary Fund (IMF) publishes a financial development index used to measure and analyze the development of the financial system as a whole in all countries. The FD variable data shows that there are extreme values,

namely there are countries that are able to achieve a high value of 0.73 percent (Malaysia, 2020), but there are countries that are only able to achieve an index of 0.03 percent (Sierra Leone, 2013). The average value of the FD variable of 0.27 percent indicates that in general the governance and quality of financial institutions in various OIC countries are still relatively weak.

Table 3. Estimation of Dynamic Panel Data Regression (Directly) Dependent variable: FDI

Indep. Variable	Model 1 (First Difference)	Model 2 (Two-Step GMM)
FDI(t-1)	0.269***	0.221***
SP	4,060***	-4,950***
CC	1,440	-8,860***
VA	-2,530***	-2,430
RQ	7,310**	-2,040
RL	2,050***	1,420***
GE	2,570***	-2,040
NR	7,950**	6316.
HC	2845***	4919.0***
RE	-3856**	-8,730***
TO	2,590***	4278
POPs	7809	-553,636***
Ms	-79,292***	-30794639
FD	1301	3,560
FDI(t-1) FEM*	0.1289***	0.3087***
FDI(t-1) PLS*	0.3286***	0.7189***
Obs	352	352
N	32	32
Instruments	32	32
Wald chi sq.		
Prob > chi sq.		
Sargan chi sq.	20,072	20,009
Sargan Prob >chi sq.	0.5784	0.5016
AR1	0.4493	
AR2	0.9510	

Source: processed data

As explained in the methodology section, the dynamic panel regression model developed in this study consists of 11 equations divided into 3 (three) analysis groups. The first hypothesis testing is the institutional quality variable. There are six indicators in this first hypothesis, based on the results that can be seen in table 3, described as follows:

H1a: political stability has a positive effect on Foreign Direct Investment (FDI) in member countries of the Organization of Islamic Cooperation (OIC). The results of data processing in equation (1) in table 4 show that the political stability variable (SP) has a significant positive effect on foreign direct investment at $\alpha = 1\%$ (***). The coefficient value of 4.060 indicates that when political stability increases by 1 percent, it will cause Foreign Direct Investment (FDI) to increase by 4.060 percent. Based on this description, hypothesis H1a is accepted. This finding is in line with and supports the institutional theory on which this study is based. As stated by Yeager, the institutional role of foreign direct investment can be analyzed using transaction cost theory caused by market failure (Yeager, 2018). The lower the transaction costs arising from economic activity (transactions), the more efficient the institutions are, and vice versa. Therefore, various rules (formal and informal) that ensure

economic actors make transactions or exchanges are very important. Transaction costs in doing business are part of the accumulation of political policies that are considered by foreign investors, because political risk can have implications for confiscation or destruction of property, production disruption, including operational restrictions that can hamper the ability of investors to develop business. Investors will not invest and risk their capital in an unstable environment. The conclusion of this study is in line with and supports several previous studies which state that institutional quality as a proxy for political stability has a positive and significant effect on foreign direct investment (FDI) (Ajide & Raheem, 2016). This research found that in general, the study of 32 selected OIC member countries showed a positive effect of political stability on foreign direct investment (FDI). There is a critical analysis of political instability in OIC countries in encouraging foreign direct investment due to terrorism and war issues. The number of clashes between tribes, even sects, also exacerbates this problem.

H1b: The dynamic panel regression results in table 4 equation (2) show that the corruption control variable (CC) has a positive but insignificant effect on FDI. This means that the high level of corruption control will not increase or decrease the amount of foreign direct investment (FDI) inflows.

Thus, the results of data testing are not in accordance with the formulation of problems and hypotheses developed. Although theoretically and empirically there is still some debate, argues that corruption is beneficial because it gives investors room to maneuver and allows them to bypass established restrictions. According to this research, corruption is a "lubricant" that facilitates more effective and economically efficient ways of investing. Paul and Jadhav (2020) note that when institutional quality is poor, corruption promotes economic growth.

However, the test results of this study were unable to confirm the findings that became the construction of the research hypothesis. Among them is a study by Kariuki (2015) which found that by limiting the benefits offered by the government to its citizens, corruption actually reduces economic efficiency. Another study that failed to confirm is the research conducted by (Erum & Hussain, 2019) that corruption is a threat to economic growth because it can hinder the creation of new inventions and private investment. In particular, corruption is also harmful to foreign direct investment inflows and domestic investment by affecting the effectiveness and outcomes of public investment initiatives and can distort international trade (Kariuki, 2015).

H1c: Table 4 shows the dynamic panel regression results of equation (3), which shows that the Voice and Accountability (VA) variable has a significant negative effect on FDI. This means that an increase in the value of voice and government accountability can reduce the amount of FDI inflows. Thus, the test results above are not in accordance with the hypothesis developed in the study.

The results of this test cannot confirm previous findings, including the research of Paul and Jadhav (2020). The study found that there is an effect of Voice and Accountability on foreign direct investment. Another study that could not be confirmed was a study by (Kurul and Yalta, 2017). The findings of the study also showed that in the same

reality, FDI flows greatly benefited from voice and accountability. Although the test results could not confirm the hypotheses developed, this study provides the same direction of findings as Alam et al. (2017) study that examined the role of governance on FDI inflows. The results showed that among the six indicators of governance around the world, only the variables of regulatory quality and voice and accountability had no significant effect on FDI in Asia.

Uddin et al. (2019) who examined in Pakistan also found similar results. Voice and accountability variables have a negative influence on FDI, both in developed and less developed countries. In the case of OIC countries, FDI also seems to be adversely affected by voice and accountability, as per the results of a study conducted by Rashid et al. (2016). The results of this investigation show a gap between high or low levels of public participation and government accountability towards foreign direct investment. There are still many OIC member countries that are politically less democratic, even tend to be authoritarian and curb the freedom of their people. Especially in terms of women's equality in the public sphere in Muslim countries that are still very weak (Gouda & Potrafke, 2016).

H1d: Regulatory Quality (RQ) is a measure of the government's capacity to develop and enforce reasonable laws and rules governing licensing, promotion, and private sector development. The dynamic panel regression results in table 4 equation (4) show that the Regulatory Quality (RQ) variable has a significant positive effect on foreign direct investment (FDI).

The effect of regulation on FDI as explained that more open trade and investment policies have emerged in developing countries as a result of policy reforms aimed at improving FDI conditions, but also to improve general economic conditions and a more favorable atmosphere for FDI inflows.

(Dang & Nguyen, 2021) refer to these rules as 'Attraction' factors (institutional factors). Most of the previous studies show a positive effect of Regulatory Quality (RQ) on foreign direct investment (FDI). Using Worldwide Governance Indicators (WGI) data, lots of research confirm that a significant increasing factor in luring FDI into the United States is regulatory quality. Megasari and Saleh (2021) also concluded that regulatory developments related to starting a business, protecting investors, and facilitating international trade positively and significantly affect the determination of increased FDI inflows for the country.

The results of this test are also able to confirm the findings conducted by Ekwelle et al. (2016). In this study, FDI inflows and regulatory quality were found to have a substantial positive relationship in CEMAC (The Central African Economic and Monetary Community) countries. This means that the findings indicate that OIC countries are trying to follow the trend of developed countries in attracting FDI flows through regulatory liberalization and providing incentives to investors.

H1e: The institutional quality variable in the Rule of Law (RL) dimension is an indicator of public trust in regulations and their enforcement. It is assumed that the higher the public trust in regulations and their enforcement, the higher the index value in the RL

dimension, which will then lead to a situation where people's economic activities are more stable and continue to increase along with the increase in the RL dimension index.

The results of this study have answered the hypothesis formulated that RL has a significant positive effect on foreign direct investment. This means that the legal regulations of governments in Muslim countries (members of the Organization of Islamic Cooperation (OIC)) are very influential in achieving their FDI inflows. The 2008 amendment of the OIC Charter is a development for the organization. OIC member countries recognize the importance of a number of global concerns that have been voiced by a number of other international organizations, including the United Nations (UN), the World Bank, and others. The OIC is fully aware that one of the key elements in efforts to promote the welfare of Muslims is good governance in the context of government. Article 2 paragraph 6 explains that all OIC members are required to support and advance the cause of good governance, particularly the rule of law at all levels of state life.

To achieve the OIC's common goal, specifics and details are outlined in the document The OIC-2025: Program of Action. The OIC has 18 action programs which are policy priorities to achieve the common goals applicable in 2016-2025. In fact, specifically, the OIC also published an Implementation Plan document as an elaboration of the various action programs. Some of the work programs and implementation plans designed are very much in line with the institutional quality developed by the World Bank. The firm stance of the members in amending the OIC charter can normatively encourage the implementation of various aspects of the good governance index.

H1f: The results of data testing are in accordance with the formulation of problems and hypotheses developed. Which Government Effectiveness variable is able to show its influence on foreign direct investment. An effective government can improve market efficiency and through accelerating capital accumulation, allocating resources to strategic areas, and supporting the adoption and understanding of new technologies, can help the private sector stimulate economic growth from FDI capital flows. The results of this test are also able to confirm previous findings, including research by (Alam et al., 2017). In the study, it was found that there is an effect of government effectiveness on access to foreign direct investment in 81 countries around the world with high, middle, and low income.

Another study that has been confirmed is the study by Ajide and Raheem (2016). The findings of this study also show the same reality, that of the six World Bank governance indicators (WGI), three variables namely voice and accountability, government effectiveness, and rule of law have a statistically significant effect on foreign direct investment. The findings of this study indicate that the effectiveness of governance as a measure of government performance has a positive impact on FDI flows in OIC countries. Thus, it can be concluded that in addition to economic reforms, OIC countries need to adopt institutional reforms that can contribute to improving the quality of their institutions, these conditions can reflect a healthy investment climate and will greatly help in attracting more FDI.

The second hypothesis in this study is regarding the impact of Green Economy on foreign direct investment (FDI) in member countries of the Organization of Islamic

Cooperation (OIC). Green economy in this study is proxied by three indicators, namely Natural Resources, Human Resources, and Environmental Regulations sourced from UNEP, OECD, and Dual Citizen LLC. The following is a discussion of each of these variables: H2a: The dynamic panel regression results in table 4 equation (7) show consistent results that the natural resources variable (G) has a significant positive effect on foreign direct investment (FDI) in OIC member countries. This means that an increase in the amount or rental value of natural resources will increase the amount of foreign direct investment. The results of data testing are in accordance with the formulation of problems and hypotheses developed in the study. The findings of this study test successfully illustrate the phenomenon that occurs in almost all OIC member countries that have the largest natural resources in the world. The wealth of natural resources owned by OIC countries can be a curse or a blessing depending on the type of natural resource assets. Natural resources can be a blessing as well as an acceleration for the green economy transition by greening the agricultural and forestry resource sectors, and minimizing the exploitation of the fossil resource sector (oil, gas, coal) by transforming to renewable energy.

H2b: The panel data regression results in table 4 equation (8) show that the Human Capital (HC) variable has a significant positive effect on Foreign Direct Investment (FDI). The results of this study show an overall portrait of the OIC countries in the observation year which is very likely to be different from the conditions of each country.

Human capital is one of the pillars in several green economy indexes (GEI), the pillar in question is knowledge and technology output. By implementing innovation in higher education, it can automatically influence innovative infrastructure and provide a technical basis for human resources in achieving key strategic indicators of the country's development. Human capital has long been discussed from various perspectives in economics, ecology, management and psychology as well as at various levels (individual, firm and country levels) (Zafar et al., 2019). Previous research conducted by (Goldin, 2016) stated that human capital is defined as the productive investment that humans have in improving knowledge and skills. The definition of human capital in the form of education and training which is a very important investment in human capital, especially for host countries that can be used as a productive resource in attracting FDI inflows. In the context of OIC countries, a recent study conducted by Cleeve et al. (2015) confirmed that human capital only has a positive effect on investment and economic growth in high-income countries, but has no significant correlation in low-income countries. Nonetheless, in general, the theoretical literature on FDI considers human capital as one of the keys to increasing FDI inflows (Sabir & Khan, 2018). Therefore, the results of this study research are an illustration of the phenomenon that occurs in almost all OIC member countries spread across various regions of the world.

H2c: The dynamic panel regression (GMM) results in table 4 equation (9) show consistent results that the variable regulatory environment (RE) has a significant negative effect on foreign direct investment (FDI) in OIC member countries. This means that increasing the effectiveness of government regulation as a proxy for reducing CO2 emissions will increase foreign direct investment (FDI).

Environmental regulation is part of the transition to a green economy which is a new source of economic growth in the future. Therefore, green economy policies in a country will be an important consideration for investors to invest. This finding is in line with the basic stakeholder theory which states that in addition to focusing on shareholders, companies have responsibilities towards stakeholders, including customers, suppliers, government, society and the environment.

According to (Qoyum et al., 2022), investors are very focused on the environmental and social concerns of a company in a country, because companies that are not environmentally and socially responsible may one day face lawsuits and even destroy value for shareholders in the long run. Investors attach great importance to the protection of their assets and most want to contribute to social change by investing in companies that have good ESG practices. Nowadays, the integration of non-financial characteristics, such as ethical factors and environmental and social concerns, has become a dominant trend in investment decisions. In addition, the results of this test are also able to provide confirmation of previous findings, including research by (Shehzad et al., 2021). The results of this study state that countries that have environmental and social responsibilities can be a breakthrough in attracting global investors.

The third hypothesis in this study is that the Financial Development variable moderates the effect of institutional quality on Foreign Direct Investment in member countries of the Organization of Islamic Cooperation (OIC).

The third hypothesis proposed in this study is "Financial Development (FD) strengthens the effect of institutional quality on Foreign Direct Investment (FDI) in member countries of the Organization of Islamic Cooperation (OIC)". The discussion of this third hypothesis refers to the results of data processing interpretation in table 5. The regression equation is formed by using the interaction between the independent variables of institutional quality (SP, CC, VA, RQ, RL, GE) and the moderating variable financial development (FD).

H3: The MRA test results show that the Financial Development variable has a different position among the six independent variables namely; political stability, corruption control, voice and accountability, regulatory quality, rule of law, and government effectiveness. The interaction results of the six institutional quality variables (SP, CC, VA, RQ, RL, GE) with financial development in equations 2-7 almost all show positive coefficient values. The variables SP, CC, RQ, RL each have a significant prob. value at 1% α. Only the interaction with VA and GE variables resulted in negative and insignificant coefficient values (equation 4).

Table 4 Regression Estimation Results of Dynamic Panel Data (Institutional Quality Interaction and Financial Development)

Indep. Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
FDI(t-1)	0.265***	0.2701***	0.272***	0.243***	0.274***	0.260***
SP	3,990***	4.0508***	4,080***	3,620***	3,930***	4,220***
CC	-1,210	2.8908	9510	6278	4,220	1,640
VA	-2,730***	-6,380**	-2,370***	-2,790***	-1,660	-2,730***
RQ	-9,470	-8,280	-4,810	-1,340	-8030	-8,230*
RL	-2,220***	-1,580*	-2,440***	-8,160***	-1,990**	-2,570***
GE	2,900***	2,360**	3,050***	3,020***	2,220	2,720***
NR	8,700	3,190	8,700*	5,870	3,210	-2,680
HC	2936***	3432*	27014**	3288***	2572	2567**

RE	2842.86**	25.64	312.08**	299.03	4609.59	256.83
TO	2,330***	1,800*	2,050**	8075	6838	2,220***
POPs	-3639	-1204	-6354	2017.8	6476.7	-1075
Ms	-77.97***	-36.13	-101.49***	-73.226***	-77.186***	-84.165***
FD	3304	-324.1	-4114	7523	1365	6525
FD*PS	4.2200***					
FD*CC		1,200***				
FD*VA			-3,850***			
FD*RQ				1,650***		
FD*RL					9.170**	
FD*GE						4,080
FDI(t-1) FEM*	0.3099***	0.3129***	0.3260***	0.3177***	0.3294***	0.318***
FDI(t-1) PLS*	0.7093***	0.7198***	0.7943***	0.7884***	0.8296***	0.746***
Obs	352	352	352	352	352	352
N	32	32	32	32	32	32
Instrument Rank	34	32	34	33	32	33
Sargan chi sq.	23,433	16,231	19,470	18,741	17,315	21,910
Sargan Prob >chi sq.	0.2187	0.5074	0.4270	0.4078	0.4331	0.2359
AR1	0.9221	0.7666	0.3804	0.7578	0.9369	0.4368
AR2	0.9859	0.9928	0.8780	0.9602	0.9995	0.9736

Source: processed data

Based on the test results on the table 4, financial development (FD) has a potential moderating status, which is a variable that has the potential to become a moderating variable by affecting the strength of the measure of how the independent and dependent variables are related. This means that high financial development (FD) has the potential to increase foreign direct investment inflows through improving institutional quality.

Furthermore, institutional quality will improve as financial development in a country increases. Some studies also show the positive moderation of the impact of financial development on FDI or foreign direct investment. Adegboye et al. (2020) explain that a society that complies with contracts in financial services will cause transactions (saving and borrowing) in banks to tend to be smoother and more efficient. Thus, good financial conditions not only increase the confidence of foreign investors who can utilize these banking services, but also benefit the improvement of the host country's financial development.

Likewise, the findings of (Aibai et al., 2019) show a positive effect of the causal relationship between foreign direct investment variables, institutional quality, and financial development in China's Belt and Road region. Recent research conducted by (Islam et al., 2020) analyzing the relationship between financial development, FDI, and institutional quality provides policy recommendations to uphold sound financial institutions to make a country more attractive to global investors. The results also show that financial market development can multiply the benefits of FDI inflows.

The model tests conducted (dynamic panel regression/GMM, and moderation regression) lead to the main points as part of the main findings in this study, viz: the existence of financial development in increasing FDI inflows. The test results generally confirm the initial hypothesis that financial development has a favorable and considerable impact in increasing FDI inflows, both in aggregate and partially.

Although in partial analysis, the variables of voice and accountability and government effectiveness are not able to be moderated by financial development. Because the coefficient value of each variable has a negative and insignificant impact. However, in

general, institutional quality variables are able to be moderated by financial development in increasing FDI inflows. Institutional quality and financial development are important investment climate shaping factors in attracting foreign capital flows, so it can be said that foreign direct investment inflows cannot be separated from the quality of state institutions and the role of regulators in designing regulations that are implemented to realize increased foreign capital flows. FDI).

The last hypothesis proposed in this study is "Financial development strengthens the influence of green economy on foreign direct investment (FDI) in member countries of the Organization of Islamic Cooperation (OIC)". The discussion of this hypothesis refers to the results of data processing interpretation in table 6. The regression equation is formed by using the interaction between the independent variables (NR, HC, and RE) and the moderating variable (FD).

H4: The interpretation of the MRA test shows that financial development variables successfully strengthen the effect of green economy on foreign direct investment. The MRA test of the NR, HC and RE variables on FDI with financial development as a moderating variable is the prob value. FD is significant at α 1% and 5%. Based on the test value, the NR, HC, and RE variables are in potential moderating status, which is a variable that has the potential to become a moderating variable by influencing the strength of the relationship between the independent and dependent variables. This means that with high FD, there is a potential to increase FDI inflows through an increase in NR, HC, and GE. then NR, HC, and GE will increase along with the increase in financial development (FD) of a country. Therefore, the last hypothesis stating that financial development strengthens the effect of green economy on foreign direct investment in Muslim countries is accepted. Previous researchers such as (Zhou et al., 2019); (Katircioğlu & Taşpinar, 2017) stated that financial development helps accelerate the transition to a green economy through minimizing environmental pollution as follows:

First, Companies are required to conduct regular business activities, update production technology and equipment to reduce production costs and improve product competitiveness in the market. To effectively achieve this companies must reduce their financing constraints through a well-developed financial system;

Second, The government promotes environmentally friendly projects, environmental degradation can be stopped by using clean energy and changing the general industrial landscape. By improving infrastructure for energy production and minimizing environmental pollution, financial institutions that consider such policy frameworks play an important role in securing the funding needed to finance these projects.

Table 5 Estimates of Dynamic Panel Data Regression (Interaction of Green Economy and Financial Development)

Indep. Variable	Model 1	Model 2	Model 3
FDI(t-1)	0.278***	0.2621***	0.2868***
SP	3,110***	4.10008***	3.9800***
CC	3,240	5831	1210
VA	-1,580*	-3,010***	-1,500
RQ	-1,650*	-7,170**	-1,570*
RL	-2,190***	-2,260***	-1,820**

GE	2,140*	2,990***	2.7500**
NR	3,220	8,960*	7.8200
HC	-2,150***	2675**	25000
RE	3112.13	4155.48***	4243.20
TO	8982	3,400***	4822
POPs	-8277	-69681.6	-6952
Ms	-112.43***	-80.477***	-100.91***
FD	2108	-2827	7458
FD*NR	6,730***		
FD*HC		2621.15**	
FD*RE			2.6208**
FDI(t-1) FEM*	0.3418***	0.3286***	0.3287***
FDI(t-1) PLS*	0.8101***	0.8195***	0.8191***
Obs	352	352	352
N	32	32	32
Instrument Rank	32	33	33
Sargan chi sq.	19,630	20,590	17,351
Sargan Prob >chi sq.	0.2935	0.3005	0.4990
AR1	0.0961	0.7422	0.7695
AR2	0.8197	0.9810	0.9874

Source: processed data

E. CONCLUSION

This study *examines* how institutional quality, green economy, and foreign direct investment relate *using* financial development as a moderating variable in OIC countries. The findings show some strong relationships between institutional quality and green economy proxies on FDI inflows. The results show that investors carefully assess the conditions of institutional quality and green economy before making investment decisions. The poor quality of institutions in OIC countries is caused by several factors, including an unstable political environment, convoluted bureaucracy, widespread corruption, collusion and nepotism. The governments of each country should be concerned when corruption increases foreign investment. Clearly, the findings of this study should not be misunderstood as an endorsement of corrupt governments. This research has limitations in using more comprehensive variables, especially in macro aspects that are directly related to investment climate conditions. therefore further research is needed to determine the impact of other variables on foreign investment flows, including technical innovation and readiness, public debt, interest rates, and culture. Future research should also expand the sample by using a longer observation period.

F. BIBLIOGRAPHY

Adegboye, F. B., Osabohien, R., Olokoyo, F. O., Matthew, O., & Adediran, O. (2020). Institutional quality, foreign direct investment, and economic development in sub-Saharan Africa. Humanities and Social Sciences Communications, 7(1), 1–9. https://doi.org/10.1057/s41599-020-0529-x

Ahmed, S., & Ahmad, H. K. (2020). Impact of Economic and Political Freedom on Economic Growth in Asian Economies. European Online Journal of Natural and Social Sciences, 9(1), 219–231.

Aibai, A., Huang, X., Luo, Y., & Peng, Y. (2019). Foreign Direct Investment, Institutional Quality, and Financial Development along the Belt and Road: An Empirical

Investigation. Emerging Markets Finance and Trade, 55(14), 3275–3294. https://doi.org/10.1080/1540496X.2018.1559139

Ajide, K. B., & Raheem, I. D. (2016). Institutions-FDI Nexus in ECOWAS Countries. Journal of African Business, 17(3), 319–341. https://doi.org/10.1080/15228916.2016.1180778

Alam, M. R., Kitenge, E., & Bedane, B. (2017). Government effectiveness and economic growth. Economics Bulletin, 37(1), 222–227.

Aziz, O. G., & Mishra, A. V. (2016). Determinants of FDI inflows to arab economies. Journal of International Trade and Economic Development, 25(3), 325–356. https://doi.org/10.1080/09638199.2015.1057610

Boehnert, J. (2016). The Green Economy: Reconceptualizing the Natural Commons as Natural Capital. Environmental Communication, 10(4), 395–417. https://doi.org/10.1080/17524032.2015.1018296

Bougharriou, N., Benayed, W., & Gabsi, F. B. (2019). The democracy and economic growth nexus: Do FDI and government spending matter? Evidence from the arab world. Economics, 13, 1–29. https://doi.org/10.5018/economics-ejournal.ja.2019-19

Brown, E., Cloke, J., Gent, D., Johnson, P. H., & Hill, C. (2014). Green growth or ecological commodification: Debating the green economy in the global south. Geografiska Annaler, Series B: Human Geography, 96(3), 245–259. https://doi.org/10.1111/geob.12049

Chaudhry, I. S., Yusop, Z., & Habibullah, M. S. (2021). Financial inclusion-environmental degradation nexus in OIC countries : new evidence from environmental Kuznets curve using DCCE approach.

Cleeve, E. A., Debrah, Y., & Yiheyis, Z. (2015). Human Capital and FDI Inflow: An Assessment of the African Case. World Development, 74, 1–14. https://doi.org/10.1016/j.worlddev.2015.04.003

Dang, V. C., & Nguyen, Q. K. (2021). Determinants of FDI attractiveness: Evidence from ASEAN-7 countries. Cogent Social Sciences, 7(1). https://doi.org/10.1080/23311886.2021.2004676

Desbordes, R., & Wei, S.-J. (2020). The effect of financial development on foreign direct investment. Iranian Economic Review, 24(4), 885–906. https://doi.org/10.22059/ier.2020.78823

Dinda, S. (2014). Natural Resources Determining FDI in Nigeria. International Journal of Research in Business and Social Science (2147- 4478), 3(1), 75–88. https://doi.org/10.20525/ijrbs.v3i1.88

Dorozynska, A., & Dorozynski, T. (2015). Human Capital and FDI in Central and Eastern Europe. Managing Global Transitions, 13(2 (Summer)), 151–170.

Elheddad, M. M. (2016). Natural Resources and FDI in GCC Countries. International Journal of Business and Social Research, 6(7), 12. https://doi.org/10.18533/ijbsr.v6i7.977

Erum, N., & Hussain, S. (2019). Corruption, natural resources and economic growth: Evidence from OIC countries. Resources Policy, 63(June), 101429. https://doi.org/10.1016/j.resourpol.2019.101429

Goldin, C. (2016). Human Capital. In Handbook of Cliometrics. https://doi.org/10.1007/978-3-642-40406-1

Gouda, M., & Potrafke, N. (2016). Gender equality in Muslim-majority countries. Economic Systems, 40(4), 683–698. https://doi.org/10.1016/j.ecosys.2016.04.002

Islam, M. A., Khan, M. A., Popp, J., Sroka, W., & Oláh, J. (2020). Financial development and foreign direct investment-the moderating role of quality institutions. Sustainability (Switzerland), 12(9). https://doi.org/10.3390/SU12093556

Junior Ekwelle, A., Eric Njei, M., & Ndonghandou. (2016). The Impact of Business Climate on Foreign Direct Investment in the CEMAC Region. Journal of Economics and Sustainable Development, 7(22), 66–74.

Kariuki, C. (2015). The Determinants of Foreign Direct Investment in the African Union. Journal of Economics, Business and Management, 3(3), 346–351. https://doi.org/10.7763/joebm.2015.v3.207

Katircioğlu, S. T., & Taşpinar, N. (2017). Testing the moderating role of financial development in an environmental Kuznets curve: Empirical evidence from Turkey. Renewable and Sustainable Energy Reviews, 68, 572–586. https://doi.org/10.1016/j.rser.2016.09.127

Kurul, Z., & Yasemin Yalta, A. (2017). Relationship between institutional factors and FDI flows in developing countries: New evidence from dynamic panel estimation. Economies, 5(2). https://doi.org/10.3390/economies5020017

Lorek, S., & Spangenberg, J. H. (2014). Sustainable consumption within a sustainable economy - Beyond green growth and green economies. Journal of Cleaner Production, 63, 33–44. https://doi.org/10.1016/j.jclepro.2013.08.045

Megasari, T., & Saleh, S. (2021). Determinant of FDI Inflows in OIC Countries. International Journal of Islamic Economics and Finance (IJIEF), 4(1), 31–50. https://doi.org/10.18196/ijief.v4i1.9473

Nasir, M.-A., Shahbaz, M., Mateev, M., Abosedra, S., & Jiao, Z. (2020). Determinants of FDI in France: Role of Transport Infrastructure, Education, Financial Development and Energy Consumption. International Journal of Finance and Economics, 96371, 1–47.

Nguyen, C. P., & Lee, G. S. (2021). Uncertainty, financial development, and FDI inflows: Global evidence. Economic Modelling, 99. https://doi.org/10.1016/j.econmod.2021.02.014

Paul, J., & Benito, G. R. G. (2018). A review of research on outward foreign direct investment from emerging countries, including China: what do we know, how do we know and where should we be heading? Asia Pacific Business Review, 24(1), 90–115. https://doi.org/10.1080/13602381.2017.1357316

Paul, J., & Jadhav, P. (2020). Institutional determinants of foreign direct investment inflows: evidence from emerging markets. International Journal of Emerging Markets, 15(2), 245–261. https://doi.org/10.1108/IJOEM-11-2018-0590

Pham, H. T., Gan, C., & Hu, B. (2022). Causality between Financial Development and Foreign Direct Investment in Asian Developing Countries. Journal of Risk and Financial Management, 15(5). https://doi.org/10.3390/jrfm15050195

Qadri, S. U., Shi, X., Rahman, S. ur, Anees, A., Ali, M. S. E., Brancu, L., & Nayel, A. N. (2023). Green finance and foreign direct investment–environmental sustainability nexuses in emerging countries: new insights from the environmental Kuznets curve. Frontiers in Environmental Science, 11(July), 1–16. https://doi.org/10.3389/fenvs.2023.1074713

Qoyum, A., Sakti, M. R. P., Thaker, H. M. T., & AlHashfi, R. U. (2022). Does the islamic label indicate good environmental, social, and governance (ESG) performance? Evidence from sharia-compliant firms in Indonesia and Malaysia. Borsa Istanbul Review, 22(2), 306–320. https://doi.org/10.1016/j.bir.2021.06.001

Rashid, I. M. A., Bakar, N. A., & Razak, N. A. A. (2016). Determinants of Foreign Direct Investment (FDI) in Agriculture Sector Based on Selected High-income Developing Economies in OIC Countries: An Empirical Study on the Provincial Panel Data by Using Stata, 2003-2012. Procedia Economics and Finance, 39(November 2015), 328–334. https://doi.org/10.1016/s2212-5671(16)30331-8

Rjoub, H., Aga, M., Alrub, A. A., & Bein, M. (2017). Financial reforms and determinants of FDI: Evidence from landlocked countries in sub-Saharan Africa. Economies, 5(1), 1–12. https://doi.org/10.3390/economies5010001

Ryszawska, B. (2017). GREEN ECONOMY INDICATORS. January 2015.

Sabir, S., & Khan, A. (2018). Impact of Political Stability and Human Capital on Foreign Direct Investment in East Asia & Pacific and South Asian Countries. Asian Journal of Economic Modelling, 6(3), 245–256. https://doi.org/10.18488/journal.8.2018.63.245.256

Safdar, N., Shaheen, R., Yasmin, F., & Afzal, N. (2021). Pakistan's Growth Empirics and Foreign Direct Investment: An Assessment of the Role of Domestic Financial Sector. Journal of Accounting and Finance in Emerging Economies, 7(2), 365–375. https://doi.org/10.26710/jafee.v7i2.1714

Sajilan, S., Islam, M. U., Ali, M., & Anwar, U. (2019). The determinants of FDI in OIC countries. International Journal of Financial Research, 10(5), 466–473. https://doi.org/10.5430/ijfr.v10n5p466

Shehzad, K., Xiaoxing, L., & Sarfraz, M. (2021). Envisaging the asymmetrical association among FDI , ICT , and climate change : a case from developing country. Carbon Management, 0(0), 1–15. https://doi.org/10.1080/17583004.2021.1890449

Yang, B., Brosig, S., & Chen, J. (2014). Environmental impact of foreign vs. domestic capital investment in China. Frontiers of Economics and Globalization, 14, 45–72. https://doi.org/10.1108/S1574-871520140000014003

Yeager, T. (2018). Institutions, transition economies, and economic development. Routledge.

Yiadom, E. B., Mensah, Lord, & Bokpin, G. A. (2023). Environmental risk and foreign direct investment: the role of financial deepening, access and efficiency. Sustainability Accounting, Management and Policy Journal, 14(2), 369–395. https://doi.org/10.1108/SAMPJ-12-2021-0552

Zafar, M. W., Zaidi, S. A. H., Khan, N. R., Mirza, F. M., Hou, F., & Kirmani, S. A. A. (2019). The impact of natural resources, human capital, and foreign direct investment on the ecological footprint: The case of the United States. Resources Policy, 63(May), 101428. https://doi.org/10.1016/j.resourpol.2019.101428

Zhou, Y., Xu, Y., Liu, C., Fang, Z., Fu, X., & He, M. (2019). The threshold effect of China's financial development on green total factor productivity. Sustainability (Switzerland), 11(14). https://doi.org/10.3390/su11143776