Testing The Validity of Okun's Law in Islamic Cooperation Organization Countries: Panel Data Analysis

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ABSTRACT

Okun's law was first studied in the United States sample and appeared in the literature with the study published by Okun in 1962 as an economic law stating that the relationship between unemployment and production loss variables is negative. Okun's law, supported by subsequent studies, is an important research topic in macroeconomic literature in terms of examining the relationship between unemployment and economic growth variables. Testing the validity of Okun's law is taken into consideration in evaluating the role of employment in the growth of national economies. This study analyses the validity of the Okun law on the Organization of Islamic Cooperation countries between 1991 and 2023. As a result of the study examining the relationship between economic growth and unemployment variables with panel data analysis, a general assessment was made that Okun's law is valid. This study contributes to the literature as a result of the study choosing the countries of the Organization of Islamic Cooperation as a sample and not finding any study in this framework.

Keywords: Okun's Law, Panel Data Analysis, Organization of Islamic Cooperation, Economic Growth, Unemployment.

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