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Determinants of Human Development in Muslim Countries: A Panel Data Analysis of Internal and External Factors

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ABSTRACT

This study examines the combined effects of internal and external factors on why many Muslim countries continue to experience uneven levels of human development. Drawing on panel data from 51 Muslim-majority nations between 2007 and 2020, the research applies Fixed Effects 2SLS Models to identify the key elements influencing the Human Development Index (HDI). The analysis considers internal aspects—such as economic inequality, political instability, social capital, knowledge creation, and natural resources—alongside an external dimension, colonial history. The findings indicate that inequality and instability continue to be significant barriers to progress, while stronger social networks and knowledge creation lead to more favorable human development outcomes. Evidence also suggests that the legacy of colonization has a lasting impact on institutions and economic structures in many countries. These results underline the need for policies that promote inclusive governance, reduce disparities, and invest in education and innovation. By bridging historical context with current development challenges, this study offers new insights into how Muslim nations can pursue more equitable and sustainable paths toward human progress.

Keywords: Human Development; Muslim Countries; Economic Inequality; Political Instability; Colonization

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