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Rational Hesitation: Governance Signals and Muslim Capital Deployment

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ABSTRACT

Purpose: This study examines why Muslim capital remains under-deployed in private markets despite growing Muslim diaspora and GCC-linked wealth, arguing that under-deployment reflects a rational response to institutional uncertainty rather than cultural conservatism.

Design/Methodology/Approach: Institutional economics, behavioural finance, and Islamic finance governance scholarship inform a six-inhibitor theoretical framework. Findings derive from a healthcare-sector practitioner survey (January 2026; n=50) and a values-alignment supplement completed by 32 Muslim or Shariah-aligned respondents.

Findings: Among values-aligned investors, Shariah labelling without documented governance process actively increased hesitation (mean 5.59, SD 1.32, 78% agree+), while documented process generated stronger confidence (mean 6.00, SD 1.11, 88% agree+; paired t=2.63, p=.013). Across the full sample, governance credibility and ethical ambiguity were the dominant hesitation drivers, rated significantly above fundraising approach, translator scarcity, and time-horizon mismatch (all p < .001). Institutionalisation was rated above community affinity (mean 5.84, 91% agree+).

Originality/Value: This paper provides one of the first empirical assessments of governance signal responsiveness in a Muslim investor cohort, addressing gaps identified by World Bank (2020) and IFSB (2023), demonstrating that Shariah labelling absent governance process is counterproductive.

Research Limitations: Convenience-based, physician-heavy, U.S.-contextualised sample; exploratory design.

Practical Implications: Governance transparency is most effective when it precedes Shariah branding. Education-led, opt-in models outperform product-centric marketing in unlocking Muslim capital.

Social Implications: Removing governance barriers in healthcare private equity opens a pathway toward SDG 3, channelling values-aligned capital productively.

Keywords: governance signalling, healthcare investment, institutional uncertainty, Islamic finance, Muslim capital, private equity, Shariah compliance, values-aligned investing

INTRODUCTION

Over the past four decades, Islamic finance has grown from a marginal jurisprudential experiment into a global industry with assets exceeding USD 6 trillion (DinarStandard, 2025; IFSB, 2023). Islamic banking systems operate across the Middle East, Southeast Asia, and parts of Africa; sovereign and quasi-sovereign ṣukūk have become regular instruments of public finance; and Shariah-screened public equity products are widely distributed to retail investors. Yet this aggregate expansion conceals a persistent and consequential anomaly: Muslim participation in professionally managed private market vehicles remains disproportionately low, particularly within U.S. Muslim diaspora communities and among GCC-linked high-net-worth families.

Industry commentary frequently attributes under-deployment to a shortage of Shariah-compliant products or excessive conservatism — explanations that imply simple solutions. However, such explanations fail to account for a critical observation: many Muslim investors who avoid pooled private equity simultaneously tolerate substantial risk through direct real estate, concentrated businesses, and informal lending — activities with illiquidity and volatility equal to or greater than those of diversified private market funds.

The puzzle is not whether Muslim investors accept risk, but why they accept certain forms while rejecting forms that may, in institutional terms, be safer. The persistence of direct ownership suggests that control and trust matter more than formal risk metrics.

This paper advances a central claim: Muslim capital under-deployment is best understood as a rational response to institutional uncertainty — ethical, informational, and governance-related. When investors face ambiguity about permissibility, opacity in process, and distrust of governance, inaction becomes the dominant strategy. Capital remains idle not because opportunities are unattractive, but because institutional conditions do not feel safe.

The implications of this diagnosis are significant. If capital hesitation is rational, then persuasion-based fundraising is not merely ineffective — it is counterproductive. Durable capital mobilisation requires a different approach: one centred on education, governance, and private trust formation rather than product marketing.

The prevailing industry narrative frames under-deployment as a problem of opportunity scarcity, leading to predictable responses: more products, more branding, more outreach. This paper proposes a different framing: the binding constraint is institutional safety, not opportunity availability. Institutional safety has three dimensions: ethical (clarity on how permissibility is assessed), governance (confidence that conflicts are managed and information is disclosed), and cultural (assurance that engagement will not expose investors to reputational risk). When these conditions are absent, additional products or pitches increase skepticism. When present, capital often mobilises even without aggressive marketing.

This institutional safety framework is normatively grounded in the maqāṣid al-Sharīʿah — the higher objectives of Islamic law. The preservation of wealth (ḥifẓ al-māl) is among the five canonical objectives and implies not merely protection of assets from loss but the active creation of conditions under which wealth can be deployed responsibly and productively. Chapra (2008) argues that the maqāṣid framework requires not only the safeguarding of individual wealth but the construction of institutional environments that enable its socially productive circulation — a formulation that directly supports the governance-first model advanced here. When institutional conditions are perceived as unsafe, capital that could serve maṣlaḥa — the broader public interest — remains idle. This constitutes a maṣlaḥa mursala failure: an unrealised public interest not explicitly addressed by specific textual sources but clearly consistent with the maqāṣid objectives.

The paper's contribution lies not in establishing that governance matters to investors — that is well documented across private markets generally — but in demonstrating empirically that Islamic framing modulates how governance signals are processed: in a values-sensitive cohort, Shariah labelling absent credible governance process functions as a negative signal, inverting the relationship that Islamic finance product design typically assumes.

Three research questions organise the investigation. RQ1: Which institutional factors most strongly influence hesitation among values-sensitive Muslim investors? RQ2: Do documented governance and Shariah review processes carry greater credibility than product-level Shariah labelling alone? RQ3: How does institutional transparency affect investors' reported willingness to accelerate allocation decisions?

OBSERVED PATTERNS OF MUSLIM CAPITAL ALLOCATION

Across U.S. Muslim professional communities and GCC-linked family networks, wealth accumulation has increased materially over the past two decades. Yet savings are often deployed conservatively, with households maintaining high cash balances, owner-managed real estate, closely held family businesses, and limited exposure to pooled private market vehicles.

These patterns are consistent with broader findings in diaspora and minority capital studies, where distrust of intermediaries and informational asymmetries reduce participation in institutional finance (World Bank, 2020). However, they are often misread as evidence of low risk tolerance. In fact, many of these allocations concentrate risk rather than diversify it. Direct real estate ownership exposes investors to geographic concentration, tenant risk, and operational burdens. Closely held businesses involve undiversified exposure to industry cycles and management decisions.

The persistence of direct ownership suggests that control and trust matter more than formal risk metrics. Investors prefer assets they can see, touch, and influence, even if those assets are economically riskier. When investors lack confidence in the ethical review process, governance of intermediaries, or transparency of structures, non-participation becomes a rational equilibrium.

LITERATURE REVIEW

Islamic Finance Growth and the Participation Paradox

Islamic finance has achieved substantial institutional scale over the past four decades. Industry assets surpassed USD 6 trillion by 2025 (DinarStandard, 2025), reflecting expansion across banking, capital markets, and takāful. Hasan and Dridi (2010) documented that Islamic banks demonstrated relative resilience during the 2008 global financial crisis, reinforcing their institutional credibility. World Bank and IRTI (2016) catalogued the expansion of Islamic finance instruments across emerging and frontier markets.

Yet aggregate growth has not translated into proportional participation by the Muslim investor population this industry ostensibly serves. The World Bank (2020) identified persistent under-deployment as a priority research gap, noting markedly lower private market engagement among high-income Muslim diaspora investors than among comparable non-Muslim peers — the empirical paradox this paper addresses.

Institutional Economics and Investor Inaction

North's (1990) foundational work on institutional economics provides the primary theoretical lens for understanding why capital hesitation persists. Institutions — the formal and informal rules that govern economic behaviour — shape decision-making by reducing uncertainty and enabling coordination. When institutions are absent, opaque, or distrusted, rational actors default to inaction or familiar alternatives.

In Islamic finance contexts, this dynamic is amplified by a specific institutional deficit: the absence of credible, transparent governance frameworks capable of signalling reliability to sophisticated investors. Chapra and Ahmed (2002) demonstrated that investor confidence in Islamic financial institutions correlates more strongly with governance quality and disclosure practices than with Shariah branding.

Behavioural Finance and Ambiguity Aversion

Behavioural finance provides a complementary interpretive lens. Kahneman and Tversky's (1979) prospect theory demonstrates that individuals overweight potential losses relative to gains and exhibit strong aversion to ambiguity. Ellsberg's (1961) foundational experiments on ambiguity aversion showed that decision-makers systematically prefer known risks to unknown ones — a preference that intensifies when consequences extend beyond financial loss.

In Islamic finance contexts, this ambiguity aversion operates across multiple dimensions simultaneously. Investment decisions are evaluated not only on financial risk but on moral permissibility. El-Gamal (2006) identifies how formalistic approaches to Shariah compliance — emphasising contractual mimicry over economic substance — often obscure underlying risks rather than resolving them.

Islamic Finance Governance Scholarship

Governance quality has emerged as a central variable in Islamic finance scholarship. The IFSB (2018) guiding principles on disclosure requirements for Islamic capital market products emphasise that investor confidence depends on process transparency and independent verification, not product labelling. AAOIFI governance standards similarly foreground fiduciary obligation, independent oversight, and conflict-of-interest management as prerequisites for institutional credibility.

Grais and Pellegrini (2006) identified substantial variation in Shariah supervisory board competence, independence, and disclosure practices across institutions and jurisdictions, while Hasan (2011) found significant inconsistencies in Shariah governance practices across Malaysia, the GCC, and the UK, suggesting that governance quality within Islamic finance cannot be assumed from institutional affiliation alone.

Information Asymmetry and Private Market Literacy

Private markets are structurally opaque. Even institutional investors rely on reputational signals, governance mechanisms, and long-term relationships to evaluate private equity and credit opportunities (Metrick and Yasuda, 2010). For investors without institutional training, opacity is often conflated with speculation. The World Bank (2020) highlighted low levels of private market understanding as a major barrier to participation, even among high-income individuals in Islamic finance contexts.

Social Capital and Trust Formation

Bourdieu (1986) established social capital as a productive resource: the accumulated trust, obligations, and recognition embedded in social networks enable actors to access opportunities unavailable through formal institutional channels alone. In capital markets, Burt (2005) extended this framework through brokerage theory, demonstrating that actors who bridge otherwise disconnected networks generate disproportionate value by translating across institutional domains.

Roy (2004) documented the specific dynamics of Muslim diaspora social networks, emphasising that reputational risk and discretion concerns shape which engagement modes are culturally acceptable.

Research Gap

Despite the breadth of scholarship across these domains, a critical gap persists. The World Bank (2020) and IFSB (2023) both called for practitioner-level empirical data on Muslim investor decision-making. No published study has empirically tested which governance signals — labelling versus process, affinity versus institutionalisation — most effectively reduce hesitation among Muslim investors in private market settings. This paper fills that gap.

THEORETICAL FRAMEWORK: SIX STRUCTURAL INHIBITORS

The literature review establishes that Muslim capital under-deployment cannot be attributed to a single cause. Rather, it reflects the interaction of multiple institutional, behavioural, and cultural factors. This paper organises these factors into a framework of six structural inhibitors, each grounded in theory and practitioner evidence.

Ethical Ambiguity and the Fear of Religious Error

Ethical ambiguity is the most immediate and emotionally salient inhibitor affecting Muslim investment behaviour. Unlike conventional finance, where risk is evaluated primarily in probabilistic and monetary terms, Islamic finance introduces a categorical dimension: the permissibility of an activity itself. El-Gamal (2006) argues that formalistic approaches to Shariah compliance — those emphasising contractual mimicry over economic substance — often obscure underlying risks rather than resolving them. Ambiguity aversion, as articulated by Ellsberg (1961), further explains the resulting paralysis.

Trust Erosion from Historical Governance Failures

Institutional economics emphasises that trust is cumulative and path-dependent (North, 1990). Once eroded, it cannot be restored through assertion alone. In Islamic finance, this erosion has produced a credibility overhang: new initiatives inherit skepticism generated by past failures, regardless of their intrinsic quality. Empirical evidence supports this interpretation — studies of Islamic banking crises indicate that investor confidence correlates more strongly with governance quality and disclosure practices than with Shariah branding (Chapra and Ahmed, 2002; IFSB, 2018).

Information Asymmetry and Limited Literacy in Private Markets

Private markets are structurally opaque. Even institutional investors rely on reputational signals, governance mechanisms, and long-term relationships to evaluate opportunities (Metrick and Yasuda, 2010). For investors without institutional training, opacity is often conflated with speculation. World Bank (2020) studies on financial inclusion in Islamic finance contexts highlight low levels of understanding as a major barrier to participation, even among high-income individuals.

Cultural Resistance to Public Solicitation

Cultural norms play a decisive role in shaping acceptable modes of engagement. In many Muslim diaspora and GCC-linked contexts, public solicitation — particularly in religious or professional settings — is viewed as inappropriate. Roy (2004) emphasises that Muslim communal spaces prioritise discretion, dignity, and reputational safety. Legal permissibility under regimes such as U.S. Reg D 506(c) does not translate into cultural legitimacy.

Absence of Credible Institutional Bridge Figures

Capital mobilisation depends on intermediaries who translate across institutional domains. Burt's (2005) theory of brokerage emphasises the role of boundary spanners — actors who connect otherwise disconnected networks. In Islamic finance, such figures are scarce. Effective bridge figures must be simultaneously legible to Shariah discourse, institutional finance practice, and regulatory and compliance frameworks.

Liquidity Preferences and Time-Horizon Mismatch

Private markets require patience. Many Muslim investors, particularly professionals with concentrated income sources, prioritise flexibility and optionality. Islamic ethical principles emphasise transparency (bayān) and avoidance of excessive uncertainty (gharar). The structural opacity of private equity — including uncertain exit timelines, variable distributions, and limited secondary liquidity — may be perceived by Muslim investors as approaching the threshold of gharar fāḥish. Failing to articulate liquidity constraints clearly therefore violates both fiduciary and ethical obligations.

Constraint Hierarchy

While all six inhibitors influence behaviour, they do not operate symmetrically. Governance credibility and ethical ambiguity emerge as the co-primary constraints in this sample: without both, education and opportunity have limited effect. The tertiary constraint is private market literacy. Cultural norms, bridge figure scarcity, and liquidity mismatch function as supporting constraints.

METHODOLOGY

Survey Design and Instrument

The study employs a cross-sectional practitioner survey administered to healthcare-sector investors during January 2026. The instrument was designed in two sequential modules. The first module examined private investment decision behaviour, governance confidence factors, and inhibitor importance ratings across the six dimensions of the theoretical framework. The second module — a values-alignment supplement — was offered to respondents indicating Muslim faith or Shariah-aligned investment orientation. Respondents self-identified their eligibility through a direct opt-in question, preserving autonomy and avoiding imposed categorisation.

Survey items measuring governance confidence and inhibitor importance employed seven-point Likert scales (1 = strongly disagree / not at all important; 7 = strongly agree / extremely important). The instrument was piloted with five practitioners before distribution. The analysis is descriptive and exploratory, identifying directional patterns rather than establishing causal relationships.

Sample Characteristics

A total of 107 responses were recorded. Following application of pre-specified exclusion criteria — requiring completion of the demographic section, confirmation of having evaluated a healthcare private investment opportunity within the prior 24 months, passage of an embedded attention check, and a minimum response duration of one minute — 50 respondents were retained as the clean analytical sample. Of these, 32 self-identified as Muslim or Shariah-aligned and voluntarily completed the values-alignment module in full.

The sample is predominantly physician and clinician (80%), consistent with the healthcare-sector distribution channel. Internal consistency of the six-item inhibitor importance scale was assessed using Cronbach’s alpha ($\alpha = 0.676$, listwise $n = 42$), indicating acceptable reliability for an exploratory instrument. The values-alignment module demonstrated stronger internal consistency ($\alpha = 0.794$, $n = 32$).

Table 1: Sample Composition (N=50)

Category	N	%
Physicians / Clinicians	40	80%
Healthcare Administrators	6	12%
Investors / Allocators	2	4%
Advisors	2	4%
Other / Not Specified	0	0%
Total	**50**	**100%**

Source: Authors' own.

FINDINGS

Decision Behaviour Among Screened-In Respondents

Among the 44 respondents providing decision behaviour data, the majority (41%) reported that their healthcare private investment decisions took approximately the same time as non-healthcare decisions. A meaningful minority (30%) reported longer timelines, while an equal proportion (30%) reported shorter. The most common decision timeline was two to four weeks (39%), followed by one to three months (25%).

When asked about behaviour under uncertainty, 70% of respondents reported delaying a decision to gather more information, while 16% reported declining the opportunity outright. Only 9% reported committing despite uncertainty — a pattern consistent with the ambiguity aversion literature (Ellsberg, 1961) and suggesting that investor hesitation is procedurally driven rather than categorically risk-averse.

Table 2: Decision Behaviour Under Uncertainty (n=44)

Behaviour	n	%
Delayed to gather more information	31	70%
Declined the opportunity outright	7	16%
Committed despite uncertainty	4	9%
Other	2	5%

Source: Authors' own.

Primary Hesitation Drivers and Decision Accelerators

Ongoing transparency and reporting quality (23%) were the most frequently cited hesitation drivers, followed by operating model clarity (20%), governance and control clarity (18%), and ethical or reputational concerns (18%).

Among decision accelerators, an operating model bridge document (57%) and a governance document summary (55%) ranked first and second. These findings indicate that concrete, process-oriented information — not marketing materials or return projections — constitutes the primary catalyst for investor engagement.

Table 3: Top Decision Accelerators (n=42)

Accelerator	% Selecting
Operating model bridge document	57%
Governance document summary	55%
Use-of-proceeds & capital allocation policy	29%
Education-first engagement	24%

Source: Authors' own.

Governance Confidence Factors

Governance Likert items were rated on a seven-point scale by the 42 respondents completing this section. ‘Operational execution confidence is required before committing capital’ returned the highest mean (6.48, 98% agree+). ‘Concrete governance policies build trust in management’ recorded a mean of 6.21 (98% agree+). The item most directly relevant to the paper’s thesis — ‘Clear governance documentation would shorten my decision time’ — recorded a mean of 5.74 (86% agree+).

Table 4: Governance Confidence Items (n=42, 7-Point Scale)

Statement	Mean	% Agree+
Operational execution confidence required before committing	6.48	98%
Concrete governance policies build trust in management	6.21	98%
Conflict-of-interest handling matters to my decision	6.26	93%
Predictable reporting cadence matters	6.10	96%
GP/investor alignment structures matter	6.12	98%
Clinical/healthcare experience increases commitment	6.17	95%
Clear governance documentation would shorten my decision time	5.74	86%

Note: Agree+ defined as response ≥5 on the 7-point scale.

Inhibitor Importance Ratings

Six structural inhibitors were rated by respondents on a seven-point importance scale. Governance credibility ranked as the most important inhibitor (mean 5.95, SD 1.26, 95% CI [5.58, 6.33], 75% very important+), followed by ethical and reputational ambiguity (mean 5.86, SD 1.29, 95% CI [5.48, 6.24], 70%) and operating model legibility (mean 5.61, SD 1.15, 95% CI [5.28, 5.95], 61%). Paired-samples t-tests indicate that governance credibility was rated significantly higher than fundraising approach ($t = 5.11$, $p < .001$), translator scarcity ($t = 4.93$, $p < .001$), and time-horizon mismatch ($t = 4.07$, $p < .001$). Fundraising approach ranked least important (mean 4.52, SD 1.61, 95% CI [4.05, 5.00], 34%).

Table 5: Inhibitor Importance Ratings (n=42–44, 7-Point Scale)

Inhibitor	Mean	% Very Important+
Governance credibility	5.95	75%
Ethical / reputational ambiguity	5.86	70%
Operating model legibility	5.61	61%
Translator / bridge figure scarcity	4.89	39%
Time-horizon mismatch	4.82	39%
Fundraising approach	4.52	34%

Source: Authors' own.

Values-Alignment Module Findings

Among the 32 respondents who completed the values-alignment module, responses consistently indicated a preference for institutionalised governance processes over affinity-based or label-based signalling. ‘Documented Shariah process increases my confidence’ recorded the highest mean (6.00, SD 1.11, 95% CI [5.62, 6.38], 88% agree+), while ‘Labels without governance increase my hesitation’ recorded a mean of 5.59 (SD 1.32, 95% CI [5.14, 6.05], 78% agree+). A paired-samples t-test confirmed that the difference between these two items was statistically significant ($t = 2.63$, $p = .013$). ‘Institutionalisation matters more than community affinity’ recorded a mean of 5.84 (91% agree+).

Table 6: Values-Alignment Module (n=32, 7-Point Scale)

Statement	Mean	% Agree+
Documented Shariah process increases my confidence	6.00	88%
Institutionalisation matters more than community affinity	5.84	91%
Non-compliance handling transparency matters	5.91	88%
Prefer asset-linked over cash-flow structures	5.69	78%
Scholar independence matters to my confidence	5.53	84%
Shariah labels without governance increase my hesitation	5.59	78%

Note: Agree+ defined as response ≥5 on the 7-point scale.

DISCUSSION

Governance and Ethical Clarity as the Binding Constraints

The empirical findings provide consistent and mutually reinforcing support for the institutional safety framework. Across all survey modules, governance-related factors — credibility, transparency, conflict-of-interest management, and reporting predictability — emerged as the primary determinants of investor confidence and decision acceleration. This pattern aligns precisely with Chapra and Ahmed's (2002) foundational observation that investor confidence correlates more strongly with governance quality than with Shariah branding, and with the IFSB's (2018) emphasis on process transparency as the foundation of capital market credibility.

The finding that 86% of screened-in respondents agreed that clear governance documentation would shorten their decision time has direct and substantial practical implications. It suggests that governance documentation is not merely a compliance artefact but a genuine decision accelerator — a tool that reduces ambiguity and creates the institutional safety conditions under which capital mobilises.

The Limits of Label-Based Signalling

The values-alignment module findings represent a significant challenge to the prevailing Islamic finance capital formation paradigm. The finding that Shariah labels without governance increase hesitation among 78% of the values-alignment cohort fundamentally inverts the assumed relationship between Islamic framing and investor confidence.

This result is interpretable within multiple theoretical frameworks simultaneously. From a behavioural perspective, it reflects the ambiguity amplification dynamic: a label that asserts ethical certainty without disclosed process creates cognitive dissonance in sophisticated investors who understand that Islamic jurisprudence involves interpretive plurality (El-Gamal, 2006). From an institutional economics perspective, it reflects the credibility overhang: prior experiences with hollow Shariah branding have conditioned investors to treat labels as potential indicators of governance opacity rather than transparency.

The differentiating variable, the data suggest, is process: documented, transparent, and revisable. Islamic finance practice has not yet caught up with the governance-first logic that conventional institutional finance codified years ago — the SEC's updated Investment Company Names Rule (2023) requiring that labels be substantiated by auditable process is an instructive parallel.

Education-Led Capital Formation as Institutional Response

The integrated findings support a specific model of Muslim capital formation: one that sequences education before allocation, governance before branding, and private trust formation before scale. The evidence is consistent with a sequencing logic that can be expressed as GETA: Governance, Education, Trust, and Allocation. Governance credibility must be established first; education follows; trust emerges from sustained interaction between credible governance and transparent education; allocation follows when the investor has sufficient institutional confidence to commit voluntarily.

A defining structural feature of the proposed model is the separation between public education and private engagement. Public education is non-transactional — it offers ideas without expectation of reciprocity. Private engagement is explicitly opt-in, preserving dignity and autonomy and filtering for genuine interest.

Implications for Shariah Governance and Practitioners

The traditional Shariah governance model — focused on ex-ante certification of contracts — has limitations in complex, evolving private market contexts. The data are consistent with a shift toward process-oriented Shariah governance, in which boards oversee decision frameworks rather than isolated transactions, engage in ongoing review, and disclose areas of interpretive disagreement.

For private equity sponsors, the findings suggest a fundamental reframing of role. The allocator is not merely a capital seeker but an institutional educator and fiduciary interlocutor — obliged to explain decision-making processes, prioritise governance transparency over return projections, and articulate ethical boundaries openly.

Research Limitations

Several limitations should be acknowledged. The sample is convenience-based and physician-heavy, reflecting the distribution channel. The values-alignment module rests on a cohort of 32 self-identified respondents — sufficient for directional and theory-building purposes but insufficient for strong generalisation. The U.S. contextualisation limits applicability to jurisdictions with different Islamic finance ecosystems. Longitudinal designs and non-Muslim comparison groups would strengthen causal inference.

CONCLUSION

This paper has advanced a central argument: Muslim capital under-deployment in private markets is not a failure of appetite, sophistication, or opportunity availability. It is a rational response to institutional environments perceived as unsafe — ethically, informationally, and in terms of governance. Muslim physician-investors and GCC-linked allocators represent a natural LP constituency for healthcare private equity whose social purpose aligns with their values commitments.

The findings suggest that the appropriate institutional response may lie less in improved persuasion and more in governance redesign. The evidence is consistent with a sequencing in which education precedes allocation, governance precedes branding, and private trust formation precedes scaling. Advanced instruments — ṣukūk, ESG frameworks, waqf structures — function more effectively as outcomes of institutional maturity than as substitutes for it.

For Islamic finance professionals, the data suggest that durable capital mobilisation may depend less on innovation speed than on institutional credibility. In a trust-sensitive ecosystem, patience is not a cost — it is a strategic asset.

DECLARATIONS

Conflict of Interest

Amjad M. Hammad is Founder and General Partner of Baraka Prosperity Partners, a healthcare-focused private equity firm whose capital formation strategy is directly adjacent to the subject matter of this paper. Rushdi Siddiqui serves as Chair of Islamic Capital Markets and Healthcare Infrastructure on the Strategic Advisory Council of Baraka Prosperity Partners. Both authors have disclosed this relationship in the interests of full transparency. The empirical findings were not developed in connection with any specific fundraising activity.

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Data Availability

The survey data supporting the findings of this study are available from the corresponding author upon reasonable request, subject to respondent confidentiality obligations. Aggregate and anonymised data may be shared for academic replication purposes.

Ethical Considerations and Informed Consent

The study was conducted in accordance with ethical research principles governing voluntary participation, anonymity, and data confidentiality. All respondents provided informed consent prior to participation via an explicit consent item presented at the commencement of the survey instrument. Participation was entirely voluntary and no financial compensation was provided.

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