



**THE DETERMINANTS OF INFLOWS FOREIGN DIRECT INVESTMENT (FDI)  
IN FIVE ASEAN DEVELOPING COUNTRIES**

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**JANUARY 2019**

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**Submitted in Partial Fulfilment of the  
Requirement for the  
Bachelor of Business Administration with Honours (Finance)**

**FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITY TECHNOLOGY MARA  
MALACCA CITY CAMPUS**

**JANUARY 2019**

**DECLARATION OF ORIGINAL WORK**



BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)  
FACULTY OF BUSINESS ADMINISTRATION  
UNIVERSITI TEKNOLOGI MARA  
**“DECLARATION OF ORIGINAL WORK”**

I, **MUHAMMAD SHAHRUL BIN SAMSURI**, (IC NUMBER : **950204-05-5265**), and  
I, **MOHAMMAD AZWAN BIN MOHD FARID**, (IC NUMBER : **961209-05-5479**)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any others degree.
- This paper project is the result of our independent work and investigation, except the otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of our information have been specifically acknowledged.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

## LETTER OF SUBMISSION

3<sup>RD</sup> January 2019

Puan Hazalinda Binti Harun  
Faculty of Business Management,  
Universiti Teknologi MARA,  
Malacca City Campus,  
110 Off Jalan Hang Tuah,  
75300 Melaka.

Dear Madam,

### **SUBMISSION OF FINAL PROJECT PAPER**

Attached is the project paper title “**THE DETERMINANTS OF INFLOWS FOREIGN DIRECT INVESTMENT (FDI) IN FIVE ASEAN DEVELOPING COUNTRIES**” to fulfil the requirement as needed by Faculty of Business Management, Universiti Teknologi MARA.

Thank you,

Sincerely,

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MUHAMMAD SHAHRUL BIN SAMSURI

950205-05-5265

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MOHAMMAD AZWAN BIN MOHD FARID

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## ABSTRACT

ASEAN economy performance has been strongly depending on the Foreign Direct Investment (FDI). FDI is known as the key source of income, business competition, capital flows, innovations and technological transfer which are important process of economic development. However, the trend of FDI inflow showed a fluctuation trend as it constant from 1995 to 2002, an increase until 2007, a drop in 2008 and 2012 and decline again starting 2015. While in 2016 and 2017 the FDI rose to a higher level. The increase is good but a matter of fact, a fluctuation shown gives the sign that FDI inflows can rose and fall at any time. Therefore, the purpose of this study to determine the factors that affecting the FDI inflows for five selected ASEAN developing countries based on the independent variables which are Gross Domestic Product (GDP), export (EXP), exchange rate (EXR), inflation (INF) and corruption (COR). The data collected annually from 1998 to 2017 by using panel series data. The data that been collected from World Bank Data. The countries that involved in this research are Indonesia, Malaysia, Thailand, Philippines and Vietnam. The data will be measured by using multiple test like Unit Root test, Pooled OLS test and Regression test. The result show that export, exchange rate and corruption shown a significant positive effect while GDP shown a significant negative effect toward FDI inflow. However, inflation show insignificant effect towards FDI inflow. This result will further the understanding of individual, policy maker, investor and economist about the important and factors affecting FDI inflow for the ASEAN developing countries.

Keywords: ASEAN, FDI, GDP, export, exchange rate, inflation, corruption.