



**A STUDY ON THE IMPACT OF FOREIGN DIRECT INVESTMENT,
EXCHANGE RATE, INFLATION AND UNEMPLOYMENT TOWARDS
ECONOMIC DEVELOPMENT IN MALAYSIA**

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JUNE 2016

DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE) FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA MALACCA CITY CAMPUS “DECLARATION OF ORIGINAL WORK”

We, ZHAFIRUL RAQIB BIN RAHMAN, (941020-10-5307) and NUR SYAHIRA BINTI MOHD RASHID, (940527-09-5086)

Hereby declared 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 other degrees.
- This project paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation mark and sources of my information have been specifically acknowledged.

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LETTER OF SUBMISSION

June 2016

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Dear Dr,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled **“A STUDY ON THE IMPACT OF FOREIGN DIRECT INVESTMENTS, EXCHANGE RATE, INFLATION AND UNEMPLOYMENT TOWARDS ECONOMIC DEVELOPMENT IN MALAYSIA”** to fulfill the requirements as needed by the faculty of Business Management, Universiti Teknologi MARA.

Thank you

Yours sincerely

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ABSTRACT

The purpose to conduct this study is to investigate the relationship between Foreign Direct Investment (FDI), exchange rate, inflation and unemployment toward economic development in Malaysia. It covers the period 1983 until 2014, a period of 30 years. Simply, those determinants are considered as indicators for economic development in Malaysia and it has been investigated quarterly. Foreign Direct Investment has a strong influence toward economic growth in Malaysia. This determinant plays a vital role in strengthen Malaysia's economy until Malaysia became a leader in economic growth among Asian region especially in export sectors. Same goes to the exchange rate where it also influences the economic development in Malaysia. Exchange Rate (ER) indicates a price of one country in relation to other countries in the world which means that it will related to the economic development of the country. Besides that, Inflation is an increment in the price of goods and services which will affect consumer purchasing power. Additionally, resources of labor that inefficiently used will increase the rate of unemployment. Statistics of unemployment in economics scale is used to measure the condition and extent of joblessness within an economy.