



**FACTORS AFFECTING FOREIGN DIRECT INVESTMENT (FDI) IN MALAYSIA**

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**JUNE 2016**



**DECLARATION OF ORIGINAL WORK**



**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE**

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**“DECLARATION OF ORIGINAL WORK”**

We, NIK ANISAH BINTI NIK MUSTAPHA,  
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and RAJA

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

Signature:

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

\_\_\_\_\_

(Nik Anisah binti Nik Mustapha)

\_\_\_\_\_

(Raja Shazleen Izwannie binti Raja Abd Manaf)



## ACKNOWLEDGMENT

In the name of Allah, the Most Compassionate, the Most Merciful. Praise to Allah the Al-Mighty for giving us the strength and patience to complete this project paper within the period given.

First, we would like to thank our lecturer, Madam Rohaiza Binti Kamis for her valuable guidance, continuous encouragement, invaluable suggestions and supporting us with kindness. She definitely provided us with the tools that we needed to choose the right direction and successfully complete this project paper.

We also would like to take this opportunity to thank our parents for their wise counsel and sympathetic ear as they always there for us. Last but not least, a great appreciation goes to the rest of my friends in helping from time to time during the research to be done on time. The whole research really brought us together to appreciate the true value of friendship and respect of each other.

Apart from that, we hope that all the information and data that we have gathered here will increase the knowledge of anyone who will be accessing it regarding the study on the “Factors that affecting Foreign Direct Investment (FDI) in Malaysia”. It would be a great honor to us if it is used as a reference or for any other good cause. Finally, we would like to extend this appreciation to all that have directly and indirectly contributed invaluable assistance, cooperation and support in the completion of this project paper.



## **ABSTRACT**

Foreign Direct Investment (FDI) are needed for the country to achieve a sustainable high trajectory of economic growth. The irrefutable reason for this is it can transform a country to become a developed country. The significance of Foreign Direct Investment (FDI) are bring with it the advantages of advance technology, good management practices, improve quality products, upgrade skills and reduce debts. In Malaysia, Foreign Direct Investment (FDI) is an important part of massive investment which drives the growth of Malaysia economic. In other words, Foreign Direct Investment (FDI) has contributed to the creation of an 'economic miracle' in Malaysia. Hence, this study attempts to investigate the factors that affecting Foreign Direct Investment (FDI) in Malaysia. Using time series analysis, the annual data consisting of Foreign Direct Investment (FDI), economic growth (EG), inflation rate (IR), trade openness (TO) and exchange rate (ER) for 35 years from 1981-2015 were carefully analysed. Multiple Linear Regression is applied in the study to investigate the relationship between independent variables (economic growth (EG), inflation rate (IR), trade openness (TO) and exchange rate (ER)) and dependent variable (Foreign direct Investment (FDI)). Analysis was then carried out to examine the relevance of these factors towards Foreign Direct Investment (FDI) in Malaysia. Based on the results obtained, it shows that inflation rate (IR) has a significant relationship Foreign Direct Investment (FDI) in Malaysia.



## TABLE OF CONTENTS

<u>Content</u>	<u>Page</u>
TITTLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v-viii
LIST OF FIGURES	ix
LIST OF TABLES	x
LIST OF ABBREVIATIONS	xi
ABSTRACT	xii
<b>CHAPTER 1 INTRODUCTION</b>	
1.0 Introduction	1
1.1 Background of the Study	2-4
1.2 Problem statement	5-8
1.3 Research Questions	9
1.4 Research Objectives	10
1.4.1 Main Research Objective	10
1.4.2 Specific Research Objectives	10
1.5 Significance of Study	11-12
1.5.1 Government	11
1.5.2 Investor	11
1.5.3 Researcher	12
1.6 Scope of Study	13
1.7 Limitation of Study	14
1.7.1 Availability and confidentiality of data	14
1.7.2 Time constraint	14