

**DETERMINANTS OF FOREIGN DIRECT INVESTMENT
IN MALAYSIA**

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MAY 2011

DECLARATION OF ORIGINAL WORK



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“DECLARATION OF ORIGINAL WORK”

I, ABDUL LATIF BIN ZAHARUDIN

Hereby, declare that;

- This work has not previously been accepted in substance for any degree, locally or overseas and 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 marks and sources of my information have been specifically acknowledged.

Signature:

Date: May 2011

ACKNOWLEDGEMENT

There are several kind-hearted individuals who have helped me to complete this paper. First, I would like to take this opportunity to record my thanks to my advisor, Mdm Siti Rohana bt Daud for her comments, wise advice and guidance in the preparation of this report.

I'm greatly indebted to Mr Mohd Zaki Sadik, Mr Halim Mahphoth, Mr Muhd Firdaus Naim Mustafa, Mr Syamsyul Samsudin and Miss Laili Zahwan whom directed the right path of this report by providing suggestions and ideas along this paper journey.

Lastly, I wish to express my deepest gratitude to all people who directly or indirectly involve in the completion of this report. Their comments and encouragements cannot be paid by me. I just hope may God bless them.

Without their full support, this report would not have been materialised.

ABSTRACT

This thesis elaborates on the driving forces behind the significant inflow of Foreign Direct Investment to Malaysia in recent years. In this study, there were 4 variables chosen by the researcher. Foreign Direct Investment is the dependent variable while 3 economic indicators which were GDP Growth, Gross Fixed Capital Formation and Exchange Rate selected to be independent variables. The period of this study is 35 years which is between years 1975 until year 2009. This research used quantitative data which gathered from World Bank Data Stream. The data was then produced using E-views 7 for regression analysis. The result then has been analyzed to see whether there are correlation between the dependent and independent variables or not. The study found that GDP Growth and Gross Fixed Capital Formation has significant relationship and gives positive impact towards Foreign Direct Investment. Meanwhile Exchange Rate gives negative impact and insignificant perhaps due to the 7 years pegging regime. This finding is supported by Czernicka Sinnathamby (2009) who made a study for Poland's FDI and Lv Na (2006) who find determinants FDI at the regional level in China.

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