THE DETERMINANTS OF THE FOREIGN

DIRECT INVESTMENT (FDI) FLOWS IN ASIAN COUNTRY

NORSYAIDASYAHIN BINTI ZULKARNAIN

2012239112

BACHELOR OF BUSINESS ADMINISTRATION

WITH HONOURS (FINANCE)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA (TERENGGANU)

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ABSTRACT

This paperwork is to investigate the relationship between independent variables and dependent variable and to identify the most significant independent variable toward the dependent variable, foreign direct investment (FDI). All the data for independent variable which include openness, market size, infrastructure, growth, inflation and real interest rate are gathered from World Bank for each country which is for 20 countries. Besides that, the data are also gathered within 10 years (2003-2012). After obtained all the reliable data from the right sources, the researcher continued the research with run it into STATA 10.1 software to get the result of the study. Next, based on the result on the STATA software, the researcher got better results in Pooled Generalized Least Square (PGLS) test where most of the independent variable is significant towards dependent variable. As a conclusion, the most contributor or most significant independent variable is openness variable where it is significant at 0.000 for 1% level of confidence which is the best level. So openness variable are much correlated that effect the flow of Foreign Direct Investment (FDI).

Keywords: Foreign Direct Investment, Pooled Generalized Least Square, level of confidence