



اُنِيسِوَرِيسِيتِي تِكْنُولُوجِي مَارَا  
UNIVERSITI TEKNOLOGI MARA  
CAWANGAN KELANTAN

**“THE STUDY OF INTEREST RATE,  
INFLATION RATE AND EXPORT AS  
FACTORS AFFECTING IFDI OF MALAYSIA”**

**ADVISOR:**

**ENCIK ZAIHAN BIN USMAN @ OTHMAN**

**BACHELOR OF BUSINESS ADMINISTRATION  
(HONOURS) FINANCE  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
MACHANG, KELANTAN**

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اَبُو سَيِّدِي تَيْكَوَلُو كِي مَسَالَا  
UNIVERSITI TEKNOLOGI MARA  
CAWANGAN KELANTAN

**BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**“DECLARATION OF ORIGINAL WORK”**

I, Ros' Aida Binti Ramli, (I/C No: 840709-03-5270), hereby declared that,

- This work has not previously been accepted in substance for any degree, locally or overseas, and nor 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.

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## ABSTRACT

This study is conducted to explore a possible link between some macroeconomic variables that are interest rate, inflation rate and export with inward foreign direct investment (IFDI) of Malaysia. IFDI plays crucial role to Malaysia's development and has fueled the engine of growth of Malaysia's economy since the early 1970s. This encouraged the researcher to embark this project to get more obvious evidences on the effects of macroeconomic variables on IFDI to Malaysia. Like other form of investments, IFDI is also affected by uncertainty and causes higher risk to investors. No doubt that Malaysia is one the of attractive destinations to invest but, the increase in terms of competition between countries to increase capital inflow rise the possibility that Malaysia will lose foreign investors to neighboring countries if we do not try to be more attractive. This study observed 84 numbers of quarterly data from 1985 to 2005 which is supported with some previous researches conducted by other researchers that are parallel with this topic. The researcher used multiple regressions package to test the data. At the end of this study, the researcher found that from individual signification of test (t-test) indicated only interest rate is not significant with IFDI while inflation and export have significant relationships. From overall significant test, independent variables have positive relationship with IFDI of Malaysia but the researcher also found a weak correlation between independent variables and dependent variable according to R-square value. Finally, the researcher hopes these findings may assist policy-makers in their efforts to attract more IFDI into Malaysia.

## TABLE OF CONTENTS

### CONTENTS

	PAGES
LETTER OF SUBMISSION	i
ACKNOWLEDGEMENT	ii-iii
ABSTRACT	iv
TABLE OF CONTENTS	v-vi
ABBREVIATIONS	vii
<b>CHAPTER 1: INTRODUCTION</b>	
1.1 TERMS DEFINITION	1
1.2 BACKGROUND OF THE STUDY	2-4
1.2.1 OVERVIEW FOREIGN DIRECT INVESTMENT IN MALAYSIA	5-7
1.2.2 OVERVIEW INWARD FOREIGN DIRECT INVESTMENT (IFDI) IN MALAYSIA	8-11
1.2.3 THE BENEFITS OF IFDI TO MALAYSIA	12-13
1.2.4 INTEREST RATE AS FINANCIAL INDICATOR TO ATTRACT FOREIGN INVESTOR	14-16
1.2.5 INFLATION RATE AS FINANCIAL INDICATOR TOWARD FDI	17- 18
1.2.6 ARE EXPORT AND IFDI SUBSTITUTE OR COMPLEMENTARY?	19- 21
1.3 PROBLEM STATEMENT	22-25
1.4 OBJECTIVE OF THE STUDY	26
1.5 SCOPE OF THE STUDY	27
1.6 SIGNIFICANT OF THE STUDY	28-29
1.7 THE LIMITATION OF THE STUDY	30-31
<b>CHAPTER 2: LITERATURE REVIEW</b>	32-38
<b>CHAPTER 3: RESEARCH METHODOLOGY</b>	
3.1 INTRODUCTION	39
3.2 SOURCES OF DATA	39
3.3 THEORETICAL FRAMEWORK	40
3.4 THE HYPOTHESES	41
3.5 MODEL SPECIFICATION	42
3.6 METHODS OF DATA ANALYSIS	43
3.6.1 MULTIPLE REGRESSION ANALYSIS	44- 45
3.6.2 THE COEFFICIENT OF DETERMINATION AND ADJUSTED ( $R^2$ )	46

3.6.3 STANDARD ERROR OF COEFFICIENT (T-TEST)	47
3.6.4 ANALYSIS OF VARIANCE (F- STATISTIC)	48
<b>CHAPTER 4: FINDING AND ANALYSIS</b>	
4.0 INTRODUCTION	49
4.1 INTERPRETATION OF RESULT MULTIPLE LINEAR REGRESSIONS	49-50
4.2 TEST OF GOODNESS OF FIT ( $R^2$ )	51
4.3 DURBIN-WATSON	52
4.4 TEST OF SIGNIFICANT	
4.4.1 T-TEST	53-55
4.4.2 F-TEST	56-57
<b>CHAPTER 5 : CONCLUSION AND RECOMMENDATION</b>	
5.1 CONCLUSION	58-63
5.2 RECOMMENDATION	64- 67
<b>BIBLIOGRAPHY</b>	68-69
<b>APPENDIX 1</b>	
<b>APPENDIX 2</b>	
<b>APPENDIX 3</b>	