



**UNIVERSITI TEKNOLOGI MARA**

**THE DETERMINANTS OF FOREIGN DIRECT  
INVESTMENT IN SOUTHEAST ASIA**

**NURLIANA BINTI BADARUZAMAN  
2016629488**

Final Year Project Paper submitted in fulfillment  
of the requirements for the degree of  
**Bachelor of Business Administration  
(Finance)**

**Faculty of Business and Management**

**December 2018**

## **AUTHOR'S DECLARATION**

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student : Nurliana binti Badaruzaman

Student I.D. No. : 2016629488

Programme : Bachelor of Business and Administration (Hons)  
Finance.

Faculty : Business and Management

Thesis : The Determinants of Foreign Direct Investment in  
Southeast Asia.

Signature of Student : .....

Date : December 2018

## **ABSTRACT**

Foreign direct investment is an interest as a controlling possession in a business in one nation by a substance situated in another nation. It is consequently recognized from an outside portfolio venture by an idea of direct control. Economic phenomena such as globalization, liberalization and economic integration are one of major effects from the flow of FDI. It has been recognised that FDI is one of the contributor to the economics of beneficiary country. There are several motive that encourage FDI which is are resource seeking, market seeking and efficiency seeking. This research is about to find out the relationship between independent variables toward dependent variables in Southeast Asia which are Malaysia, Singapore and Indonesia from year 1988 until 2017. The dependent variable is foreign direct investment and independent variable are gross domestic product, exchange rate and trade. By using panel data analysis and data from World Bank Data, this study found that there are significant relationship between dependent variable and independent variables in Southeast Asia.

## TABLE OF CONTENTS

	<b>Page</b>
<b>AUTHOR'S DECLARATION</b>	<b>i</b>
<b>ABSTRACT</b>	<b>ii</b>
<b>ACKNOWLEDGEMENT</b>	<b>iii</b>
<b>LIST OF TABLES</b>	<b>vi</b>
<b>LIST OF FIGURES</b>	<b>vii</b>
<b>LIST OF SYMBOLS</b>	<b>viii</b>
<b>LIST OF ABBREVIATIONS</b>	<b>ix</b>
<b>CHAPTER ONE INTRODUCTION</b>	<b>1</b>
1.1 Introduction	1
1.2 Research Background	2
1.3 Problem Statement	3
1.4 Research Questions	3
1.5 Research Objectives	4
1.6 Significance of the Study	4
1.7 Scope of the Study	5
1.8 Limitation of the Study	5
1.9 Definition of Key Terms	6
1.10 Summary	7
<b>CHAPTER TWO LITERATURE REVIEW</b>	<b>8</b>
2.1 Introduction	8
2.2 Literature Review on Foreign Direct Investment	9
2.3 Literature Review on Gross Domestic Product	10
2.4 Literature Review on Exchange Rate	11
2.5 Literature Review on Trade	12

## LIST OF TABLES

<b>Tables</b>	<b>Title</b>	<b>Page</b>
Table 3.1	Data Collection	15
Table 3.2	Unit of Analysis	17
Table 4.1	Results Descriptive Statistics	22
Table 4.2	Results Correlation Analysis	24
Table 4.3	Results Descriptive Statistics	25
Table 4.4	Equation of Regression Result	25