



**THE CAUSAL RELATIONSHIP BETWEEN ICT
AND FDI**

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ABSTRACT

This research paper studied about the causal relationship between Information and Communication Technology (ICT) and Foreign Direct Investment (FDI) in Malaysia, with references to its implications on economic growth. The objective of this study are to examine whether the investment in ICT do give influence to foreign direct investment. The data is collected in yearly basis from 1970 until 2003 in case of Malaysia. The previous researches suggest that there is a causal relationship between ICT and FDI, which means that a higher level of ICT investments leads to an increase inflow of FDI. But some research suggest the opposite causality relationship between ICT and FDI. The inflow of FDI causes further increases in ICT investment and production capacity. I am using the Multiple Regression Model as the statistical tools in this research. This tool is used for interpretation because it gives more clearly finding for the relationship between FDI and independent variable.

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