



**THE RELATIONSHIP BETWEEN GROSS DOMESTIC PRODUCT (GDP), INTEREST
RATE AND TAX RATE TOWARDS FOREIGN DIRECT INVESTMENTS IN MALAYSIA**

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JANUARY 2016

ACKNOWLEDGMENTS

In the name of Allah, the Most Compassionate, the Most Merciful

Alhamdulillah all thanks and praises are due to Allah SWT for making things possible, all the strength, spiritual and inspiration that have been given to me in completing this project paper. Praised to Almighty Allah SWT for giving me the strong will and courage to perform this project paper titled “The Relationship between Gross Domestic Product, Interest Rate and Tax Rate towards Foreign Direct Investment in Malaysia”.

Firstly, I would like to express my sincere gratitude to my advisor, Madam Shahreena Binti Daud, for his continuous encouragement, invaluable suggestions, patient guidance and supporting me with kindness, sympathy and academic enthusiasm. His forceful comments and meticulous directions were a constant source of inspiration to my research that immensely improved the quality of this project paper.

I also would like to take this opportunity to deliver my deepest indebtedness to my parents for their patience, support and guidance for this research. Not forget, great appreciation go to the rest of my friends that help me from time to time during the research. The whole research really brought us together to appreciate the true value of friendship and respect of each other.

Finally, I would like to extend this appreciation to all that have directly and indirectly contributed invaluable assistance, cooperation and support in the completion of this research.

TABLE OF CONTENT

	PAGES
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF TRANSMITAL	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	viii
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ABBREVIATIONS	x
ABSTRACT	xi
CHAPTER 1: INTRODUCTION	1
1.0 Introduction	1
1.0.1 Foreign Direct Investment (Dependent Variable)	2
1.0.2 Gross Domestic Product (Independent Variable 1), Interest Rate (Independent Variable 2) and Tax Rate (Independent Variable 3)	3-5
1.1 Background of Study	6
1.2 Problem Statement	7
1.3 Research Objectives	8
1.4 Research Questions	8
1.5 Significant of Study	8
1.5.1 Government	8
1.5.2 Researcher	8

1.5.3	Workers	9
1.6	Scope and Coverage of Study	9
1.7	Limitations	9
1.8	Definition of Terms	10
1.8.1	Foreign Direct Investment (FDI)	10
1.8.2	Gross Domestic Product (GDP)	10
1.8.3	Interest Rate	11
1.8.4	Tax Rate	11
CHAPTER 2: LITERATURE REVIEW		12
2.0	Introduction	12
2.1	Independent Variable	
2.1.1	Gross Domestic Product	12-13
2.1.2	Interest Rate	14
2.1.3	Tax Rate	15-16
2.2	Dependent Variable	
2.2.1	Foreign Direct Investment	17
2.3	Theoretical Framework	18
2.4	Hypothesis	19
2.4.1	Gross Domestic Product and Foreign Direct Investment	19
2.4.2	Interest Rate and Foreign Direct Investment	19
2.4.3	Tax Rate and Foreign Direct Investment	19
2.4.4	GDP, Interest Rate and Tax Rate towards Foreign Direct Investment	19
2.5	Conclusion	20

ABSTRACT

The aim of this paper is to investigate the relationship of Gross Domestic Product, Interest Rate and Tax Rate towards Foreign Direct Investment in Malaysia. The data that represent the macroeconomics condition are collected was Gross Domestic Products, Interest Rate and Tax Rate (Independent variables) while Foreign Direct Investment (Dependent Variable). The data was used quarterly time series from 1997(Q1) until 2015(Q2) to analyse the significant between dependent and independent variable. The data were collected by using Thomson Reuters DataStream. Between the two models linear regression, Multiple Linear Regression Model is the best model in this study. The result display that there are positive and negative relationship between independent and dependent variable. The positive relationship is Interest Rate and negative relationship is another two variable which is Gross Domestic Product and Tax Rate towards Foreign Direct Investment. Moreover, the most influence toward Foreign Direct Investment in Malaysia is Gross Domestic Product and less influence is Interest Rate and Tax Rate. The data was analysed by using Eviews7 software and Microsoft Excel. These findings were then interpreted and explained based on the findings and several suggestion also will be discussed at the end of this study.

Key Words: *Foreign Direct Investment, Gross Domestic Product, Interest Rate, Tax Rate, Multiple Linear Regression Model*