



**THE STABILITY OF FOREIGN DIRECT INVESTMENT  
IN MALAYSIA : UNEMPLOYMENT RATE, GROSS DOMESTIC PRODUCT,  
INFLATION RATE, TRADE OPENNESS AND EXCHANGE  
RATE**

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## **ABSTRACT**

This study examines the relationship between foreign direct investment (FDI) and the determinants of unemployment rate (UR), gross domestic product (GDP), inflation rate (IR), trade openness (TO) and exchange rate (ER) from year 1991 to 2020 which contains annual data. This data was analyzed by using Multiple Linear Regressions in order to define the statistical relationship among the variables. Besides using Multiple Linear Regressions, this study also use Descriptive Analysis, and Unit Root Test. In diagnostic checking, some tests done to check the significant presents of autocorrelation, heteroscedascity, the normality of data distribution and model specification. The results of the study shows that there is significant relationship between gross domestic product (GDP) and inflation rate (IR) while unemployment rate (UR), trade openness (TO) and exchange rate (ER) did not have any relationship with the foreign direct investment. As conclusion for the studies shows that GDP and IR become factor that affecting the foreign direct investment in Malaysia.

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