



**PERCEPTION AMONG INDUSTRY PLAYERS ON THE FACTORS AFFECTING FOREIGN
DIRECT INVESTMENT OF AEROSPACE INDUSTRY IN MALAYSIA**

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INTRODUCTION

1.1 Introduction

This chapter will discuss on the background of the study, problem statement, research question as well as research objective. This chapter also covers the scope of study, significant of study and definition of key terms.

1.2 Background of study

This paper focused on the perception among industry players on the factors affecting foreign direct investment of aerospace industry in Malaysia. A Foreign Direct Investment (FDI) is an external investment made in another country by a business, organization or person in one country. Usually, FDI occurred when a financial specialist establishes activities outside the business or gains remote business resources within a remote organization. Nevertheless, FDI is known by portfolio interests where a speculator or investors only buys precious items of outside home country.

Foreign direct investment (FDI) is important in Malaysia's economic growth as Malaysia is recognised as developing country. In 2019, Malaysia has achieved the highest transaction of international investment in its record. Malaysia received RM21.7 billion in FDI on that year. During the same period, in 2018 the country recorded revenue of RM11.2 billion. This marked an increase of 94.8 per cent in FDI in Malaysia. In 2016, the foreign investment into aerospace industry was RM 889.4 million. These achievements will help the growth of economy and create jobs opportunity for the job seekers in Malaysia.

Aerospace industry certainly has an important role in a country. It can be referred as a par value of a country to increase their expertise in technology. The Government of Malaysia has described the aerospace industry as a strategic sector with great potential in the industrialization and technological growth programs of the country. There are four sub-sectors in the aerospace industry which is Maintenance, Repair and Operating supplies (MRO), Aerospace manufacturing, System Integration and Engineering and Design. Based on Malaysia Aerospace Industry Report 2016/2017, in 2016, the aerospace industry recorded positive growth in its revenue by RM 12.7 billion. Malaysia aerospace industry is expected to generate a revenue of RM55.2 billion by 2030 in conjunction with The Second Blueprint. The goal is also to be the first position in South East Asia's (SEA) aerospace nation and as an