



FACTORS AFFECTING FOREIGN DIRECT INVESTMENT (FDI) IN
MALAYSIA

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ABSTRACT

This study investigates factors affecting foreign direct investment by examining the relationships among macroeconomic variables such as exchange rate, inflation rate, interest rate, export, import and gross domestic product. Foreign Direct Investment is one of indicator of the country's economic growth. The movements of FDI inflow are based on their determinants. Different countries will have different determinants that affect the movement of FDI inflow. The FDI inflow in Malaysia shows fluctuation from year 1992-2017 and this volatility attract the researcher's attention to examine the determinants that affect the movements of Foreign Direct Investment (FDI) in Malaysia. Therefore, the purpose of this study is to examine the determinants that affect the movement of Foreign Direct Investment (FDI) in Malaysia by using quarterly data from the year the 1992-2017. The multiple linear regression is being used in this study to assess the relationship between the dependent variable (FDI inflow) and independent variable (exchange rate, inflation rate, interest rate, export, import and gross domestic product). The result of this study shows that export and gross domestic product are significantly related to the FDI in Malaysia.

Keyword: Foreign Direct Investment, Exchange Rate, Inflation Rate, Interest Rate,

Import, Export and Gross Domestic Product