

THE DETERMINANTS OF FOREIGN DIRECT INVESTMENT (FDI) IN MANUFACTURING SECTOR

MUHAMMAD SYAZMI ADLI BIN ZAINAL ABIDIN 2013835012

BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE) FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA KOTA KINABALU, SABAH

JUNE 2016

ACKNOWLEDGEMENTS

Firstly, I want to thank to the assistance, cooperation and guidance of several parties, this research project would not be finish on time. I want to take this opportunity to thank everyone who helped and guided me in completing this research project.

Firstly, I want to say thank you to my friend to complete this thesis, I am asking help from lots of people around me especially my advisor, Dr Rozita. I would like to thank her because of her guidance and continuous support, I can complete my thesis. I know every mistake that I have made along this study and she always there to correct me. Without support and priceless, I would have face lot of unsettled problem and it affecting my study. Thanks to her and may god bless her.

Other than that, I believe that many people involve and gave some help to make this study accomplish especially my classmate. We always exchange our knowledge and opinion so that our thesis can be as perfect as it can. Without them, it will be hard for me to finish this thesis.

Lastly, I would like to thank Assoc. Prof Dr. Imbarine Bujang for the knowledge that he has gave me during my subject which is MGT 646, Quantitative Research Methods. Without him, it will be more difficult for me to accomplish this study. With all of the knowledge and encouragement that he gave during class makes me feel excited and interested to learn more in research area.

TABLE OF CONTENTS

	Page
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF TRANSMITTAL	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF FIGURES	ix
LIST OF TABLES	X
LIST OF ABBREVIATIONS	xi
ABSTRACT	xii

CHAPTER 1	INTRODUCTION	1-6
	1.1 Background of Study	6-7
	1.2 Problem Statement	8-9
	1.3 Research Objective	10
	1.4 Significant of Study	11
	1.5 Limitation of Study	12
	1.6 Summary of Chapter	13
CHAPTER 2	LITERATURE REVIEW	
	2.0 Introduction	14
	2.1 Theory of the Determinant of FDI	15
	2.1.1 Theories assuming a Perfect Market	15-16
	2.1.2 Theories assuming imperfect markets	16-17
	2.1.3 Other Theories	17-18
	2.2 literature review	
	2.2.1 Foreign Direct Investments	19-20
	2.2.2 Relationship between GDP growth rate and FDI	20-21
	2.2.3 The Relationship between Infrastructure and FDI	22-24
	2.2.4 Relationship between market size and FDI	24-25
	2.2.5 Relationship between trade openness and FDI	25-28
	2.3 Conceptual framework	29
	2.4 Summary of Chapter	30

ABSTRACT

The starter of FDI inflows in Malaysia had been face this high volatility of Malaysia FDI inflows drew the researcher's attention to examine the factors that will affecting FDI inflows in Malaysia. This research had been conduct to determine the factor that influence the flow of FDI of Manufacturing sector by using the annual data from year 2006-2015. Multiple linear regressions modalism applied to study the relationship between explanatory variables (market size, economic growth, quality of infrastructure, trade openness) and explained variable (Malaysia FDI inflow). Empirical results show that economic growth, trade openness, not significantly. Oher than that the market size has significant and positive relation with FDI. With doing this research the research knows the factor that most influence the determinates of FDI