



**THE MACROECONOMICS ORIGINATOR OF FOREIGN DIRECT INVESTMENT
(FDI) IN MALAYSIA**

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UNIVERSITI TEKNOLOGI MARA (UiTM),

KAMPUS BANDARAYA MELAKA.

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**SUBMISSION OF PROJECT PAPER REPORT IN FULFILMENT FOR THE
BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA (UiTM),
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JULY 2016

DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITY TEKNOLOGI MARA

“DECLARATION OF ORIGINAL WORK”

We, Faiszuan Bin Mohd Salleh (930625-03-5707) and Nur Atikah Binti Adzahar (930929-04-5226)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any degrees.
- This project paper is the result of our independent work and investigation, except where otherwise has been stated.
- All verbatim extracts have been distinguished by quotation marks and sources of our information have been specifically acknowledged.

Signature: _____

Date: _____

LETTER OF SUBMISSION

July 2016

Madam Nurul Izzat Binti Kamaruddin

Bachelor of Business Administration (Hons.) Finance

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Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper title “

to fulfill the requirement as needed by the Faculty of Business Management
University Teknologi Mara.

Thank You.

Yours sincerely,

FAISZUAN BIN MOHD SALLEH

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ABSTRACT

The strong growth performances experienced by Malaysia economy greatly depends on the Foreign Direct Investment (FDI). FDI is basically generates economic growth by increasing the formation of capital through the expansion of production capacity, promotion of export growth and creation of employment in Malaysia. This research is aimed empirically investigate the relationship between Foreign Direct Investment (FDI) and macroeconomics variables such as exchange rates, interest rates, import, export and foreign exchange reserves in Malaysia by conduct a test on annual data set of sample size 30 over the period of 1985 to 2015. FDI inflows in Malaysia had massively fluctuated from year 1996 to 2010 and later. Therefore, this extensive volatility drew the researchers' attention to scrutinize the cause that affecting FDI inflows in Malaysia. In regards to this research, Multiple Linear Regressions model is applied to find the relationship between the considered variables. This paper primarily attempt to examine import, export and reserves towards FDI in Malaysia. Although there are many factors have influenced FDI in Malaysia generally, it is still not clear if these factors will also be the huge contribution to the FDI inflows in Malaysia.

Key Words: *Foreign direct investment, Exchange rates, Interest rates, Import, Export, Foreign exchange reserves*