



**FOREIGN DIRECT INVESTMENT (FDI) FLOWS TO  
DEVELOPING ECONOMIES: MALAYSIA**

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**BACHELOR OF BUSINESS ADMINISTRATION  
(HONS) FINANCE**

**FACULTY OF BUSINESS MANAGEMENT  
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SEGAMAT, JOHOR.**

**SEPTEMBER-DECEMBER 2014**

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**Submitted in Partial Fulfilment  
Of the Requirement for the  
Bachelor of Business Administration  
(Hons) Finance**

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**DECLARATION OF ORIGINAL WORK**

**NORASHIKIN BINTI ZULKIFLI**

**2011112015**

I am here by, 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 other degrees.
- ✓ This project paper is the result of our independent work and investigation, except where otherwise stated.
- ✓ All verbatim extracts have been distinguished by quotation marks and sources of our information have been specifically acknowledged.

Signature: 

Date: 7<sup>th</sup> December 2014

## LETTER OF SUBMISSION

7<sup>th</sup> December 2014

Mrs. Nur Liyana Binti Mohamed Yousop

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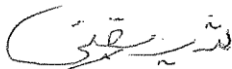
Dear Madam,

### SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “Foreign direct investment (FDI) flows to developing economies: Malaysia” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,



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Norashikin Binti Zulkifli

2011112015

Bachelor of Business Administration (Hons) Finance

## **ABSTRACT**

Foreign direct investment (FDI) is playing an important role as external financing of developing and developed countries. Including Malaysia, foreign direct investment is one of the sources of country income. Statistically has shown that foreign direct investment in Malaysia show a fluctuation decreasing and increasing every year. When the foreign direct investment is not consistently increasing, it may cause a problem to government. The government needs funds to implement Malaysia's Economic Transformation Program to achieve 2020 mission. However, it might be stagnated as there is a deficit in income. Therefore, the studies regarding the factor determine foreign direct investment in Malaysia is needed. Thus, this paper aims at finding out the relationship between macroeconomic variables which is market size, trade openness and exchange rate towards foreign direct investment (FDI). The results of this research paper would provide with an indicative view and could form an important basis for investors and policy makers in their investment strategies and policy decisions respectively. This research paper concentrate on secondary data collected from World Data Bank comprises of 33 observations from 1980 to 2013. Multiple linear regressions with time series data were use to investigate the relationship of independent and dependent variables. The result is expected that all variables are significant to foreign direct investment.