



FACTORS THAT INFLUENCE THE FOREIGN DIRECT INVESTMENT  
IN MALAYSIA

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Submitted in Partial Fulfilment of the  
Requirement for the  
Bachelor of Business Administration

(HONS)

FINANCE

FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA (UiTM)  
CAWANGAN MELAKA, KAMPUS BANDARAYA

JANUARY 2018

## DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)

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“DECLARATION OF ORIGINAL WORK”

1. Nurul Najihah Binti Abdul Rahman (940804-06-5898)

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

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## LETTER OF SUBMISSION

January 2018

Coordinator

Bachelor of Business Administration Hons (Finance)

Faculty of Business Management

Kampus Bandaraya Melaka

Universiti Teknologi MARA Melaka

110 Off Jalan Hang Tuah

75300 Melaka Bandaraya Bersejarah

Dear Sir/Madam,

SUBMISSION OF FINAL PROJECT PAPER

Attached is the project paper title **“FACTORS THAT INFLUENCE THE FOREIGN DIRECT INVESTMENT IN MALAYSIA”** to fulfil the requirement needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank You.

Yours Sincerely,

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Nurul Najihah Binti Abdul Rahman

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Bachelor of Business Administration with Honours (Finance)

## **ABSTRACT**

This study explores the relationship between foreign direct investment (FDI) and the determinants, market size (MS), exchange rate (ER) and inflation rate (IR) over the period 2009 to 2016. This study has been conducted, Malaysia as reference, using quarterly data in 8 years, starting from 1<sup>st</sup> 2009 to 4<sup>th</sup> 2016. The data were collected from Thomson Reuters Datastream, World Bank and Department of statistic of Malaysia. The empirical analysis of this study was performed by using econometric methods that is Ordinary Least Square (OLS) regression. The findings indicate that there are positive significant relationship between inflation and foreign direct investment. Meanwhile, it was also discovered that there are negative significant relationship between market size and exchange rate towards foreign direct investment. Overall, it was found that inflation rate is the most significant factor influencing foreign direct investment (FDI).