



**THE DETERMINANTS OF
FOREIGN DIRECT INVESTMENT IN MALAYSIA**

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LETTER OF TRANSMITTAL

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Dear Madam/Sir,

SUBMISSION OF PROJECT PAPER (ECO 663)

Attached is the project paper title “**THE DETERMINANTS OF FOREIGN DIRECT INVESTMENT IN MALAYSIA**” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi Teknologi MARA Kota Bharu, Kelantan.

Thank you.

Yours sincerely,

.....

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“In The Name of Allah The Almighty, The Merciful and The Beneficent”

Glory to Allah S.W.T. most gracious, most merciful and peace upon his messenger holy prophet Muhammad S.A.W. all the worship belong to only Allah. I seek refuge to Allah from the wickedness within and from the evil deeds. I also praised to Allah S.W.T. for giving me courage, time, strength and knowledge to complete this research properly.

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ABSTRACT

This research will focus on factor influences foreign direct investment inflow in Malaysia. The objective of this research is to examine the relationship between exchange rate, infrastructure, market size, inflation and foreign direct investment inflow in Malaysia. This research paper is based on the yearly data from 1986-2015. The variables involved in this study are foreign direct investment inflow in Malaysia, exchange rate, infrastructure, market size and inflation. The data tested on coefficient of correlation, coefficient of determination, t-statistic, f-Statistic, Durbin Watson and multicollinearity. Based on findings, some of the independent variables are found to be significant and some are not significant. In short, market size and inflation has significant relationship towards foreign direct investment inflow. However official real effective exchange rate and infrastructure is not significant towards foreign direct investment inflow.

Keywords: foreign direct investment (FDI), exchange rate, infrastructure, market size and inflation