



**DETERMINANTS OF FOREIGN DIRECT INVESTMENT IN MALAYSIA**

**SHERLYN BINTI BADARUDDIN  
2017414818**

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

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## DECLARATION OF ORIGINAL WORK



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“DECLARATION OF ORIGINAL WORK”**

I, SHERLYN BINTI BADARUDDIN (I/C NUMBER: 930902125752)

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 independence 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: \_\_\_\_\_ *Sherlyn* \_\_\_\_\_ Date: \_\_\_\_\_ 14/07/2020 \_\_\_\_\_

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## **ABSTRACT**

Foreign Direct Investment (FDI) plays a vital role in speeding up spending a country's progress and economic growth. In particular, developing countries depend heavily on FDI to sustain their economies as they face capital shortages in their growth cycle. To developing countries, FDI brings not only capital and technology, but also expertise and skills. Malaysian economy depends heavily on FDI as the inflows started fluctuating from 1996 to 2010 and this high volatility of Malaysia FDI inflows drew the attention of the researchers' to assess the factors affecting FDI inflows in Malaysia by using the annual data from the year of 1970 to 2018. Multiple linear regression models are applied to study the relationship between explanatory variables (economic growth, exchange rate and inflation rate) and explained variable (Foreign Direct Investment (FDI) inflows). Empirical results show that the explanatory variables of economic growth and exchange rate show a significant and positive relationship with the FDI inflows in Malaysia. Meanwhile, for inflation rate, it failed to establish a significant relationship with FDI inflows in Malaysia.