



THE DETERMINANTS OF FOREIGN DIRECT INVESTMENT INFLOWS IN  
MALAYSIA

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BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS

(BUSINESS ECONOMY)

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## **DECLARATION OF ORIGINAL WORK**



BACHELOR OF BUSINESS ADMINISTRATION  
WITH HONOURS (Business Economy)  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITY TEKNOLOGI MARA  
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Foreign Direct Investment is the main key in order for the economy to stimulate. It is essential for both developing and developed country. A developing country like Malaysia as shown how important is the role of FDI in the economy. This study is from 1987-2017 has been conducted as to enhance the previous study. This study is using Ordinary Least Square to get the results. The independent variables which were used in this study are exchange rate, inflation rate and trade openness. The results of the multiple regression showed that inflation rate and trade openness have positive relationship while exchange rate has negative relationship. Besides, all the three independent variables have significant relationship with FDI in Malaysia as the p-value of study is less than 5 per cent significant level. Augmented Dickey-Fuller and Philip Perron has been used for the testing of unit root test in this study. Furthermore, in order to test the presence of multicollinearity, VIF has been conducted while to test the presence of heteroskedasticity, Breusch-Pagan test has been used. In order to test for autocorrelation, Breusch-Pagan-Godfrey Serial Correlation LM test has also been conducted. Due to the presence of heteroskedasticity, lag had been applied in this model in order for it to be fit.