

UNIVERSITI TEKNOLOGI MARA

**MACROECONOMIC
DETERMINANTS OF FOREIGN
DIRECT INVESTMENTS**

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Thesis submitted in fulfillment
of the requirement for the degree of
**Bachelor of Business Administration
(Hons) (Finance)**

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LETTER OF SUBMISSION

9th July 2017

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Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “**MACROECONOMIC DETERMINANTS OF FOREIGN DIRECT INVESTMENTS**” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Yours Sincerely,



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AUTHOR'S DECLARATION

I declare that the work in this project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

Foreign Direct Investment or FDI for short can be define or refer to as investment made by non-resident or foreign investors which can also include individual or even a company in a host or different country. They can either establish business operations or even acquire business assets from the host country. This study will focus on the FDI from China as being at the top of the chart for FDI recipient within the Asia region by using some of the prominent or well used Macroeconomic determinants or factors on previous research regarding to FDI. The study will try to uncover if the factors chosen does have significant impact towards China FDI and hope the result could help shed more light or understanding toward the FDI subject. FDI also have long and always been believed to help boost the economics of a country, this seem to be without any solid or concrete proof but it is a fact that it offers its own absolute advantages or benefits for the development of a country. The factors or what could be consider as variables that was chosen for the study are market size with GDP growth being its proxy, exchange rate, inflation and trade openness. The result that could be found further with in this study revealed that only inflation found to be significant but surprisingly with a positive sign. As for the other variables only exchange rate were found to be negatively signed but does not proof to be statistically significant along with inflation and trade openness.

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