



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

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## **ABSTRACT**

Foreign direct investment has play a vital role in a developing country. It will bring more capital, technologies and skills to the country. Thus, acknowledge and understand the variables that can influence the foreign direct investment are important to individuals, businesses and future investors. Hence, this paper aims to find out about the relationship between economic variables and Foreign Direct Investment (FDI) in Malaysia. The variables that are being used in this study are interest rate (IR), labour cost (LC), infrastructure (INF) and corruption perception index (CPI). The time horizon of this study is from 2010 to 2019 which is 10 years and the data collection is in yearly basis. Multiple Linear Regression is used as methodology. The test used includes descriptive analysis, correlation analysis, regression analysis which comprises the T-test, F-test and R-square. Those are econometric tests that used to examine the relationship between the variables and foreign direct investment in Malaysia. The findings of this study are LC, INF, and CPI have significant relationship with FDI in Malaysia while IR have insignificant relationship with FDI in Malaysia. This study can help as a guide to the future investors and researchers in acknowledging and understanding the relationship between economic variables and foreign direct investment.

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