



**COMPARISON OF FOREIGN DIRECT INVESTMENT
INFLOWS IN INDONESIA, PHILIPPINE AND CHINA:
INFLUENCE OF ECONOMIC GROWTH**

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**Submitted in Partial Fulfillment of the Requirement for the
Bachelor of Business Administration (Hons) Finance**

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MAY 2008

ACKNOWLEDGEMENT

All praises to almighty ALLAH, the most merciful and the most benevolent for giving me the opportunities in completing this research paper. It would be impossible for me to spent time to complete this study without the grace and help of ALLAH S.W.T.

So many people have helped me in many ways that I hesitate to list them, fearing that I may miss someone. I would like to acknowledge with considerable appreciation to En. Muhamad Sukor bin Jaafar and En. Mohammad Nizamuddin bin Abdul Rahim whose excellence in supervision and plays a big role in inspired my work. Without their untiring encouragement, suggestions, ideas and comments throughout this study, this research could not be completed.

I also would like to convey my deepest gratitude and indebted to Associate librarian of Universiti Teknologi MARA, Johor Campus and librarian of Bank Negara Malaysia for their co-operation and help throughout the duration of this research.

I dedicate this research to my beloved parents and for their endless support and understanding and also to the rest of my families for their help and encouragement. Beyond a simple thank you, I want them to know that I really appreciate what they had done to me.

I wish to express my deepest gratitude to all my friends, who shared their valuable experience, time and commitment. Without their patience, this study cannot be complete.

Last but not least, I would like to thank to everyone that involved directly or indirectly for their contribution, invaluable support and encouragement they have place on me. Without everyone continued support, this study would not been the same as presented here.

Thank you.

ABSTRACT

FDI in recent period has become the principal sources for external capital for many developing countries, particularly in Asia. This study focuses on the FDI and economic growth of three selected countries Indonesia, Philippine and China. The purpose of these studies is to examine the relationship between FDI and economic growth of each selected countries. The factor that has been analyzed are FDI inward as a dependent variable and the gross domestic product (GDP), trade balance and gross national income as the independent variable. The data employed in this study is yearly basis from 1986 until 2005 which is twenty years. This study used multiple regression analysis method which to determine the coefficient of determination (R-square) t-test and ANOVA f –test to predict the correlation and significant of the variables based on the result. Base on the results of each country, comparison have been make between country to examine which country that have influence higher FDI inflows.

The Multiple Linear Regression has been used and the results showed economy variable (GDP, GNI and Trade balance) was significantly has correlation with foreign direct investment inflows in China and Philippines. Result shows that hypotheses 1 and 3 have been rejected due to statistically significant between economy variable (GDP, GNI and Trade balance) with foreign direct investment inflows. The beta from the findings explained the level of influence of the economy variable towards the foreign direct investment inflows. Hypothesis 2 accepted the null hypothesis, which mean that the economy variable can influence foreign investment but only significant on certain countries and it depends on the countries FDI policy rules and economy level. Further

more, it is also suggested to future researcher to increase the historical data period of the study in order to get an accurate result. Besides, other researchers are also suggested to expand the scope of their study by using more economy variable such as exchange rate and inflation rate in to their calculation in order to obtain more accurate results.