



**FACTORS AFFECTING FOREIGN DIRECT INVESTMENT IN
MALAYSIA**

**FARISHA AZWIN BINTI AZMI
(2017684456)**

**BACHELOR OF BUSINESS ADMINISTRATION
(HONOURS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA CAMPUS
BANDARAYA MELAKA**

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Abstract

The decreasing of the foreign direct investment from the past few years and it keep on decreasing is a worrisome for Malaysia as a developing country. This study is to investigate the factors affecting the foreign direct investment in Malaysia. There are four variables that can be factors towards the foreign direct investment which is exchange rate, market size, inflation and unemployment. Using time series data from the period 1986 - 2018, this study have obtained the result of the findings which is there is only one positive significant relationship towards the foreign direct investment in Malaysia. The variable that have significant relationship with foreign direct investment is inflation using consumer price index as the measurement. Besides that, exchange rate and unemployment shows the result of negative insignificant relationship with foreign direct investment. On the other hand, market size came out with different result which is positive insignificant relationship with the foreign direct investment.

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