INTERNSHIP REPORT

BANK SIMPANAN NASIONAL

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[INDUSTRIAL TRAINING AT BANK SIMPANAN NASIONAL]

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2020476514

BACHELOR OF BUSINESS ADMINISTRATION (HONS.) in FINANCE

MARCH 2023

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ABSTRACT

The FDI inflows in Malaysia has been steadily inclining for the past 20 years. The purpose of this study is to examine if the macroeconomic variables such as inflation rate, exchange rate, and infrastructure are the main contributing factors to boost FDI inflows in Malaysia. The method this study used is multiple regression, Pearson correlation, and t-test to find out the relationship between the independent variables and dependent variable. The study found out that inflation rate and infrastructure both have a positive and significant relationship with dependent variable which is FDI inflows in Malaysia. However, exchange rate has a negative but significant relationship with the dependent variable. Future researchers are recommended to use a wider timeframe to make the findings more accurate.

2.0 COMPANY'S PROFILE

On December 1st, 1974, BSN was incorporated under the Ministry of Finance. BSN has assumed all of the obligations and liabilities of the Post Office Savings Bank as a result of its establishment. BSN's goal is to improve Malaysians' quality of life by promoting saves, investments, and prudent money management. BSN operates 621 automated teller machines (ATMs), 382 branches, and more than 5,100 workers nationally. BSN has more than 7 million customers who are dispersed across the entire nation and who have saved more than RM 8 billion. For the benefit of its consumers, BSN is constantly improving its services and broadening its selection of products. Personal Financing, Home Loans, Premium Saving Certificates (SSP), Islamic Banking Scheme, Giro Savings Accounts, BSN Matrix and Matrix-i Debit Cards, as well as VISA and Mastercard Credit Cards are among the primary products offered by BSN.

2.1 Objective, Vision, Mission, Core Values

BSN's objective:

- to promote the growth of savings and investment among Malaysians from all socioeconomic backgrounds. We are still on our mission today, providing even more goods and services to meet the evolving demands of contemporary living. We do this in the hopes of giving every Malaysian an equal chance to live a better life.

BSN's vision:

- No Malaysian Left Behind.

BSN's mission:

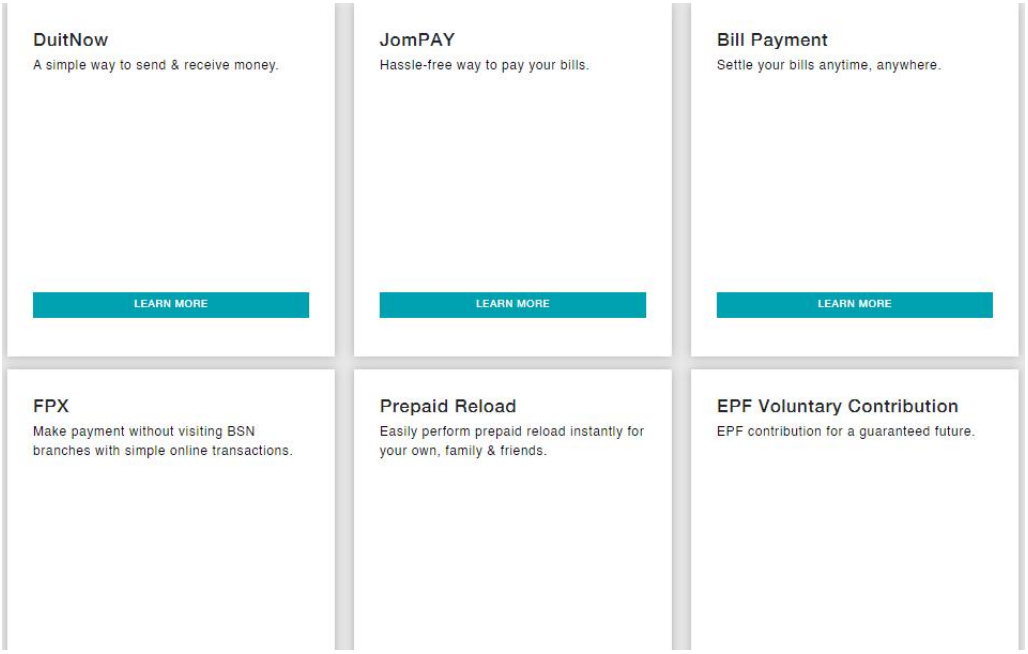
- giving the general people access to a wide range of financial services that will enable them to save and invest.
- encouraging and encouraging people to save, especially little savers.
- forming the habit of being frugal and saving.
- utilising bank cash for investments, such as financing national economic development.

BSN's core values:

- giving the general people access to a wide range of financial services that will enable them to save and invest.
- encouraging and encouraging people to save, especially little savers.
- forming the habit of being frugal and saving.
- utilising bank cash for investments, such as financing national economic development.

2.2 Product and Services

Bank Simpanan Nasional offers banking and financial services such as giving financial advices regarding retirement fund and investing. Other than that, BSN also offers a variety of banking services that eases its customers such as:



3.0 TRAINING REFLECTION

I have completed my industrial training which started on 1st March 2023 until 15th August 2023 which is mandatory to complete my bachelor's degree. Over the course of 24 weeks, I have gained a lot of knowledge and experience to help me grasp what is the meaning to actually have a career. The working days are Monday to Friday and the working hours are from 8.00 am until 5.00 pm. During my internship, I was placed at Credit Operation Department, the supervisor decided that I should learn all the processes in this department which are disbursement and maintenance. Since I can not use the computer as this department is one of the most important department in BSN, they only taught me the process on how to approve loans.

Department: Credit Operations Department	
Task	**Responsibilities Description**
Prepare vouchers	● Prepare voucher for the approval of home financing before sending it to RENTAS department.
Cross checking documents	● Make sure all the documents related (land search, statutory declaration, Letter offer, are all included in the file given by the solicitors).
Create forced sale memo for Amanah Saham Berhad Financing	● Create a memo to tell ASBF that clients can no more pay their ASB financing balances.
Compile all settlement files	● Gather all the ASBF files that have fully paid their financing to the collateral unit for further action by them.

Gain: Extrinsic Benefits

1. **Allowance:** RM 400 per month.

2. **Medical and Monthly Leave:** Interns are eligible to a 1 day leave per month that cannot be carried to next month. Interns are also qualified to a medical leave as long as there is Medical Certificate (MC). The duration for medical leave depends on the duration stated in the MC.

Gain: Intrinsic Benefits

1. **Improve Communication skills:** I managed to gain experience on making conversation with people older than me. Other than that, I also learned that there are certain way of conversing depending on what status, job position they have. Mastering this skill would open up many opportunities for me to get a solid networking.

2. **Refine hard skills:** Acquired an opportunity to get an experience in handling BSN's system such as ICBS and Jconvey. Other than learning specific system, I also managed to learn microsoft excel skills such as Vlookup which could help me broaden my arsenal in real life when I had a real career in the near future.

3. **New Knowledge:** During my internship, I have gained many experience regarding real-life through working at BSN. I understand how the economy can give an effect to the employees better now, I learned what is important to employees regarding workplace such as medical benefits, wages, and comfortability.

4.0 INTRODUCTION

Determinants of FDI inflows in Malaysia

4.1 Research Background

The term "foreign direct investment" (FDI) refers to a type of investment that involves the investor providing overseas funds for a project being carried out in another nation. In other words, foreign direct investment is the process of transferring funds from country A to country B for long-term participation. It typically entails joint ventures, cross-border acquisition of expertise, technology transfer, and greenfield investments. FDI is a form of cross-border organisational governance that involves investing foreign assets in domestic goods and services in other nations (Tsen 2005). Globally and uniformly, many emerging and less developed nations are participating in the development of FDI activities. The average annual growth rate of FDI inflows was over 20% in 1980 and was close to 40% in the late 1990s. The average rate of growth, however, fell to 15% by the early 2000s (Wang et al. 2011). Developing nations receive FDI in exchange for the collection of assets that multinational corporations distribute to their investments. These resources are primarily intangible by nature and are particularly scarce in underdeveloped nations. These intangible assets include the product's design, managerial abilities, technology, brand name, and many international methods of marketing the items, among others (Agosin et al. 2013).

Foreign direct investment is one of the main drivers of Malaysia's economy's robust growth, which has been increasing daily. Some factors, such as Malaysia's well-developed infrastructure, steady and healthy economic growth, sound macroeconomic management, and robust financial system, have made it an appealing destination for FDI. Additionally, the Malaysian government's strategy of introducing the act of investment incentives in 1968. It resulted in a free trade zone across the nation.

Additionally, throughout the 1980s, there was an open attitude on export compensations. Therefore, the late 1980s saw a significant increase in FDI entering the country as a result of the government's policies (Ang 2008). Furthermore, compared to 1970, the GDP per capita increased four times. The vital expansion of the industrial sector, which made a significant contribution to the nation's real GDP, is what has caused this increase. The manufacturing sector is regarded as a crucial component of Malaysia's economy since it receives a sizable part of FDI, and because the relocation of numerous international corporations to Malaysia has significantly increased the country's FDI inflow. Taiwan, Japan, the United States, and South Korea are just a few, all of which have cheaper production costs and wages than in their home nations (Athukorala et al. 2011).

4.2 Problem Statement

FDI is defined as an investment made by an individual or a company in a country A with the intention of pursuing economic interests in a different country B. with the intention of making a profit and using proper management techniques for both businesses (Moffett et al 2009). According to Economic Watch (2017), certain conditions must be met before investors can exercise their voting and management rights, such as owning at least 10% of the company's common stock. However, less than 10% of an investor's stake cannot be categorised as FDI. FDI inflows and FDI outflows are the two different kinds of FDI. Dividend payout policy and corporate board attributes is a most discussed topic in the financial management of emerging economies, especially ASEAN countries because of their unique ownership structures. Most ASEAN firms are family-owned and increasingly play an important role in most ASEAN economies, including Malaysia. This study focuses on Malaysia’s FDI inflow whether the factors that have been chosen can contribute to the FDI inflow that investors can bring to Malaysia.

Three independent variables which are exchange rate, inflation rate and infratsructure have been selected among other considerations for this research article. Due to sufficient data from earlier studies, the researcher assumes these five factors have a strong link with FDI inflow in Malaysia. As a result, the author will consider how to gather measurements and data for all variables from dependable sources and implement a clear plan in the methodology chapter. These methods will aid the researcher in creating a suitable analysis to meet the goals of this research article.

4.3 Main Research Objective

Generally, the purpose of conducting this study is to investigate factors affecting the FDI inflow in Malaysia.

4.3.1 Specific Research Objective

a) To investigate the influencing determinants of FDI in Malaysia.

b) To examine how the independent variables and how firms in Malaysia operates can influence FDI inflows.

c) To determine the most statistically significant variables affecting FDI.

4.3.2 Significance of Study

Foreign direct investment is considered very important to the growth of Malaysia's economy. This study is to research the determinants of foreign direct investment in Malaysia. This study will also include insights and input that may be useful to:

The researchers

This study offers the researchers useful information regarding the FDI inflows in Malaysia. Moreover, the researchers can use this study to improve their research papers in the future.

The country

Malaysia can benefit through this study as it can provide the country with ample datas that would improve the efficiency in keeping track of what is important to attract FDI inflow to the country.

The academician and the publics

The study can contribute to the society by helping students creating their own study paper about the FDI inflow in Malaysia. Other than helping the students, this study would also help the publics understand more about the FDI inflow in Malaysia.

5.0 LITERATURE REVIEW

Dependent Variable

- **Foreign Direct Investment**

FDI is primarily driven by the potential for high profitability in developing markets and the potential for relatively low interest financing of these investments in the host country. David Ricardo laid the foundation for international trade theory when he claimed that countries engaged in trade with one another because of lower costs. Heckscher, Ohlin, and Samuelson expanded on Ricardo's theory of comparative advantage by claiming that a nation can produce and export goods with comparative advantage because of natural endowments of the factors of production in the host nation relative to other nations. This suggests that choosing a location is largely influenced by the ability to produce at a lower opportunity cost than in a different country (Ohlin, 1933).

In recent years, the Gravity Model has gained popularity as a technique for analysing the significance of factors that make a country an attractive location for FDI. Based on the interactions of various potential sources across borders, the gravity model was developed. Country of origin and destination have an inverse relationship in the model.

According to the basic gravity model (Breuss and Egger, 1997), trade between two countries depends on the size of their economies as determined by national income and population as well as the distance between them geographically.

- **Independent Variable**

  - **Inflation Rate**

Inflation rate is one of the most recognizable words in economics due to its ability to put countries in a long periods of instability. Many researchers have hypothesized that inflation carries a heavy influence on countries' economic growth worldwide. While plenty of researchers had published articles regarding inflation rate and its correlation with FDI, the topic received diverse reception.

Most of the previous research has found a negative relationship between FDI and inflation rate. For example, Andinnur (2013), hypothesized that the lower the inflation rate, the higher the return on FDI will be. This is due to the cost of capital being low meaning that the nominal interest will decline and are bound to attract foreign investors to invest in the host country.

However, there are also journals that concluded that FDI and inflation rate do not have any effect on each other even though the FDI itself was positively related to economic growth. Obiamaka and Omankhanlen (2011) states that despite many journals stated that inflation rate and FDI are negatively related, it can also be positively related on condition that it does not exceed a certain threshold.

  - **Exchange Rate**

Exchange rate affects Foreign Direct Investment (FDI) movement and is also a known determinant for FDI compared to other factors that could contribute to the changes in a country's FDI movement.When making international investment decisions, investors must consider a number of important factors, including exchange rate volatility. The prices and quantities of MNCs' inputs and outputs are impacted by exchange rate volatility, which increases their ability to compete on the international market (Kumarasamy, 2010). The anticipated returns of foreign direct investments (FDI), which are regarded as capital transfers, are impacted by exchange rate

volatility. According to Kalam (2018), Ramlan, Salleh, Shamsuddin (2021), and exchange rate brings a significant boost in a country's FDI inflow especially Malaysia.

However, Yusof (2011), stated that exchange rate has a negative relationship with the FDI inflow due to the weakening Malaysian currency that causes the FDI inflows to reduce. It is also important to note that exchange rate can have a negative correlation to FDI inflows for the host country if the purpose of the FDI is to reexport the goods to another country. This is due to the fact that the appreciation of the host country's currency would reduce the attractiveness for companies to invest in the country due to the rising cost of capital investment. Melku (2012) also found out that the correlation between exchange rate and FDI in Somalia is negative. This can be proved by the findings in sub Sahara Africa where a mere 1% increase in exchange rate would result in a 0.11% fall in FDI in the long run.

- **Infrastructure**

The importance of physical infrastructure as one of the factors affecting FDI inflows to a country has been emphasised in numerous articles in the literature. The investment environment for FDI would be better with high-quality physical infrastructure since foreign investors' total costs could be subsidised, raising the rate of return. Wheeler and Mody (1992) and Root and Ahmed (1979) were among the first to highlight the critical role that infrastructure plays in attracting foreign direct investment (FDI). Loree and Gusinger (1995) and Mody and Srinivisan (1996) are two more recent studies that support this idea by demonstrating how the pattern of FDI inflows is influenced by the beneficial role of physical infrastructure.

Fung et al. (2005) investigate whether FDI is more likely to increase as a result of soft infrastructure, such as more open institutions and extensive reforms, or hard infrastructure, such as additional roads and railroads. They used additional FDI determinants, such as regional market sizes, human capital, and tax laws; their study included regions of China as well as the United States, Japan, Korea, Hong Kong, and

Taiwan. They find that FDI is more heavily influenced by soft infrastructure than by hard infrastructure. Asiedu (2002) discovered that countries with good infrastructure can draw more investments using panel data estimates.

6. RESEARCH METHODOLOGY

6.1 Introduction

The research conceptual framework for this study is shown in figure 1.1. There are two types of variables: dependent and independent variables in this study. The FDI inflow was determined as the dependent variable whereas the determinants of dividend policy such as exchange rate, inflation rate, and infrastructure were the independent variable.

6.2 Methodology

6.2.1 Multiple Regression Analysis

Simple linear regression is expanded upon by multiple regression. When predicting the value of a variable based on the values of two or more other variables, this technique is employed. The variable we aim to forecast is known as the dependent variable, which is also referred to as the outcome, target, or criteria variable in some cases. The independent variables are the variables we are utilizing to make predictions about the value of the dependent variable.

6.2.2 Correlation Analysis

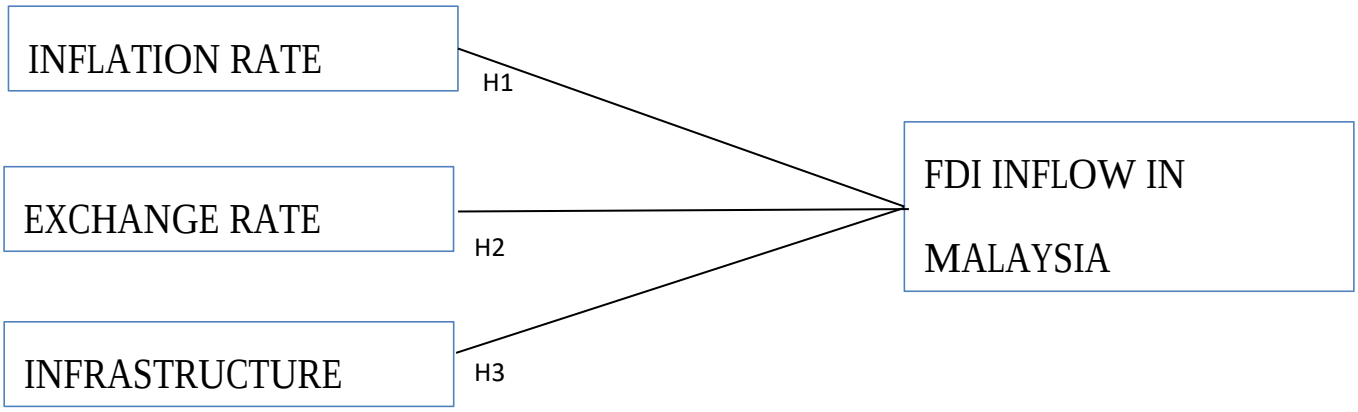
A numerical overview of the direction and degree of the linear relationship between two variables is provided by correlation coefficients. We'll be using the Pearson Correlation in this investigation. A positive correlation means that as one variable increases, so does the other; a negative correlation means that as one variable increases, the other declines. The sign of the correlation coefficient reflects the direction of the correlation.

6.2.3 Beta Coefficient

Use of the beta coefficient enables direct comparisons across independent variables to

establish which has the greatest impact on the dependent variable. In statistical analysis, the beta coefficient is an estimated regression coefficient that has been recalculated to have a mean of 0 and a standard deviation of 1.

6.3 Theoretical Framework



Kalam, Khaled. (2018). Foreign Direct Investment Determinants in Malaysia.

6.4 Data Collection

This study uses annual time series data from 1990 to 2020 and the list of all affected issues was obtained from the world bank website. This study's main objective was to look at the variables influencing the inflow of FDI in Malaysia namely inflation rate, exchange rate, and infrastructure. Measures for the dependent variables and the factors influencing FDI inflows in Malaysia will be taken by analysing and acting upon the recommendations provided by earlier studies in order to maintain consistency with those findings. The outcome of the variable selection process will serve as the basis for the final list of variables to be included in the study.

6.4.1 INDEPENDENT VARIABLES

- **Inflation rate**

For foreign direct investment to flourish in a nation, financial liberalisation is a necessary prerequisite. According to Noorbakhsh and Ali (2001), sound fiscal adjustment and an increase in the private sector's share of domestic credit are necessary for successful inflation stabilisation. As a result, macroeconomic stability can be proxied by the inflation rate. As higher prices would reduce the real return on investment, a real upward swing in inflation is anticipated to reduce FDI flows in the host country. Therefore, it stands to reason that there will be a negative correlation between the inflation rate and FDI.

- **Exchange rate**

A combination of micro and macroeconomic policies, as well as other market factors, have a significant impact on FDI flows. Government policies towards trade, rules, taxes, subsidies, entry requirements, foreign exchange, etc. are significant determinants of FDI flows, according to Tasneem and Zakariah (2002). Exchange rates must be tested and assessed in this study to determine whether they are significantly correlated with forecasting the level of FDI in Malaysia.

- **Infrastructure (Annual Freshwater Withdrawal)**

FDI and infrastructure are inextricably linked. Infrastructure has a wide range of components, including institutional development as well as roads, ports, railroads, and telecommunications networks. Some MNEs prefer to move their operations to nations with advanced infrastructure, cutting-edge technology, and sophisticated machinery. Technology data is very challenging to quantify. InfrastructureJorg was measured using annual freshwater withdrawal in Egbo (2022). The annual freshwater withdrawal would be used as a stand-in for the level of infrastructure because there

aren't any data on it. As a result, the degree of technology is treated as an independent variable in this study and is predicted to have a favourable impact on FDI.

6.5 Hypothesis

H1: There is a mixed relationship between FDI and inflation.

H2: Exchange rate has a mixed correlation but heavily weighted on the negative side.

H3: Infrastructure has a positive effect on FDI

6.6 Model and Measurement

Following the above explanation, FDI can be modeled in the form of equation as below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

The multiple regression model that this study applies are:

$$FDI = \beta_0 + \beta_1 INF + \beta_2 EXR_{=} + \beta_3 ANR + \varepsilon$$

7.0 FINDINGS

In this chapter, we will present about the results of the study. SPSS has been chosen as a medium to conduct the tests that will provide the results for this study. These tests that have been done is to find the correlation between the dependent variable, Foreign direct investment (FDI), and the independent variables; inflation rate (INF), exchange rate (EXR), and Infrastructure (ANR). The results will be shown through descriptive analysis, correlation analysis, and regression analysis.

- **DESCRIPTIVE ANALYSIS**

	N	Minimum	Maximum	Mean	Std. Deviation
FDI	31	.1	8.8	3.981	1.9347
INF	31	-1.1	5.4	2.542	1.4642
EXR	31	2.50	4.30	3.4197	.57501
ANR	31	5.5	10.1	6.490	1.1359
Valid N (listwise)	31				

Table 7.1.1: Descriptive Analysis

In the table 7.1.1, the preliminary analysis of data is done using descriptive statistics and correlation between variables. Table 7.1.1 explained the descriptive terms of independent variables and controlled variable; foreign direct investment (FDI), inflation rate (INF), exchange rate (EXR), and annual freshwater withdrawal (ANR). Across the variables, ANR has the highest mean score of 6.490 followed by EXR of 3.4197. However, INF which is inflation rate has the lowest mean score of 2.542,

ranging from a minimum of -1.1 to the maximum of 5.4. This shows that INF has the least significance out of all the independent variables.

- **CORRELATION ANALYSIS**

	FDI	
	Pearson Correlation	***Sig. (2 tailed)***
FDI	1	
INR	.569**	.000
EXR	-.679**	.000
ANR	.569**	.001
N	31	

Table 7.1.2: Correlation Analysis

**** : Correlation is significant at the 0.01 level (2 tailed)**

Correlation analysis is a statistical benchmark that describes how closely two or more sets of variables are related to one another. To add to that, Pearson Correlation is used in this study to demonstrate the relationship between the various variables. Furthermore, the Rule of Thumb of correlation analysis can be used to measure the strength of the significance of the variables.

0.91 - 1.00	Very strong
0.71 to 0.90	High
0.41 - 0.70	Moderate
0.00 - 0.40	Small

Referring to the Rule of Thumb, the closer the value to 1, the higher the correlation between the variables. If the correlation is positive, it means that when one variable increases, the other will follow suit. However, if the relationship was negative, it would increase the variable, but would decrease the other.

In the table 7.1.2, the relationship between FDI and inflation rate are significantly positive. The correlation is significant with the 2-tailed test valued at 0.00 level with 0.569. With this, we can deduce that the correlation between the variables is moderate.

FDI and exchange rate are significant but does not have a positive relationship between them. This is due to the fact that the correlation is at -.679 while the p-value is sitting at 0.00 level. This can be concluded that the correlation between the variables are negatively significant at a moderate rate.

Lastly, FDI and infrastructure (Annual freshwater withdrawal) are significantly positive due to the correlation is at 0.569 while the p-value is at 0.01 level. The relationnship can be described as moderately correlated positively.

- **REGRESSION ANALYSIS**

Model Summary of Multiple Linear Regression

Model	R	R square	Adjusted R Square	Std. Error of the Estimate
1	**.797***	**.635**	**.594**	**1.2327**

Table 7.1.3: Multiple Linear Regression Analysis

Table 7.1.3 shows a multiple linear regression summary of the study. The R-squared value is the percentage of variation in the dependent variable explained by the independent variables. For this study, the R-squared value was .635, which indicated that 63.5% of the variation in the dependent variable could be explained by all three independent variables used in the study. However, the model still failed to explain the remaining 36.5% suggesting that there are other variables that are still yet to be researched in this study.

Coefficients in Regression Analysis

Model		Unstandardize Coefficients		Standardized Coefficients	t	Sig
		B	Std. Error	Beta		
1	**(**constant)	3.690	2.774		1.330	.195
	INF	.456	.174	.345	2.620	.014

	EXR	-1.253	.486	-.372	-2.577	.016
	ANR	.526	.225	.309	2.345	.027

Table 7.1.4: Coefficient Analysis

The table 7.1.4 above shows the coefficient analysis conducted for this study. The coefficient analysis were conducted to find the co-efficiency between the dependant variable and the independent variables (inflation, exchange rate, and annual freshwater withdrawal). Using the table above, a multi regression model can be created using the B-value under the Unstandardized Coefficient column.

The econometric model takes the following form:

$$\mathbf{Y = C + \beta_1 X_{1t} + \beta_2 X_{2t} + \beta_3 X_{3t} + \varepsilon_t}$$

The regression model this study uses is:

$$\mathbf{FDI = 3.690 + 0.456\ INF + (-1.253)\ EXC + 0.526\ ANR + \varepsilon_t}$$
$$\mathbf{[2.774]\ \ [0.174]\ \ \ \ [0.456]\ \ \ \ [0.225]}$$

Where:

Y = Foreign direct investment (FDI)
C = Constant
X_1= Inflation (INR)
X_2= Exchange Rate (EXC)
X_3= Annual Freshwater Withdrawal (ANR)
ε = Error

According to table 7.1.4, the B stands for Beta, which shows the strength of the independent variables had on dependent variable. The value of the Beta determines whether the variables have a positive or negative relationship between them. According to the test, we have found out that there are two variables with positive sign, while there is one variable that have a negative sign. the p-value for all the independent variables are <0.05, indicating that there are significant relationship between them and dependent variable which is foreign direct investment. Furthermore, the t column defines the weight of the significance of the result. If the t-value is more than 2, the variables will be significant.

The coefficient between FDI and Inflation rate shows that the two variables have a positive and significant relationship between them. This can be proven with the Beta value sitting at 0.456. For example, a 1% increase in inflation rate would increase the FDI inflow by 0.456. The p-value sitting at 0.014. To add to that, the t-value for inflation rate is also at 2.620 which is above the 2 value, meaning that it is positively significant.

FDI and Exchange rate have a negative but significant relationship. This can be deduced by the Beta value being -1.254, which shows that a 1% increase in exchange rate would decrease the FDI inflow by 1.254. The p-value is at 0.016 which is lower than 0.05 value. The t-value also recorded below the 2 value which is at -2.577. This shows that FDI and Exchange rate have a negatively significant relationship between the two of them.

The relationship between FDI and Annual Freshwater Withdrawal comes in as positively significant. This is due to the Beta of ANR being at 0.526 which means an increase of 1% in ANR would increase the FDI inflow by 0.526. The p-value is also valued at 0.027 which shows a significant relationship between them. The t-value also supports the results due to the value being more than 2 which is 2.345.

Moving to the Standardized Coefficient, it is used to evaluate which independent variables contributes massively to the dependent variable by evaluating the beta. It shows that Inflation Rate contributes the most to the dependant variable with its Beta value of 0.345 followed by Annual Freshwater Withdrawal with 0.309. Exchange Rate also contribute massively with 0.372 even though it is negatively impacting the dependent variable (FDI).

8.0 CONCLUSION & RECOMMENDATIONS

8.1 Summary of the Study Objectives and Findings

This study identifies the correlation between Malaysia's FDI inflows and three independent variables which are inflation rate, exchange rate, and infrastructure. Using data collected from worldbank from 1990 to 2020, a multiple regression analysis was performed to examine the link between the dependent variable and independent variables.

In the coefficient analysis, inflation rate and infrastructure (annual freshwater withdrawal) shows a positive relationship with the FDI inflows in Malaysia. However, exchange rate shows a negative relationship with FDI inflows in Malaysia. This can be supported by the t-test where inflation rate and infrastructure have a positive and significant relationship with the dependent variable.

Moving on to the hypothesis, the result shows that the hypothesis made in chapter 3 were acceptable for the three independent variables. Inflation rate did have a mixed relationship with FDI inflows according to other research papers, however, the results have shown that inflation rate do have a positive and significant relationship with FDI inflows, same with infrastructure. However, Exchange rate has a negative relationship with FDI inflows which is the same as the hypothesis made earlier with other researches as referrence.

8.2 Recommendation

8.2.1 Number of observation

An improvement of the number of observation could serve this topic a more accurate result. Instead of using 31 years worth of data, it would be recommended to use 100 years worth of data to make the results and findings more accurate.

8.2.2 Additional variables

This study has limited the independent variables to only three; inflation rate, exchange rate, and infrastructure. In the future, other variables could be added in to see what is the most influential variable that affects FDI inflows in Malaysia.

8.2.3 Method used

This study used multiple regression analysis as the main methodology. For future researches, it would be commendable if a new method can be integrated into this topic to find results in a different perspective.

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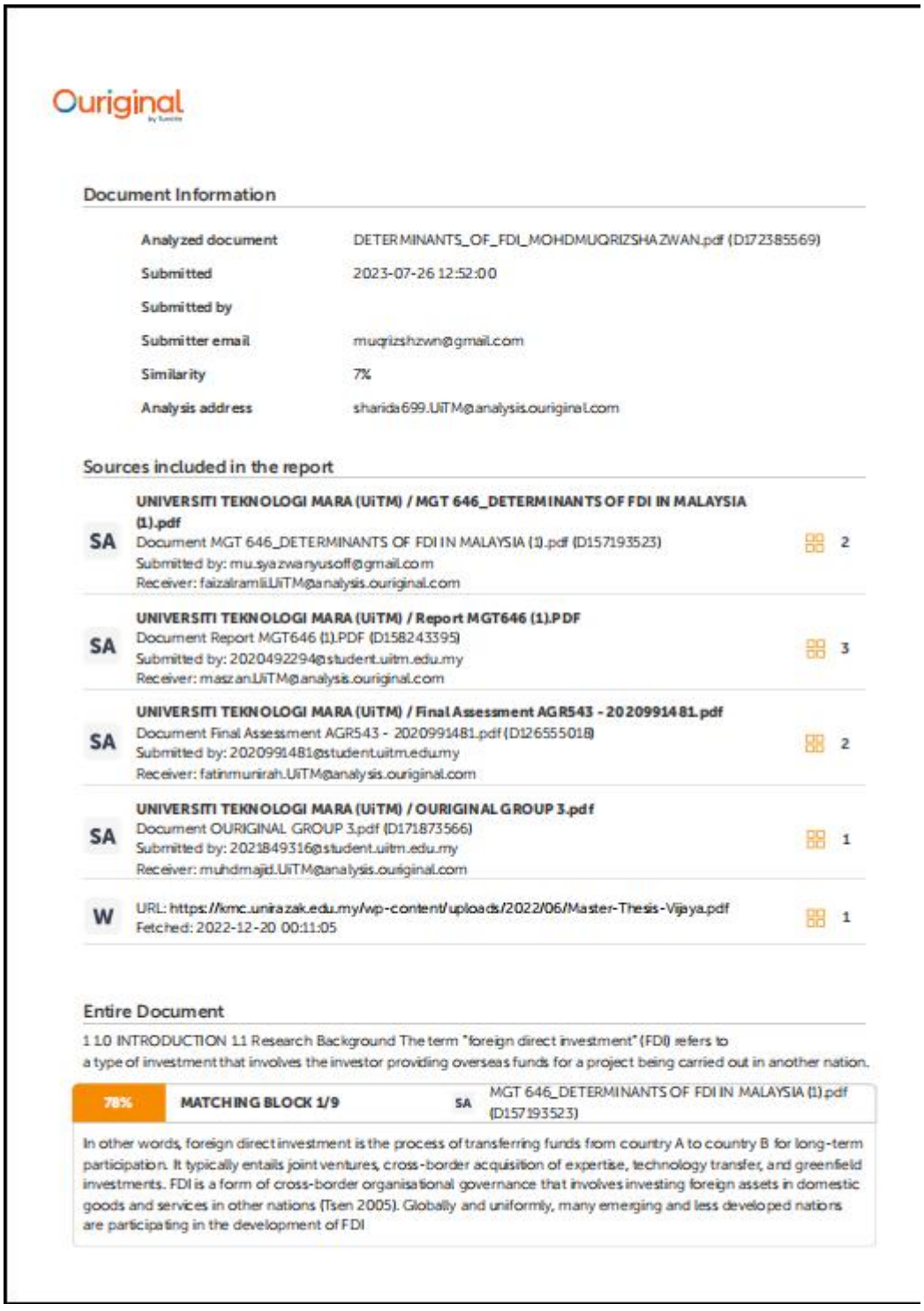
10.0 APPENDICES



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1 1.0 INTRODUCTION 1.1 Research Background The term "foreign direct investment" (FDI) refers to a type of investment that involves the investor providing overseas funds for a project being carried out in another nation.

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In other words, foreign direct investment is the process of transferring funds from country A to country B for long-term participation. It typically entails joint ventures, cross-border acquisition of expertise, technology transfer, and greenfield investments. FDI is a form of cross-border organisational governance that involves investing foreign assets in domestic goods and services in other nations (Tsen 2005). Globally and uniformly, many emerging and less developed nations are participating in the development of FDI

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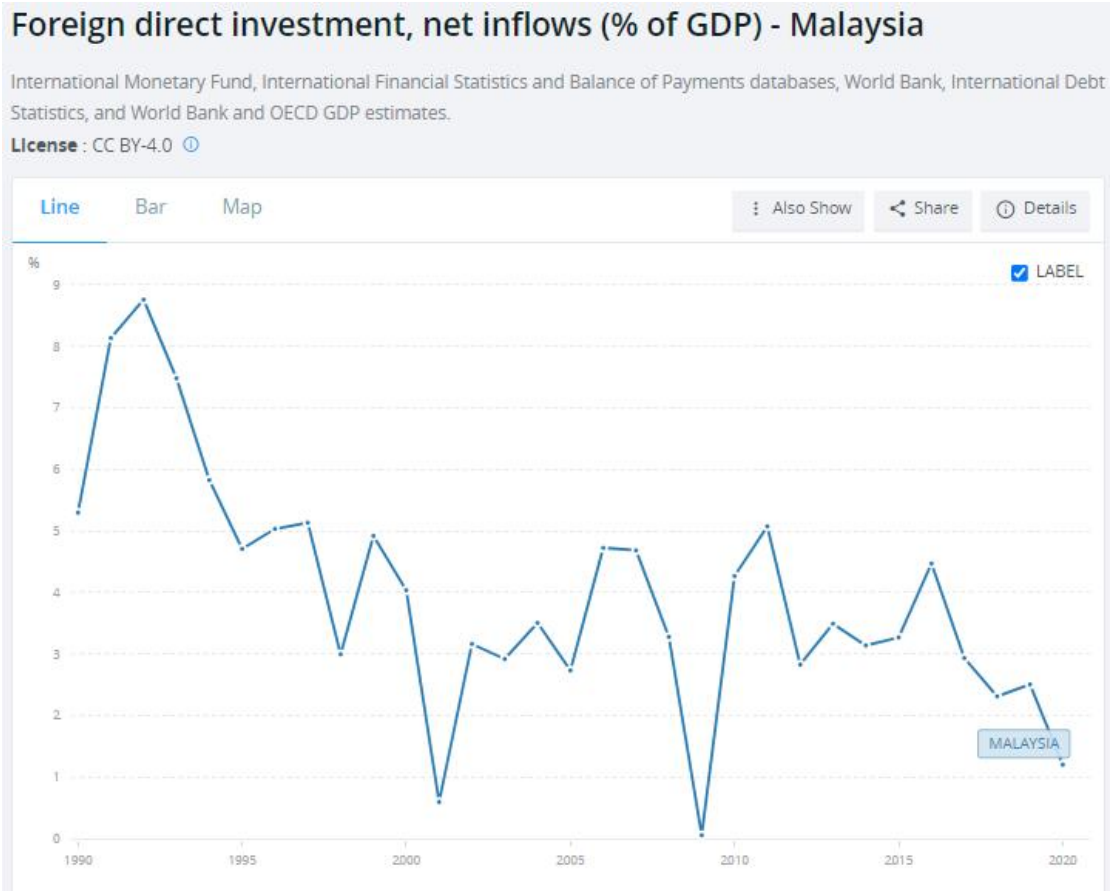

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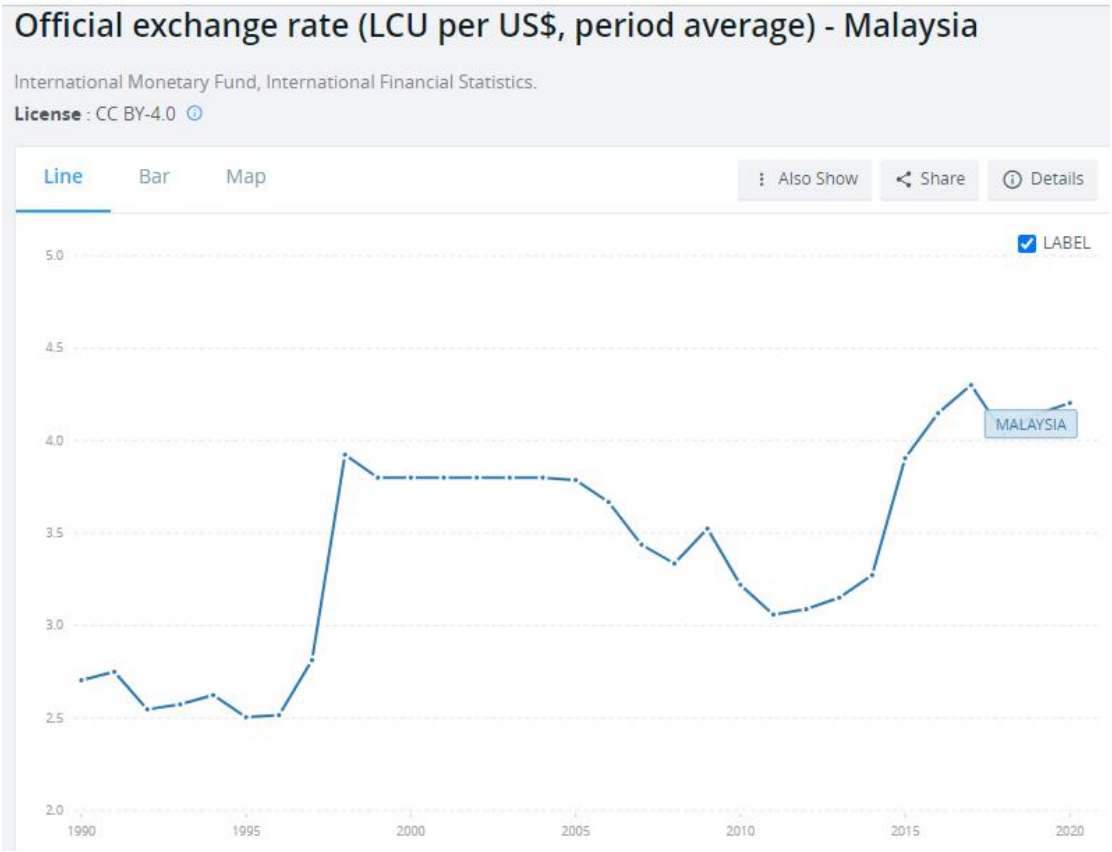

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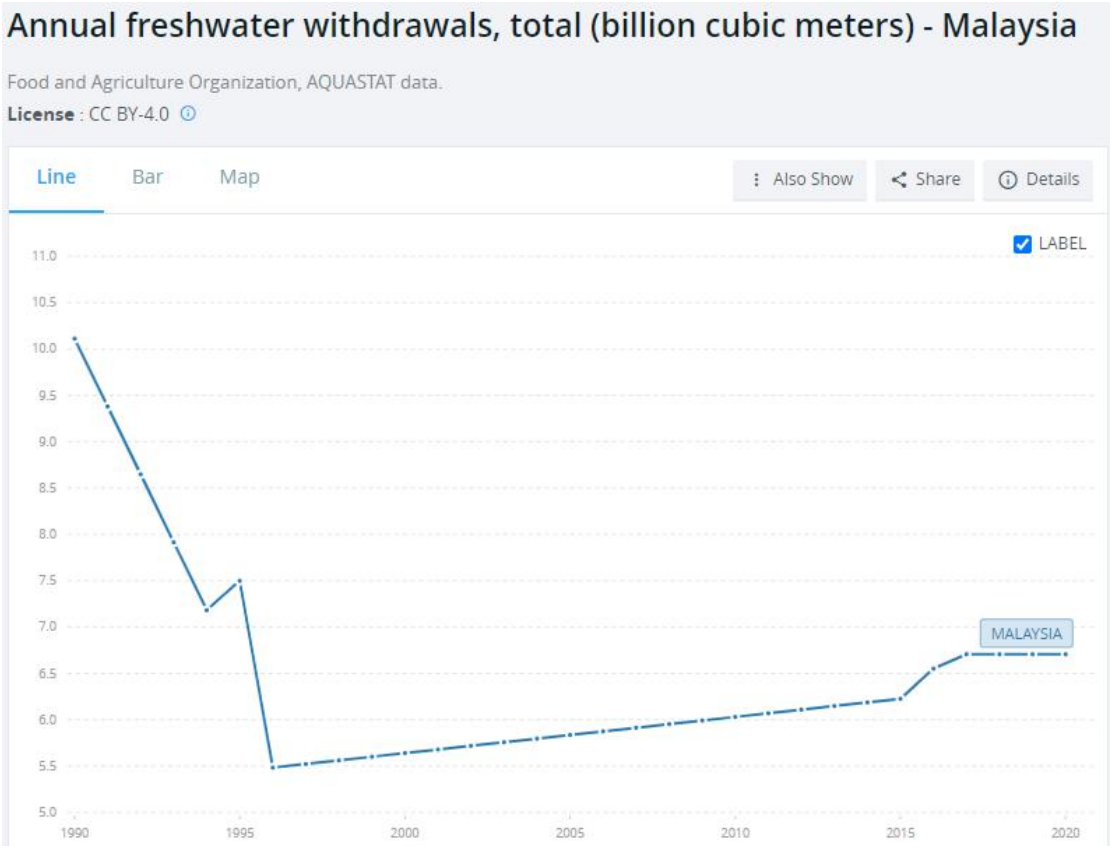

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