Iranian Journal of Management Studies (IJMS) *http://ijms.ut.ac.ir/*
Vol. 13, No. 1, Winter 2020 *Print ISSN: 2008-7055*
pp. 51-68 *Online ISSN: 2345-3745*
Document Type:Research Paper *DOI: 10.22059/ijms.2019.281304.673635*

The Impact of China's Investment on Malaysia

Noor Azryani Auzairy*, Kevin Kek Wai Hin, Pang Hui Xian, Yong Lee Teng
Faculty of Economics & Management, University Kebangsaan Malaysia, Bangi Selangor, Malaysia

(Received: May 14, 2019 ;Revised: August 16, 2019; Accepted: September 14, 2019)

Abstract

China has been moving out from its country into other countries in the world, including Malaysia, with some positive and negative news. We are to examine the impact of China's investment on our employment, price level and productivity as well as sectoral stock market performances: consumer products and services; construction and industrial sectors. The causality analyses on quarterly data from 2008 to 2018 show some significant positive and negative impact of China's investment on Malaysia. China's investment contributes to the growth of consumer product and service sector stock market and lower production price level. On the other hand, construction and industrial sectoral indices exhibit negative performances. There is no significant impact on productivity and employability. Despite of having relatively small contribution impact from China, the long-run cointegration exhibits that the variables are moving together over time. Thus, monitoring the inflows of the FDI is crucial.

Keywords

China, Foreign direct investment, Malaysia, Unemployment, Stock market.

* **Corresponding Author, Email:** azryani@ukm.edu.my

Introduction

The 'Open Door' policy was implemented by China in late 1970s and in 1999, China initiated its 'Go Out' policy. Then, China continued with its admission to the World Trade Organization in 2001. Since then, China competitiveness rank has improved a lot. For the last four years, China has maintained its 28th competitiveness rank, a better move from rank 34th in 2008. Despite being ranked the 2nd as the country with the most foreign direct investment (FDI) inflows, China has moved from being the 8th leading country in the world by FDI outflows in 2004 to the 2nd leading country in 2018, after Japan (Plecher, 2019). Over the years, China's outward FDI has been rising dramatically and quickly integrating with the international economy, and becoming a driver with the potential to transform the global economy.

Malaysia has been ranked 31st in a Global Foreign Direct Investment Country Attractiveness Index 2018 and ranked 4th in East Asia & Pacific Region (GFICA, n.d.). FDI flows in Malaysia has been on the upward trend since 2001 and it reached its new high with a value of RM47 billion in 2016. Asia is the top region for the FDI flows into Malaysia, followed by the Europe. In the Asia region, Hong Kong (RM7.5 billion), China (RM6.9 billion) and Singapore (RM 6.1 billion) were the prominent FDI contributors in 2017. Indeed, China overtook Singapore as the second largest contributor. In the eyes of China investors, Malaysia has been ranked the 4th largest recipient of China's FDI globally in 2017 (RM15 billion in Q4), a jump from rank 20 in 2015 (RM1.5 billion in Q1). In addition, Malaysia has been China's largest ASEAN and third biggest Asian trading partner since 2008.

These investments from China are welcome developments. However, according to some of the local businesses in a study done by Socio-Economic Research Centre (Goh & Lee, 2018), some of the local companies perceived such investment from China as a threat to them since it generates stiff competition. China's companies are persistent in their competitive pricing and price cuts strategies. There are also worries of China's overinvestment in Malaysia and Malaysia's being highly dependent on China's contribution. In addition, it is seen that China's business partners are domineering the business operations from A to Z, without the need to partner or collaborate with the locals. Not only does China's FDI seem to be a

threat to local business, but also as a potential threat to national business. In addition, it causes crowding out effect, less employment, and reduced market share. There has been rumors too that the inflows of China's FDI bring along their skilled and unskilled workers, together with their own raw materials and supply chain. Indeed, there have been lots of arguments on China's investment as 'colonialist', dependency and exploitation as well as high indebtedness to China.

Thus, this paper is to examine the influence of China's outwards FDI toward the performances of our productivity, employment, price level, and some sector stock market indices: Bursa Malaysia consumer products and services index, construction index & industrial equity index. We will get to know the influence of China's FDI in our country on our locals. Should China come with all its raw materials, equipment, workers, and supply chain, then it would negatively affect our local productivity, employment, inflation and our stock market performances, specifically the sectors involving high contribution from China. The outcomes of China's FDI on Malaysia, whether positively or negatively affected, would represent the ASEAN region and emerging economies as a whole, which are having or going to have rapid and massive influx of China's investment. Is the investment good or bad for the country?

Previous literatures generally analyze the factors contributing to the inflows of FDI from other countries and the impact of FDI on the host countries' economic growth. Most of the findings from the studies on the impact of FDI show its positive impact on countries' economy, as well as stock markets, employment and technology spillover, except for the environment, i.e. pollution. The contribution of this paper is in analyzing the impact of China's investment outflows, specifically, which has been a global, controversial issue, on Malaysia's economy and its sectoral stock market performances. Most of the studies done are on the impact of China's FDI on African economies, which represent underdeveloped host countries, and on China itself as home country. This paper emphasizes the impact of the prevailing issues of local unemployment, competitive costs and prices (inflation), competitive productivity and stock market performances of mainly affected sectors such as consumer products and services, construction and industrial products and services in Malaysia. Malaysia is a good representative of an emerging economy and the ASEAN country, which is so much interested in China's investment.

Literature Review

Recently, there have been an increasing number of studies done on the impact of China's FDI. However, most of these studies are focusing on its impact on African countries and China itself, which is different from this paper which is focusing on the impact of China investment on Malaysia, representing emerging and ASEAN country. Donou-Adonsou & Lim (2018) show China's FDI positive impact on 36 African countries GDP per capita. China's FDI impact was greater than that of the U.S.'s. China itself had been experiencing greater total factor productivity (TFP) due to its FDI outflows to emerging economies and its FDI inflows (Wu, 2018). However, its investment in developed countries led to negative TFP impact but only at the early stage. Ghana's manufacturing, building and construction, and general trade sectors also managed to improve their locals' employability due to China's FDI (Tang & Gyasi, 2012).

The rest of the literature on China FDI generally emphasizes on the negative impact of China investments or financial aids. The sourcing behaviors of China's contracts and projects had contributed to a decline of employment, as well as under use and under price of equipment and materials of Angola's construction sector (Corkin, 2012), negative support of Zambia's copper mining supply chain (Fessehaie, 2012) and discouragement of trade union involvement in 18 African countries (Isaksson & Kotsadam, 2018a). Corruption was also significantly higher in active Chinese project sites (Isaksson & Kotsadam, 2018b; Corkin, 2012). Indeed, India is preferred to China as a development partner in Africa (Chakrabarti & Ghosh, 2014).

For China-Malaysia relationship, Abd Rahman (2019) reports on the benefits acquired by Malaysia from the cooperation with China but with high concerns on the probability of overdependence on China. China Forest City project in Johor, Malaysia, is considered as China neocolonial outpost which threatens Malaysia's geopolitical dynamics and relationships with neighboring countries. Indonesia, for China-Indonesia FDI relations, is strategizing in keeping the country independent and maintaining its autonomy, despite having high competition and threat to local businesses (Sarah, 2018). In terms of FDI spillover effects, Dogan, Wong and Yap (2017) claim that Malaysia manufacturing sector was suffered from negative backward and forward spillover effects.

There are a large number of studies on the role of overall FDI in host countries. Generally, the literature suggests that FDI is an important source of capital, which would boost the economic growth or productivity in host countries (Suleiman, Kaliappan & Ismail, 2015; Roshan, 2014; Mohamed, Jit Singh & Liew, 2013; Karimi & Yusop, 2009; Buckley, Clegg & Wang, 2002), especially in the manufacturing sector due to its significant role in enhancing economic growth (Wang, 2009) as well as regional growth and development (Roshan, 2014). In addition, the FDI inflows are also supporting stock market development in Ghana (Adam & Tweneboh, 2008) and improvement in management skill (Roshan, 2014).

FDI inflows are also seen essential in creating employment opportunities in Malaysia (Muhd Irpan, Mat Saad, Mohd Nor, Mohd Noor & Ibrahim, 2016) and in India (Roshan, 2014). However, Rizvi and Nishat (2009) do not find the impact of FDI on employment opportunities in Pakistan, India and China from 1985 to 2008. Thus, FDI enhancement policies must be supplemented by other measure(s) to stimulate employment growth.

Roshan (2014) and Buckley et al. (2002) indicate the positive impact of the FDI on the spillover, mainly technological spillover, to Indian and Chinese industries, respectively.

Most of the previous studies focus on the significant determinants affecting the performance of the FDI, mainly on macroeconomic factors (Mugableh, 2015; Chakrabarti, 2001) including money supply, gross domestic product, and trade, as well as consumer price index and exchange rates (Adhikary, 2017; Jadhav, 2012). Other than macroeconomic fundamentals, market size, market potential, financial development or deepening (Ang, 2007, Chakrabarti, 2001), financial stability, domestic investment, stock turnover, infrastructure, and human capital (Adhikary, 2017) are also found to have some impact on FDI. In addition, Asiedu (2006) and Jadhav (2012) indicate that institutional and political factors could significantly affect FDI. In terms of Malaysia-China relations, unstable Malaysian political economy and ethnic issue, China economic slowdown and the geopolitics of the South China Sea could be other determinants affecting the FDI (Kong, 2017).

Methodology

In this study, we are using secondary data to analyze the impact of China's FDI into Malaysia on unemployment rate, production price index, gross domestic product, Bursa Malaysia consumer products and services equity index, construction equity index & industrial equity index. We obtained the data of China's FDI in Malaysia, production price index (PPI), and gross domestic product (GDP) from Department of Statistics Malaysia - Malaysia Informative Data Centre; data of unemployment rate (UR) from Census and Economic Information Center; data of Bursa Malaysia Kuala Lumpur consumer products and services index (KCM), construction index (KCT) and industrial products and services index (KIN) from investing.com. Since China's FDI issues on employment, price level, productivity and sectoral performances have been the major concern of the locals, those variables are used in the analysis. The analyses are to prove further on how exactly those variables could be affected by the FDI from China. The data were acquired in quarterly basis from Quarter 1, 2008 to Quarter 1, 2018.

All data are expressed in natural logarithms and tested for stationarity by using the Augmented Dickey Fuller test. All the data are stationary at first difference, which exhibit the integration of order one, I(1), except for China's FDI, which is stationary at level I(0). Thus, other than for descriptive statistics, time series graphs, and correlation coefficient analyses, first difference data is used. Those analyses include VEC and pairwise Granger causality and Johansen cointegration tests. Variance decomposition and impulse response analyses based on VECM are carried out when Johansen cointegration results exhibit the existence of cointegrating equation(s).

Table 1. Augmented Dickey Fuller Unit Root Test

	FDI	**GDP**	**KCM**	**KCT**	**KIN**	**PPI**	**UR**
Level	-2.715	-1.201	-0.970	-1.317	-1.490	-2.367	-2.574
prob.	*0.080*	*0.665*	*0.755*	*0.612*	*0.528*	*0.157*	*0.107*
1st Diff		-4.689	-4.943	-4.748	-4.869	-6.951	-6.833
prob.		*0.001*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*

Notes: FDI = foreign direct investment, GDP = gross domestic product, KCM = Bursa Malaysia Kuala Lumpur consumer products and services index, KCT = Bursa Malaysia Kuala Lumpur construction index, KIN = Bursa Malaysia Kuala Lumpur industrial products and services index, PPI = production price index, and UR = unemployment rate.

Findings

Data Behaviors

The time-series graphs generally show the increasing trend of GDP, industrial, construction, and manufacturing sector indices, with an abrupt drop at the end of 2008 due to the U.S. subprime mortgage crisis. FDI also shows an increasing trend but with greater volatility. China's FDI in Malaysia has been low from 2008 till 2011, in which it may not yet focus much of its investment in Malaysia. From 2012 onwards, despite having high and low inflows in between, China's FDI in Malaysia generally shows an increasing trend, following the trends of the GDP and sectorial indices. The major cutback of FDI from China in 2013, 2014, the end of 2015 and the end of 2016 does not show its significant influence on other variables.

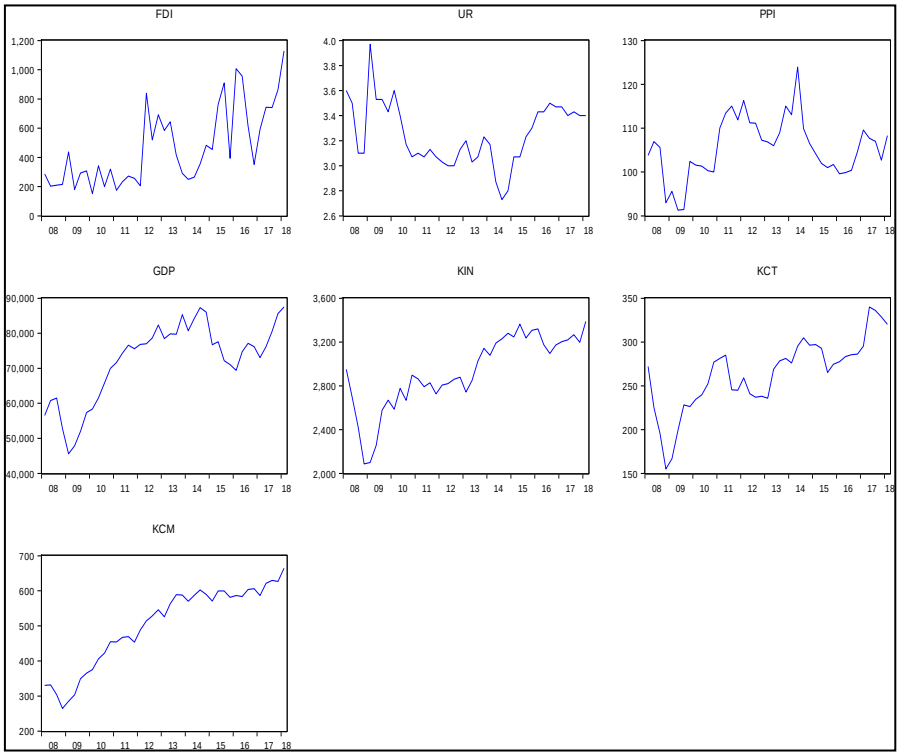

Fig. 1. Time Series Graphs (Q1 2008 – Q1 2018)

Table 2. Descriptive Statistics (Q1 2008 – Q1 2018)

	FDI (RM mil)	UR (%)	PPI	GDP (RM mil)	KIN	KCT	KCM
Mean	466.85	3.25	105.57	72250.80	2926.24	263.96	502.18
Median	355.00	3.20	106.00	76155.13	2897.04	274.58	545.78
Maximum	1128.00	3.97	123.95	87513.22	3387.42	340.03	664.59
Minimum	152.00	2.73	91.29	45593.24	2085.64	155.06	264.77
Std. Dev.	267.15	0.25	6.83	11116.10	333.91	41.13	114.07
Skewness	0.81	0.33	0.08	-0.79	-0.77	-0.56	-0.66
Kurtosis	2.52	3.16	3.28	2.72	3.09	3.36	2.11
Jarque-Bera	4.88	0.81	0.18	4.44	4.12	2.38	4.31
Probability	0.09	0.67	0.91	0.11	0.13	0.30	0.12

FDI = Foreign direct investment inflows from China, UR= Unemployment rate, IPPI=Producer price index, GDP = Gross domestic product, KIN= Kuala Lumpur Industrial Index, KCT= Kuala Lumpur Construction Index, KCM = Kuala Lumpur Consumer Products and Services Index.
Sources: Department of Statistics, Malaysia and investing.com

Neither unemployment rate nor production price index indicate increasing or decreasing trend but they seem to have mirror reflection on each other. During the high unemployment rate (max 3.9%), production price level is low (min 91.29) in 2009 and when the unemployment rate is low (min 2.73%), the price level is high (123.95) in 2014. Theoretically, this should be an ideal situation to have lower price level when there are more people being unemployed. Among the sectoral indices, industrial sector fluctuates the most and construction sector fluctuates the least. Almost all those variables show their significant impact, with a drastic fall, due to the U.S. subprime mortgage crisis. China's FDI has the highest positive skewness with significant probability. This proves that China's FDI distribution is symmetrical.

Correlation Coefficient

Correlation coefficients are used in statistics to measure how strong a relationship is between two variables. Based on Table 2, there are positive correlations between China's FDI and each of the sectorial markets as well as the GDP. Among all variables, construction index has the highest correlation with the FDI (0.647). GDP and the other two sectors are having moderate positive correlation with the FDI. Production price index and unemployment rate do not show any correlation with FDI. This proves that China's FDI is having good correlation with the local sectors and our productivity.

Table 3. Correlation Analysis (Q1 2008 – Q1 2018)

	UR	PPI	GDP	KCM	KCT	KIN
FDI	0.072	-0.049	**0.455**	**0.647**	**0.441**	**0.567**
probability	*0.655*	*0.760*	*0.003*	*0.000*	*0.004*	*0.000*

Granger Causality

Granger causality is a way to investigate causality between two variables in a time series. Both types of Granger causality tests were applied: VEC, which is for short-run cause-effect relationship in the VAR environment, taken into consideration all other variables; and Pairwise, which is for the long-run cause-effect relationship between two variables.

Based on VEC Granger causality in the short-run, FDI is the cause of changes in construction sector index (KCT) and price level (PPI) (refer to Table 4).

Table 4. VEC Granger Causality (Q1 2008 – Q1 2018)

	Independent: FDI	
	Chi-sq	***Prob.***
GDP	3.349	*0.187*
KCM	3.306	*0.192*
KCT	4.841	***0.089***
KIN	4.562	*0.102*
PPI	5.665	***0.059***
UR	3.020	*0.221*

In terms of long-run causality between two variables, the pairwise, Table 5 shows that China's FDI is the cause of changes in consumer products and services sector as well as the industrial sector. China's FDI does not give any long-run impact towards all other variables: unemployment rate, production price index, GDP and construction sector index.

Table 5. Pairwise Granger Causality (Q1 2008 – Q1 2018)

	F-Statistic	*Prob.*
FDI → UR	1.203	*0.313*
FDI → PPI	1.527	*0.232*
FDI → GDP	0.116	*0.891*
FDI → KCM	**2.521**	***0.096***
FDI → KCT	0.793	*0.461*
FDI → KIN	**2.768**	***0.077***

Long-Run Cointegration

Johansen Cointegration Analysis is to test the existence of the long-run relationship between variables. The cointegrated variables indicate that the variables are moved together over time.

Using both Trace and Max-Eigen statistical tests, the results indicate the existence of long-run cointegration among the variables. There is evidence of 4 cointegrating vectors that govern the long-run co-movements of the variables. These results suggest that the long-run integration among FDI, unemployment rates, production price level, GDP, and the three sectorial indices are intensified.

Table 6. Johansen Cointegration (Q1 2008 – Q1 2018)

No. of CE(s)	Trace Stats	Prob.**	Max-Eigen Stats	Prob.**
None *	226.670	0.000	75.884	0.000
At most 1 *	150.786	0.000	56.970	0.000
At most 2 *	93.816	0.000	38.797	0.012
At most 3 *	55.019	0.009	28.923	0.034
At most 4	26.096	0.126	13.264	0.428
At most 5	12.832	0.121	9.804	0.225
At most 6	3.029	0.082	3.029	0.082
Trace test indicates 4 cointegrating eqn(s) at the 0.05 level				
Max-Eegen value test indicates 4 cointegrating eqn(s) at the 0.05 level				

Vector Error Correction Model (VECM)

This work continues to examine the short-run dynamic interactions among China's FDI and the six variables after discovering that there is a long-run co-movement among those variables by applying the variance decomposition and impulse response based on a VECM specification.

The variance decomposition estimates the percentage of variation of one variable due to shocks or innovations in other variables. It portrays the strength of the effect. The results reveal that China's FDI is mainly attributed to its own shocks, but at the declining trend, from 100% to around 70%. China's FDI disturbances do not attribute much to the variations of GDP, production price index, unemployment, consumer products index, industrial index and construction index. The largest contribution of the China's FDI innovation, which is the second contributor, is to the variations of production price index. The FDI shock explains almost 20% of price index's variations. Variations

in unemployment rate are also attributed to the variations in the FDI around 10%. For the variations of other variables, China's FDI innovation contributes only from 3% to 4%.

Table 7. Variance Decomposition of GDP, KCM, KCT, KIN, PPI and UR due to FDI (Q1 2008 – Q1 2018)

Var Dec of Period	FDI: FDI	GDP: FDI	KCM: FDI	KCT: FDI	KIN: FDI	PPI: FDI	UR: FDI
1	100.000	0.273	4.598	2.319	12.334	7.775	7.865
2	88.270	4.420	2.415	1.086	5.779	6.548	9.971
3	79.049	4.424	2.425	1.642	4.962	18.977	9.459
4	71.664	4.110	3.333	3.873	5.181	16.181	10.269
5	72.224	3.685	3.683	3.300	4.841	16.423	9.022
6	72.888	4.001	3.592	3.687	4.454	18.528	10.423
7	71.909	3.985	3.423	3.601	5.008	18.344	10.309
8	72.814	3.780	3.218	3.358	4.551	18.730	9.965
9	73.893	3.844	2.992	3.304	4.327	18.905	10.564
10	74.016	3.715	2.837	3.201	4.158	19.918	10.415

Impulse response is applied in order to trace the response of a variable to shocks in China's FDI. It is to capture the direction, magnitude and persistence of the responses. Results in Figure 2, show that China's FDI innovations lead to positive responses to GDP, other than to its own. This reaffirms the good impact of FDI from China on our country's productivity. The positive responses of manufacturing sector index due to the FDI shocks suggest the positive and good effects of China's FDI in Malaysia on the consumer products and services sector.

The negative responses of both the production price level and unemployment rate to FDI innovations reflect good indicators. The results indicate that the FDI shocks are deflationary and more people are being employed. However, the negative response of the construction sector index and industrial sector index to FDI shocks shows bad impact, in which the shocks of the incoming FDI from China lead to the declining performance of the construction and industrial product and services sectors.

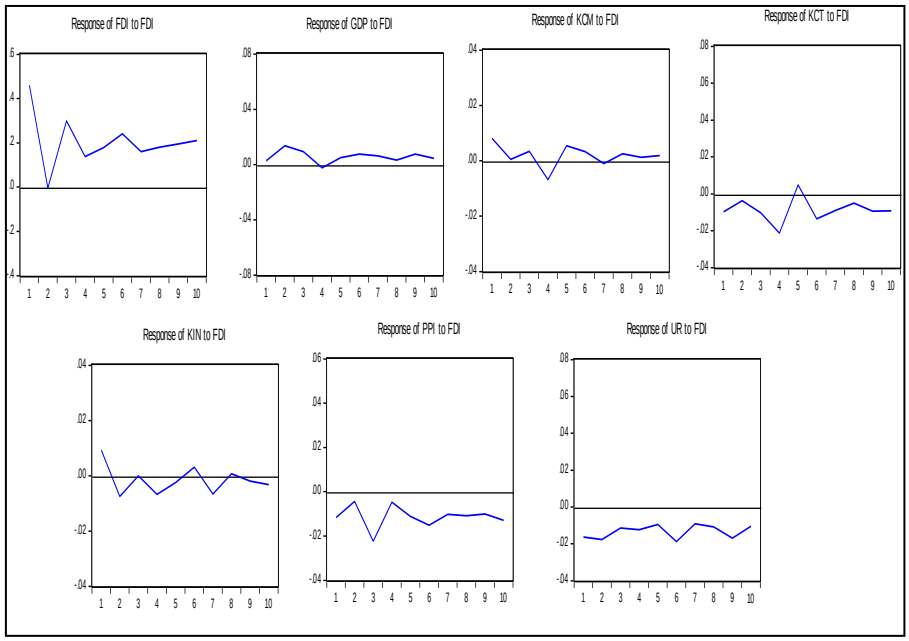

Fig. 2. Impulse Response of FDI, GDP, KCM, KCT, KIN, PPI and UR (Q1 2008 – Q1 2018)

DISCUSSION

The findings indicate that China's FDI in Malaysia is positively correlated with GDP and the three sectorial indices, but not with the price level and unemployment. In terms of short-term VEC Granger causality relations with all other variables, only construction sector index and production price index are significantly affected by the FDI. Indeed, production price index and unemployment rate show relatively significant dynamic interactions (variance decomposition) of 20% and 10%, respectively, with the FDI which are more than those of other variables. The impulse response indicates that the production price index, unemployment rate, construction sector index and industrial sector index are negatively interacted by the shocks in FDI. For long-term relations, China's FDI has a significant pairwise effect on manufacturing sector index and industrial sector index. Johansen cointegration proves further the long run integration of China's FDI with the three macroeconomic variables and three sectorial indices.

Thus, generally, we can say that there are some positive and negative impacts of China's FDI on Malaysia. In terms of China's FDI impact on sectorial equity market performances, Bursa Malaysia Kuala Lumpur consumer products and services are positively affected. Bursa Malaysia Kuala Lumpur construction and industrial products and services indices, however, are negatively affected by China's FDI. The positive impact on consumer products and services is consistent with the findings of Adam and Tweneboh (2008) and Tang and Gyasi (2012) in Ghana. The investment from China may contribute to better productivity and efficiency for such growth of the sector. The construction and industrial sectors, on the other hand, could be negatively affected due to the sourcing behaviors of the Chinese contracts and infrastructure projects as claimed by Abd Rahman (2019), Sarah (2018), Corkin (2012) and Fessehaie (2012). China is known as a dominant business partner, domineering business operation from A to Z, with no significant need to collaborate with the locals from raw material, supply chain, production to sales. In addition, Dogan, Wong and Yap (2017) support the negative impact to be suffered by such sectors due to the negative backward spillover effects by China's investment. Thus, it is important for the authorities and local business partners to be precautious on the matters before signing the contract to ensure a win-win scenario for all parties.

Price level is the only macroeconomic variable in this study that is significantly affected by China's FDI. Fortunately, the investment from China contributes to lower price level in the economy of Malaysia. This result is expected due to China's closed tender projects and its competitive pricing and price cuts strategies (Corkin, 2012), which could lead to lower price level.

Productivity and unemployment, however, are found not to have significant relationships with China's FDI. This result of GDP is not as expected and inconsistent with the findings of Donou-Adonsou and Lim (2018), Wu (2018), Sothan (2017), Roshan (2014), Mohamed, Jit Singh and Chung (2013), Karimi and Yusop (2009), and Wang (2009). Buckley, Clegg and Wang (2002) also claim that the higher the foreign capital participation, the greater the productivity. Even though there is a positive correlation between GDP and China's FDI, there is no short-run and long-run causality effect between the two

variables. The result could be due to mixed results, positive and negative, of different sectors in the economy as claimed by Gu, Chuanhong, Vaz and Mukwereza (2016). According to them, the outcomes could be different due to heterogeneous and disaggregated relations between the state and business of the two countries or sectors.

In spite of the fact that the foreign investment could create higher job opportunity as claimed by Muhd Irpan et al. (2016), Tang and Gyasi (2012), and Rizvi and Nishat (2009), China's investment could not significantly affect Malaysians' employability. However, at least the impulse response results exhibit negative direction of unemployment rate with 7% to 10% variance decomposition of unemployment due to FDI innovation. The negative direction indicates positive impact in which the interactions at least could lead to lower unemployment rate and, thus, higher employability.

FDI from China does not still have a big impact on our economy and stock market performances. One of the reasons could be due to our data timeline which is from 2008 to 2018. Such data might not be able to project the significant impact of its investment since the skyrocketed China investment in Malaysia has just started around these recent years, which is around 2015 to 2017. Therefore, we are to further this study using 2015 data onwards with a shorter time interval hoping to be able to extract the real impact of the investment by China.

CONCLUSION

Generally, this paper finds that China's investment in Malaysia could have some significant positive impact on Malaysia's consumer product and service sector stock market performance and price level, but negative effect on construction and industrial sectors stock market performances. However, the contributions of the FDI from China are relatively small. The results could not further prove the impact of China's FDI on Malaysia's productivity and employability. Despite having relatively small contribution impact from China, the long-run cointegration exhibits that the variables are moving together over time.

There could be more significant impact of China's FDI on Malaysia's stock market performances and economy in the coming future. The impact could contribute to better growth, but may also

disrupt and plunge the market and the economy. While we are always looking forward to some capital injection from other countries for further market development, we must always be precautious on the possible negative outcomes to be brought by those FDIs. Monitoring the inflows of the FDI by studying and analyzing the contracts before signing is crucial to ensure its positive impact on the economy and stock market performances of a country. Proper monitoring systems need to be in place so that both countries could be better off directly and indirectly. Such appropriate system is also important to ensure the business and economic sustainability. We are also just to ensure not being trapped in huge debt.

REFERENCES

Abd Rahman, M. A. (2019). China's new maritime Silk Road and its implications for Malaysia and Indonesia state autonomy. *Akademika*, *89*(1), 17-32.

Adam, A. M. & Tweneboah, G. (2008). Foreign Direct Investment (FDI) and stock market development: Ghana's evidence. *International Research Journal of Finance and Economics*, *26*, 178-185.

Adhikary, B. K. (2017). Factors influencing foreign direct investment in South Asian economies — a comparative analysis. *South Asian Journal of Business Studies*, *6*(1), 8-37.

Ang, J. B. (2007), Determinants of Foreign Direct Investment in Malaysia. *Journal of Policy Modeling*, *30*, 185–189.

Asiedu, E. (2006). Foreign Direct Investment in Africa: The role of natural resources, market size, government policy, institutions and political stability. *The World Economy*, *29*(1), 63-77.

Buckley, P. J., Clegg, J. & Wang, C. (2002). The Impact of inward FDI on the performance of Chinese manufacturing firms. *Journal of International Business Studies, 33*(4), 637–655.

Chakrabarti, A. (2001). The determinants of Foreign Direct Investment: Sensitivity analyses of cross-country regressions. *KYKLOS*, *54*(1), 89-114.

Chakrabarti, S. & Ghosh, I. (2014). FDI in Africa: A comparison of the Indian and Chinese experience. *Procedia - Social and Behavioral Sciences, 157*, 340-352.

Corkin, L. (2012). Chinese construction companies in Angola: A local linkages perspective. *Resources Policy*, 37, 475-483.

Dogan, E., Wong, K. N., & Yap, M. M. C. (2017). Vertical and Horizontal spillovers from Foreign Direct Investment: Evidence from Malaysian manufacturing. *Asian Economic Papers*, *16*(3), 158-183.

Donou-Adonsou, F., & Lim, S. (2018). On the importance of Chinese investment in Africa. *Review of Development Finance*, *8*(1), 63-73.

Fessehaie, J. (2012). What determines the breadth and depth of Zambia's backward linkages to copper mining? The role of public policy and value chain dynamics. *Resources Policy*, *37*(4), 443-451.

GFICA. (n.d.). Global Foreign Direct Investment Country Attractiveness Index 2018. In *GFICA*. Retrieved from http://www.fdiattractiveness.com/ranking-2018/, August 2, 2019

Goh, K. J. and Lee, S. T. (2018). China investment in Malaysia: Perceptions, issues and prescriptions. *Socio-Economic Research Center*, 1-68. Retrieved from acccimserc.com.images.researchpdf, 18 Oct, 2018.

Gu, J., Chuanhong, Z., Vaz, A. & Mukwereza, L. (2016). Chinese state capitalism? Rethinking the role of the state and business in Chinese development cooperation in Africa. *World Development*, *81*, 24-34.

Isaksson, A-S. & Kotsadam, A. (2018a). Chinese aid and local corruption. *Journal of Public Economics*, *159*, 146-159.

Isaksson, A-S. & Kotsadam, A. (2018b). Racing to the bottom? Chinese development projects and trade union involvement in Africa. *World Development*, *106*, 284-298.

Jadhav, P. (2012). Determinants of foreign direct investment in BRICS economies: Analysis of economic, institutional and political factor. *Procedia - Social and Behavioral Sciences*, *37*, 5–14.

Karimi, M. S. & Yusop, Z. (2009), FDI and economic growth in Malaysia. *MPRA Paper*, No. 14999.

Kong, T. Y. (2017). Belt and Road Initiative: A new impetus to strengthen China-Malaysia relations. *East Asian Policy*, *9*(2), 5-14.

Mohamed, M. R., Jit Singh, K. S., and Liew, C-Y. (2013), Impact of Foreign Direct Investment & domestic investment on economic growth of Malaysia. *Malaysian Journal of Economic Studies*, *50*(1), 21-35.

Mugableh, M. I. (2015). Time series analysis of inward Foreign Direct Investment function in Malaysia", *Procedia - Social and Behavioral Sciences*, *172*, 679–685.

Muhd Irpan, H., Mat Saad, R., Mohd Nor, A. H. S., Mohd Noor, A. H., & Ibrahim, N. (2016) Impact of Foreign Direct Investment on the unemployment rate in Malaysia. *Journal of Physics: Conference Series*, *710*, 12-28.

Plecher, H. (2019). Leading countries worldwide in 2018, by Foreign Direct Investment. *Statista*. Retrieved from

https://www.statista.com/statistics/273931/largest-direct-investors-worldwide/, August 8, 2019.

Rizvi, S. Z. A., & Nishat, M. (2009). The Impact of Foreign Direct Investment on employment opportunities: Panel data analysis. *The Pakistan Development Review, 48*(4), 841-851.

Roshan, Y. S. (2014). FDI & expectation of the foreign investor: A case study of commodity exchange. *Global Journal of Finance and Management, 6*(5), 481-484.

Sarah, M. (2018). Forest city, Malaysia, and Chinese expansionism. *Urban Geography, 39*(6), 935-943.

Sothan, S. (2017). Causality between foreign direct investment and economic growth for Cambodia. *Cogent Economics & Finance, 5*(1277860), 1-13.

Suleiman, N. N., Kaliappan, S. R. & Ismail, N. W. (2015). Determinants of Foreign Direct Investment in Southern Africa Customs Union Countries. *International Journal of Economics and Management, 9*(1), 1-24.

Tang, D., & Gyasi, K. B. (2012). China – Africa foreign trade policies: The impact of China's foreign direct investment (FDI) flow on employment of Ghana. *Energy Procedia*, *16*(Part A), 553-557.

Wang, M. (2009), Manufacturing FDI and economic growth: Evidence from Asian economies. *Applied Economics, 41*(8), 991-1002.

Wu, XY. (2018). China's OFDI, R&D spillovers and TFP growth. *Proceedings of the 2018 10th International Conference on Information Management and Engineering*, 46-150.