

Conference Paper

Foreign Investment and Firm's Performance of Sharia Compliance: A Comparative Study of Indonesia and Malaysia

Saiful¹ and Hilwani Hariri²

¹Universitas Bengkulu, Indonesia

²Universiti Teknologi MARA, Malaysia

Abstract

Foreign investment can enhance the global business because it exposes the firm with new markets and marketing channels, access to new technology, products, skills and financing. Foreign investment is important to investors in developed areas who provide funding and expertise to smaller companies in emerging markets to expand and increase international sales. Hence, this article determines the relationship of foreign investment to the performance. Performance is measured by return on assets (ROA), return on equity (ROE), net profit margin (NPM) and Tobin's Q. The analyses indicate that there is no significant influence between foreign investments and the performance.

Received: 25 February 2018

Accepted: 26 May 2018

Published: 26 June 2018

Publishing services provided by
Knowledge E

© Saiful and Hilwani Hariri. This article is distributed under the terms of the [Creative Commons Attribution License](#), which permits unrestricted use and redistribution provided that the original author and source are credited.

Selection and Peer-review under the responsibility of the ICIFEB Conference Committee.

Keywords: foreign investment, performance

1. Introduction

1.1. Foreign investment

According to Hannon and Reddy (2012), there are several types of foreign investment, for example, mergers and acquisitions, building new facilities, reinvesting profits earned from overseas operations and intra-company loans. The International Monetary Fund defines FDI as the situation when one individual or business owns 10 percent or more of a foreign company's capital. Every financial transaction is considered by the IMF as an additional direct investment. If an investor owns less than 10 percent, it is considered as an addition to stock portfolio. Two decades ago, foreign investment was seen as complementing the level of domestic investment and protecting the economy through the transfer of technology, management knowledge, access to foreign markets, increased employment opportunities and improved standards of living.

OPEN ACCESS

Hence, the policymaker and regulator make various incentives and policies to attract foreign investment besides making sure those policies and incentives are in line with the objective of economic development in the particular countries. Nowadays, most foreign investments in the world take place among developed countries. Nonetheless, investment in developing countries is rising. Many developing countries are successful by opening their economies to foreign investment under outward-oriented development policies

StudyMode.com (2013) emphasize on several advantages of foreign investment which is useful for both the investor and receiver. Many investors of developed countries such as Europe and America invest in the developing country to target market and enjoy cheaper cost of employees. The first advantage is that foreign investment helps in the economic development of the host country. The money invested increases the gross domestic production in the particular country and at the same time, this condition reduces the rate of unemployment.

The second advantage is improvement in business-related practices, where foreign investment indirectly provides training to the employees of the company. This upgrades the management and accounting system of the company and enhances the growth and development of the country. The third advantage is improvement in technology as various advanced technology introduced to the host country cause enhancement in terms of quality and quantity of production.

The fourth advantage is that the aspect of standard of living in the host country increases because foreign investment brings in capital, management skills and technology and removes unproductive operation or enhances the existing system. At the same time, standard of living in the host country is also improved by higher tax revenue from the company that receives foreign direct investment (FDI).

1.2. The foreign investment and economic growth

According to Gregorio (2003), the accumulation of capital is an important determinant of economic growth. There are many reasons to promote foreign investment to enhance the economic growth. Foreign investment permits a country to bring their technologies and knowledge that were previously not available in the host country. In this way, productivity growth is increased through the economy.

In addition, foreign investment brings in the expertise that the country does not possess, and foreign investors may have better access to global markets. De Gregorio (1992) supports this view by examining the evidence on economic growth in Latin

America during the year 1950 until 1985. He found that the increasing aggregate investment by 1 percentage point of GDP will increase economic growth by 0.1 to 0.2 percent a year. However, increasing foreign investment by the same amount will increase the economic growth around 0.6 percent a year. This indicates that FDI is about three times more efficient than domestic investment.

Blomstrom, Lipsey and Zejan (1992) found that foreign investment has a positive effect on economic growth in the high-income countries. This result is consistent with the idea that only those countries that have reached a certain level of income can absorb and enjoy the benefit of new technologies.

Borensztein, De Gregorio and Lee (1998) highlighted human capital as a factor that causes the different effect to foreign investment at different level of income, based on the analysis of the growth effect of foreign investment in 69 developing countries during the period 1970 until 1989. They found that there is positive correlation with the level of income per capita. It may take a well-educated population to spread the benefits of newly introduced technologies to the whole economy.

This research will identify the effect of foreign investment on the Sharia-compliant companies of public-listed companies in Malaysia and Indonesia in the aspect of performance.

2. Literature Review

Generally, most of the previous literatures either in Indonesia, Malaysia or other countries indicate that there are positive relationship between foreign investment and firm's performance. The Quarterly Survey of International Investment and Services in relation to FDI statistics conducted by Masud, Yusoff, Abd Hamid and Yahaya (2008) indicated that there was a continuous upward trend of FDI for Malaysia. During that survey, four elements of FDI statistics were analysed, namely, the share of each component of investment, countries of origin of foreign investors, economic sectors where the investment is mainly channelled and the investment income generated according to sectors.

Likewise, Geetha, Mohidin and Vincent (2011) expose that only financial development was found to have a positive relationship with economic growth, while human capital development and environmental condition had negative relationships with economic growth in Malaysia. However, when location advantage channels were used as an interactive term with FDI, the results revealed that all the interactive term variables become insignificant in explaining the changes in economic growth. Thus, this again

reiterates that a certain level of location advantage channels such as human capital development, financial development and environmental channels are important as a precondition for FDI to have a positive effect on economic growth in Malaysia.

Boone (2011) uncovered the situation in New Zealand, that the presence of financial institutions and foreigners as the largest investor improved the performance of the firm relative to those whose largest investors are individuals, directors or corporates. This means that ownership structure and the identity of the investor have an interactive influence on firm's performance.

Based on Tong (2001), there is significant positive impact on local firms following foreign knowledge inflow. The benefits are reflected in different aspects of a firm's performance. Foreign technology transfer increases the probability that a firm will export in the subsequent years. It also tends to increase the amount of total export. In addition, the higher export following foreign knowledge inflow is likely to result from higher production rather than diverting domestic sale to export. Consistent to this finding, foreign knowledge transfer is followed by higher employment and more production. She recommends that it is important to maintain an open and business-friendly environment to attract foreign businesses. It is also important to encourage domestic competition. Finally, the government can encourage cooperation between domestic firms and firms with foreign involvement to maximize the economic benefit from foreign participation.

According to Altzinger (2008), beginning 1992, Austrian FDI increased quickly. Then, the profitability of these investments also improved over the period from 1992 to 2005. Particularly, investments in Central and Eastern Europe became rather profitable. In 2005, total annual profits translate into an average return on equity (ROE) of 8.3 percent. The age of investment is the main determinant of profitability.

Yasar and Paul (2007) evaluate the performance of foreign-owned versus domestic firms, and the spill-over effects of industry foreign share for five transition economies, namely, Poland, Moldova, Tajikistan, Uzbekistan and the Kyrgyz Republic. They find higher productivity, capital intensity, export and import shares, employment and wages for firms with foreign ownership. Furthermore, they find that industry presence of foreign affiliates of multinational firms lead to performance improvements for domestic firms; that is, spill over from foreign firms benefit domestic firms in these transition economies.

The positive aspect of foreign investment was supported by Aydin, Sayim and Yalama (2007) which applied *t*-test statistics to examine if there are significant differences on operating profit margin, return on assets (ROA) and ROE between foreign-owned participation firms and domestic firms listed in Istanbul Stock Exchange. The results reveal that the firms with foreign ownership operating in Turkey perform better than the domestic ones in respect to ROAs. The research is applied to all quoted firms on the Istanbul Stock Exchange for the period of 2003–2004. The findings may guide the foreign investors interested to make investment in Turkey.

Hake (2008) distinguishes between different categories of ultimate foreign ownership and their effects on firm's performance. FDI inflow in a sample of 11 Central and Eastern European countries (Central and Eastern European countries consist of Croatia, Czech Republic, Slovak Republic, and Hungary) in the period 2002–2006 were used. The attention was emphasized on the differences between domestic and foreign-owned firms. The analysis shows that the legal origin of the foreign investors in 11 Central and Eastern European countries does influence a firm's performance significantly. The main finding is that the legal system affiliation of the foreign ultimate owner, hence the type of corporate governance system does account for the performance differences among foreign-owned firms. For instance, firms with an ultimate owner from a country of the English origin group have a higher effect on performance than firms of German and Scandinavian origin, but it applies only for firms that outperform. For underperforming firms, the magnitude of impact reverses—a result actually contradicting to some extent to the findings of recent empirical studies.

Sakakibara and Yamawaki (2005) identify key factors that determine the profitability of Japanese firms abroad by using data over the 1990–1996 period. The results show that the determinants of subsidiary profits differ across host region. Economic and institutional factors specific to host regions influence significantly the profit performances of overseas subsidiaries, while the size effect on the subsidiary profitability is present in all the regions. Other effects like experience, local supplier networks, local sales and macroeconomic conditions affect the performance of subsidiaries in a different manner by region. They also suggest other specific factors as well as industry-specific and region- or country-specific factors that play important roles in explaining the profitability of foreign subsidiaries.

Ghahroudi (2009) carries out the study on Japanese foreign investment in India. The findings show that Japanese multi-national companies (MNCs) prefer to acquire high levels of equity ownership including full ownership to joint ventures. The result indicates that capital and full equity ownership have positive effects on survival. He

also carried out a study that examines the impact of knowledge transfer factors, parent firm-specific and subsidiary characteristics on foreign affiliate performance. Based on data derived from 3500 affiliates of MNCs in Japan, the results show that the factors of industry, foreign employees and size of the parent firm and subsidiary generate a statistically significant effect on performance. Foreign companies with greater ratio of foreign ownership are more likely to develop and transfer the knowledge in management and employees' levels from parent companies.

Nevertheless, the most famous explanation for the home bias in international portfolio investments is more severe moral hazard problems faced by foreign investors than corresponding domestic investors. Following the recent literature, it was argued that a drop in the expected return of resources employed within the firm should increase the expected incidence of this type of moral hazard. Based on that argument, Berglund and Westerholm (2006) suggest that foreign investors should react more strongly to profit warnings than domestic investors resulting in at least a momentary increase in the home bias phenomenon.

Karimi and Yusop (2009) suggest that FDI has an indirect effect on economic growth in Malaysia because while examining the causal relationship between FDI and economic growth based on time-series data covering the period of 1970–2005, they find that there is no strong evidence of a bi-directional causality and long-run relationship between FDI and economic growth.

Fernández-Otheo and Myro-Sánchez (2008) conduct research that focused on the profitability of the Spanish FDI stocks owned by foreign and domestic firms. The implicit rates of return are estimated and analysed for two different main components, capital stakes and inter-company loans, over a period spanning from 1993 and 2007. The main result is a comparative low profitability of the FDI assets and liabilities in Spain that explains the slowdown of the inward flow in the last years. The findings also show that Spanish income by FDI rose very much more than the average, but its figures (in GDP terms) are low in comparative terms.

3. Research Methodology

3.1. Unit of analysis

The unit of analysis for the current research is individual companies in Malaysia and Indonesia. The current research is a cross-sectional research, where only one-year

data is utilized to test the hypotheses. Companies categorized as Sharia-compliant in the year 2009 are included in this study.

3.2. Population and sample selection

In Malaysia, the public-listed companies are categorized into Sharia-compliant and non-Sharia-compliant companies. In the year 2009, there were 848 Sharia-compliant companies in Malaysia. However, due to incomplete data, only 64 companies were suitable to be included in the analysis. Likewise, 30 Indonesian companies were selected as sample for this study. Annual reports of these companies for the year 2009 were downloaded from the companies' websites, as well as from the regulator's website when the former was not accessible. Table 1 indicates the number of samples. There are 94 Sharia-compliant companies suitable for analysis, of which 68 percent (64) are from Malaysia and 32 percent (30) from Indonesia.

TABLE 1: Number of countries.

Countries	N(Percent)
Malaysia	64(31.9)
Indonesia	30(68.1)
Total	94(100.0)

3.3. Definition of variables

Foreign Investment is the ratio of foreign shareholding of total shares in a company.

Performance is measured in two ways. First, the accounting performances where the companies' ROA, ROE and NPR are utilized. Second measurement is the market indicator, where Tobin's Q is used to measure the performance.

3.4. Analysis

To meet the research objectives, several analysis were conducted. First, in order to determine the difference of performance in both countries, independent *t*-test will be conducted. Second, to test the relationship of ICGI on performance, the regression analysis will be conducted.

4. Findings

4.1. Descriptive analysis

Table 2 descriptive statistics show the mean for all foreign investments as 14.26 (SD = 22.76). In Malaysia, the mean is 5.16 (SD = 9.88), while in Indonesia, it is 33.69 (SD = 29.59). The mean for all samples of ROA is 6.0291 (SD = 8.60276). Malaysia is 4.12 (SD = 6.88) as compared to Indonesia that is 33.69 (SD = 29.59). The mean for all samples of ROE is 9.87 (SD = 17.34). In Malaysia, the mean is 6.15 (SD = 14.89), whereas it is 17.82 (SD = 19.66) in Indonesia. The mean for all samples for NPM is 12.4951 (SD = 23.57). In Malaysia, the mean is 8.52 (SD = 25.58). While, Indonesia is 20.83 (SD = 15.97). The mean for all Tobin's Q is 1.42 (SD = 1.99). In Malaysia the mean is 1.05 (SD = 1.74) and in Indonesia the mean is 2.21 (SD = 2.27). Also, the mean for ICGI in Malaysia is 0.51 (SD = 0.05). The high-standard deviation implies that the data is widely spread (less reliable) as low-standard deviation indicates that the data is clustered closely around the mean (more reliable).

4.2. Independent T-test

From the data, *t*-test was conducted to compare the mean for each performance of Sharia companies in both countries. Thus, this section achieves the second objective of the study. Four means of the performance indicator, namely, (1) ROA, (2) ROE, (3) NPM and (4) Tobin's Q were compared to see if the mean of average of foreign investment in both countries is significantly different. The findings are presented further in Table 3.

It was observed that the average foreign investment for Malaysia was 5.16 (SD = 9.88) as compared to Indonesia, 33.69 (SD = 29.59), significant at $p < 0.01$. The average of ROA in Malaysia is 4.12 (SD = 6.88), while for Indonesia is 10.1 (SD = 10.45, $p < 0.01$); the average of ROE in Malaysia is 6.45 (SD = 14.89) as compared to Indonesia 17.82 (SD = 19.66, $p < 0.01$). The average NPM for Malaysia is 8.59 (SD = 25.58), while it is 20.83 (SD = 15.97) for Indonesia, $p < 0.01$. The mean for Tobin's Q in Malaysia is 1.05 (SD = 1.74), while Indonesia is 2.21 (SD = 2.27), significant at $p < 0.01$. It is observed that Malaysian companies have lower standard deviation in all dependent variable except NPM compared to their Indonesian counterpart.

TABLE 2: Descriptive statistics.

		Min	Max	Mean (Sd)
All	Foreign investment	0.00	91.31	14.26 (sd 22.76)
	Return on assets	-19.46	40.67	6.03 (sd 8.60)
	Return on equity	-53.14	82.21	9.87 (sd 17.34)
	Net profit margin	-105.82	79.83	12.50(sd 23.57)
	Tobin's Q	0.00	13.69	1.42 (sd1.99)
	Debt ratio	-77.30	151033.11	1712.38 (sd 15567.31)
	Total Assets	21385.00	9939996438000.00	1422832318679.91(sd 2759659475456.60)
Malaysia	Foreign investment	0.00	55.00	5.16(sd 9.88)
	Return on assets	-19.46	20.54	4.12(sd 6.88)
	Return on equity	-53.14	62.03	6.15(sd 14.89)
	Net profit margin	-105.82	70.27	8.59(sd 25.58)
	Tobin's Q	0.00	13.69	1.05(sd 1.74)
	Debt ratio	4.23	624.60	99.54(sd 104.55)
	Total Assets	21385.00	37179310.00	2902121.73(sd 6741428.86)
Indonesia	Foreign investment	0.00	91.31	33.69(sd 29.59)
	Return on assets	-7.17	40.67	10.10(sd 10.45)
	Return on equity	-37.88	82.21	17.82(sd 19.66)
	Net profit margin	0.01	79.83	20.83(sd 15.97)
	Tobin's Q	0.22	11.77	2.21(sd 2.27)
	Debt ratio	-77.30	151033.11	5153.11(sd 27552.71)
	Total Assets	51693323.00	9939996438000.00	4458201740670.70(sd 3228609106693.71)

4.3. Regression analysis

Regression analysis was conducted to look if there is an effect on foreign investment to invest in the Sharia-compliant companies. Therefore, to test the relationship of foreign investment and performance indicators (ROA, ROE, NPM and Tobin's Q), the data was tested for all assumptions and the correlation analysis was conducted.

TABLE 3: T-test analysis.

	Countries	Mean (Sd)	t	Sig
Foreign investment	Malaysia (n = 64) Indonesia (n = 30)	5.16(Sd 9.88) 33.69(Sd29.59)	-5.150	0.000**
Return on assets	Malaysia (n = 64) Indonesia (n = 30)	4.12(Sd 6.88) 10.10(Sd10.45)	-2.856	0.007**
Return on equity	Malaysia (n = 64) Indonesia (n = 30)	6.15(Sd 14.89) 17.82(Sd19.66)	-3.188	0.002**
NPM	Malaysia (n = 64) Indonesia (n = 30)	8.59(Sd 25.58) 20.83(Sd 15.97)	-2.406	0.018**
Tobin's Q	Malaysia (n = 64) Indonesia (n = 30)	1.05(Sd 1.74) 2.21(Sd 2.27)	-2.741	0.007**

Note: ***Correlation is significant at the 0.01 level; **Correlation is significant at the 0.05 level

Step 1: Check the assumption

Sample size 94 cases (64 Malaysia companies and 30 Indonesia companies). In the aspect of generalizability, it is sufficient because there are two main independent variables, namely, ICGI and foreign investment. Referring to formula $N > 50 + 8m$, 90 cases are enough. Multicollinearity is the relationship among the independent variables. There is no multicollinearity among independent variables because all the 'r' value is less than 0.9. There is no outlier because in the scatterplot, no cases have a standardized residual of more than 3.3 or less than -3.3.

Step 2: Correlation (foreign investment and performance)

The foreign investment with correlation analysis was conducted to identify the relationship between two variables, namely, foreign investments with performance (ROA, ROE, NPM and Tobin's Q). The results are presented in the Table 4.

From table 4, it is observed that there is significant relationship between foreign investment with ROA, ROE and Tobin's Q ($r = 0.310, p < 0.01$; $r = 0.299, p < 0.01$ and $r = 0.335, p < 0.01$), respectively. However, foreign investment has significant correlation with NPM ($r = 0.199, p > 0.05$). ROA has significant relationship with ROE, NPM and Tobin's Q ($r = 0.883, p < 0.01$; $r = 0.613, p < 0.01$ and $r = 0.547, p < 0.01$). ROE has significant relationship with NPM and Tobin's Q ($r = 0.481, p < 0.01$; and $r = 0.605, p < 0.01$). NPM has no significant correlation with Tobin's Q ($r = 0.103, p > 0.05$).

TABLE 4: Correlation between foreign investment and performance.

	Foreign Investment	%ROA	%ROE	%NPM	TOBINQ
Foreign Investment	1	0.310**	0.299**	0.199	0.335**
		0.002	0.003	0.055	0.001
%ROA		1	0.883**	0.613**	0.547**
			0.000	0.000	0.000
%ROE			1	0.481**	0.605**
				0.000	0.000
%NPM				1	0.103
					0.322
TOBINQ					1

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

Step 3: Regression analysis

The multiple regression analysis was used to identify relationship between independent variable and dependent variable influence of control variables. Dependent variable is company's performances which are ROA, ROE, NPM and Tobin's Q. The independent variable is foreign investment, and the control variable comprises of log total assets and debt ratio. To test whether foreign investment has influence on performance of the companies, a regression analysis was conducted. The sample was tested multivariate, by controlling the log total assets and debt ratio. The result of the analysis is presented in Table 5.

TABLE 5: Regression analysis of foreign investment to performance (multivariate).

IV	DV	R square		df F value Sig.			Beta Sig.	
		Model 1	Model 2					
Total ICGI (N = 64)	ROA	0.146	0.171	3,90	6.206	0.001**	0.194	0.102
	ROE	0.123	0.138	3,90	4.784	0.004**	0.146	0.227
	NPM	0.087	0.093	3,90	3.065	0.032*	0.088	0.474
	Tobin's Q	0.108	0.112	3,90	4.907	0.003**	0.220	0.070

From Table 5, it is observed that foreign investment has significant relationship to all performance indicators, namely, ROA, ROE, NPM and Tobin's Q ($F = 6.206$, $P < 0.01$;

$F = 4.784, P < 0.01$; $F = 3.065, P < 0.05$ and $F = 4.907, P < 0.01$, correspondingly. In the final model, foreign investment has no significant influence on any performance measure, whereas the beta value of ROA is ($\beta = 0.194, p > 0.05$); ROE ($\beta = 0.146, p > 0.05$); NPM ($\beta = 0.088, p > 0.05$) and Tobin's Q ($\beta = 0.220, p > 0.05$).

We also conducted the regression analysis to detect whether ICGI has significantly influenced the performance indicators, namely, ROA, ROE and Tobin's Q. Before that, the assumptions were checked, and the correlation analysis was conducted.

5. Discussion and Conclusion

This study was carried out to look if the foreign investment has an effect on Sharia-compliant companies. Sixty four Sharia-compliant companies in Malaysia and 30 Sharia-compliant companies in Indonesia were selected as samples. Descriptive analysis was conducted to look at the frequency of the variables. *T*-test analysis was run to compare the performance between Malaysia and Indonesia's Sharia-compliant companies. It was followed by checking the assumption and looking at the correlation before the regression analysis was conducted. The correlation analysis was conducted to determine the strength and direction of the linear relationship between two variables. Lastly, the regression analysis was conducted to identify if there is a significant influence of the foreign investments on the performance indicator.

Based on the *t*-test analysis, there is a significant difference between the performance of Sharia-compliant companies in Malaysia and Indonesia. All measures (foreign investment, ROA, return on investment and NPM and Tobin's Q) indicate that the value of mean for Indonesia is higher compared to Malaysia (refer to Table 4.9). One of the factors is the different in the currency rate between these two countries, where Malaysia uses Ringgit Malaysia and Indonesia Rupiah as their currency.

Regression analysis indicates that the foreign index does not significantly influence performance indicators, namely, ROA, ROE, NPM and Tobin's Q. This result is supported by Juasa (2007), which is different from previous studies by Chari et al. (2011), Boone (2011) and Sakakibara and Yamawaki (2005).

References

- [1] Altzinger, W. (2008). The Profitability of Austrian Foreign Direct Investment – Reinvestment or Repatriation? FIW Studien – FIW Research Reports.

- Retrieved December 12, 2013 2012 from <http://www.fiw.ac.at/fileadmin/ Documents/Publikationen/fiwstudie10.pdf>
- [2] Berglund, T. & Westerholm, J. (2006). Do Foreign Investors Feel Threatened by Reduced Profitability? A paper presented at the Corporate Finance Day, K.U. Leuven, joint finance seminar at the Helsinki School of Economics, and a research seminar at the Bank of Finland.
 - [3] Boone, N. (2011) Block shareholder identity and firm performance in New Zealand. *Pacific Accounting Review* 23 (2), 185-210.
 - [4] Fernández-Otheo, C. and Myro-Sánchez, R. (2008). Profitability of Spanish Foreign Direct Investment. GCG Georgetown University – Universia. 2 (3) ISSN: 1988-7116
 - [5] Ghahroudi, M. R. (2009). Ownership advantages, foreign investment and performance of multinational companies' subsidiaries.
 - [6] Hake, M. (2008). Effects of Different Types of Foreign Owners on Firm Performance in Central and Eastern Europe. Retrieved December 12, 2012 from <http://www.etsg.org/ETSG2008/ETSG2008Programme.htm>
 - [7] Karimi, M. S and Yusop, Z. (2009). FDI and Economic Growth in Malaysia. Munich Personal RePEc Archive (MPRA) Paper No. 14999. Retrieved December 22, 2012 from <http://mpa.ub.uni-muenchen.de/14999/>
 - [8] Masud, M. R., Yusoff, Z. M., Hamid, H. A., & Yahaya, N. (2008). Foreign direct investment in Malaysia—findings of the quarterly survey of international investment and services. *Journal of the Department of Statistics, Malaysia*, 1, 1-9.
 - [9] Aydin, N., Sayim, M., & Yalama, A. (2007). Foreign ownership and firm performance: Evidence from Turkey. *International Research Journal of Finance and Economics*, 11(2007), 103-111.
 - [10] Sakakibara, M. and Yamawaki, H. (2008). What Determines the Profitability of Foreign Direct Investment? A Subsidiary-Level Analysis of Japanese Multinationals. *Managerial and Decision Economics*. 277-292
 - [11] Tanggapan, D., Geetha, C., Mohidin, R and Vincent, V. (2011). The Relationship between Economic Growth And Foreign Direct Investment In Malaysia: Analysis Based On Location Advantage Theory. *International Journal of Economics and Management Sciences*. 1(2), 24-31
 - [12] Tong, S. Y. (2001). Foreign Direct Investment, Technology Transfer and Firm Performance. Working paper of Hong Kong Institute of Economics and Business Strategy.
 - [13] Yasar, M., and Morrison Paul, C. J. (2007) Firm Performance and Foreign Direct Investment: Evidence from Transition Economies. *Transition Economies*."

- Economics Bulletin. 15(21), 1-11. Retrieved December 12, 2012 from <http://economicsbulletin.vanderbilt.edu/2007/volume15/EB-07050003A.pdf>
- [14] Blomstrom, M., Lipsey, R., & Zejan, M. (1992). What Explains Growth in Developing Countries. Working Paper 4132. National Bureau of Economic Research.
- [15] De Gregorio, J. (1992). Economic Growth in Latin America. *Journal of Development Economics*. 39: 58-84.
- [16] Hannon, P., & Reddy, S. (2012). China Edges Out U.S. as Top Foreign-Investment Draw Amid World Decline. Wall Street Journal. 2012-10-23. Retrieved June 10, 2013 from <http://online.wsj.com/article/SB10001424052970203406404578074683825139320.html>
- [17] International Monetary Fund (IMF). *Glossary of Foreign Direct Investment Terms*. Retrieved June 10, 2013 from <http://www.imf.org/external/np/sta/di/glossary.pdf>
- [18] *StudyMode.com*. (2013, 04). FDI - Advantages Nad Disadvantages. Retrieved June 10, 2013, from <http://www.studymode.com/essays/Fdi-Advantages-Nad-Disadvantages-1639579.html>
- [19] Eduardo, B., De Gregorio, J., & Jong-Wha, L. (1998). How Does Foreign Direct Investment Affect Economic Growth? *Journal of International Economics*. 45(1), 115-35.
- [20] Duasa, J. (2007). Malaysian Foreign Direct Investment and Growth; Does Stability Matter? *Journal of Economic Cooperation*. 28 (2). 83-98
- [21] Chari, A., Chen, W., & Dominguez, K. M. (2012). Foreign Ownership and Firm Performance: Emerging Market Acquisitions in the United States. *IMF Economic Review*, 60(1), 1-42.