



**THE RELATIONSHIP BETWEEN
EXCHANGE RATES AND FIRM PERFORMANCE :
EVIDENCE FROM MALAYSIA AND SINGAPORE**

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ABSTRACT

The purpose of this study is to investigate the relationship between exchange rates and firm performance of Malaysia and Singapore. According to Boakye (2012), the significance of exchange rates to the success or failure of a business entity in recent times cannot be overemphasized which is a major technical instrument upon which businesses can survive and make profit. Other than that, studies have shown that exchange rate volatility has real economic costs that affect price stability and profitability. According to Kelilume (2016), most firms determined their firm's performance using internal factor of the firms. To determine the relationship between the both variables, the pooled OLS have been use in this study to determine whether there is any relationship between exchange rates and firm performance. Results revealed that only market capitalization (MC) and dividend yield (DY) in Malaysia was significant and have the positive relationship exchange rates. Meanwhile, for Singapore only return on equity (ROE) was significant and has positive relationship with exchange rates.

Keywords : Exchange Rates, Firm Performance