An Empirical Investigation Of The Impact Of Exchange Rate Fluctuations On The Performance Of Selected Listed Firms In Nigeria

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Abstract

This study investigated the impact of exchange rate fluctuations on firm's performance in Nigeria. Having noted the impact of exchange rate fluctuation from the literatures, it become paramount to investigate the impact in the Nigeria context. In this study, seven research questions were formulated which led to the test of seven hypotheses. The major objective of the study was to empirically investigate the impact of exchange rate fluctuations on return of investment. The study makes use of descriptive and ordinary least square methodology. The scope of the study is 2012 to 2016 on a panel data. From the study. The Exchange rate plays a significant impact on Return on Investment as most of the banks are involved in exchange rate transactions. The regression result shows that there is a positive relationship between Return on Investment and exchange rate of 145.4265. This implies that a unit increases in exchange rate of 145.4265 will bring about a rise of 145.4265 in Return on Investment. Since the T-calculated value in the study is 0.287 which is compared to 0.05 i.e .287>0.05 we reject the null and accept the alternative hypothesis that there is a significant relationship between exchange rate and return on investment (firm's performance). Other variables used in the study have a positive relationship with return on investment. In the regression result, the coefficient of determination is very high. It shows that about 67 percent of the total variations in Return on Investment (ROI) are explained by all the independent variables in the model.

Keywords: exchange rate, firm's performance, fluctuation, regression, return on investment

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