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A Study On Foreign Direct Investment (FDI) and COVID-19 Pandemic Affecting Exchange Rate Movenment in Malaysia

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Abstract*: The purpose of this study is to analyse the empirical study on the movement of the exchange rate has a significant impact on the level of foreign direct investment and pandemic covid-19 The main goal of this study is to figure out some factors that influence's the exchange rate movements. The movements of FDI and Pandemic Covid-19 indicators may also have a negative impact on movement of the exchange rate of Malaysia. The impact of movements of foreign exchange will influencing the economics growth of Malaysia, the government stability, the challenges on medical sectors and balance of payments. The cross-sectional research approach was applied with using the random sampling designs with 118 respondents were participated in this study. The qualitative and quantitative also applied in this research to give a comprehensive approach and supportive of research outcomes. The elements of independent variables such as FDI and pandemic covid-19 are shown the negative relationship and significant to influencing the movement in foreign exchange in Malaysia. Some recommendations also proposed from research finding from government's macroeconomics interventions and strategies to combating the issues of pandemic covid-19. The present study focus on two independent variables but may be take into consideration factors such as government policy, related sectors and private sectors involvement. So its finding cannot be generalized as a whole overview. Further in depth comparative studies in other different government strategies, the position of macroeconomics, public cultural and SOP policy reinforcement settings will help to authenticate the research findings. The changes of FDI will be declining the foreign capital mobility to Malaysia and reducing the economic growth. In the same time, the issue of pandemic covid19 will be reducing the industries growth and the public life standard. Linking these topics has created a new study within the combating the threat of cybercrimes in Malaysia. The present study also enhances the understanding of customers' role to combat the impact of cybercrimes on the banking industry performances. Malaysia, on the other hand, is in a poorer situation than its regional counterpart due to the instability of the government and public uncertain policies and initiatives.*

Keywords- *Foreign Direct Investment, Pandemic COVID-19 Crisis, Exchange Rate Mobility, Malaysian Financial Policy, Malaysia Financial Policy*

INTRODUCTION

This study looks at how the foreign direct investment (FDI) and the covid-19 pandemic influence exchange rate movements in Malaysia. Foreign direct investment (FDI) is characterised as the investment of foreign assets in domestic structures, facilities, and organisations, excluding stock markets. FDI, in general, plays a significant and increasing role in global business. It can also be used to calculate how well a country is doing in terms of economic growth before investors become interested in investing in that country.

Peterson (2005) concluded that indicators used in the model used to characterize exchange rate adjustments are not standardized for nations, using the model of the Real Interest Rate to identify the determinants of movements in exchange rates. The main outcome of the study is that investment is adversely influenced by the transitory part of the exchange rate and not the fixed part. As businesses take advantage of correlated permanent exchange rate adjustments, permanent volatility will not postpone investment, but temporary volatility would reduce investment as companies become more uncertain and delay their financing in critical uncertainty (Byrne and Davis, 2003). The VAR's inference that the calculation of the actual exchange rate using the current account shows that the impact of the real exchange rate over trade deficits is predominantly due towards imports. (Aydin et al., 2004).

Due to investor sentiment, the emergence of COVID-19 causes an uncertain economic situation, slowing down all economic activities. The effect of COVID-19 on the stock market and currency exchange rate has left most countries economically vulnerable. Even though there are several recommendations to prevent the spread of COVID-19, the virus has now spread rapidly across the world and contributed to economic stagnation as a result of the lockdown strategy used in many countries.

Early indications from COVID-19, for example, indicate that now the Chinese economy is performing worse

than anticipated. Automobile sales plummeted a record 80%, and China's exports dropped 17.2 percent in January and February 2020, according to surveys of the manufacturing and service sectors in China (Segal and Gerstel, 2020). Malaysia is not spared either and as a result, Malaysia's economy shows a decline in the currency exchange rate between the Malaysian Ringgit and the US Dollar.

Figure 1: KLSE Indices

According to the Figure 1, Malaysian Stock Exchange, that value of the KLSE on the first trading day of 2020 was 1602.50. The KLSE index then declined until it reached a low of 1219.72 during the COVID-19 outbreak in Malaysia on March 19, 2020, after reaching the highest of 1691.00 on July 2, 2019. The current index struggled with multiple economic stimulus and government intervention is now sustaining at 1587.45 on 7th May 2021.

The FBM KLCI is declining in trade at Bursa Malaysia on broad-based selling as investors weighed factors including the economic impact of the re-enforcement of the movement control order (MCO 3.0) at several places to curb the spread of the Covid-19.

PROBLEM STATEMENT OF STUDY

The purpose of this study is to relate the current factors, namely the FDI and Covid-19 affecting movements in exchange rates. For economists around the world, has always been of high significance to understand the mechanism next to exchange rate fluctuations. The pandemic had brought a slowdown to the country and various stimulus packages had been introduces to boost the FDI and to economic sustainability. One of the risks associated with foreign trade is the uncertainty of future exchange rates. The relative values of the two currencies could change between the time the deal is concluded and the time payment is received. A very important topic to be studied is the foreign exchange rate, since it affects not just the government, but also all businesses, traders and all citizens in the economic climate. Foreign exchange rate fluctuations can have a larger and greater impact on society as more and more customers join the foreign exchange market. Residents should now recognize that they are accountable for the stability of foreign exchange rates in their nations, so they need to read more about foreign exchange rates. In order to avoid financial difficulties and even social losses, consciousness of foreign exchange market determinants is important.

As a standard application, a reversal of exchange rates in a country can cause a lot of trouble. In order to effectively regulate currency exchange rates, and to prevent any issues caused by currency devaluation, the persistence of the exchange rates as the origin of all problems must be studied. Thus, considerations of exchange rates movements will be generally studied for the two determinant variables, namely the foreign direct investments (FDI) and Covid 19 pandemic influences. FDI stands for Foreign Direct Investment, a component of a country's national financial accounts. Foreign direct investment is investment of foreign assets into domestic structures, equipment's, and organizations. It does not include foreign investment into the stock markets. Foreign direct investment is thought to be more useful to a country than investments in the equity of its companies because equity investments are potentially "hot money" which can leave at the first sign of trouble, whereas FDI is durable and generally useful whether things go well or badly.

The exchange rate is a most important factor in an open economy it has direct effect on the macroeconomics factors like FDI and GDP. Economics, investor and Policy maker focused on the exchange rate of country and then make investment their money in that focused country. They have believed that increase in exchange rate creates competitive advantages in international trade. By increasing exchange rate of a country the domestic export goods become cheaper and it also increases the demand of export, it means international demand of goods will increase and import will be decreased. It impacts on FDI, all of these effects ultimately on GDP of the country. (Javed and Farooq, 2009) investigated that exchange rate means how the unit of domestic currency can be change with the other nations currency unit. Simply it is change of one country currency into the other country currency.

The demand and supply of currency actually are the main element of exchange rate instability. Exchange rate instability directly affects the decision makers to decide that how much import and export is favourable. It also tells that how much things should be manufactured, import, export, money taken reserve and balance of payment. Exchange rate also impacts on the prices of export, import and balance of payment. Exchange rate works as a great opportunity for

domestic investor to earn high profit by investing in foreign currency. The investors and traders like that system where there is very small inconsistency difference, between actual and expected value of exchange rate. The instability in exchange rate is source of higher profit; it is the perception of one school of thought.

The implications of this study suggest that the importance of the exchange rate to attract FDI inflows is still questionable as it may provide different effect and direction across countries. Nevertheless, the evidence of insignificant of the relationship in this current study (e.g., Thailand) does not suggest the unimportant effect of exchange rate to the FDI inflows completely. These results actually provide more opportunities for the researchers to study the reasons behind the insignificant relationship. The current study applies aggregate FDI, whereas there is a possibility of relationship of exchange rate and FDI flows in different types of economic sectors. At the aggregate level, it does not consider the effect of exchange rate on each of the economic sectors. Each sector may have different reactions towards the exchange rate movement which may provide different relationship directions. Meanwhile, the true value of the respective country currency is also questionable due to the government intervention in managing the foreign exchange rate which may affect the relationship between the exchange rate and FDI.

In The same time the rapid spread of COVID-19 in 2020 has brought a profound impact on the global economy and forced countries around the world to adopt different intervention measures. Has COVID-19 and these government interventions affected exchange rate volatility? To answer the question, this research explores the impact of COVID-19 and the relevant government response policies on exchange rate volatility in 20 countries during the period of January 13, 2020 to July 21, 2020 by using system GMM estimation. The empirical results indicate that an increase in confirmed cases does significantly raise exchange rate volatility. The various policies adopted by governments in response to the pandemic, such as closing schools, restrictions on internal movements, and public information campaigns also inhibit exchange rate volatility. Furthermore, the economic response policies implemented by governments during the pandemic, including income support, fiscal measures, and international aid, have a restraining effect on exchange rate volatility. Our findings herein provide valuable information and implications for policymakers and financial investors around the world.

On the other hand, the relative level of economic health can be determined by the foreign exchange rate. This is because the foreign exchange rate plays a fundamental role in a country's level of trade. Malaysia's exchange rate for March 2019 is RM4.08 in exchange for 1 USD and it has depreciated to RM4.26 in exchange for 1 USD in July 2020. This is shown in Figure 2 below. Weaker exchange rates will lead to cost-push inflation as the cost of imported raw materials are rising. This will impact almost all the sectors especially the manufacturing sectors in Malaysia as most of the machineries are imported from China and Japan. Weakened currency adversely affects the purchasing power of Malaysian Ringgit as more Malaysian Ringgit is required to exchange for the US Dollars. This means that living standards of citizens in Malaysia decrease due to lower purchasing power.

From the above discussions on the impacts of COVID-19 to Malaysia's economy, as a finance minister of Malaysia, I would implement expansionary fiscal policy by increasing the existing financial aid provision to the small and medium-sized enterprises (SMEs). To date, the government has provided RM13.8 billion worth wage subsidy via wage subsidy programme with aims to benefit 4.8 million workers and the employers from small and medium-sized enterprises (Tan, 2020). However, this is not sufficient to support these workers and employers throughout the battle with COVID-19 pandemic due to prolongation in the Recovery Movement Control Order (RMCO) which ends in December 2020. The purpose of providing financial aid to small and medium-sized enterprises (SMEs) is to ensure their business is able to cope with the fixed costs such as monthly rentals, worker's salaries and so on and so forth. This is also to ensure the business can overcome the other challenges imposed by the COVID-19 pandemic.

The contribution of this study is focus on the main purpose of conducting this research is to investigate the impact exchange rate on FDI in Malaysia. By collecting data on both variable Exchange rate and FDI, we want to show how these variables affecting each other. The research which is conducting is practically implemented because it's related with Malaysian economy. It's useful for financer and Foreign Investor to know the economy of Malaysia as well as how many benefits he can get from exchange rate how the worth of their asset will be increase due to impact of exchange rate on their assets, for performing their practical operations like investment. So, this research will be helpful for Investor how to maximize the profit of firm and compete with their competitors. In this way foreign investor can get advance knowledge through research. In a nutshell, the COVID-19 pandemic has seriously impacted the Malaysian economy. Therefore the finance minister plays an essential role in this crucial period in order to help Malaysia weather the crisis. The researcher believe that all policies that have suggested will be able to help most of the Malaysians if not all throughout this challenging period especially the small and medium-sized enterprises and underprivileged families. However, this will not work if there is no unity in Malaysia. Thus, every individual has its own responsibilities to help Malaysia in winning this war.

RESEARCH OBJECTIVES

The main objective of the analysis is:

1. To examine the Foreign Direct Investment (FDI) affecting the Exchange Rate Movements in Malaysia.
2. To evaluate the pandemic Covid-19 affected the exchange rate movement in Malaysia.
3. To analyse the exchange rate movement in Malaysia affected by the correlation determinants of Foreign Direct Investment (FDI) and the Covid-19 pandemic.
4. To study the strategic plans should the government implement to overcome the Foreign Direct Investments (FDI) and covid-19 pandemic affecting Malaysia's exchange rate movement.

LITERATURE REVIEW

A) Foreign Direct Investment (FDI)

Exchange Rate Movement and Foreign Direct Investment in Asean Economies, by Jaratin Lily, Mori Kogid, Dullah Mulok, Lim Thien Sang, and Rozilee Asid (2014). Using annual data on ASEAN economies, namely Malaysia, the Philippines, Thailand, and Singapore, this paper empirically examines the relationship between exchange rate movements and foreign direct investment (FDI). The empirical findings show that for the case of Singapore, Malaysia, and the Philippines, there is substantial long-run co integration between exchange rate and FDI, with all countries showing negative coefficients, meaning that the appreciation of the Singapore dollar, Malaysian ringgit, and Philippine peso has a positive effect on FDI inflows. Both Singapore and the Philippines demonstrate long-run bidirectional causality between exchange rate and FDI by using the ECM-based ARDL method for causality testing, while Malaysia shows long-run unidirectional causality between exchange rate and FDI. Furthermore, this research discovered that in Singapore, short-run unidirectional causality exists between the exchange rate and FDI.

Foreign direct investment (FDI) has a generally positive impact on economic development. Foreign direct investment (FDI) benefits for recipient countries could only be realized once the nation has reached a stable stage of financial growth. Malaysia has good prospects for FDI inflows due to its stable political climate and sustained economic development. Strong economic growth has always been and will continue to be a requirement for Malaysia to draw FDI inflows (Ang, 2008). Low interest rates and a steady exchange rate are both catalysts for attracting and promoting investment. This would ultimately close the technological divide between developing and developed countries. Other influences such as government expenditure, human capital expenditure, trade terms, and a comprehensive tax system are thought to act as a stimulus and complement to economic development. FDI will continue to stimulate economic development while also acting as a catalyst for several downstream industries. Ang (2008) also claims that if the monetary system is stable and open, the potential to attract FDI would be more effective, allowing for better use of the investment's benefits. Most of the evidence from previous studies suggests that FDI has a significant effects on economic growth (Adams, 2009), but there are also instances where FDI has a negative impact on growth (Ang, 2009).

When taking into account the degree of financial development, exchange rate (volatility) has a major impact on economic growth, according to Aghion et al. (2009). This conclusion holds up when different measures of financial growth and their relationships are taken into account. Furthermore, the instability of the exchange rate did not have a substantial impact on the isolation. The capacity of the rate of exchange as a financial variable, according to Miles (2006), is likely to have a positive effect on long-term economic development. An empirical research, on the other hand, indicates that the rate of exchange has the opposite effect. There seem to be two channels through which exchange rates can stimulate development. Dornbusch (2001) found that the only way to minimize exchange rate risk is to adopt the common currency. This is due to the common currency's ability to strike a balance between interest rates and the possibility of price inflation. In the meantime, there seems to be a substantial effect on reduced transaction costs in foreign trade. Nonetheless, Slaughter (2001) dismisses the theory, claiming that the results are often difficult to confirm, according to another report.

Financial theories of foreign direct investment, by S. Veeramani, Abha Shukla & Mariam Jamaleh (2019), they were able to distinguish four key strands of fundamental analysis on FDI as a result of our research. The first model describes FDI as a function of various exchange rate variables. The second relates portfolio theory to multinationals' international diversification. The third strand examines foreign direct investment through the prism of behavioral finance.

Finally, the final strand looks at the unique internationalization direction taken by financially distressed multinationals based in emerging markets. In certain cases, the study revealed theoretical contradictions within and among different classes of financial theories, which converted into inconclusive empirical results.

The research also revealed a regional bias, with multinational firms and FDI from developing countries being understudied.

While the concept of developing a single structural theory on FDI is appealing, we believe that future studies should focus on context-specific financial factors before the controversy over financial market efficiency is resolved.

B) Pandemic Covid-19 Crisis

Abu Bakar and Rosbi (2018) build an effective frontier of portfolio investment based on two stocks from the KLSE (KLSE). The estimated portfolio return is 0.54 percentage points at global minimum portfolio risk of 2.34 percentage points, according to the results. Using Modern Portfolio Theory, Abu Bakar and Rosbi (2018) analyse the risk mitigation for portfolios in Islamic investment and find that diversification can minimise risk while maximising return. Then, Abu Bakar and Rosbi (2019) look into portfolio risk reduction using a hybrid approach that combines Modern Portfolio Theory and Genetic Algorithms.

They discovered that this hybrid method has a higher accuracy of prediction for investment return and portfolio risk. Using the Monte Carlo Simulation process, Abu Bakar and Rosbi (2019) analyze the performance rate of sharia-companies on the Malaysian Stock Exchange. The result shows that the volatility rate distribution is natural, and the Monte Carlo Simulation revealed that the volatility rate is 4.85 percent with a standard deviation of 2.23. The result demonstrates that the value of the volatility rate is statistically regulated when Monte Carlo Simulation is used. However, owing to the COVID-19 outbreak, the global economy is currently experiencing a downturn. As a result, since COVID-19 is a new virus discovered in 2019, there is still a lack of research into its financial effects. As a result, this research aims to close the gap by looking into the effect of COVID-19 on the stock market and currency exchange rate.

During the early stages of the COVID-19 outbreak, a few studies reported the negative effects on the Chinese economy (Al-Awadhi et al., 2020; McKibbin and Fernando, 2020). The Chinese economy is export-driven, so any major changes in exports as a result of COVID-19 may have an effect on the currency's exchange rate. There are numerous research studies on the relationship between a country's exchange rate and its exports, specifically in the case of China (Burdekin and Willett, 2019; Taylor, 2016). According to some of these studies (Park et al., 2010), there is a positive relationship between RMB depreciation and Chinese exports, whereas others are inconclusive (Cheung et al., 2012).

According to Salim Lahmiri and Stelios Bekiros (2020), their main goal of this paper is to assess the effects of the COVID-19 pandemic on randomness in volatility sequence of major global markets, as well as to investigate its impact on their interconnections. To evaluate randomness, the wavelet packet Shannon entropy is determined from the estimated volatility sequence. To investigate interconnections between volatilities, hierarchical clustering is used. They discovered that the COVID-19 pandemic had the greatest impact on randomness in S&P500 market volatility and randomness in precious metals volatility, while randomness in oil markets was less affected by the pandemic than equity and precious metal markets.

This paper explores the impacts of health pandemics on foreign direct investment (FDI) using the new world pandemic uncertainty index (WPUI). They investigated the effects of pandemics, including COVID-19, on FDI based on a sample of 142 economies and sub-samples (incomes and regions) from 1996 to 2019. The two-step system Generalised Method of Moments estimation of linear dynamic panel-data model (DPDGMM) is used in this study. The estimation results are robust with the results of the two-step sequential (two-stage) estimation of linear panel-data models (SELPDM) and the two-step system Generalised Method of Moments estimation (BBGMM). The results show that health pandemics have negative impacts on FDI. Significantly, the uncertainty caused by pandemics creates adverse shocks on FDI net inflows in Asia-Pacific countries and emerging economies (Linh Tu Ho and Christopher Gan, 2021).

Foreign Direct Investment (FDI) is an important factor that contributes to economic growth, according to Segundo Camino-Mogro and Mary Armijos (2020). It is particularly important in developing countries. They evaluate how lockdown/restriction policies can affect FDI inflows in this way. They do so by using exogenous variation resulting from the COVID-19 pandemic and lockdown policies. They combine official administrative FDI data with a regression distortion in time design to find an overall significant decrease in FDI inflows. They also compare the effects of different FDI outlets and find that capital rises have a greater impact than new firm constitutions. They also examine whether partial re-opening of operations has a positive impact on FDI. Their key conclusion is that lockdown policies reduce FDI inflows, a finding with high policy implications that can be used to design investment attraction policies.The emergence of foreign companies aids the host country's development on many levels, including the development of new technologies and managerial ideas including human capital, the flow of foreign capital bringing economic benefits, the development of banking activity to support market financing, governments getting forced to adjust legislative measures, and improved foreign trade. On the economies, they had to use a panel data regression to show that FDI inflows are highly positively correlated with GDP growth. The findings show that due to a decrease in FDI inflows, all CEE countries may experience a greater level of contraction (Radu Ciobanu, Robert-Aurelian Sova, Adriana Florina Popa, 2020).

C) **Exchange Rate Mobility**

The exchange rate is a critical macroeconomic factor that influences foreign trade as well as each country's real economy. The growth of foreign trade generates conditions where the exchange rate is volatile. The aim of this study is to look at how real effective exchange rate volatility affects economic growth. Furthermore, the impact of three channels

of control on economic development, each of which is dependent on the calculation of exchange rate volatility, is investigated. The research examines the essence and extent of such movements on growth using annual data for fourteen CEE (Central & Eastern Europe) countries from 2002 to 2018. The empirical results from panel data using fixed effects calculation show that exchange rate volatility has a substantial negative impact on real economic development.

Alternative indicators of exchange rate volatility, such as standard deviation and z-score, tend to support the findings. In order to foster economic development, policymakers should enact various policies to keep the exchange rate steady, according to this article (Fatbardha Morina, Eglantina Hysa, Ugur Ergun, Mirela Panait and Marian Catalin Voica, 2020).

The main purpose of the paper is to examine whether a significant contemporaneous and lagged variability of Asian firms' stock returns are affected by exchange rate movement in Asian markets, such as Hong Kong, Singapore, China, Taiwan, and Malaysia during the period from August 2005 to March 2010. Differences of capital maturity were compared with among these five Asian economies, covering both developed markets and emerging markets in Asia. This comparison makes sense to understand the efficient market hypothesis theory. In order to ensure our research's validity and reliability, sample firms are randomly chosen by the method of stratified sampling. The second step in this study is to examine the impact of firm-specific factors on sensitivity to exchange rate movement for those firms with a significant exchange rate exposure. The five firm specific factors are firm size, leverage situation, hedging activities, foreign involvement level, and industry classification. The main methods in this quantitative research are simple and multiple linear regressions. The ordinary least squares method in SPSS program was used to estimate the parameters for each independent variable (Wen Mingjie and Tang Tang, 2010).

Kamin and Roger's (2000) study in Mexico indicates that in order to minimise the potential effects of devaluation, the undervaluation of an exchange rate must be avoided. Furthermore, they argue that there is no easy way to reduce the cost of production at modest concentrations after devaluation. Initially, an undervalued national currency can lead to an increase in output, but it can give rise to uncertainty of an economic crisis, which, in turn, can lead to an exchange rate depreciation and the resulting output losses.

Roubini (2000) recommended that the economic occurrence may be affected by the shift in economic determinants. Exchange rate movements at the regional level would also trigger changes in the market phenomenon. The principal economic and financial measure, such as with the rate of interest, would trigger changes in the movement of the currency rate. Moreover, the encouraged to take in method is recommendable at the political level will result to currency appreciation, and may be inverse.

In the meantime, Kashif (2000) estimates in the Economic Indicator that the impact of the exchange rate has shown a negative and insignificant link between both the rates of interest change in the rates exchange between us currencies and the Pakistani rupee. The rate of inflation coefficient's result has been negative. This indicates that the uncertainty of these two variables shows that whenever the gains in the inflation rate are seeing a rise and the rate of inflation results in a reduction, they do not switch together.

In the case of inflation in countries is far higher than in other countries, the Achsani (2010) the analysis also gets the right indication of the rate of inflation, which is a negative and significant relationship among rates exchange for the relationships. The shifts in the real exchange rate in the home currency would fluctuate due to the currency depreciation and the unchanged value of the domestic price in Levin (1997). In fact, the export expansion is triggered by the depreciation of the home currency.

The pressure on a country's foreign exchange rate has been calculated via BOP calculations based on the balance of payment theory. On the other hand, currency value is not specified on the basis of market forces under fixed systems. The official international reserves would then be used by the monetary authorities to hold the BOP in a state of equilibrium. (In 1976, Milton, Robert).

While the theory's complete form of PPP which is Purchasing Power Parity assumes that the equilibrium rate for a given country would be similar to the proportion at the level of the domestic price and the international price level (Stephanie, and Martin, 2014). Although the relative shape of this theory is considered to be more plausible, it suggests that exchange rate fluctuations should be equivalent over the same duration to the relative price changes in both countries. (2012 by Jeff Madura).

On the other hand, the theories of rate of interest via parity, protected rates of interest parity, show that in a market, the premiums and discounted rate will be equivalent to the change in rates of interest between countries that are taken into account (Jeff Madura, 2012). The currency value of the discovered rates of interest parity principle should be equal to rates of interest differentials between domestic and international countries. In addition, traders are risk averse, seeking a risk premium to accept assets kept in foreign currency (Peijie Wang, 2005). High rates of interest currencies have a high rate of projected inflation, according to Irving Fisher, and are based on the PPP hypothesis that currency prices with high expected rates of inflation would be devalued.

From previous research, the impact of exports on exchange rate volatility has been studied and there is a strong link among both real exchange rates. In order to find out the connection between both the fluctuation of the exchange rates and the volatility of Argentina's export markets, Moccero

(2006) started an investigation. It is seen from the results that there are adverse interactions between these variables. Simply put, while the transaction rate is down, the volatility of export markets will be high. Moreover, a significant correlation was shown between the real exchange rate and the export results. This variable's volatility impacts the value of the revenues of many other countries.

According to Kasif, the inflation and exchange rate have an adverse and negligible relationship between the US dollar and the Pakistani rupee (2000). Achsani (2010), however, estimates that economic growth can be interpreted as the extremely average price increase for a period of time. According to Miles (2006), the ability of the exchange rate as the financial variables is likely to provide a positive impact on long-term economic growth. However, there is also an empirical study which shows that the exchange rate has the opposite impact. There are two channels that have been identified in which the exchange rates might stimulate growth. Study conducted by Dornbusch (2001) found that exchange rate risk can only be reduced if the common currency implemented. This is because the common currency can balance between the interest rate and the risk of rising prices. In the meantime, a significant impact on minimized transaction costs in the context of international trade could be observed. Nevertheless, Slaughter (2001) refutes the idea because, according to another study, the effects are sometimes difficult to prove.

THE CONCEPTUAL FRAMEWORK

The Keynesian theory and the Chicago cost of models are two theories that support Jeffrey A. Frankel's RID system, which he introduced in 1979. The new framework of work, wealth, and interest developed by Keynes is known as Keynesian theory. John Maynard Keynes, a British analyst who lived from 1883 to 1946, is credited with coining the term "Keynesianism." Salary and expenses, according to Keynesians, will not be flexible, but will continue to fall. The inability of the economy's capital to be completely employed is due to the downwards stickiness of rates and wages.

Another theory used by Frankel is the Chicago price theory, suggested from Milton Friedman in 1976 and George Stigler in 1982 and funded by the Economics department, Chicago University. This hypothesis indicates that expenditures and wages are flexible; a contrast to the idea of Keynesia. It is based on the idea that the ability to integrate definition and evidence to respond to important outstanding economic questions requires. Peterson (2005) used the Chicago market theory to clarify the fluctuations in the exchange rate across countries which included the supply of money, economic growth, rates of interest and variance for inflation.

The Frankel RID model tested the Deutche Mark/US currency rate around 1974-1978 and discovered that the formula helps to explain over 80 percent of the variations in the Frankel RID model's for the rates of exchange of the US and Germany. The framework is very confident about its ability to anticipate variations in exchange rates to a greater degree worldwide. The framework has been re-evaluated and tested in different time periods by several economists.

However, interest for the concept after the 1980's was very limited. They concluded in Isaac and de Mel's review (1999) that Frankel's verification of the RID model was a mere random coincidence. In Peterson's (2005) study, however, it was found that the size tends to be able to justify the uncertainty of the exchange rate to some extent up to the current stage..

The model has, as underlying theoretical assumptions, the Purchasing Power Parity (PPP) and the Unveiled Interest Rate Parity (UIRP), the two basic building blocks of open macroeconomics. When combined, the PPP and UIRP have a correlation between financial changes and the rates of interest. Peterson (2005) also argued that in all the countries included within his study, the model is a big significant cause (supply of money, production, rates of interest and rate of inflation) for rates exchange movements. The purpose of this research is to find out if the parameters used in the Peterson model (2005) can help to distinguish exchange rate changes in Malaysia.

In most (most common) literatures, the researcher have used factors that were mentioned to have a major impact on the exchange rate, since each of these variables were mentioned for both exchange rate theories, in the relevant cases.

Empirical Results

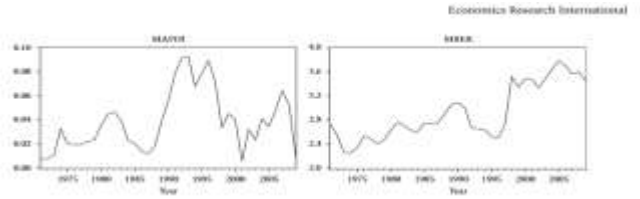

Figure 2: Malaysia-FDI and RER

Figure 2 depicts the original sequence of exchange rate fluctuations and FDI relationship. Both series factors fluctuate significantly in general. The ADF, PP, and DF-GLS unit root tests revealed that all variable series of all cases yielded mixed results. These findings indicate that the majority of variable series have a different integration order. Since the unit root tests revealed that many of the series variables have a specific order of integration, the ARDL bounds testing methodology is used to test more rigorous cointegration analysis. In the case of Malaysia, the findings revealed that FDI and exchange rate have long-run cointegration relationships. These suggested that both FDI and the exchange rate for the countries in question would appear to shift in the same direction toward equilibrium. It should be noted, however, that the study's attention is on FDI as the dependent variable, not the other

way around. Meanwhile, the estimated long-run coefficients between FDI and exchange rate based on ARDL models are as derived in the study. As predicted, the results show that all of the coefficients have the correct sign. The ECM-ARDL is then used to evaluate dynamic interaction, short-run causal relationships, and long-run causality analysis. In Malaysia, however, there is no proof of short-run causality.

Malaysia Financial Policy

There are two major monetary policy goals of the Central Bank of Malaysia: a low inflation rate and a floating exchange rate. The dedication of these targets to Malaysia's growth and development is often stressed because the relatively steady inflation rate would clash with a stable exchange rate. If the policy interest rate is inappropriately set or the exchange rate shifts foreign prices directly in an inflationary and deflationary way, this conflict may occur (wiki.answers.com).

Prior to the Asian Financial crisis in 1997, the Malaysian ringgit had been a globalised the currency that has been traded extensively across the world. Until the July Asian Crisis, 1997, the Ringgit was valued at 2.50 to the dollar. In a matter of weeks, the Ringgit falls as much as 4. 10 to the dollar due to speculative operations. Bank Negara Malaysia, the country's central bank, agreed to enact trade restrictions to keep Ringgit from exiting the market economy. The floating exchange rate was abandoned in July 2005 in favour of the floating exchange rate, moments after the same move was announced by the People's Republic of China.

In March 2008, the Ringgit greatly contribute to 3.18 to the US dollar. Meanwhile, Bank Negara Malaysia has been steadily easing several facets of capital management. The country, however, did not learn the ringgit to understand (en.wikipedia.org).

In describing the exchange rate fluctuations, industrial development has the greatest contribution. Industrial output and inflation rate are important among the variables included. The elasticity of the rates of exchange with industrial compliance output in Malaysia is -0.615, which means that a 1% decline in industrial production induces a 0.615% depreciation of the Malaysian exchange rate. Supply of money and rates of interest differentials are not really an important, which suggests that the two variables the exchange rate fluctuations do not impact in Malaysia in Table 1.

Table 1

Estimates of coefficients – RID model for the Malaysia, 1977-2010.

Variable Name	Estimated Coefficient	Standard Deviation	P-Value	Partial Correlation
Constant	-5.533*	1.161	0.000	
Money supply	-0.035^{ns}	0.111	0.758	-0.057
Industrial production/real GDP	-0.615*	0.092	0.000	-0.778
Inflation rate	0.742*	0.364	0.050	0.353
Interest rate	-0.018^{ns}	0.040	0.668	0.080

R^2 adjusted = 65.39,
* = Significant at 10% level,
^{ns} = Not significant

The real and predicted rates of exchange values of the US dollar Vs Malaysian ringgit with the as the base are shown in Figure below. From 1977 to 1989, the changes of real and forecast exchange rate values were almost constant, but the major variations between the two values occurred from 1989 to 2010.

Malaysia's policy has adopted some form of exchange rate stability as one of its objectives. This goal would also lead to conflict with the moderate inflation objective. The sustainability of the currency rate will confrontation with the target of a low level economic growth rate if it contributes to an unreasonable setting of monetary policies or if inflationary and deflationary international prices are directly passed on by the exchange rate.

In Figure 3 and 4, From September 1998 to July 2005, Malaysia preferred the nominal effective sustainability of trade against with the US dollar, which resulted in the rapid rise including its Malaysian ringgit. On 21 July 2005, Malaysia dropped its pledge to bilateral fixed exchange rates in favor of a commitment to successful sustainable economic growth (McCauley, 2007).

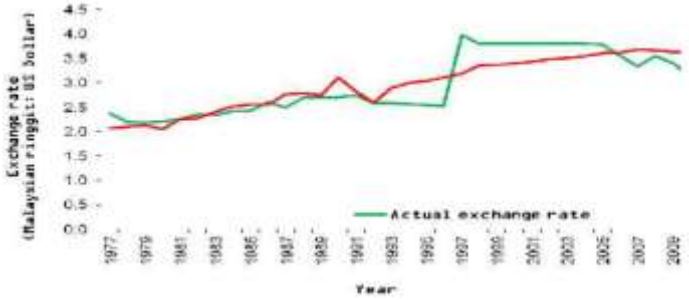

Figure 3

Actual data and predicted exchange rate, Malaysian ringgit: U.S. dollar, 1977-2

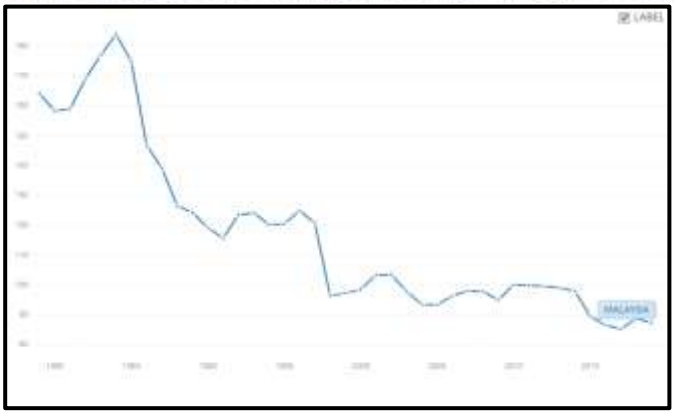

Figure 4

Real effective exchange rate index (2010 = 100) – Malaysia

Real effective exchange rate is the nominal effective exchange rate (a measure of the value of a currency against a weighted average of several foreign currencies) divided by a price deflator or index of costs.

International Monetary Fund, Balance of Payments database, supplemented by data from the United Nations Conference on Trade and Development and official national source shown in Figure 5 and 6 below.

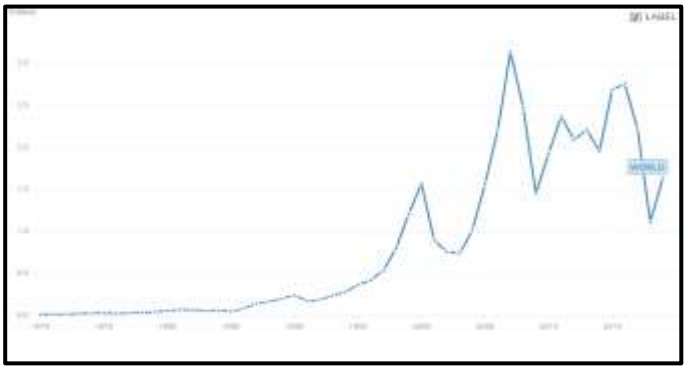

Figure 5 : World (2019) US$1.631 trillion

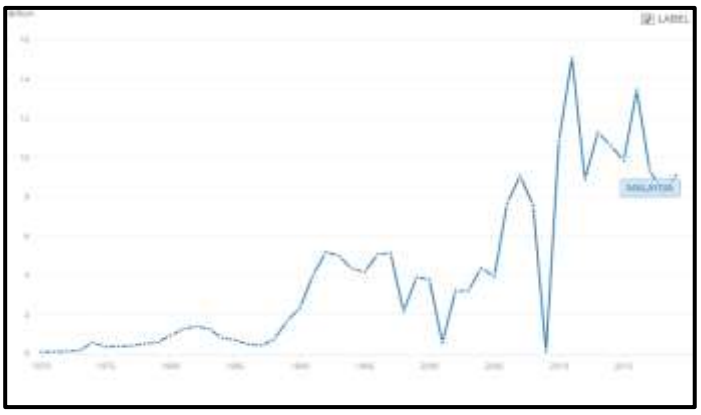

Figure 6 : Malaysia (2019) US$9.101 billion

Economic impacts of COVID-19 in Malaysia

By now, it is clear that such a pandemic would have severe consequences for both the Malaysian macroeconomy and the rakyat's economic well-being. The key dependent on economic impact in Malaysia are twofold: the first is the spillover effect from the coronavirus's effects abroad, and the second is caused domestically as a result of the recently enacted movement control (MCO) steps.

First, the outbreak of the latest coronavirus in China had caused wide-ranging supply and demand shocks that had reverberated across the world long before the partial lockdown measures in Malaysia. The consequences of such China shocks in Malaysia may be disastrous. The Malaysian economy is one of the most vulnerable in the region to both Chinese demand and supply. Malaysia's top trading partner, a major source of foreign investment, and top tourist destination outside of ASEAN is China. Malaysian companies have also been among the most deeply integrated in global production networks over the last decade. This is complicated by the fact that regional supply chains are increasingly centred on China. Indeed, intermediate components account for more than a quarter of Malaysia-China trade (approximately US$20 billion in 2018)–exactly the type of product that suffers the most when global supply chains are interrupted.

Second, while the MCO steps are critical in preventing the spread of the new coronavirus in Malaysia, they will come at a significant financial expense. On a macro level, industry and service closures, as well as travel and movement restrictions, would have a significant effect on private consumption and business investment. It will have far more devastating consequences for individual livelihoods and companies. Individuals and companies impacted by the temporary closures are likely to experience acute cash flow problems as their earnings decline. Small and medium-sized businesses (SMEs) and disadvantaged groups including such lower-income families, part-time and unemployed employees would be disproportionately affected by the liquidity squeeze. This could have far-reaching consequences for the entire economy, leaving companies bankrupt, individuals bankrupt, and the financial system burdened with non-performing loans.

Economic policy responses in Malaysia

Unlike most of the global financial crisis of 2008 and the Asian financial crisis of 1997, Malaysia's COVID-19 crisis is first and foremost a public health emergency, followed by an economic emergency. Following that, economists believe that economic policy should primarily concentrate on bolstering public health efforts in dealing with the pandemic while still maintaining the wellbeing of the rakyat and businesses. The announced RM20 billion stimulus package is a good start and already includes many of the planned steps, but given recent events and the magnitude of the crisis, there is a sense that the package should be much larger. There were 23 reported cases of COVID19 when the stimulus package was revealed. There has been a multiple-fold rise in reported cases as of this writing. In general, Malaysia's economic reaction to the coronavirus pandemic must be divided into two phases. As quarantine/partial lockout measures are enforced to protect the profits and liquidity of affected individuals and businesses, stage one initiatives should be introduced. Stage two interventions should include a significant fiscal stimulus portion which should be enforced as long as the outbreak begins to subside and movement restrictions are lifted.

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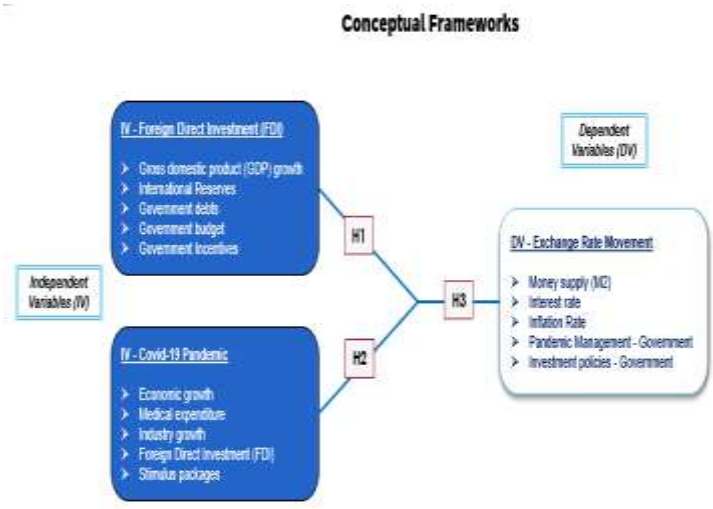
Proposed Conceptual Framework



The study's of theoretical structure. The economic variables defined that can influence the movements of the exchange rate are foreign direct investments (FDI).

2.4.1 Research Hypothesis

- H1 - Perceived factors of Foreign Direct Investment (FDI) are positively related to exchange rate movement in Malaysia
- H2 - Perceived factors of pandemic Covid-19 is positively related to exchange rate movement in Malaysia.
- H3 - Perceived factors of Foreign Direct Investment (FDI) and pandemic Covid-19 are positively related to exchange rate movement in Malaysia

It is hypothesized that exchange rate fluctuations are influenced by the supply of capital, industrial output, interest and inflation rate. The interest and inflation rates are commonly seen as normal determinants for the exchange rate movements among the four economic variables. In his original RID model, Peterson (2005) observed that these variables appear to be the most influential influences.

RESEARCH METHODOLOGY

A)Research Design

The research design is the "blueprint" that enables the investigator to come up with solutions to the problems and guides the researcher in the various stages of the research. The purpose of using the research design is to describe the processes involved in designing a study and to demonstrate how the specific research design that a scientist decides to use helps to structure the collection, analysis, and interpretation of data (Nachmias David Nachmias, 1972). The design study established a set of issues/phenomena that lead to systematic research. If the problem is identified, the goals/objectives of the research in the further research will be advanced. Next, the further discussion will be on the scope, the significant and the limitations of the study, determined to facilitate the process, carried out. At this stage, a population and sampling technique is defined, and human constructions that create links with professionals and ethical behaviour are identified. The models, sampling techniques, cross-study and number of samples were then determined.

In this research, the Cross-Sectional design types were chosen. This design is often identified with questionnaire research, a method of data collection common in many social science fields. Though the cross-sectional design would allow to assess the relation (or correlation) between financial literacy, public awareness, ICT and technical tools, education and law enforcement to combating the threat of cybercrime. The main advantage of cross-sectional studies it permits researchers to employ random probability samples. Cross Sectional studies are also used to infer causation. Besides that, such studies are having subjects are neither deliberately exposed, treated nor not treated and hence there are seldom ethical difficulties. Only one group is used, data are collected only once and multiple outcomes can be studied; thus, this type of study is relatively cheap. This research is supported by secondary data collected from the selected banking industry.

B) Study population and Sampling Procedures

The random sampling is use in this method to reduce the sampling error in a particularly small sample size. The term strata refer to a part of a group, or the sub-population covers several different categories and does not overlap known as cluster testing. Random sample were used when difficulties arise such as heavy getting a list of members in a population or not destined to go to any site review. Things like in samples are random people, events and so on. The selected samples represent other samples that arise from the study group randomly, not as an individual.

1.Population

According to Denzin and Lincoln (2014), the population in the sample is a set of people or elements that are subject to a test to make inferences. The population would be based on group of respondents from two categories such as professional bodies who aware on finance industry and

ACCA (Tax agents) which can give more picture of FDI and Pandemic Covid-19 to foreign exchange mobility.

2.Survey

Survey research has historically included large population-based data collection. The primary purpose of this type of survey research was to obtain information describing characteristics of a large sample of individuals of interest relatively quickly. Large census surveys obtaining information reflecting demographic and personal characteristics and consumer feedback surveys are prime examples. These surveys were often provided through the mail and were intended to describe demographic characteristics of individuals or obtain opinions on which to base programs or products for a population or group (www.ncbi.nlm.nih.gov).

Survey research is used as one of the tools to collect information for this research. Survey research is one of the most important areas of measurement in applied research. The broad area of survey research encompasses any measurement procedure that involves asking questions or respondents (www.slideshare.net). Survey research the process of data collection by distributing the questionnaire to the target population and give them time to return the questionnaire and obtain the respondent responses. The survey can be used for two main reasons such as to estimate the characteristics of the population and for hypothesis testing (Whiteley, 2002).

3.Sample

The sample research is a type of selection process for primary study components and analysis is determined to address the research questions as identified by Gaylord and Galliher (2012).This study using convenience sampling (non-probability random sampling) because the convenience method to ensure that the sample accurately represents the whole population. The number of respondents is wide including the regional countries through internet connectivity. There is no list of data on the respondents so non-probability random sampling techniques are a suitable approach in selecting the samples. The target participants for this research is 118 respondents who have experience and understanding on FDI, Foreign exchange rate mobility and macroeconomics responding by using google form of questionnaires.

4. Data collections

i. Primary Data Collection

By definition, primary data collection is the collection of raw data at the source. It is the method of gathering original data gathered by a researcher for the specific purpose of a particular research project. It can be divided into two categories: qualitative analysis and quantitative data analysis techniques. Online platform, Google Form was used to develop sets of questionnaires in order to collect the data. The questionnaire survey been distributed to 170 respondents by social media and the return questionnaire obtained was 118 at cut off time, with valid answered. The raw data analysis interpreted using IBM Statistical Package for the Social Sciences (SPSS) and the results intended to determine the analysis

ii. Secondary Data Collection

Secondary data collection, on either hand, refers to the collecting of data from a source other than the original user. It is the method of gathering information from previously published books, journals, and/or web portals. This is much less costly and simpler to collect in terms of convenience. The data are reliable and based on actual values compiled and tabulated by the regulators. Secondary data was also used to conduct comparative analysis. These data was extracted from among others, the International Monetary Fund (IMF), International Financial Services (IFS) data from the World Bank, Central Bank of Malaysia, Kuala Lumpur Stock Exchange, International Research and numerous other published monitoring issues. This research study used annual panel data analysis. In each region, the important factors differ. In all countries, industrial development is substantial. The explanation of exchange rate fluctuations does not contribute to all variables used in the model. In each country, the significant variables are not the same. The information was compiled from the website of the World Bank in most cases.

5.Pilot Test

The pilot study was to familiarize researchers with the review process prior to the actual study is carried out. The pilot study conducted by Salain (2002), intended to obtain feedback on the review instruments used as well as making improvements before the actual review is carried out. For qualitative research instruments, improvement can be done after gaining experience and feedback pilot study. While for quantitative studies on the other hand, in addition to feedback in the form of ideas, modifications can also be done with observation statistical.

If the researcher using the number of data that many, the value of Cronbach Alpha's automatically can be increased, which means the increase was not due to the items the questionnaire or test is good until the respondent consistent in response, but the level of consistency is obtained as the data. Researcher suggests the amount between 30 to 50 respondents is a reasonable number, ideal and accepted (acceptable). This proposal is in line with Connelly (2008) and Treece&Treece (2005), which suggests the number of samples for the study, is 10 percent of the actual respondents.

In addition, Isaac & Michael (1995) and Hill (1998) have suggested sample size for study is between 10 to 30 respondents. In this regard, based on the views and many more other opinions, researchers believe that total between 30 to 50 respondents were the most reasonable. The number of

respondents in this study adequate because according to Cooper and Schindler (2011), the number of respondents who fit the study is 25 to 100 respondents. While Johanson and Brooks (2010) suggests the minimum number is a total of 30 respondents to study which goal is to study early or development scale (RuhizanMohd Yassin et.al., 2015).

Researchers need to complete an inventory of questions based on previous research studies before committing to the supervisor to see consistency between the statements of the problems and objectives of the study. Bogdan and Biklen (2003) says that review this verification by supervisors is also a form of reliability data. Bogdan and Biklen (2003) mention that one of the validities of qualitative data is confirmation of supervisors and references selected experts on the regularity of studies conducted. After the inventory of the questions certified by the supervisor and certified by individuals who specialize in the relevant field. Researcher conducted the first pilot at professional bodies (Audit firms) and Tax agencies. A total 20 respondents were selected at random labelled as "Pilot Study" sent random by google form of questionnaire.

The total 20 respondents (50%) provide feedback and seen by researchers several inventory questions unclear and difficult answer as needed by researchers. Therefore, the supervisor review has recommended being researchers coordinating items: studied by researchers in accordance with the objectives of the review built. According to Bougie (2010) that research should have conducted in each study quantitative patterned. Rationale for the study conducted is to ensure that the questions posed to respondents are good and can measure what is measured. While for qualitative research conducted because there were no study questions will be improved during the interviews conducted and can be interviews again if there is information that is less clear. Questions posed next revised. A review can also be done by someone that specializes in quality management before field activities is performed. The survey was given out from 19 May 2021 until 25 May 2021 which took place one weeks' time show in Table 2.

Area	**Total Questionnaire Distributed (respondents)**	**Total Questionnaire Received (respondents)**
Professional Audit Firms and Tax agent Staffs		
Johore Bahru	*20*	*10*
Skudai	*20*	*10*
TOTAL	**40**	**20 (50%)**

Table 2: Total Pilot Test of Respondents of the Study

The total 20 respondents (50%) provide feedback and seen by researchers several inventory questions unclear and difficult answer as needed by researchers. Therefore, the supervisor review has recommended to be researchers coordinating items and studied by researchers in accordance with the objectives of the review built. According to Khalid, Abdullah and Kumar (2012), that research should have conducted in each study quantitative patterned. Rationale for the study conducted is to ensure that the questions posed to respondents are good and can measure what is measured. While for qualitative research conducted because there were no study questions will be improved during the interviews conducted and can be interviews again if there is information that is less clear. Questions posed next revised. A review can also be done by someone that specializes in quality management before field activities is performed. The survey was given out from 19 May 2021 until 25 May 2021 which took place one weeks' time.

6.**Data Collections**

Table 3 below show the total respondents of the study. In this study, the total respondents were 118 persons. The Google form of questionnaire survey is distributed from 19 May 2021 until 25 May 2021, there are 118 respondents are responding.

Area	Total Questionnaire Distributed (respondents)	Total Questionnaire Received (respondents)
Johore	*42*	*35*
Melaka	*15*	*5*
Negeri Sembilan	*8*	*4*
Selangor	*35*	*24*
Kuala Lumpur	*60*	*44*
International	*10*	*6*
TOTAL	**170**	**118 (70%)**

Table 3: Total Respondents of the Study

RESULT FINDINGS AND DISCUSSION

Section A: Respondents Profile

Frequency Table 4 below display the values of a variable, weighted with the number of occurrences of each single value. In addition, percentages are displayed. There are 61 respondents (51.7%) is female and 57 respondents (48.3%) is male. The majority of respondents are 51 respondents (43.2%) in cohort of age 31-40 years old. From perspective of academic show that equally which 53 respondents (44.9%) are postgraduate and professional and 50 respondents (42.4%) are Bachelor's Degree. In the category of working experiences, there are 51 respondents (43.2%) in range 10-20 years. For monthly income the majority of respondents are RM5001-RM10,000 with 51 respondents (45.8%) and 30 respondents (25.4%) is below than RM5000/monthly. Lastly, the employment rank show 45 respondents (38.1%) and 40 respondents (33.9%) are Executive and Management respectively.

Frequency Table				
1. Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Female	61	51.7	51.7	51.7
Male	57	48.3	48.3	100
Total	118	100	100	
2. Age	Frequency	Percent	Valid Percent	Cumulative Percent
Below 30	11	9.3	9.3	9.3
31 - 40	51	43.2	43.2	52.5
41 - 50	37	31.4	31.4	83.9
Above 50	19	16.1	16.1	100
Total	118	100	100	
3. Academic	Frequency	Percent	Valid Percent	Cumulative Percent
Secondary/High school graduate/Diploma	15	12.7	12.7	12.7
Bachelor' Degree	50	42.4	42.4	55.1
Post Graduate/Professional	53	44.9	44.9	100
Total	118	100	100	
4. Working Experience	Frequency	Percent	Valid Percent	Cumulative Percent
Below 5 years	7	5.9	5.9	5.9
5 - 10 years	21	17.8	17.8	23.7
10 - 20 years	51	43.2	43.2	66.9
Above 20 years	39	33.1	33.1	100
Total	118	100	100	
5. Monthly Income	Frequency	Percent	Valid Percent	Cumulative Percent
Below RM5,000	30	25.4	25.4	25.4
RM5,001 - RM10,000	54	45.8	45.8	71.2
RM10,001 - RM20,000	23	19.5	19.5	90.7
Above RM20,000	11	9.3	9.3	100
Total	118	100	100	
6. Employment Rank	Frequency	Percent	Valid Percent	Cumulative Percent
Clerical	5	4.2	4.2	4.2
Executive	45	38.1	38.1	42.4
Management	40	33.9	33.9	76.3
Senior Management	28	23.7	23.7	100
Total	118	100	100	

Table 4

Pearson's Correlation Analysis

Correlations

		QB14_Avg	QB15_Avg
QB14_Avg	Pearson Correlation	1	.388**
	Sig. (2-tailed)		<.001
	N	118	118
QB15_Avg	Pearson Correlation	.388**	1
	Sig. (2-tailed)	<.001	
	N	118	118

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

Table 5

In this example, Table 5 of the Pearson correlation, r is 0.388 and 1 indicates a perfect positive linear relationship between variables. As resulted correlation is significant at the 0.01 level.A Pearson product-moment correlation was run to determine the relationship between FDI and Covid-19 affecting exchange rate movement. There was a strong, positive correlation between these variables, which was statistically significant (r = 0.388, n = 118, p = <.001).The Pearson Correlation Coefficient is used to identify the strength of a linear interrelation between two variables; we don't need to measure if there is no linear relation between two variables. It's also called a product-moment correlation coefficient (PMCC) and denoted by "r" and is frequently used as a statistical measure. The correlation coefficient for continuous data scales lies between -1 to +1.

4.7 Multiple Regression Analysis

Descriptive Statistics

	Mean	Std. Deviation	N
QB16_Avg	3.6119	0.6910	118
QB14_Avg	3.6525	0.6190	118
QB15_Avg	3.0400	0.4321	118

Table 6

The above Table 6 shows the descriptive statistics performed based on two independent variables (FDI & Covid-19) and one dependent variable (Exchange Rate Movement).

Correlations

		QB16_Avg	QB14_Avg	QB15_Avg
Pearson Correlation	QB16_Avg	1.000	.365	.427
	QB14_Avg	.365	1.000	.388
	QB15_Avg	.427	.388	1.000
Sig. (1-tailed)	QB16_Avg	.	<.001	<.001
	QB14_Avg	.000	.	.000
	QB15_Avg	.000	.000	.
N	QB16_Avg	118	118	118
	QB14_Avg	118	118	118
	QB15_Avg	118	118	118

Table 7

The above table 7 shows the correlations between FDI, Covid-19 and Exchange Rate Movement.

The below Table 8 given, gives the model summary for the three hypothesis that were selected for this research project.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.479[a]	.229	.216	0.6120

a. Predictors: (Constant), QB15_Avg, QB14_Avg

b. Dependent Variable: QB16_Avg

Table 8

The above table presents findings related to three research projects. This model was related to influence of the affecting exchange rate movements in Malaysia. The evaluation of influence of transactional of exchange rate, the value of R square was 22.9 per cent, which means that around 23 per cent change in exchange rate because of the FDI and Covid-19 pandemic.

The next table is related to the analysis of variance. From this table, value of F statistics and level of significance is important. For there search hypothesis, that were mentioned earlier, findings are given here in Table 9

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.793	2	6.397	17.079	<.001[b]
	Residual	43.070	115	.375		
	Total	55.863	117			

a. Dependent Variable: QB16_Avg
b. Predictors: (Constant), QB15_Avg, QB14_Avg

Table 9

Table 10 presented value of F statistics and level of significance for the selected models. It can be seen that for all the three models (Exchange Rate - FDI - Covid-19 Pandemic). Value of F statistics and level of significance were as per the required norms. So, research decided to proceed further with the analysis of the findings of the research project.

In the next step, the analysis of evaluated the value of coefficients for these models. The values are given in table 10

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.023	.447		2.290	.024
	QB14_Avg	.262	.099	.235	2.647	.009
	QB15_Avg	.536	.142	.335	3.774	<.001

Table 10

Table 10 presents coefficients of FDI and Covid-19 models. According to the modal in which independent variable is FDI and Covid-19 Pandemic and dependent variable is Exchange Rate Movement. From the above reading for FDIis23.5% significant and Covid-19 is 33.5% positive influence on the exchange rate movements a significance level less than 0.01. Thus, our hypothesis is accepted. It can be seen in the above table that FDI and Covid-19 have positive influence on the affecting exchange rate movement in Malaysia. As a ***large positive correlation,*** the below figures depict a correlation of almost +1. The scatterplots are nearly plotted on the straight line. The slope is positive, which means that if one variable increases, the other variable also increases, showing a positive linear line. This denotes that a change in one variable is directly proportional to the change in the other variable. As summary of a large positive correlation would be – as Exchange Rate Movements grow, so do FDI and Covid-19.

The Multi-collinearity Test

Based on the results of Multi-collinearity test with SPSS Location Statistics for MAC version 24, refers to the value of *Tolerance* than VIF.

Table 11: Multi-collinearity Test (Coefficient)

Model	Collinearity Statistics	
	Tolerance	**VIF**
(Constant)		
The foreign direct investment (FDI) and Pandemic Covid-19 have a significant relationship to foreign exchange are mobility in Malaysia	0.893	1.023
The foreign direct investment (FDI) have a significant relationship to foreign exchange are mobility in Malaysia	0.849	1.178
The Pandemic Covid-19 have a significant relationship to foreign exchange are mobility in Malaysia	0.849	1.178

Table 11 that refers to the two independent variables that were examined found that all a value Tolerance and VIF is between 0.1 and 10.0 then there is no Multi-collinearity problem for each of the independent variables.

Hypothesis Testing Summary

In these cases, the influence was positively significant. Thus, the provided research is sufficient basis to accept alternative hypothesis. This can be seen here under Table 12:

Summary of Hypotheses

Hypotheses	Variable	Significant Level	Hypothesis Alternative (H1)
H1	Perceived factors of Foreign Direct Investment (FDI) are positively related to exchange rate movement in Malaysia	.009	Accepted
H2	Perceived factors of pandemic Covid-19 is positively related to exchange rate movement in Malaysia	.000	Accepted
H3	Perceived factors of Foreign Direct Investment (FDI) and pandemic Covid-19 are positively related to exchange rate movement in Malaysia	1.000	Accepted

Table 12

Table 12 displays the Summary of Hypotheses for all independent variables that have had their significance level assessed in relation to dependent variable. Because all of the variables are significant at p-value 0.000, it is possible to conclude that all of the analysed data are accepted and all null hypotheses are rejected based on the SPSS output. As a result, all of the independent variables in this study have a significant impact on the dependent variable.

CONCLUSION

i. Conclusion

The impact of the rates of exchange on economic determinants is a critical aspect that aside from evaluating elements that influences exchange rates between countries it also determines the MNE from evaluating their sustainability. In addition, it will help them decide which the priorities are for political issues need to be provided, particularly in the framework of both fiscal and monetary policy.

The current factors, FDI and Covid-19 affecting movements in exchange rates. For economists around the world, has

always been of high significance to understand the mechanism next to exchange rate fluctuations. The pandemic had brought a slowdown to the country and various stimulus packages had been introduces to boost the FDI and to economic sustainability.

This research studied the Foreign Direct Investments (FDI) and Covid-19 Pandemic affecting Exchange Rate Movement in Malaysia. Based on the major findings, this research found that Foreign Direct Investment and Covid-19 pandemic having positive relationship in affecting Exchange Rate Movement in Malaysia. As a result, this study may be valuable to government officials, policymakers, investors, and foreign traders in carrying out their obligations, duties, and trading activities. In this chapter, the limits that were encountered during the study process were discussed, and advices for future researchers were made.

It is clear now that this pandemic will have adverse damaging effect to the Malaysian macro economy and to the well-being of the economic welfare of the rakyat. The twofold sources of economic damage are mainly the knock-on effect from the impacts of the coronavirus abroad and the domestically generated due to the imposed movement control measures.

Since January 2020 there were 24 Covid-19 cases in Malaysia. The ringgit path shows Covid-19 pushed it from the average of RM4.10 before the pandemic to RM4.35 per US dollar by April 2020. This is a 6.1 percent depreciation, however it bounce back to the pre pandemic exchange rate and holding within sustainability.

In 2020, Malaysia saw its GDP contract by 5.6%, the negative value indicates the impact of the uncertainty of the pandemic. The economic growth was projected by BNM at between 6% to 7.5% in 2021 due to the key factors supporting its growth recovery and especially the Covid-19 vaccine roll out measures.

Unlike the Asian financial crisis in 1997 and the global financial crisis in 2008, the Malaysia's Covid-19 crisis at present is another factor that influences the movement of the ringgit. The Covid-19 pandemic is first a public health crisis and then only an economic crisis. The government and the economist agree that economic policy should focus on the priority of bolstering public health efforts in handling the pandemic while ensuring the welfare of the rakyat and the businesses. Government deficit budget will have to be overshot and billions worth of stimulus packages were introduced to sustain the health, economy and the general well-being of the rakyat and the nation, although the effectiveness are still in scrutiny.

This is not an easy task and an intense amount of political determination will be required. As much as the research finds that through theoretical and empirical analyses, the number of confirmed Covid-19 cases further intensifies exchange rate movements. Overall the regression results have a restraining effect on exchange rate movement.

The regression analysis results of economic policies and FDI policies indicate also the role in restraining exchange rate movements. The policymakers have made positive interventions and restrictions on internal movements and public information which can effectively reduce the uncertainty and panic caused by the pandemic. This can send positive signals to the market and investors. Stimulus packages and economic support policies and fiscal measures intensify consumption, trigger changes in capital flows and curb exchange rate volatility.

The positive outlook of the research illustration that the continued spread of Covid-19 does significantly raise exchange rate movements. For government responses, the existing literature believes that intervention policies during the pandemic may have had a counterproductive effect on stock returns and caused poverty and inequality (Bonaccorsi et al., 2020, Tisdell, 2020). However when the government implements intervention policies for Covid-19, it also should consider the resultant impacts to the overall economy. The Covid-19 crisis can be conquered through health care efforts but without a substantial and forceful fiscal response, it will take a momentous task for pulling back the well-being. The policymakers should be bold and the government must be stable and make firm decisions to implement these policies. Productive incentives and policies must be introduced to attract greater FDI and enhance the economic growth while keeping the ringgit afloat. The government should not succumb to petty demands but look at the competitive global effect during this period of adjustments at post Covid-19 pandemic. Meanwhile, efforts of sustainability can keep the exchange rate movement within manageable means. The Nation must pull through this pandemic to recover and stay competitive and further excel in its endeavour to reminiscence the great tiger it once was respected for.

ii. Recommendations for the Research

Drawing from observations and studies in economic development and FDI globally, four policy imperatives could be powerful in accelerating FDI growth and capturing greater benefits in Malaysia:

1. ***Reassess FDI strategy and priority sectors***. The government could rethink its FDI strategy and chart a deliberate path for long-term benefits. The strategy should focus on sectors that have strong growth and employment prospects, that exploit Malaysia's natural strengths, and that promise demonstrable economic benefits, including those that are less tangible, such as technological adoption. Singapore's evolving yet explicit focus over the past decades—export-oriented industries in the 1970s, technology-intensive manufacturing in the 1980s, knowledge-based manufacturing and services in the 1990s, and innovation-driven enterprises now—is an example of how this strategy can be set, executed, and refreshed over time.

2. ***Build unique, deal-focused value propositions***. Companies invest in deals, not in countries. Beyond offering typical incentives, the government could present a strong value proposition to targeted investors. The proposition needs to include infrastructure and access to readily available talent and supply-chain ecosystems that meet the investor's specific requirements. Essentially, each investment prospect should be treated as a deal, with concessions tailored to the targeted investor's needs. This does not need to mean a higher quantum of incentives. It rather means taking a long-term view in designing incentives in a way that ensures the long-term benefits largely compensate for the cost of incentives—as well as the impact from profit repatriation.

3. ***Focus investment-promotion activities***. A more proactive approach can increase the impact of agencies tasked with promoting FDI. High-caliber officers at these agencies must be able to build and maintain lists of targeted investors, monitor relevant sectors, and gather the intelligence needed to understand when and how to approach individual companies. Agencies must also foster clear ownership and accountability for attracting targeted companies—in practice, shifting to much more of a B2B-sales approach.

4. ***Ensure end-to-end support for committed investments***. Globally, more than half of approved investment projects are abandoned, and this tendency is likely echoed in Malaysia. To help bring more investment plans to fruition, it is important to provide support throughout the project. End-to-end support would include investor-relationship management, help in navigating regulatory procedures, and assistance in securing land, among other activities. In addition, unsuccessful deals should be routinely analyzed to understand how they were derailed and how to mitigate any problems uncovered.

Drawing from observations and studies in economic development and Pandemic Covid-19 globally, four policy imperatives could be powerful in overcome the pandemic Covid-19 and capturing greater benefits in Malaysia:

1. Certainly, none of this will be easy. For starters, it will be costly. Government budget deficit targets will need to be overshot. Difficult decisions will need to be made later on how to boost tax revenues–though as Emmanuel Saez and Gabriel Zucman observe, with progressive income and wealth taxes these costs need not be borne by the middle or lower classes.

2. Additionally, intense amounts of political determination will be required. As mentioned above, some policy responses may require the circumvention or amendment of certain laws via a special or emergency parliamentary session (see: restrictions on government borrowing to fund operational expenditures, and restrictions via the Employment Insurance System Act). Lastly, there will be huge financial pressures on the banking sector, demanding action from our monetary policymakers.

3. Besides, even with comprehensive and valiant efforts at cushioning the blow to the rakyat and businesses, some amount of job losses and business closures will be unavoidable. Yet, the economic, social and political cost of inaction–or even insufficient action–is far greater and far more frightening. Surely, this is no time to be timid. In light of the emerging risks, it is clear that the fiscal policy needs to go further beyond the February stimulus package in safeguarding the livelihoods of the rakyat.

4. After all, the current COVID-19 crisis will eventually be conquered through vigorous public health efforts, but without a sufficiently large and forceful fiscal response, the economic scars it leaves behind will be viciously long-lasting.

ii. Recommendations for the Future Researchers

There are some recommendations to the future researchers such as:

1. The researcher can propose to the future researchers to take into consideration of independent variables such as private sectors involvement, government stability, private synergy, Fiscal and monetary policies and law enforcement to influencing foreign exchange rate mobility.

2. The future researchers can increase the number of respondents which including the East, West, Northern, Sabah and Sarawak that represent the total population of Malaysian. In extent, the other researchers can also take into consideration that included the ASEAN countries in similar of research. Its can give a big overview on the implication of FDI and pandemic Covid-19 into foreign exchange rate and economy development of ASEAN countries.

3. In order to attract more investment countries need to generate a favorable investment climate. Reforms aimed at creating a climate for political decision-oriented investment play an important role in this regard. In addition to the investment climate being key to economic growth, it is also important an important determinant how globalization is affecting domestic customers. The specific circumstances and enforcement practices were cited in the research. The strategies and stimulus packages that use by the government can promote the increasing of FDI and reducing the impact of Pandemic Covid-19.

4. The innovation of this study is that it builds on previous research and synthesizes strategies designed to attract foreign direct investment. The findings suggest that government officials working in the scope of FDI should create and implement policies which are facilitating FDI. Together with the other determinants which the study identified a favorable environment for foreign direct investment can be created. The different of contribution by different of industry and sector also can take into consideration in economics development.

5. It suggests a future study is conducted which would test the impact of these determinants and strategies on FDI and overcome of pandemic Covid-19 in a specific context of a country, region or city. Its look on the impact of changes in FDI and Pandemic Covid19 from ASEAN Countries perspective.

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