

EDITOR'S COMMENTS:

Study investigates the effect of volatility in exchange rate on FDI. The topic is worthy to investigate as authors explain that the results are still inconclusive. But, the paper has some problems.

- Abstract part should define the problem, why authors make the investigation, which methodology is used and present the empirical results. At first glance, authors explain even where data is obtained. This must be deleted from abstract. Abstract part should include a summary of study including what is problem, aim of the study, methodology and conclusions.
- Introduction part is not well-organized. REER and volatility definitions should not be given in introduction part. Readers already know what is REER or volatility. Furthermore, they are also given in data part as definitions. Second, authors should focus on the possible effect of exchange rate volatility on FDI. But, authors explain the possible effects of FDI on growth, employment etc. They should better focus on the problem, why they make the investigation, what is the contribution of their study to the existing literature. They should eliminate other explanations that they are not related with the topic.
- The most important problem occurs from the methodology. Authors include only volatility of exchange rate as regressor. They don't incorporate other control variables. As they also noted, there are a number of variables that affect the FDI inflows. Thus, omitting these explanatory variables from the regression leads specification bias and causes the estimators biased. Thus, authors should include other control variables to avoid omitted variable bias in regressors.
- The methodological part should be re-organized again, unit root tests, for-example, have been explained in detailed. Rather authors may summarize unit root tests and structural breaks in one Table. They should shorten the explanations for unit root tests.
- Conclusion part again should be re-organized. Authors should focus on the topic rather than still relating the results to the relationships between FDI and growth. Policy implications should be more indicative rather than general suggestions.

Thus, I suggest the authors to shorten and reorganize abstract, shorten introduction part and include control variables into the regression.

AUTHOR'S FEEDBACK:

- ✓ The Abstract has been reworked and shortened.
- ✓ Because of time constraint, kindly allow us to do without the control variables because, we are afraid, introducing control variables will mean re-analyzing.
- ✓ The introduction section has been revised.
- ✓ The section on unit root tests has been shortened by deleting that portion dealing with unit root tests with structural breaks.

- ✓ The Conclusion and Policy Recommendations part has been reworked.
- ✓ We have also included sections 1.1 and 1.2, dealing with the objective and hypotheses of the study.