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Host Country Characteristics And Performance Of Multinational Companies In Delta State

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ABSTRACT

The study investigated the influence of host country characteristics on the performance of multinational companies in State. Specifically, the study examined the influence of labour supply, regulations and laws, market size and infrastructure on the performance of multinational companies in Delta State. Relevant conceptual, theoretical and empirical literatures were reviewed. The study adopted survey research design and primary data were sourced. A total of one hundred and fifty (150) employees of five (5) multinational companies were conveniently selected for the study. Descriptive statistics, correlation analysis and multiple regression analysis were employed in analyzing the data. The results indicate that labour supply, market size and regulations and laws have significant positive influence on the performance of multinational companies in Delta State; while infrastructures have significant positive influence on the performance of multinational companies in Delta State. Based on the foregoing, the study concludes that host country characteristics have significant influence on the performance of multinational companies in Delta State. It was recommended among others that multinational companies should take cognizance of host countries characteristics studied in order to enable them make informed decision that can enhance their overall performance.

Keywords: Labour Supply, Regulations and Laws, Market Size, Infrastructure, Performance

INTRODUCTION

Globalization and advancement in international trade has made multinational companies to expand their activities into an ever-growing number of countries particularly developing nations. In particular, most of these enterprises have set up global production and distribution networks which supply goods to the entire world. Within the broader trend of globalization of international business, there is considerable heterogeneity in the location of their activities. While virtually all nations compete for the inflow of these investments, the distribution of these investments among countries is far from uniform. The underlying drivers of the location of the investment depend on the motives of foreign investors. It could be market-seeking international business, whose purpose is to serve local and regional markets and it involves replication of production facilities in the host country. It could also be resource or asset-seeking where firms invest abroad to acquire resources not available in the home country, such as natural resources, raw materials, or low-cost labor. Furthermore, it could be efficiency-seeking which occurs when the firm can gain from the common governance of geographically dispersed activities in the presence of economies of scale and scope (Uwubanmwen & Ajao, 2012). These investments can only prosper if the host country characteristics are favourable. Host country characteristics are the features of an economy that can either attract or dissuade foreign investment. This emphasizes that it is the extent of development in the host country that makes its market more or less attractive to multinational companies. The factors attracting each type of foreign investment suggest that the countries with a large market, low-cost labor, abundant

natural resources, and close proximity to the major markets would attract large amounts of foreign investment inflows.

Uwubanmwen and Ajao (2012) further maintained that the countries with a large market, low-cost labor, abundant natural resources, and close proximity to the major markets would attract large amounts of foreign investment inflows. Investment by multinational companies would thus go to countries with favorable initial conditions. However, research suggests that other factors also matter. Another important variable for explaining the geographical distribution of foreign investment is agglomeration economies. When agglomeration economies are present, new investors mimic past investment decisions by other investors in choosing where to invest. By locating next to other firms, they benefit from positive spillovers from investors already in place. The common sources for these positive externalities are knowledge spillovers, specialized labor, and intermediate inputs (Vijayakumar, Sridharan & Rao, 2010).

Beata (2009) opined that as a rational economic entity, multinational companies strives to choose optimal utilization of its advantages acquired on the homeland already occupied markets and when it is possible minimises costs of its operations by transplanting already tested and effective organizational practices into new geographical areas. On the other hand, the varying conditions characterising specific markets present a challenge to the multinational companies, and frequently require an adapted approach or even render certain solutions unfeasible due to their incompatibility with a given area. One of the factors affecting the nature of activity of multinational companies are the host markets (Makino, Isobe & Chan 2004). This influence results from the nature of an economic entity which is an open system, exchanging resources and information with the environment where it operates. A question arises, however, what is the strength of this impact and what does it depend on? From the political perspective and the theory of resource dependence, the strength of impact of a given market will depend on its qualities, available resources and recognition of these resources/qualities as attractive.

Furthermore, most often some multinational companies find it difficult to penetrate the market so easily because Nigeria business environment is most often characterized by unsteady business laws and regulations, poor economic conditions, ineffective government institutions, incessant policy changes, poor infrastructural facilities, security challenges, low per capital income among others. These factors mentioned above if not properly handled may result to some multinational firms producing at a very high cost which invariably will lead to high product price, low sales and little or no profit. Therefore this work is aimed at ascertaining the influence of host country characteristics on the performance of multinational companies in Delta State. This study specifically examined the influence of labour supply, regulations and laws, market size and infrastructure on the performance of multinational companies in Delta State.

REVIEW OF RELATED LITERATURE

Host Country Characteristics

Within the context of this study, host country characteristics are the features of an economy that can either attract or dissuade foreign investment. This emphasizes the extent of development in the host country that makes its market more or less attractive to the international business. The host countries characteristics covered in this study are discussed below.

Labour Supply: This refers to the amount and availability of skilled labor in country (Dutta & Osei-Yeboah, 2013). Potential foreign investors are concerned not only with the cost of labor, but also with its quality. A more educated labor force can learn and adopt new technology faster, and the cost of training local workers would be less for investing firms. The idea of investing in the developing countries is considering advantageous due to the low labour cost and wages. According to Pigato (2001), all other factors remaining unchanged, lower labor cost reduces the cost of production, but the availability of cheap labor justifies the relocation of a part of the production process in foreign countries. Pigato (2001) shows that with FDI moving toward technological intensive activities, low-cost unskilled labor is not in vogue; rather it is the demand-qualified human capital that counts. Konings and Murphy (2006) found that in the post-1992 United States FDI in EU periphery was discouraged in high labor cost countries. Braconier et al. (2005) found that about 20% of U.S. multinational sales are based on low wages of skilled labor.

Konings and Murphy (2006) argued that wage level is not the only labor-related factor that determines FDI investment decisions, but it is the availability of skilled labor and its productivity that seems to be important for firms. Azemar and Desbordes (2009) analyze FDI flows to developing countries and conclude that the relatively low FDI flows into sub-Saharan Africa are partly explained by poor human capital and illiteracy. Noorbakhsh et al. (2001) wonder why FDI flows to developing countries have reached only a limited part of them. Both affordable labour cost and the quality of labour with high level of education attract the interest of the foreign investors to come into the economy of any nation.

Regulations and Laws: Laws and regulations regulate the operations of firms particularly multinational companies in the host country. Laws and regulations vary both in content and interpretation. A company is not just bound by the laws of its home country but also by those of its host country and by the growing body of international law. It is sufficient for a firm operating at the domestic level to stick to regulations of the land, but organizations operating in different countries need to know and comply with the laws of the domestic country as well as all the host countries they operate in (Asika, 2001). Included in this component are discrimination law, consumer law, antitrust law, environmental law which result to the establishment of (NESERA), employment and labour law, and health and safety law. These factors can affect how a company operates, its costs, and the demand for its products.

Adeoye (2012) noted that laws and regulations are made to improve the enabling environment for greater levels of investment by both local and international investors, to create wealth and job, and ultimately more poverty reduction. Government passes regulations on industries, this has considerable effect and impacts on business the regulatory being set up by government to prevent the public from certain business practice for example the FEPA, NAFDAC and NDLEA. Laws and regulations are made to ensure that international business comply in the course of their operations. These laws may facilitate successful business conduct as well as constitute handicaps to successful performance. Furthermore in carrying out their business operations, enterprises are required by low to pay taxes, value added tax, capital gain tax, education tax, import duties, excise duties among others.

Market Size: Market size refers to current target market within the country or area (Liu & Pearson, 2010; Mhlanga, Blalock, & Christy, 2010). The market size of the host country and its growth play a significant role in determining the inward international business investment flows. Chakrabarti (2001) opined that market size has, by far, been the single most widely accepted significant determinant of foreign investment inflows. Pointing to the importance of market size as the fundamentals of inward flows of international business investment has a long tradition in the literature on foreign investment.

Larger host countries' markets may be associated with higher international business investment inflows due to larger potential demand and lower costs due to scale economies. For example, Resmini (2000), looking into manufacturing FDI, finds that countries in Central and Eastern Europe with larger populations tend to attract more foreign investment, while Bevan and Eastrin (2000) present similar results; transition economies with larger economies also tend to attract more foreign investment.

Bhasin, Jun and Economou (1994) claim that the size of the domestic market, as well as the growth prospects of the recipient economy are given high consideration when foreign investors relocate production into the host country. Similarly, Morrissey and Rai (1995) put forth the hypothesis that foreign investment inflow responds positively to the recipient country's market size once it grows beyond a threshold level that is large enough to allow economies of scale and efficient utilization of resources. Agarwal (1980) points out that foreign investment is considered to be a function of output or sales turnover of foreign firms in the host country. Multinationals may intend to sell output manufactured in the host country both domestically and internationally, and thus examine the performance of their counterparts that are already established in the host country.

Infrastructure: Good infrastructure is a necessary condition for foreign investors to operate successfully. Infrastructure can be a major facilitator or hindrance of foreign investment inflow in any country. Good infrastructural facilities can make a nation more attractive to foreign investors as well improve the qualities of the domestic investment. Infrastructure covers many dimensions, ranging from roads, ports, railways, and telecommunication systems to institutional development (e.g., accounting, legal services

(Ajayi, 2006). Asiedu (2002) stated that good infrastructure increases the productivity of investment and can therefore stimulate foreign investment flows. Infrastructures can be classified as soft and hard infrastructure. Soft infrastructure implies market-oriented institutions, governance structures and such, and hard means physical infrastructure (such as roads, telephone connections, airports, roads, fast distribution networks, electricity transmissions, and railroads). The importance of both hard and soft infrastructure toward attracting FDI inflows cannot be overemphasized. Chakrabarti et al. (2012) found that there is a positive relationship between physical infrastructure and FDI inflow, though this depended on the level of infrastructure.

With the use of cross-section data, Alfaro et al. (2006) found that poorly developed financial infrastructure can adversely affect an economy‘s ability to take advantage of the potential benefits of foreign investment. In a study by Bhinda, Griffth-Jones, and Martin (1999), it was found that problems related to funds mobilization were on the priority list of the factors discouraging investors in Uganda, Tanzania, and Zambia. Surveys in sub-Saharan Africa indicate that poor accounting standards, inadequate disclosure, and weak enforcement of legal obligations have damaged the credibility of financial institutions to the extent of deterring foreign investors. Bad roads, delays in shipments of goods at ports, and unreliable means of communication have added to these disincentives (Ajayi, 2006). Foreign investment inflows depend only on the infrastructure of the host countries so it is very imperative for every nation to develop her infrastructure in order to improve her domestic investments and also to attract the foreign investors.

Behname (2012) studied the relationship between infrastructure and FDI flows in a cross-sectional dataset of Southern Asia countries between 1980 and 2009 and found that urban infrastructure impacts FDI positively. Fung, Alicia, Hitomi and Alan (2005) found that both soft and hard infrastructure have a significant positive effect on FDI inflow although soft infrastructures outpace hard infrastructure in attracting FDI. Seetanah (2009) studied Mauritius data (1981–2005) to examine the link between FDI and physical infrastructure in attracting FDI to the manufacturing and services sector of Mauritius. The result of the estimation showed manufacturing sector investors pay more attention to physical infrastructure while services sector investors paid less attention to it. Similarly, Hakro and Omezzine (2011) found that governance infrastructure has a significant positive impact on FDI flows to the regions. Rehman, Muhammad, Hassan and Muhammad (2011) found that infrastructure and market size were positively related and exchange rate negatively related to FDI inflows in the short-run and in the long-run.

Performance

As a term, performance can be understood in several ways. First, performance refers to the actual results or outputs of certain activities. For example, a company’s performance can be assessed based on its financial results. Second, performance refers to how an activity is carried out, i.e. how something is being performed. Third, performance may also refer to the ability to achieve results. In conclusion, performance may relate to actual results, activities or the potential for results (Edvinsson, 1997). Traditionally, the actualized results have been the main focus of attention. The main reason for this is that actual results are often considered more important than the uncertain potential for achieving results. However, the balanced view of performance focuses attention also to the operational factors (e.g. efficiency and quality in production process) and factors affecting future results (e.g. research and development activities or developing employees’ competencies). This suggests that the three interpretations of the term performance correspond to the different practical views of performance.

The most important part of an organization is the performance, where performance is viewed as the success of an organization in achieving valuable outcomes, such as high returns (Memon & Tahir, 2012). According to Smith and Reece (1999), performance is defined as “the organization's ability to meet the desire result as determined by the company’s major shareholders”. On the other hand, it is to determine whether the actual output of an organization is as what has been targeted (AlQudah, Osman & Safizal, 2014). Thus, to achieve high business performance, organizations need to attain and sustain competitive advantages. For this reason, many researchers had argued that strategic planning makes organizations have competitive advantages and the ability to stay in business against competitors. They need to know

the correct performance level is important due to it enable the organization to determine its current position and find ways to improve business if necessary. Consequently, the measurement of business performance has captured the attention of many scholars due to its complexity (Matsoso & Benedict, 2014).

The different type of measurement that has been applied has been classed as an objective or subjective. Tang and Zhang (2005) explained that an objective measure is measuring the financial records while subjective measures used the managers' perceptions regarding the organization performance. Nevertheless, many studies suggest using subjective measures due to the data for objective criteria could be inappropriate, misleading and difficult to obtain. If the data are available, the data may not genuinely represent the actual organization performance as the information may be manipulated (Siti & Perera, 2011). It is as well determined by the industry factors which make it unsuitable for cross industry comparison. Therefore, Falshaw *et al.* (2006) concluded that "the objective measures are unsuitable for the purpose of research. In comparison, subjective measures are an easier way to measure performance". It is an effective manner because it permits the organization to carry out benchmark across firms (Song *et al.,* 2005). Subjective measure also enables organizations to measure the growth in sales, market share, productivity, customer satisfaction and product quality (Haber & Reichel, 2005). In fact, Falshaw *et al.* (2006) establish that the subjective and objective measures provide the same outcomes. Therefore, using subjective measures in the research provides more accurate information.

Theoretical Framework

This study is anchored on internalization theory. This theory tries to explain the growth of transnational companies and their motivations for achieving foreign direct investment. Initially, the theory was launched by Coase in 1937 in a national context. The theory was developed by Buckley and Carson in 1976 and then by Henmart 1982, and Casson in 1983. In his doctoral dissertation, Hymer identified two major determinants of FDI. One was the removal of competition. The other was the advantages which some firms possess in a particular activity (Hymer 1976).

Buckley and Casson who founded the theory demonstrates that transnational companies are organizing their internal activities as to develop specific advantages, which then to be exploited. Internationalization theory is considered very important also by Dunning, who argues that this explains only part of FDI flows. Hennart (1982) develops the idea of internationalization by developing models between the two types of integration: vertical and horizontal. Hymer (1976) demonstrate that FDI take place only if the benefits of exploiting firm-specific advantages out weight the relative coasts of the operations abroad. According to Hymer (1976) the MNE appears due to market implications that led to a divergence from perfect competition in the final product market, Hymer has discussed the problems of information costs for foreign firms respected to local firms different investment of governments, currency risk. The result meant the same conclusion transnational companies face some adjustments cost when the investment are made abroad. Hymer (1976) recognized that FDI is a firm-level strategy decision rather than a capital-market financial strategy.

The internalization theory offers explanation on why firms are willing to invest abroad. This theory was based on three assumptions, (1) such as firms can maximize their profits when there is market imperfection, (2) intermediate products under market imperfection creates internal markets, which involves common ownership and control of activities that are linked with the market, (3) MNEs are generated when the internalization of markets take place across national borders (Henisz, 2003; Chawla and Rohra, 2015).

The theory opined that the decision for firms to internalize depends on firm-specific factors (specific skills and knowledge), industry-specific factors (type of product, market structure, economies of scale), region-specific factors (distance and culture difference) and nation specific factors (political and financial situation) (Wadhwa & Sudahkara, 2011). Rugman (1981) further complemented the internalization theory by suggesting foreign investment emerges as MNEs replace external markets with more efficient internal ones in order to prevent disadvantages such as time lags, transaction costs, bargaining and buyer

uncertainties, and other externalities in the markets (Elfakhani & Mulama, 2011). This theory was adopted for the study because it centers on the factors that makes multinational companies to invest on a particular locality.

Empirical Review

Hayakawa, Lee and Park (2013) investigated the role of home and host country characteristics in foreign direct investment using firm-level evidence from Japan, Korea and Taiwan. The study aimed to examine primarily the effect of host and home country characteristics on foreign direct investment. Descriptive statistics and regression analysis were employed in analyzing the data. The study found that host country with better environment for foreign direct investment in terms of larger market size, smaller fixed entry cost and lower wage attract more foreign direct investment.

Nasir (2016) investigated market size, exchange rate and trade as a determinant of FDI in Malaysia. The study covers the period from 1980 to 2010. Simple OLS regression technique was used for estimating the results with two diagnostic tests, which are the Breusch-Pagon and the Durbin-Watson tests. The findings of our study show that market size is positively correlated to foreign direct investment whereas trade and exchange rate are negatively correlates with foreign direct investment.

Anwar, Saeed, Khan and Shan (2013) assessed the determinants of FDI inflows in Pakistan's agricultural sector. The empirical findings showed that GDP (market size), trade openness, and government debt are significant factors determining FDI inflows in Pakistan's agricultural sector. They further revealed that inflation and exchange rate are not significant in attracting FDI to the agricultural sector.

Vijayakumar et al. (2010) conducted a panel data study to examine the factors that determine FDI inflows to BRICS countries using an annual dataset from the time period of 1975 to 2007. The chosen variables were market size, economic instability and growth prospects, labor costs, infrastructure facilities, trade openness, currency value and gross capital formation. To be able to execute the study, they used panel analysis, which included the fixed effects model and the random effects model. The results of this study demonstrated that market size, labor costs and currency value are statistically significant at the 1 percent significance level. Market size and infrastructure had a positive sign and labor costs had a negative sign. Furthermore, the currency value showed a serious negative relationship with FDI. This result can be interpreted as to be able to attract FDI in BRICS countries and the currency value needs to be stable.

Jadhav (2012) examined the role of economic, institutional and political factors that is attracting FDI in the BRICS countries. In order to examine the determinants of FDI in the BRICS countries, the writer used panel data from the time period 2000 to 2009. The selected variables for this study were market size, natural resources, policy, institutional and political risk. Inflation rate and trade openness indicators were included in the policy variable. The institutional risk variable in this study consists of control of corruption, rule of law, voice and accountability indicators. The political risk variable contains political stability and no violence, government effectiveness and regulatory quality. To be able to test this empirically, a panel unit-root test, and multiple regressions were applied. The outcomes from this study showed that market size, trade openness, rule of law, natural resource availability, voice and accountability are statistically significant. However, market size and trade openness have a positive effect on FDI inflows while natural resource availability, voice and accountability have a negative effect on FDI inflows in the BRICS countries.

Niko and Alexandra (2016) investigate the determinants of foreign direct investment in Mexico, Indonesia, Nigeria and Turkey (MINT Countries) during the time period from 1990 to 2014. Market size, economic instability, natural resources availability, infrastructure facilities, trade openness, institutional stability and political stability were employed as the independent variable while FDI was employed as the dependent variable. The data was used in the study was secondary in nature and was collected from the World Bank dataset. The empirical finding from the study illustrates that market size, economic instability, infrastructure facilities, trade openness, institutional stability, and political stability are

significant as determinants FDI inflows to the MINT countries, meanwhile, natural resources availability appears to be an insignificant determinant of FDI inflows to the MINT countries.
The empirical literatures reviewed revealed conflicting findings and most of the studies utilized purely economic characteristics ignoring other host country's characteristics like political factors, laws and regulations and infrastructures thereby revealing a knowledge gap in these areas. None of the studies investigated the influence of these host country characteristics on performance of multinational companies in Nigeria. Also, most of the studies reviewed were foreign and the few studies within the Nigeria context did not cover Delta State. This study therefore, incorporated other host country characteristics not covered in the existing literature.

METHODOLOGY

The study adopted survey research design. This study was carried out in Delta State. Delta State is one of the six states in South South geo-political zones of Nigeria. Delta state was selected for the study due to the existence of high number of multinational companies in the State. Five multinational companies were studied. A total of one hundred and fifty employees of the multinational companies were conveniently sampled for the study. Structured questionnaire was employed in generating the data used in the study. descriptive and multiple regression was employed in analyzing the data.

THE RESULT

Descriptive Analysis

This section presents the descriptive statistics on the host country characteristics and performance of multinational companies in Delta State. The aim of the analysis is to examine the performance of host country characteristics in relation to performance. The analysis of the individual characteristics of these variables is presented in the table below:

Table 1 Descriptive Characteristics of the Variables

Variables	Mean	Standard Deviation
Performance	20.33	3.307
Labour Supply	17.86	4.245
Regulations and Laws	18.30	3.952
Market Size	14.20	2.036
Infrastructure	17.91	3.699

Source: SPSS Version 21.0

The table above shows the summary of statistics used in the analysis. It provides information about the mean and standard deviation of the variables used in the study. The mean value for performance is 20.33 while the standard deviation is 3.307. Labour supply and regulations/laws recorded a mean value of 17.86 and 18.30 with a standard deviation of 4.245 and 3.952 respectively. Market size and infrastructure have mean value of 14.20 and 17.91 with standard deviation of 2.036 and 3.699 respectively.

Correlation Analysis

Here, Pearson correlation was employed to measure the strength and relationship between independent variables. The Pearson correlation coefficient is a measure of the strength of a linear association between two variables and is denoted by r. Table 2 below shows the summary of correlation coefficient.

Table 2 Correlation Matrix

		Performance	Labour Supply	Regulations and laws	Market Size	Infrastructure
Performance	Pearson Correlation	1	.654**	.790	.519**	-.673
	Sig. (2-tailed)		.005	.001	.000	.006
	N	354	354	354	354	354
Labour Supply	Pearson Correlation	.654**	1	.016	-.057	-.103
	Sig. (2-tailed)	.005		.775	.301	.061
	N	332	332	332	332	332
Regulations and law	Pearson Correlation	.790	.016	1	.060	.023
	Sig. (2-tailed)	.001	.775		.277	.677
	N	332	332	332	332	332
Market Size	Pearson Correlation	.519**	-.057	.060	1	.121*
	Sig. (2-tailed)	.000	.301	.277		.027
	N	332	332	332	332	332
Infrastructure	Pearson Correlation	.673	-.103	.023	.121*	1
	Sig. (2-tailed)	-.006	.061	.677	.027	
	N	332	332	332	332	332

Source: SPSS 21.0

The table above shows the extent of association between the dependent and independent variables used in the study. Labour supply has a correlation coefficient of 0.654 with a probability value of 0.005. This implies that labour supply has a positive strong influence on performance of multinational companies in Delta State. Regulations and laws have a correlation coefficient of 0.790 with a probability value of 0.001. This implies that Regulations and laws have a very strong and positive influence on performance of multinational companies in Delta State. Market size recorded a correlation coefficient of 0.519 with a probability value of 0.000. This implies that market size has a positive strong influence on performance of multinational companies in Delta State. Infrastructure recorded a correlation coefficient of 0.673 with a probability value of 0.006. This implies that infrastructure has a very strong negative influence on performance of multinational companies in Delta State.

Multiple Regression Analysis

Multiple regression result was employed to test the effect of independent or explanatory variables on the dependent variables. The result of the multiple regression analysis is presented in the tables below.

Table 3 Summary of the Regression Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.294[a]	.686	.572	3.185	.086	6.151	5	326	.000	1.875

a. Predictors: (Constant), Labour Supply, Regulations and Laws, Market Size, Infrastructure

b. Dependent Variable: Performance

Source: SPSS 21.0

Table 3 shows that R^2 value of 0.686 indicates that 69% of the variation in performance of multinational companies is explained by variations in labour supply, regulations and laws, market size and infrastructure. This was supported by adjusted R^2 of 0.572. Furthermore, Durbin-Watson statistics value of 1.875 in table 3 shows that the variables in the model are not autocorrelated and that the model is reliable for predications.

Table 4 Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	312.052	5	62.410	6.151	.000[b]
	Residual	3307.502	326	10.146		
	Total	3619.554	331			

a. Dependent Variable: Performance

b. Predictors: (Constant), Labour Supply, Regulations and Laws, Market Size, Infrastructure

Source: SPSS 21.0

The f-statistics value of 6.151 in table 4 with f-statistics probability of 0.000 shows that the independent variables has significant effect on dependent. This shows that labour supply, regulations and laws, market size and infrastructure can collectively explain the variations in the performance of multinational companies in Delta State.

Table 5 T-Statistics and Probability Value from the Regression Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.916	1.918		9.863	.000
	Labour Supply	.123	.043	.158	2.870	.004
	Regulations and Laws	.085	.044	.202	2.923	.005
	Market Size	.171	.044	.209	2.901	.005
	Infrastructure	-.028	.044	.204	-3.632	.000

a. Dependent Variable: Performance

Source: SPSS 21.0

Labour supply has a t-statistics of 2.870 and a probability value of 0.004 which is statistically significant. This implies that labour force has a significant positive influence on the performance of multinational companies in Delta State. Similarly, regulations and laws have a t-statistics of 2.923 and a probability value of 0.005 which is statistically significant. This implies that regulations and laws have significant positive influence on the performance of multinational companies in Delta State.
Market size has a t-statistics of 2.901 and a probability value of 0.005 which is statistically significant. This implies that market size has significant positive influence on the performance of multinational companies in Delta State. Finally, infrastructure has a t-statistics of -3.632 and a probability value of 0.000 which is statistically significant. This implies that infrastructure has significant negative influence on the performance of multinational companies in Delta State.

CONCLUSION AND RECOMMENDATIONS

The cost country characteristics can spur or mar the performance of the multinational companies if they are not properly managed. When multinational firms performance effectively, they can stimulate competition in the local economy the ultimate outcome is improved growth prospects for the countries involved and greater integration with the global economy. Hence, the study investigated the influence of host country characteristics on the performance of multinational companies in Delta State. Data were sourced from the employees of five selected multinational companies and subjected to empirical analysis. The results indicate that labour supply, market size and regulations and laws have significant positive influence on the performance of multinational companies in Delta State; while infrastructures have significant positive influence on the performance of multinational companies in Delta State. The study therefore concludes that host country characteristics have significant influence on the performance of multinational companies in Delta State.
The study recommends that multinational companies should invest in host countries with better environment in terms of larger market size and regulations especially in relation to entry requirements to enable them to make more sales and profit which will result to improved performance. Also, multinational firms should invest in host countries with affordable labour cost and high quality labour force in order to enhance their overall performance. Multinational firms should invest in host countries with favourable and friendly business laws and regulation and also abide by the laws in order to achieve successful business performance.

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