

Sorin-George I. TOMA

Faculty of Business and Administration, University of Bucharest, Bucharest, Romania

THE EVOLUTION OF THE TEN LARGEST CORPORATIONS OF THE WORLD IN THE PERIOD 2017-2018

Perspective,
opinion and
commentary

Keywords

*Multinational corporation;
Transnational corporation;
WalMart;
United States of America;
People's Republic of China*

JEL Classification

F00, F23

Abstract

Multinational and transnational corporations represent key actors in the globalization process and highly influence the way the world economy evolves. The aim of the paper is to briefly analyse the evolution of the world's ten largest corporations by their total revenues, profits and number of employees in the period 2017-2018. The research is based on a quantitative method. The paper shows that these corporations have become huge business organizations and achieved impressive performances. Also, it reveals that the world's largest corporations belong to several important domains, such as the petroleum refining industry or the banking and financial sector, and most of them are American and Chinese corporations.

INTRODUCTION

Since the end of the Second World War the world economy has witnessed an unprecedented period of growth in the activities of multinational corporations (MNCs) and transnational corporations (TNCs). Also, there has been a significant increase in academic interest in the economics of international business, especially in the last decades (Ietto-Gillies, 2012).

MNCs and TNCs represent key actors in the globalization process and highly influence the way the world economy evolves (Hedlund and Dunning, 1993). As the world economy has entered the new phase of globalization, the so-called “globalization 4.0” (Schwab, 2018), their worldwide expansion continued in a rapid pace. The expanding role of these corporations illustrates “an evolution from international production to integrated international production” (Kozul-Wright, 1995, p. 137).

In the last decades, the behaviours and strategies of MNCs and TNCs, whether from developed countries or emerging markets, have been driven by a mixture of three factors: the hyper-competition among companies, the improvements in transport, information and communication technologies, and the liberalization of foreign direct investment (FDI) regimes all over the world (Sauvant, 2008). Today’s largest MNCs and TNCs control a significant proportion of global production, are engines of economic growth and, therefore, occupy a leading position in the international business (Toma et al., 2016).

The aim of the paper is to briefly analyse the evolution of the world’s ten largest corporations by their total revenues, profits and number of employees in the period 2017-2018. The paper is structured as follows. The next section displays the literature review. The research methodology is presented in the third section of the paper. The fourth section deals with the results. The paper ends with conclusions.

LITERATURE REVIEW

The early forms of multinational and transnational corporations are to be found in the beginning of the 17th century when British and Dutch colonial trading companies were established (Anderson, 2009; Gelderblom et al., 2013). Founded in 1602, the Dutch East India Company or Vereenigde Oost-Indische Compagnie (VOC) is considered as the first multinational corporation in the world history (Gerstell, 1991). The British East India Trading Company represents another famous example of a company engaged in vast commercial activities in Asia. Conceived as a joint stock company, the British company had become an empire within the British Empire (Dalrymple, 2019).

There are various approaches in the literature regarding the definition of MNCs and TNCs. A MNC is defined as:

- “a business organization whose activities are located in more than two countries and is the organizational form that defines foreign direct investment” and „consists of a country location where the firm is incorporated and of the establishment of branches or subsidiaries in foreign countries” (Kogut, 2001, p. 10197).
- “a company, or corporation, that operates internationally, usually with subsidiaries, offices, or production facilities in more than one country” (Chartered Management Institute, 2004, p. 281).
- “a firm that engages in direct investment outside its home country, that is, in foreign direct investment (FDI)” (Muchlinski, 2007, p. 5).
- “any corporation that is registered and operates in more than one country at a time” (Encyclopaedia Britannica, 2019, p. 1).

On their turn, TNCs are defined as:

- „any enterprise that undertakes foreign direct investment, owns or controls income-gathering assets in more than one country, produces goods or services outside its country of origin, or engages in international production” (Biersteker, 1978, p. xii).
- „all enterprises which control assets—factories, mines, sales offices and the like- in two or more countries” (UNCTC, 1978, p. 158).
- „organizations that control, utilize, and distribute goods and services and create jobs, wealth, and knowledge on an increasingly global scale” (Sagafi-nejad and Dunning, 2008, p. xv).

Some researchers consider that multinational and transnational are interchangeable terms (Collin, 2007), others stress the distinction between them. In this respect, there are at least two differences as follows:

1. In MNCs “key decisions were usually dominated by the country management group because it made the most critical contribution to achieving national responsiveness” whereas in TNCs “biases in the decision-making process are consciously reduced by building up the capability, credibility, and influence of the less powerful management groups while protecting the morale and expertise of the dominant group” (Bartlett et al., 2008, p. 340-341).
2. MNCs “followed a multinational strategic approach: their worldwide strategy was the sum of the multiple national subsidiaries’ needs” (Bartlett and Ghoshal, 2002, p. 114) whereas in the case of TNCs “the national subsidiaries become strategic partners whose knowledge and capabilities are vital to the corporation’s ability to maintain a long-term global competitive advantage” (Bartlett and Ghoshal, 2002, p. 117).

In the past years several studies have analysed the evolution of the largest MNCs and TNCs at a global

scale (Grădinaru and Toma, 2018; Toma et al., 2016). They emphasized the key role played by these corporations in the world economy.

METHODOLOGY OF RESEARCH

The research is based on a quantitative method. First, the author searched for information in a Romanian library where he found several sources of secondary data such as journals and books from the areas of international business, management, and economic history. Second, the author performed a literature review. Third, he analysed and synthesised the information.

RESULTS AND DISCUSSION

In the period 2017-2018, the American retailer Wal-Mart dominated the top of the largest corporations of the world by their total revenues (Table 1 and 2). The first 10 largest corporations operate in different domains as follows:

- five corporations in 2017 (Sinopec Group, China National Petroleum, Royal Dutch Shell, BP, Exxon Mobil) and six corporations in 2018 (Sinopec Group, Royal Dutch Shell, China National Petroleum, Saudi Aramco, British Petroleum (BP), Exxon Mobil) were from the petroleum refining industry;
- two corporations in 2017 and 2018 were from the auto industry (Volkswagen, Toyota Motor);
- one corporation in 2017 and 2018 was from the retailing sector (Wal-Mart);
- one corporation in 2017 and 2018 was from the distribution of electricity (State Grid);
- one corporation in 2017 was from the banking and financial sector (Berkshire Hathaway).
- The headquarters of these corporations are located in:
 - the People's Republic of China (State Grid, Sinopec Group, China National Petroleum);
 - the United States of America (Wal-Mart, Exxon Mobil, Berkshire Hathaway);
 - Japan (Toyota Motor);
 - the United Kingdom (BP);
 - Netherlands (Royal Dutch Shell);
 - Germany (Volkswagen);
 - Saudi Arabia (Saudi Aramco).

In 2017, Apple was the most profitable corporation of the world and was replaced by Saudi Aramco in 2018 (Table 3 and 4). The world's 10 largest corporations by their profit operate in different domains as follows:

- five corporations in 2017 (Berkshire Hathaway, Industrial & Commercial Bank of China, China Construction Bank, Agricultural Bank of China,

Bank of China) and six corporations in 2018 (Industrial & Commercial Bank of China, China Construction Bank, JPMorgan Chase & Co., Agricultural Bank of China, Bank of America Corp., Bank of China) were from the banking and financial sector;

- four corporations in 2017 (Apple, Samsung Electronics, Verizon Communications, AT & T) and three corporations in 2018 (Apple, Samsung Electronics, Alphabet) were from the IT & C and electronics;
- one corporation in 2017 was from the tobacco industry (British American Tobacco);
- one corporation in 2018 was from the petroleum refining industry (Saudi Aramco).

The headquarters of these corporations are located in:

- the United States of America (Apple, Berkshire Hathaway, Verizon Communications, AT & T, Alphabet, Bank of America Corp.);
- the People's Republic of China (Industrial & Commercial Bank of China, China Construction Bank, Agricultural Bank of China, Bank of China);
- the United Kingdom (British American Tobacco);
- the Republic of Korea (Samsung Electronics);
- Saudi Arabia (Saudi Aramco).

In the period 2017-2018, Wal-Mart was the largest employer of the world (Table 5 and 6). The world's 10 largest corporations by their number of employees operate in different domains as follows:

- two corporations in 2017 and 2018 were from the petroleum refining industry (China National Petroleum, Sinopec Group);
- two corporations in 2017 and 2018 were from the postal services sector (China Post Group, US Postal Service);
- one corporation in 2017 and 2018 was from electronics (Hon Hai Precision Industry);
- one corporation in 2017 and 2018 was from the distribution of electricity (State Grid);
- one corporation in 2017 and 2018 was from the catering sector (Compass Group);
- one corporation in 2017 and 2018 was from the retailing sector (Wal-Mart);
- one corporation in 2017 and 2018 was from e-commerce (Amazon);
- one corporation in 2017 and 2018 was from the auto industry (Volkswagen).

The headquarters of these corporations are located in:

- the People's Republic of China (China National Petroleum, Sinopec Group, China Post Group, State Grid);
- the United States of America (Wal-Mart, US Postal Service, Amazon);
- the United Kingdom (Compass Group);
- Germany (Volkswagen);
- Taiwan (Hon Hai Precision Industry).

In the period 2017-2018, MNCs and TNCs continued to dominate the business world at a global scale. Starting from the above results the following issues can be highlighted:

- The American and Chinese corporations were predominant and occupied leading positions in the three rankings.
- Wal-Mart, the American colossus, was the largest corporation of the world by its total revenues and the largest employer of the world in the period 2017-2018.
- In comparison with 2017, all the corporations had obtained better results in 2018 both in terms of total revenues and profit.
- The top of the world's 10 largest corporations by their total revenues remained pretty the same in that period. Nine corporations were the same in the top.
- The top of the world's 10 largest corporations by their profit changed significantly in the period 2017-2018. Only six corporations were the same in the top.

CONCLUSIONS

There is a growing consensus among researchers, policy makers and business men that MNCs and TNCs constitute key players in global business. In this respect, the world's 10 largest corporations earned enormous revenues and profits, and were the biggest employers of the world in the period 2017-2018.

The paper shows that these corporations have become huge business organizations and achieved impressive performances. Also, it reveals that the world's largest corporations belong to several important domains, such as the petroleum refining industry or the banking and financial sector, and most of them are American and Chinese corporations. This demonstrates once again their appreciable impact on the evolution of specific industries at a global level.

REFERENCES

- [1] Anderson, R. J. (2009). Toward global corporate citizenship: Reframing foreign direct investment law. *Michigan State Journal of International Law*, 18(1), 1-31. Retrieved from https://pdfs.semanticscholar.org/82ee/1538f9f8699d82edb16a37a0f5b951fc879d.pdf?_ga=2.166901242.591542743.1575232945-823036627.1575101312.
- [2] Bartlett, C. A., Ghoshal, S., & Beamish, P. W. (2008). *Transnational Management: Test, Cases, and Readings in Cross-Border Management* (5th ed.). New York, NY: McGraw-Hill.
- [3] Bartlett, C. A., & Ghoshal, S. (2002). *Managing Across Borders: The Transnational Solution*. Boston, MA; Harvard Business School Press.
- [4] Biersteker, T. J. (1978). *Distortion of Development? Contending Perspectives on the Multinational Corporation*. Cambridge, MA: MIT Press.
- [5] Chartered Management Institute (2004). *Dictionary of Business & Management*. London: Bloomsbury.
- [6] Collin, P. H. (2007). *Dictionary of Business* (4th ed.). London: A & C Black.
- [7] Dalrymple, W. (2019). Lessons for capitalism from the East India Company. *Financial Times*, 30.08.2019. Retrieved from <https://www.ft.com/content/0f1ec9da-c9a6-11e9-af46-b09e8bfe60c0>.
- [8] Encyclopaedia Britannica (2019). *Multinational corporation*. Retrieved from <https://www.britannica.com/topic/multinational-corporation>.
- [9] Fortune (2019). The Global 500. *Fortune*, 01.08.2019. Retrieved from <https://fortune.com/global500/2019/>.
- [10] Fortune (2018). The Global 500. *Fortune*, 01.08.2018. Retrieved from <https://fortune.com/global500/2018/>.
- [11] Gelderblom, O., De Jong, A., & Jonker, J. (2013). The formative years of the modern corporation: The Dutch East India Company VOC, 1602-1623. *The Journal of Economic History*, 73(4), 1050-1076. Retrieved from https://www.ris.uu.nl/ws/files/26913005/Gelderblom_De_Jong_and_Jonker_Formative_Year_s.pdf.
- [12] Gerstell, D. (2010). Administrative adaptability: The Dutch East India Company and its rise to power. *Emory Endeavors in World History Editorial Board 3*, 1-15. Retrieved from <http://history.emory.edu/home/documents/endeavors/volume3/DanielGerstell.pdf>.
- [13] Grădinaru, C., & Toma, S.-G. (2018). The largest corporations in the world in the period 2016-2017. *Annals of 'Constantin Brâncuși' University of Târgu-Jiu. Economy Series, Special Issue*, 68-73. Retrieved from http://www.utgjiu.ro/revista/ec/pdf/2018-SPECIAL/08_Gradinaru.pdf.
- [14] Hedlund, G., & Dunning, J. H. (Eds.) (1993). *Organization of Transnational Corporations*. London: Routledge.
- [15] Ietto-Gillies, G. (2012). *Transnational Corporations and International Production: Concepts, Theories and Effects* (2nd ed.). Cheltenham: Edward Elgar Publishing Limited.
- [16] Kogut, B. (2001). Multinational Corporations. In N. J. Smelser, & P. B. Baltes (Eds.), *International Encyclopaedia of the Social &*

- Behavioral Sciences* (pp. 10197-10204). Oxford: Pergamon. Retrieved from https://www0.gsb.columbia.edu/faculty/bkogut/files/Chapter_in_smelser-Baltes_2001.pdf.
- [17] Kozul-Wright, R. (1995). Transnational Corporations and the Nation State. In J. Michie, & J. Grieve Smith (Eds.), *Managing the Global Economy* (pp. 135-171). Oxford: Oxford University Press.
- [18] Muchlinski, P. T. (2007). *Multinational Enterprises and the Law* (2nd ed.). Oxford: Oxford University Press.
- [19] UNCTC (1978). *Transnational Corporations in World Development: A Re-examination*. New York, NY: United Nations.
- [20] Sagafi-nejad, T., & Dunning, J. H. (2008). *The UN and Transnational Corporations: From Code of Conduct to Global Compact*. Bloomington, IN: Indiana University Press.
- [21] Sauvart, K. P. (2008). The Rise of TNCs from Emerging Markets: The Issues. In K. P. Sauvart (Ed.), *The Rise of Transnational Corporations from Emerging Markets: Threat or Opportunity?* (pp. 3-14). Cheltenham: Edward Elgar Publishing Limited.
- [22] Schwab, K. (2018). *Globalization 4.0- what does it mean?* World Economic Forum, 05.11.2018. Retrieved from <https://www.weforum.org/agenda/2018/11/globalization-4-what-does-it-mean-how-it-will-benefit-everyone/>.
- [23] Toma, S.-G., Marinescu, P., & Constantin, I. (2016). How the ten largest corporations of the world evolved in the period 2014-2015. *Ovidius University Annals- Economic Sciences Series*, XVI(2), 61-67. Retrieved from http://stec.univ-ovidius.ro/html/anale/RO/2016/ANALE%20vol%202016_issue_2_site.2.pdf.

List of tables

Table No. 1
The world's 10 largest corporations by their total revenues in 2017

No.	Corporation	Revenues (\$B)
1.	Wal-Mart	500.343
2.	State Grid	348.903
3.	Sinopec Group	326.953
4.	China National Petroleum	326.007
5.	Royal Dutch Shell	311.870
6.	Toyota Motor	265.172
7.	Volkswagen	260.028
8.	BP	244.582
9.	Exxon Mobil	244.363
10.	Berkshire Hathaway	242.137

Source: *Fortune*, 2018.

Table No. 2
The world's 10 largest corporations by their total revenues in 2018

No.	Corporation	Revenues (\$B)
1.	Wal-Mart	514.405
2.	Sinopec Group	414.649
3.	Royal Dutch Shell	396.556
4.	China National Petroleum	392.976
5.	State Grid	387.056
6.	Saudi Aramco	355.905
7.	BP	303.738
8.	Exxon Mobil	290.212
9.	Volkswagen	278.341
10.	Toyota Motor	272.612

Source: *Fortune*, 2019.

Table No. 3
The world's 10 largest corporations by their profit in 2017

No.	Corporation	Profit (\$B)
1.	Apple	48.351
2.	British American Tobacco	48.327
3.	Berkshire Hathaway	44.940
4.	Industrial & Commercial Bank of China	42.323
5.	Samsung Electronics	36.575
6.	China Construction Bank	35.845
7.	Verizon Communications	30.101
8.	AT & T	29.450
9.	Agricultural Bank of China	28.550
10.	Bank of China	25.509

Source: *Fortune*, 2018.

Table No. 4
The world's 10 largest corporations by their profit in 2018

No.	Corporation	Profit (\$B)
1.	Saudi Aramco	110.974
2.	Apple	59.531
3.	Industrial & Commercial Bank of China	45.002
4.	Samsung Electronics	39.895
5.	China Construction Bank	38.498
6.	JPMorgan Chase & Co.	32.474
7.	Alphabet	30.736
8.	Agricultural Bank of China	30.656
9.	Bank of America Corp.	28.147
10.	Bank of China	27.225

Source: Fortune, 2019.

Table No. 5
The world's 10 largest corporations by their number of employees in 2017

No.	Corporation	Number of employees
1.	Wal-Mart	2,300,000
2.	China National Petroleum	1,470,193
3.	China Post Group	948,239
4.	State Grid	913,546
5.	Hon Hai Precision Industry	803,126
6.	Sinopec Group	667,793
7.	Volkswagen	642,292
8.	Compass Group	588,112
9.	US Postal Service	573,614
10.	Amazon	566,000

Source: Fortune, 2018.

Table No. 6
The world's 10 largest corporations by their number of employees in 2018

No.	Corporation	Number of employees
1.	Wal-Mart	2,200,000
2.	China National Petroleum	1,382,401
3.	China Post Group	935,191
4.	State Grid	917,717
5.	Hon Hai Precision Industry	667,680
6.	Volkswagen	664,496
7.	Amazon	647,500
8.	Sinopec Group	619,151
9.	Compass Group	595,841
10.	US Postal Service	565,802

Source: Fortune, 2019.