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HOW THE WORLD'S LARGEST CORPORATIONS EVOLVED IN THE PERIOD 2012-2013

Literature
review

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Abstract

The largest multinational and transnational corporations are key actors in the world economy. Their number has significantly increased in the last decades both in the developed and the developing countries. Consequently, they are more dispersed globally than in the past. As the world's largest corporations have become more powerful over time, they represent not only an economic force, but also a political and cultural force in today's highly globalized world. They have a huge impact on the lives of billions of people every day. The aim of our paper is to analyse the evolution of the first ten world's largest corporations by their revenues and profits in the period 2012-2013. The research type is literature review.

INTRODUCTION

The emergence of big corporations at the end of the nineteenth century and the beginning of the twentieth brought a major change in the evolution of the world economy. In the first year of the last century, a group of steel men and bankers created the first-billion dollar American corporation in the history: the US Steel Corporation. In a relative short period of time, the old economy based especially on many small and medium-sized businesses and agriculture turned into an industrial economy based on large-scale enterprises.

A real “corporate revolution” led to the establishment of large manufacturing corporations all over the world. This type of economic organization became predominant firstly within the American industry in the following two major steps: “The first was the creation of the large private business corporate institution itself, its origins as a quasi-government agency and its metamorphosis into private property. The historical question was how an organizational form constituted as a n extension of state power to accomplish publicly useful projects was transformed into a sanctuary from state power as the institutional basis of private accumulation. This was achieved in the 1870s. But until the century’s end, the corporate institutional structure was confined to those arenas of economic life that Western governments have generally claimed special jurisdiction over, namely, infrastructural sectors of transportation, communication, and finance. The second step was the extension of the corporate institutional structure into manufacturing. As late as 1890, fewer than ten manufacturing securities were traded on the major stock exchanges, and most of those, like Pullman’s Palace Car Company, were closely associated with the railroad” (Fortune Global 500, 2014). It goes without saying that “with the institutional crystallization of American capitalist class power in the modern corporation, and the defeat of the late-nineteenth-century challenges that had emerged from what was then the most militant industrial working class in the world, as well as from the radicalized farmer’s movement, US capitalism entered the twentieth century having demonstrated a remarkable capacity to integrate and subsume under its hegemony not only small business but also professionals, middle class strata, and working class consumers” (Fortune Global 500, 2013). However, “before the First World War, it was British companies that dominated, but afterwards US companies led a second wave of investment” (Bearle& Means, 1967).

In the 1930s, the big corporations began to dominate most major industries due to several factors such as advanced management techniques and methods, modern technologies, economies of scale or economies of scope. As a consequence, the corporate system concentrated a huge economic power (Chandler, 1977).

By the outbreak of World War II, the place of big corporations in society was becoming clear. That is why “in an industrial society in which the large corporation is the representative social institution, it is equally essential that the corporation be organized in such a way as to be able itself to function and to survive as an institution, as to enable society to realize its basic promises and beliefs, and as to enable society to function and to survive” (Drucker, 1946).

In the years following World War II, the big corporations became more powerful. In this respect, „these giant enterprises generated by far the largest share of nongovernment funds and provided most of the nongovernment personnel involved in industrial research and development” (Kippenberger, 2000).

After the fall of the Berlin Wall, the largest multinational and transnational corporations have started to be the major players in the business world. Their number has significantly increased in the last decades both in the developed and the developing countries. In order to remain competitive, they must “continue to expand globally and cope with the environmental changes in various regions” Lowengart& Menipaz, (2001).

The aim of our paper is to analyse the evolution of the first ten world’s largest corporations by their revenues and profits in the period 2012-2013. The research type is literature review.

The reminder of our paper is structured as follows. The next section is dealing with the evolution of the above mentioned ten largest corporations in the age of globalization. The paper ends with conclusions.

THE EVOLUTION OF THE FIRST TEN WORLD’S LARGEST CORPORATIONS IN THE PERIOD 2012-2013

Today’s multinational and transnational corporations are more dispersed globally than in the past due mainly to the fact that “operating in a large number of countries gives advantages to the corporation” (Martelli& Abels, 2011). In other words, “globalization of corporations, no matter the size, has become a necessity for strategic expansion” (Panitch, & Gindin, 2013). As the world’s largest corporations have become more powerful over time, they represent not only an economic force, but also a political and cultural force in today’s highly globalized world. In essence, they have a huge impact on the lives of billions of people every day.

In 2012, the world's 500 largest corporations obtained a combined \$30.3 trillion in revenues, up almost 3% from 2011, and \$1.5 trillion in profits, down 5.5% from 2011 (Sprague & Ietto-Gillies, 2014). Last year, 27 new corporations entered the top. The world's 500 largest corporations achieved a combined \$31.1 trillion in revenues in 2013, up 2.5% from 2012, and almost \$2 trillion in profits, up 27% from 2012 (Roy, www.hbs.edu).

In 2012, Royal Dutch Shell dominated the top with total revenues of \$481,700 millions, being followed by Wal-Mart with \$469,162 millions (Table no. 1). Three corporations were from China (Sinopec Group, China National Petroleum, State Grid), two corporations were from United States of America (Wal-Mart, Exxon Mobil) and one corporation from Netherlands (Royal Dutch Shell), Great Britain (BP), Japan (Toyota Motor), Germany (Volkswagen) and France (Total). These corporations belonged to various sectors as follows:

- six corporations from petroleum refining industry (Royal Dutch Shell, Exxon Mobil, Sinopec Group, China National Petroleum, BP, Total);
- two corporations from automotive (Toyota Motor, Volkswagen);
- one corporation from retailing (Wal Mart);
- one corporation from electricity distribution (State Grid).

In 2013, Wal-Mart dominated the top with total revenues of \$476,294 millions, being followed by Royal Dutch Shell with \$459,599 millions (Table no. 2).

Three corporations were from China (Sinopec Group, China National Petroleum, State Grid), two corporations were from United States of America (Wal-Mart, Exxon Mobil) and one corporation from Netherlands (Royal Dutch Shell), Great Britain (BP), Japan (Toyota Motor), Germany (Volkswagen) and Switzerland (Glencore). These corporations belonged to various sectors as follows:

- five corporations from petroleum refining industry (Royal Dutch Shell, Exxon Mobil, Sinopec Group, China National Petroleum, BP, Total);
- two corporations from automotive (Toyota Motor, Volkswagen);
- one corporation from retailing (Wal Mart);
- one corporation from electricity distribution (State Grid);
- one corporation from mining and quarrying (Glencore).

In sum, 90% of the ten largest corporations after their revenues remained the same in the period 2012-2013.

In 2012, Exxon Mobil dominated the top with total profits of \$44,880 millions, being followed by Apple with \$41,733 millions (Table no. 3).

Four corporations were from China (Industrial & Commercial Bank of China, China Construction

Bank, Agricultural Bank of China, Bank of China), three corporations were from United States of America (Exxon Mobil, Apple, Chevron) and one corporation from Netherlands (Royal Dutch Shell), Germany (Volkswagen) and Russia (Gazprom). These corporations belonged to various sectors as follows:

- four corporations from gas and petroleum refining industry (Royal Dutch Shell, Exxon Mobil, Chevron, Gazprom);
- four corporations from banking (Toyota Motor, Volkswagen);
- one corporation from automotive (Volkswagen);
- one corporation from computers and office equipment (Apple).

In 2013, Vodafone Group dominated the top with total profits of \$94,132 millions, being followed by Fannie Mae with \$83,963 millions (Table no. 4).

Four corporations were from United States of America (Fannie Mae, Freddie Mac, Apple, Exxon Mobil), three corporations were from China (Industrial & Commercial Bank of China, China Construction Bank, Agricultural Bank of China), one corporation from Great Britain (Vodafone Group), Russia (Gazprom) and South Korea (Samsung Electronics). These corporations belonged to various sectors as follows:

- five corporations from banking (Fannie Mae, Freddie Mac, Industrial & Commercial Bank of China, China Construction Bank, Agricultural Bank of China);
- two corporations from gas and petroleum refining industry (Exxon Mobil, Gazprom);
- one corporation from telecommunication (Vodafone Group);
- one corporation from computers and office equipment (Apple).
- one corporation from electronics (Samsung Electronics).

In the period 2012-2013, 60% of the ten largest corporations after their profits were the same.

CONCLUSIONS

In the past decades, the role played by the largest multinational and transnational corporations in the business world has been recognized by researchers and practitioners. Our paper has demonstrated that they have proved to be very powerful players in the age of globalization. Also, it has shown that most of the ten world's largest corporations remained the same in the period 2012-2013.

Our paper contributes to a better understanding of the importance of these corporations in today's world, and provides a platform on which to build further studies on the same challenging topic.

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Table No. 1. The top ten world's largest corporations after their revenues in 2012.

No.	Corporation	Revenue (\$ millions)
1.	Royal Dutch Shell	481,700
2.	Wal-Mart	469,162
3.	Exxon Mobil	449,886
4.	Sinopec Group	428,167
5.	China National Petroleum	408,630
6.	BP	388,285
7.	State Grid	298,448
8.	Toyota Motor	265,701
9.	Volkswagen	247,613
10.	Total	234,277

Source: ***- Fortune Global 500, *Fortune*, 168(2), 22.07.2013, p. 108.

Table No. 2. The top ten world's largest corporations after their revenues in 2013.

No.	Corporation	Revenue (\$ millions)
1.	Wal-Mart	476,294
2.	Royal Dutch Shell	459,599
3.	Sinopec Group	457,201
4.	China National Petroleum	432,007
5.	Exxon Mobil	407,666
6.	BP	396,217
7.	State Grid	333,386
8.	Volkswagen	261,539
9.	Toyota Motor	256,454
10.	Glencore	232,694

Source: ***- Fortune Global 500, *Fortune*, 170 (1), 21.07.2014, p. 62.

Table No. 3. The top ten world's largest corporations after their profits in 2012.

No.	Corporation	Profit (\$ millions)
1.	Exxon Mobil	44,880
2.	Apple	41,733
3.	Gazprom	38,086
4.	Industrial & Commercial Bank of China	37,806
5.	China Construction Bank	30,618
6.	Volkswagen	27,909
7.	Royal Dutch Shell	26,592
8.	Chevron	26,179
9.	Agricultural Bank of China	22,996
10.	Bank of China	22,099

Source: ***- Fortune Global 500, *Fortune*, 168(2), 22.07.2013, p. 120.

Table No. 4. The top ten world's largest corporations after their profits in 2013.

No.	Corporation	Profit (\$ millions)
1.	Vodafone Group	94,132
2.	Fannie Mae	83,963
3.	Freddie Mac	48,668
4.	Industrial & Commercial Bank of China	42,718
5.	Apple	37,037
6.	Gazprom	35,769
7.	China Construction Bank	34,912
8.	Exxon Mobil	32,580
9.	Samsung Electronics	27,245
10.	Agricultural Bank of China	27,050

(Source: ***- Fortune Global 500, *Fortune*, 170 (1), 21.07.2014, p.74.