

Corporate Clout Distributed: The Influence of the World's Largest 100 Economic Entities

Submitted by: Strategy Dynamics Global SA

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Of the world's 100 largest economic entities in 2010, 42 (42%) are corporations. The largest, as in 2009 was Wal-Mart, whose 2010 revenues exceeded the GDPs of 171 countries making it the 25th largest economic entity in the world. The next group in terms of size is energy majors with the combined revenues of the five largest players (Royal Dutch Shell, ExxonMobil, BP, Sinopec and China National Petroleum) equivalent to 2.5% of global GDP in 2010.

A key trend is the movement from West to East as global challengers from rapidly developing economies (RDEs) continue to grow their economic power – along with their countries. Among the Top 100 economic entities there are now 6 RDE companies versus just 1 in 2000, and looking at the Top 150 the number of RDE companies tripled between 2000 and 2010 to 15.

The global recession continues to play out: While the energy majors have seen the greatest revenue growth, automotive companies are showing the benefits of dramatic restructuring during the financial crisis. The largest financial services companies also make the Top 100 list, but rankings were down, impacted by the Eurozone crisis as well as broader challenges in the industry.

However, financial power brokers are clearly in control of the world's sources of value creation. Research from the Swiss Federal Institute of Technology highlights the structure of the control network of transnational corporations (TNCs) – essentially who owns whom. The bottom line: 147 TNCs control almost 40% of the total economic value created by TNCs in the world. Almost three-quarters of these 147 companies are financial intermediaries.

A growing factor to add to the mix is the rising clout of the city. Where the current and future titans of the corporate world are headquartered and operate will make a difference. Currently half of the 42 companies in our Top 100 are located in urban growth hotspots – the question for those who are not is how will this impact their future growth prospects?

Overall it is a multi-hub world, with many distributed players cultivating – and in some cases losing – their economic clout. Understanding how this picture impacts markets, customers, consumers, employees and value creation networks is critical to future of economies and societies globally. The sheer size and influence of corporate entities means there is a need for them to take a more active role in addressing critical global challenges, from food to water to energy security.

Our view at Global Trends (<http://www.globaltrends.com>) is that leaders of the biggest corporations around the world need to rise to the challenge of moving “shared value” beyond lip service and individual initiative. Shared value challenges organizations and their leaders to create value for companies and societies simultaneously. Given mounting worldwide challenges the need for such action is clearly rising, but it will take effort and courage. There is a need to help consumers and customers to rethink consumption. There is also a need to move beyond individual corporate action, even with all the relevant stakeholders involved. Collective, pre-competitive corporate action is needed. It's time to rethink how we channel and use corporate clout to best advantage of both business and society.

Is your business ready to tell your customers and consumers to use less of your products and services?
Are you ready to cooperate with your competitors to pre-empt and find solutions to future global issues?

Read the full report at Global Trends.

(<http://www.globaltrends.com/knowledge-center/features/shapers-and-influencers/151-special-report-corporate-clout-distribut>)

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2. About Global Trends

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