Fortune Global 500 TREND Analysis – A Comparative Study between India and Britain

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Abstract: Global Fortune 500 firms are an important research topic due to their huge impact on national and global economies. The fortune 500 is an annual list compiled and published by fortune magazine that ranks 500 of the world’s largest corporation based on their overall success during the year. According to the 2016 Global Fortune 500 list, WalMart is ranked the first place with revenues of $485.7 billion (Fortune, 2015). This number is similar to the gross domestic product (GDP) of Sweden which is ranked 24th wealthiest country in the world (IMF World Economic Outlook, 2015). The companies under consideration are just instances of market trend and do not project a generalized idea of the entire fiscal scenario of the nation. The examples chosen in the study utilize their strengths in the respective domain for competitive advantage in the market. The British companies, though facing difficulties during recession, have transitioned into better fiscal conditions after 2009. The Indian companies, on the other hand, have been in a nearly stable market condition and continue to expand their global presence.

With MAKE IN INDIA policy and increased SEZs allocation there is a significant increase in the Indian start-ups which have strong chances of making into the Fortune 500 in future.

I. INTRODUCTION

Competitiveness among the nations often manifests as industry strengths and firm-level successes. Global Fortune 500 firms are an important research topic due to their huge impact on national and global economies. The fortune 500 is an annual list compiled and published by fortune magazine that ranks 500 of the world’s largest corporation based on their overall success during the year. According to the 2016 Global Fortune 500 list, WalMart is ranked the first place with revenues of $485.7 billion (Fortune, 2015). This number is similar to the gross domestic product (GDP) of Sweden which is ranked 24th wealthiest country in the world (IMF World Economic Outlook, 2015).

These Global Fortune 500 firms are noted by the economic value, the size of employment, dominant business practices, and thus business research implications. Interestingly enough, the size of GDP of a country and the number of Global Fortune 500 firms in it show strong correlations. Much research attention in this field has focused on internal factors such as leadership, organizational values, M&A and investment activities, control and risk management practices and competitive network capabilities of the firms.

This case study relates to the performances of Global Fortune 500 firms in the period of 2005-2016, Particularly focusing on the differences of Indian and British firms. Because Global Fortune 500 firms are much alike in terms of size, revenues, and sale, they are ideal objectives for this comparative study. The outcomes identify the key differences of the global firms of these two countries, and noticeable trends and key business factors.

II. PERFORMANCE COMPARISON OF INDIAN AND BRITISH FIRMS
The Number of Indian companies in Top 500 are low compared to their British counterparts but are extremely consistent over the 12 years taken into consideration. Britain on the other hand, been a bit more inconsistent on that regard, with a big decrease from 08-09 (34 to 26), the reason for that decrease explained later on. Also it is important to note that the number of British companies in the 500 in the last few years is much lesser than during the first few years, starting from 2005.

III. YEAR WISE COMPARISON

Taking top 5 industries in Britain, all of them are more or less consistent over the years, except Insurance in 2009 (down from 5 to 1). Further the number of companies in banking industry goes down from 8 to 6 in 2009. So, it reflects that 6 out of the 8 companies which went out of reckoning belonged to these 2 industries. The decline has been concentrated in these 2 industries and not distributed among various industries, hence only these 2 industries played major roles in the overall decline of number of British companies.

But Why Such A Big Decrease In 2009 And That Too Mainly In These 2 Sectors?

2009 was the worst year in UK Economy since 1961. Its GDP fell by 0.4%, unemployment rose in huge numbers, bank interest rates fell from 5% in Sep 2008 to 0.5% in March 2009. More importantly, financial sector (Banks and Insurance industries part of that sector) was one of the worst hit during the recession, and hence could be the possible reason for decline in these 2 sectors in year 2009, thereby contributing to the overall decline.

Despite the recession continuing till 2010, the 4 companies returned to the rankings at better positions than when they left in 2009 which is quite a comeback.

During the same time period, year wise comparison for the performance of Indian firms in Fortune Global 500 list indicates following trends:
Most of the industries sectors for Indian companies performed quite consistently throughout the time frame and there is no drastic fluctuation in the trend. The only visible anomaly is the removal of Mining and Crude Oil Production Company after 10 years. Only one Indian bank made it to the list but bowed out after 8 year tenure. After 2009 the Indian automobile companies entered into the fortune 500 list leaving a global footprint.

IV. FUTURE INDICATIONS:
Royal Bank of Scotland (RBS) and Standard Chartered Bank both belong to banking industry and are in the danger zone as far as rankings are concerned.

RBS is going down almost linearly in ranking list from 2010 onwards. If similar linear trend continues, it will be out of contention by 2019. Similarly, the Standard Chartered Bank has had rankings below 400 during 2010 to 2016, with a decreasing trend over the past 3 years. Both these companies are on the verge of bowing out of the top 500 soon if the trend continues.

| Table 1: Standard Chartered Bank Fortune Global 500 Ranking from 2007 onwards |
|---------------------------------|---|---|---|---|---|---|---|---|---|---|
| 390   | 390   | 389   | 419   | 456   | 448   | 434   | 470   | 479   | 498   |

The major contributor to Indian economy is the rapidly growing software industry. None the less, this development is not projected on the global rankings as these IT companies are MNCs who outsource their software requirements to India. This is one of the vital reasons for the absence of Indian telecommunication industries from the list.

V. CONCLUSION AND ANALYSIS REPORT
The companies under consideration are just instances of market trend and do not project a generalized idea of the entire fiscal scenario of the nation. The examples chosen in the study utilize their strengths in the respective domain for competitive advantage in the market. The British companies, though facing difficulties during recession, have transitioned into better fiscal conditions after 2009. The Indian companies, on the other hand, have been in a nearly stable market condition and continue to expand their global presence.

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