

The Role of Biggest Companies in International Business Relations and Resolving the Global Problems

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Abstract

This paper discusses the significant features of the biggest companies, first of all transnational corporations (TNCs) in international business. In this regard, the significant attention is paid to the financial resources of leading TNC-s, which prevails the volume of GDP of many countries of the world, including economically developed states. This comparative analysis of the finance resources of the leading companies and the states is presented in this research. Furthermore, important attention is also focused on the role of the leading companies in the resolution of global problems, first of all in the field of environmental protection. In general, it is necessary to understand the definition of TNCs in order to better know their role and functions in the framework of a globally integrated system. Transnational corporations are the main players of the world economics and international business. On one hand the globalization and regionalization create a very good condition for development of TNCs, on the other hand firms reinforce these processes by their export and foreign direct investment.

Keywords: Amazon, Apple, GDP, Royal Dutch Shell, Walmart

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Introduction

We live in a world of multinational corporations – effectively “stateless” companies that select where they are domiciled based on tax laws, red tape and ease of carrying out business.

Some of the biggest companies in the world now employ more people than entire populations of countries – others have higher revenues than major world powers’ GDP.

Apple, famously, has more cash than the GDP of two-thirds of the world’s countries. With yet another product launch today, that could climb even higher. But it’s not the only one. And, as we shift from “stateless” to a possible “virtual” corporate world, many mass media means point out that the balance of power is changing.

The purpose of this paper is to analyze the financial capital of the leading companies in the world and comparing this data with the volume of GDP of the several countries of the world – including economically developed countries. Furthermore, aim of the research is presenting the role of the several leading companies of the world in the resolution the global problems, first of all in the field of environment.

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Research Questions:

- 1) What is the volume of financial capital of the leading companies in the world?
- 2) What is the volume of GDP of the several countries in the world?
- 3) Taking into account the financial resources, what is the role of leading companies in the world in international business?
- 4) How leading companies in the world work for the purpose to save our planet?

Methods

With regards to the research Methods, the following methods have been used:

- 1) Quantitative research methods were used in the research paper, particularly determination the volume of capital of the leading companies and countries of the world.
- 2) Methods of comparative analysis – related to the analysis of the differences of financial capabilities of concrete companies and the states.
- 3) Content analysis - the study of the activities of the leading companies in the world for the resolving such global problem, as environmental protection.
- 4) Narrative analysis – related to the deep analysis of all those processes, which are going on in international business.

As for the **methodological framework** of the paper, we looked at countries' nominal GDP and compared these against the market capitalization value of the top companies in the world, allowing us to rank the companies alongside the countries of the world. This would show us which companies would have a greater value than certain countries.

Apple, Amazon, Walmart - Companies that are Richer than Countries

According to the latest data, the mega company Apple is worth 2 trillion dollars. With its colossal economic capital, it surpassed Russia and Canada, the two largest countries in the world (Interpressnews, 2021).

Russia's GDP is \$ 1.7 trillion, making it impossible for the world to compete with the electronics giant (Statista, 2021).

Founded in 1976 by Steve Jobs, the company, the world leader in sales from MacBooks to iPhones, is the first American company to reach \$ 2 trillion in stock.

We have found other global giants that have grown so large that they have become richer than countries taken as a whole. Particularly, the first Twitter post was posted on March 21, 2006. Ten years later, the company that made the hashtag a global trend has become one of the most widely used social media platforms in the world. Not surprisingly, by

sending about 500 million tweets a day, the value of the company has become about \$ 31 billion (Interpressnews, 2021).

\$ 31 billion is twice the GDP of Equatorial Guinea, a country on the west coast of Africa. Its population is just over 1.3 million. It was once one of the richest countries in Africa, but corruption and declining oil revenues have devastated the economy. The country currently has a GDP of \$ 11 billion (Trading Economics, 2021).

The telecommunications provider Vodafone currently has 625 million mobile users, almost double the US population. Vodafone is currently worth \$ 41.8 billion, making it richer than the Central African country of Gabon (Interpressnews, 2021).

Gabon is a major producer of the economy in Africa. Its GDP is \$ 16.7 billion. Despite its oil wealth, a third of Gabon's 1.5 million people live in poverty (The World Bank, 2021).

Uber online car service and sharing program operates in more than 700 cities and 63 countries around the world. The company is currently valued at \$ 52.39 billion (BPN, 2021). The company's capital is much larger than the budget of Mali, a country in West Africa. With more than 19 million people living in Mali, its economy relies on two main components: gold and cotton exports. The country has a gross domestic product of \$ 17.5 billion (Trading Economics, 2021).

Oil and gas company Royal Dutch Shell operates in more than 70 countries. The oil industry has fallen recently. Due to the lack of demand, the coronavirus temporarily reduced the oil prices. Nevertheless, Royal Dutch Shell is currently worth \$ 87.249 billion (Interpressnews, 2021), making it richer than Africa's one of the largest settlements, the Democratic Republic of the Congo. The republic has a population of more than 84 million, although according to the World Bank and IMF, in 2018, 72% of people lived in extreme poverty. The country is heavily dependent on oil exports with \$ 47.3 billion of GDP (IMF, 2020).

According to the Wall Street Journal, McDonald's sales in the US have already begun to return to the old mark after the pandemic. The company is currently valued at \$ 155.9 billion (Wall Street Journal, 2021), making it the richest business structure in Cuba. Since 1996, Cuba's GDP has been growing every year and reached almost \$ 100 billion in 2019 (Wordometer, 2020).

Oil and Gas Corporation Mobil was founded in late 1999 in Texas by John Rockefeller. The company, which searches for natural gas and oil across six continents, has about 71,000 employees worldwide. Its value is estimated at \$ 177.4 billion (Interpressnews, 2021). Not surprisingly, the company is richer than the country in North Africa - Morocco. Morocco's economy is largely dependent on tourism, agriculture, and mineral extraction. The country's GDP is \$ 118.7 billion (Statista, 2021).

South Korea-based tech company Samsung Electronics generated \$ 206 billion in revenue last year and is currently worth \$ 311.4 billion (BPN, 2021). This data makes it richer than Hungary. With a population of 9.773 million, Hungary's GDP has grown in recent years to \$ 160.967 billion (Hungary Today, 2021).

The food and beverage company Nestlé manufactures products such as KitKat, Cheerios, Milo, etc. The company has 291,000 employees and sells products in 187 countries. It is currently worth \$ 345.97 billion (Interpressnews, 2021).

Nestlé is richer than Portugal. The country has a diversified and largely service-based economy. Its GDP is \$ 237.7 billion. However, the Portuguese economy reduced by 7% in 2020 due to the coronavirus (The World Bank, 2021).

Retail leader Walmart is considered to be the most powerful company in the world. The company was founded in 1962 in Arkansas and soon became a leader in retail, wholesale. The company has 2.2 million employees and operates 11,500 stores in 28 countries. The company is currently valued at \$ 374.98 billion, far more than the Scandinavian countries. The population of the Scandinavian Vancouver Islands and various islands is more than 5.8 million. Denmark's GDP is \$ 348 billion, which means it is worth less than Walmart.

Founded in 2004, Facebook, based in California, now has more than 2.7 billion active users and employs 52,534 people worldwide. Today, the company founded by billionaire Mark Zuckerberg is worth \$ 743.9 billion, which makes the social network richer than Austria.

The Austrian economy is known for its stability and is supported by a strong banking system. The country's GDP is \$ 446.3 billion. Nevertheless, it still lags behind Facebook.

Microsoft Office has at least 1.2 billion users worldwide. In 2019, Microsoft's annual revenue reached \$ 125 billion.

The idea of Bill Gates and the late Paul Allen began in 1975 in a garage. Today, however, it is worth \$ 1.587 trillion, which is richer than Mexico's GDP. The exotic country's gross domestic product in 2019 was \$ 1.258 trillion. More than 126 million people live in this unique North American country.

Jeff Bezos, the founder of the online marketplace Amazon, was given huge profits during the pandemic. The company is currently valued at \$ 1.65 trillion (BPN, 2021).

This makes the company richer than Australia. Australia's GDP is \$ 1.39 trillion. Although Australia has a strong economy, with small data Amazon is still ahead of it (Investopedia, 2021).

What the World's Largest Companies are Doing to Save the Planet

During the coronavirus pandemic, when businesses were battling a crisis, environmental problems became less of a priority. However, the reality still dictates that if humans do not start caring about the planet's vitality, exhausting resources will eventually threaten the very existence of humanity. Many global firms are trying to reduce carbon footprint, plastic waste and make their products more sustainable. For example, fossil fuel pollution in 2018 alone caused the deaths of 8.7 million people (WHO, 2019). In the following years the statistics increased even more.

International community was interested in how big companies help the earth and the ecosystem.

Results

NIKE

Nike uses 3/4 of some recycled materials in production. However, it is on a sustainable path to the introduction of ecological production. The company uses 50% recycled material in the production of the model "Nike Air". And its latest

model SB Dunk sneakers are sewn from vegan leather.

By 2025, Nike plans to switch to 100% recycled materials. In addition, the company has launched a new initiative aimed at reducing carbon emissions by 2030.

Microsoft

The tech company has unveiled a plan under which it plans to become “carbon negative” by 2030, meaning it will receive more carbon from the atmosphere than it emits. By 2050, Microsoft plans to remove all carbon from the environment it has released since 1975.

To achieve this, Microsoft plans to remodel new buildings that will run entirely on renewable energy sources. The goal of Microsoft Corporate Campus is to generate zero waste. AI (artificial intelligence) will play an important role in this. Microsoft also plans to introduce innovative technologies in the field of agriculture.

LEGO

In 2018, LEGO released the first brick made from sugar cane-based plastic. The company aims to create all products from bio-materials by 2030.

In May 2019, the LEGO Group achieved its goal and equipped the workshops with 100% renewable energy. LEGO hopes that by 2025 its production will be created from renewable or recycled materials.

Boeing

The pandemic has dealt a severe blow to the aviation industry, but it has not stopped Boeing from doing so.

Up to 50% sustainable aviation fuel (SAF) and 50% conventional jet fuel blends are currently certified for use in aircraft. But the American airline announced in January that by 2030 its entire fleet would be 100% dependent on biofuels.

Tesla

Tesla launched its millionth electric car in March last year, making it the first manufacturer of electric vehicles. The company's production in the United States alone has prevented the production of more than 3.6 million tons of carbon dioxide in the atmosphere.

Tesla plans to increase global battery capacity and reduce the cost of electric vehicles, which will facilitate the availability of its products. The company's factories themselves run entirely on renewable energy.

Apple

Greenpeace named Apple the most environmentally friendly tech firm in 2015-2017. The company switched to renewable energy back in 2018. Recent data has officially confirmed that the plant in China is operating with zero waste.

Apple is currently working on expanding its global processing software. They upgraded robots to dismantle old products. The tech giant promises that by 2030 it will become “carbon neutral” (BPN, 2021).

Conclusion

When we are discussing about the role of big companies, first of all Trans National Corporations (TNC) in international business and when we compare them with the economic power of the states, which was considered in this research paper, the following question is emerged: At which level TNC are the independent actors of the International business and world politics or they are connected with those states, where they were founded? Several authors consider that such connection exists at least with the part of corporations. The argument here serves the fact, that the majority of such transnational corporations are based in the northern hemisphere and are part of the economically developed global north, part of the western style of life. It can be assumed, that the existence of the national specifics with such organization, which act in the whole world, or its absence, can be explained by the terminology. It is true, that some researchers consider, that TNC possess the national specifics, but at the same time, it is absent with Multinational Corporations, other think on the contrary. At this situation, for the avoiding the complication the analysis, that meanings TNC and MNC are used as synonyms, especially if we take into account the fact, that the national specifics of the TNC does not automatically mean the keeping this character on the international arena. For example, German researcher U. Beck once declared: “What is good for deutsche-bank, during the long time its already not good for Germany”, by the considering, that the interest of the big business cannot coincide with the interests of the majority of population (Lebedeva, 2007).

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