



# Why have MNCs lost their competitiveness?

21 January P&G Keynote

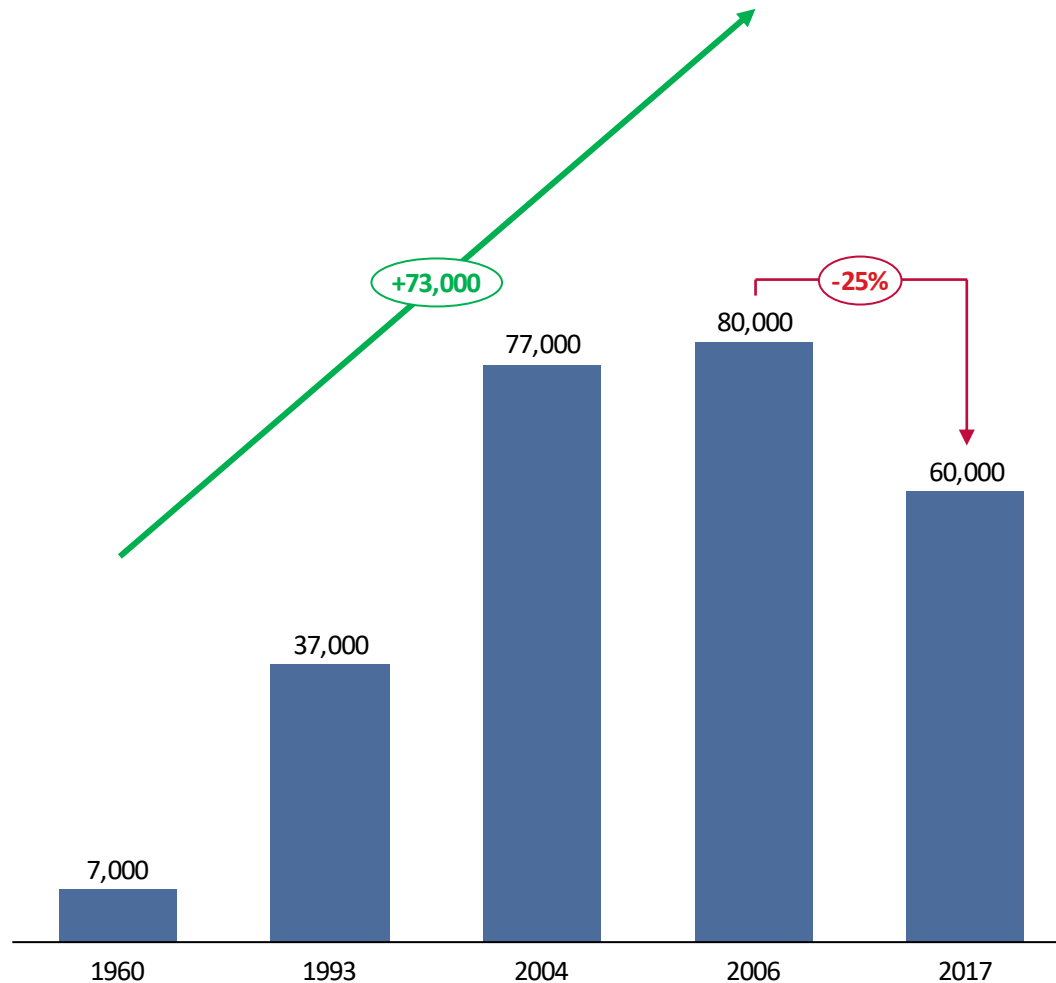
Shiv



**A Multinational is a company that operates in more than one country**

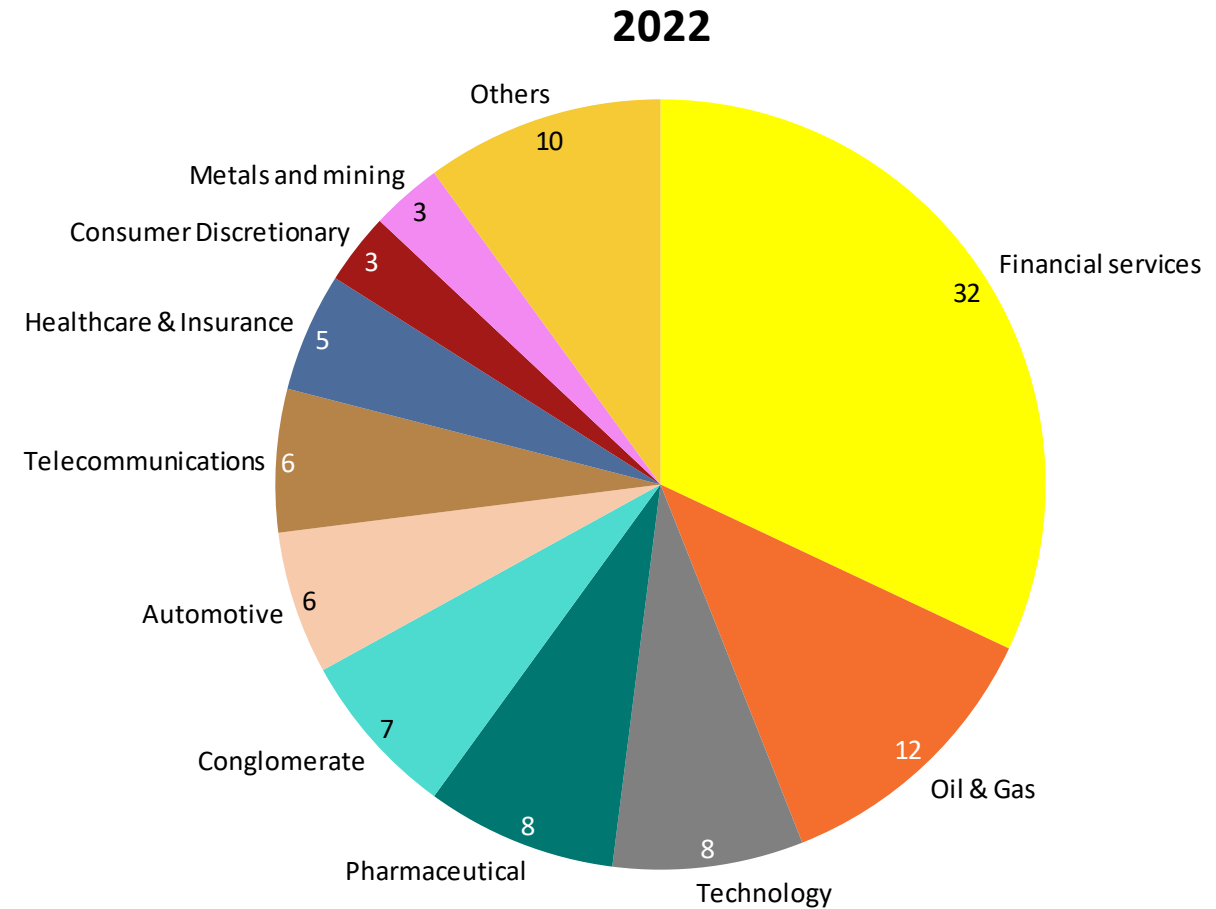
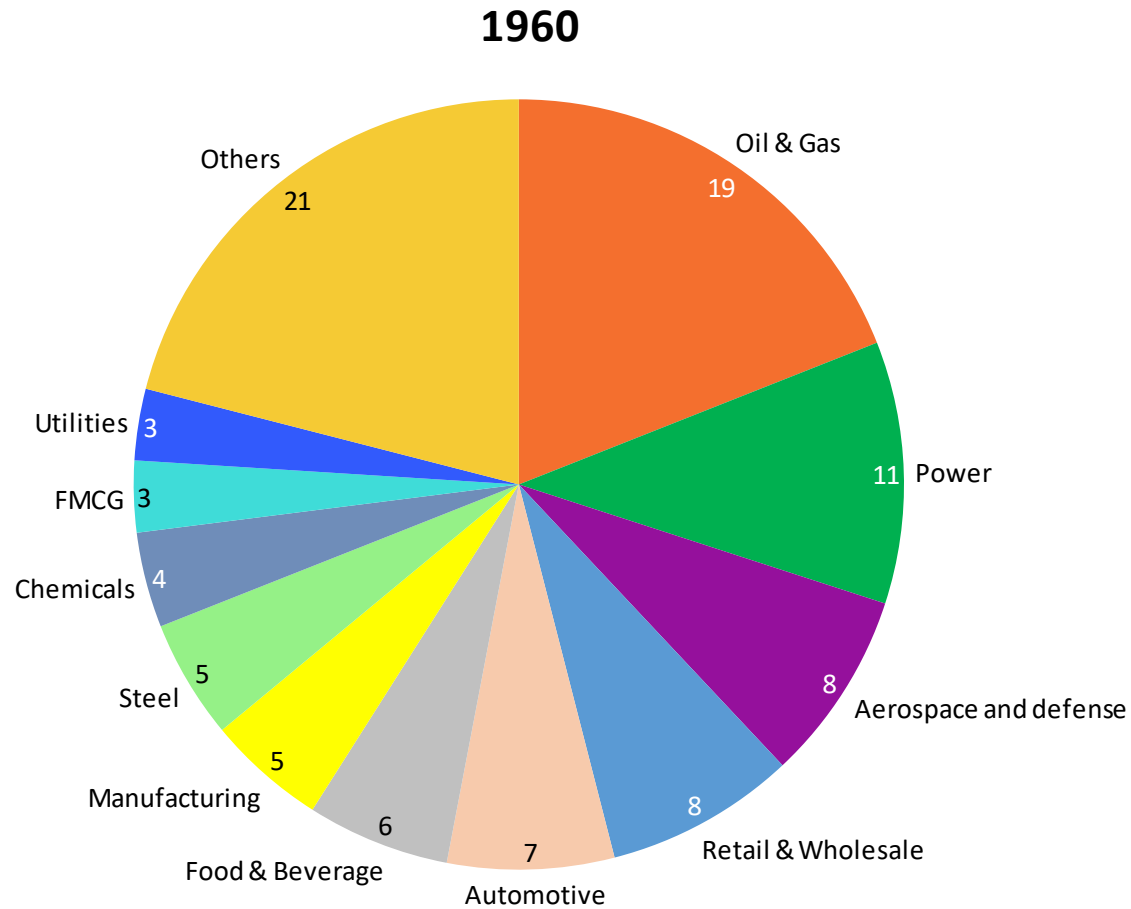
**A company that generates 25 % of its revenue outside the home country**

# Total number of MNCs world-wide



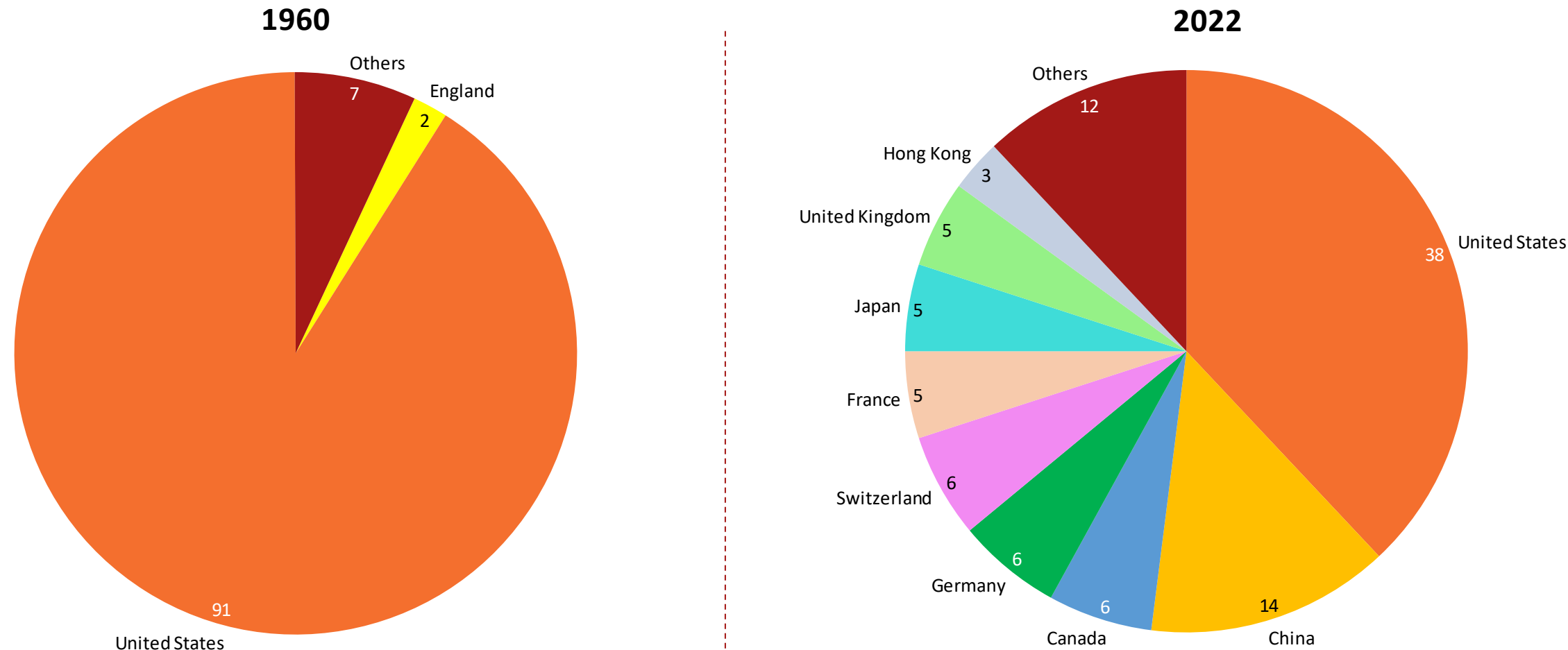
- MNCs were a result of colonization
- First MNC was Dutch East India Company, incorporated in 1603.
- Out of the Top 100 MNCs of 1960,
  - 4 closed their operations by 2010
  - 26 companies converted themselves into a new company (amalgamated/ merged/ got acquired) by 2010 and 1 by 2022
- Out of the Top 100 MNCs of 2010
  - 63 companies lost their rank and were not in the top 100 by 2022.

# Sector-wise distribution of Top 100 MNCs



In 1960, there was only 1 MNC from the financial services sector in the Top 100 list.  
This number is 32 in 2022.

# Country-wise distribution of Top 100 MNCs



From 91% in 1960 to 38% in 2022, United States' share has dropped.  
In 2022, share of developing countries is 22%. Share of E7 stands at 18%.

## List of 8 Tech Companies included in top 100 MNCs world-wide (2022)

Rank (in top 100)	Company
7	Apple
12	Microsoft
28	Tencent Holdings
34	Meta Platforms
51	Intel
78	Siemens
92	Cisco Systems
98	IBM

Alphabet is listed  
under conglomerate

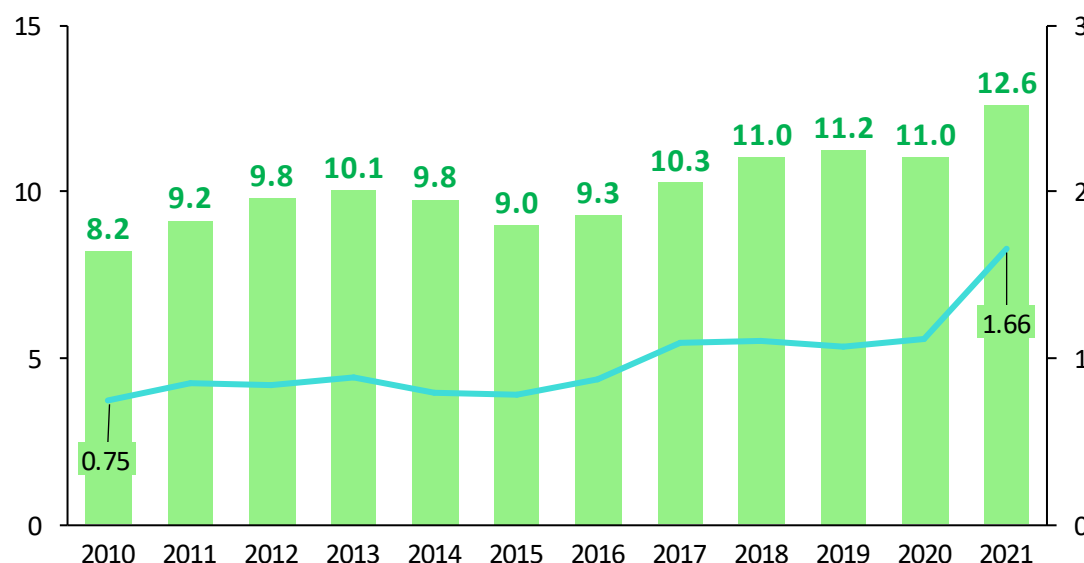


# Top 100 MNCs (92 Non-Tech & 8 Tech) of 2022 over a decade: Revenue and Profit

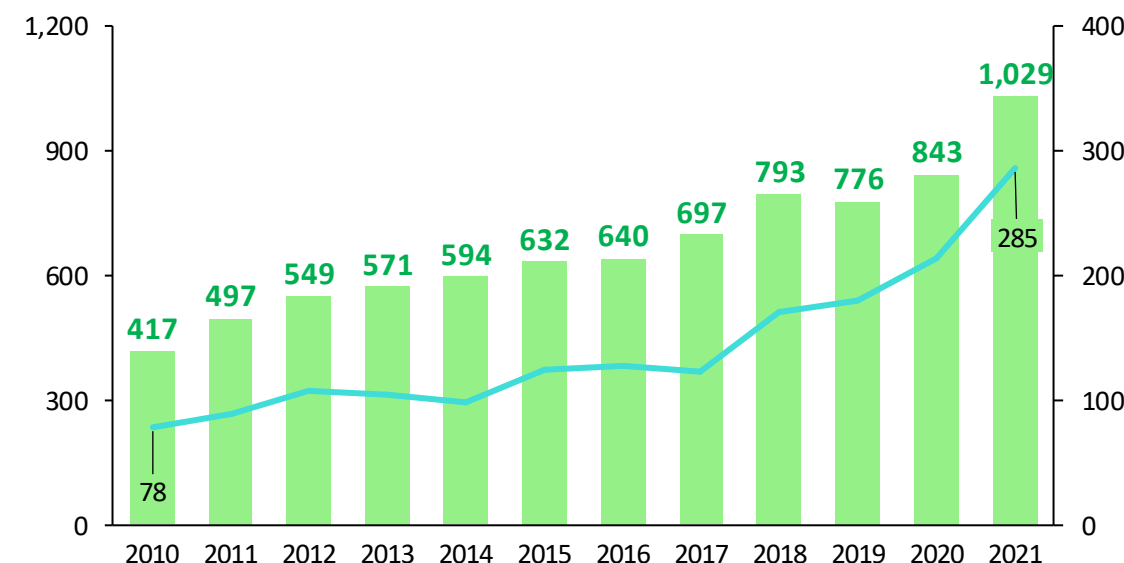
2010 to 2021	Top 100	Top 92 (Non-Tech MNCs)	Top 8 (Tech MNCs)
Revenue CAGR	4.23%	3.95%	8.56%
Profit CAGR	8.06%	7.48%	12.50%

**Global GDP  
Growth :  
3.4%**

Revenue and profit trend of  
Top 92 Non-Tech MNCs of 2022 (In \$ Tn)



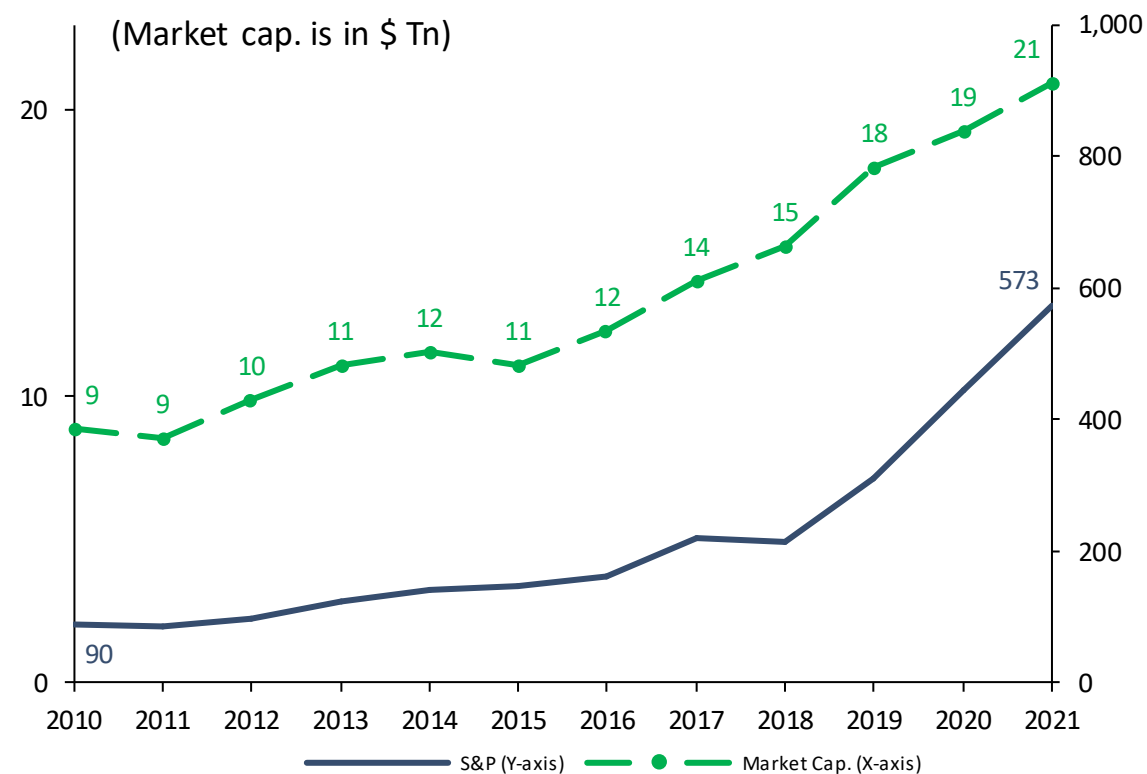
Revenue and profit of  
Top 8 Tech companies\* of 2022 (In \$ Bn)



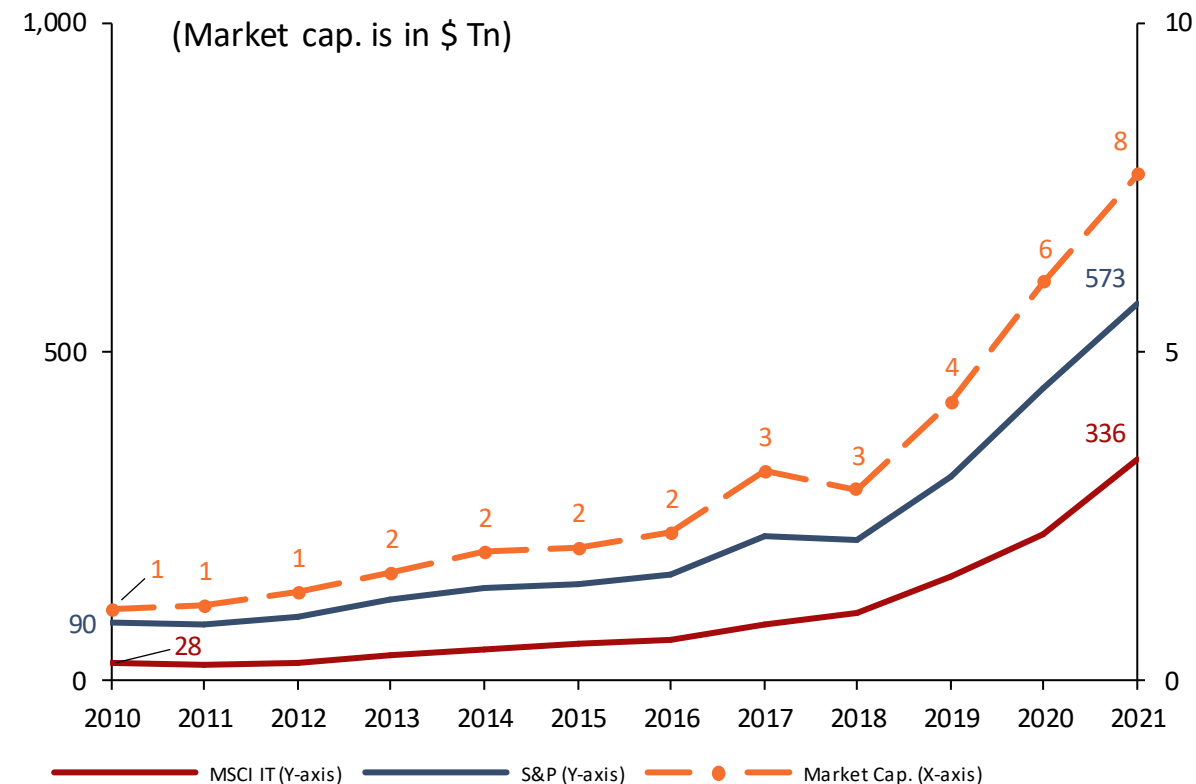
— Profit (Y-axis)    Revenue (X-axis)

# Market Cap. trend of Top 100 MNCs (92 Non-Tech & 8 Tech) of 2022 over a decade

Market Cap of Top 92 Non-Tech MNCs of 2022



Market Cap of Top 8 Tech companies\* of 2022



For the period of  
2010-2021, CAGR

Market cap. CAGR of Top 92 Non-Tech companies: 8%

Market cap. CAGR of Top 8 Tech companies: 19%

S&P: 18%

MSCI IT: 25%

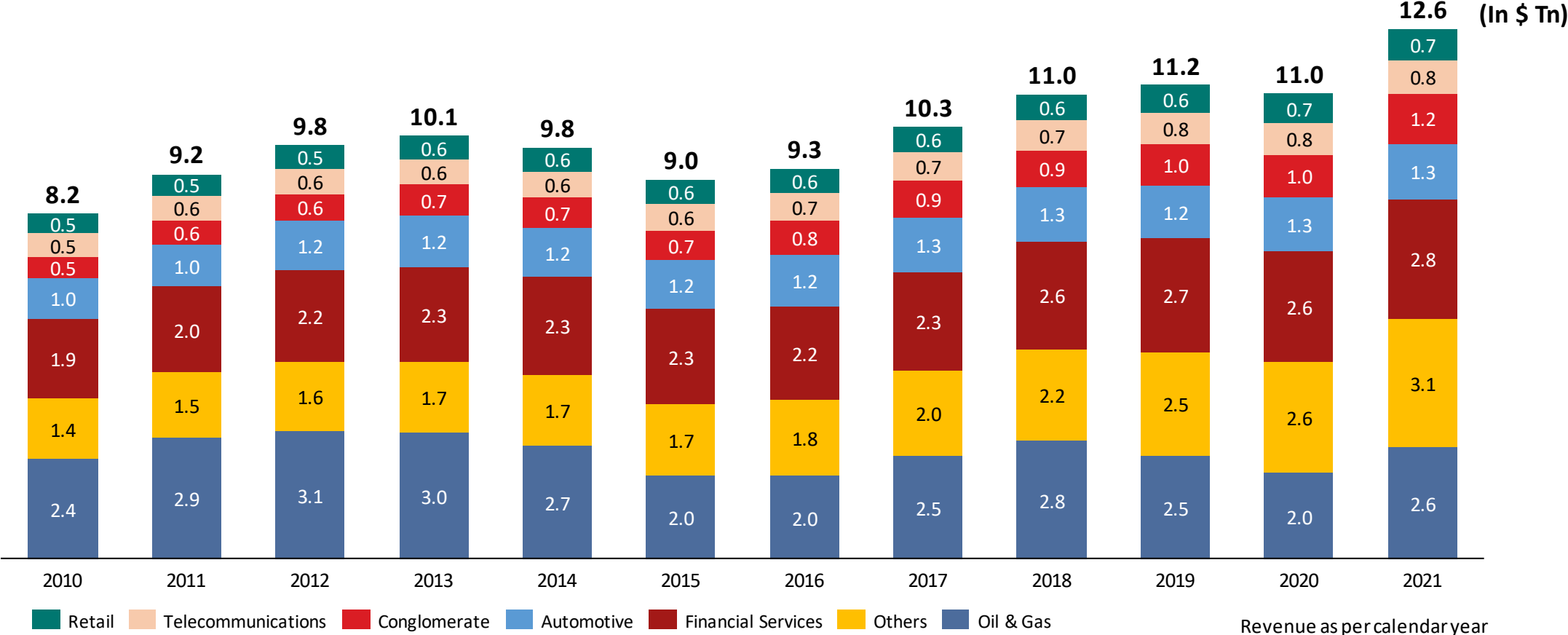


# Comparison of World GDP with Revenue of Top 92 Non-Tech MNCs of 2022

World GDP (In \$ Tn)	66.61	73.86	75.50	77.61	79.73	75.19	76.46	81.40	86.46	87.65	85.11	96.51
Share of Top 92 No-Tech MNCs in world GDP (%)	12.3%	12.5%	13.0%	13.0%	12.3%	12.0%	12.2%	12.7%	12.7%	12.8%	12.9%	13.1%

Growth in  
Global GDP:  
3.4%

Revenue  
CAGR for  
Top 92 Non-  
Tech MNCs:  
3.95%

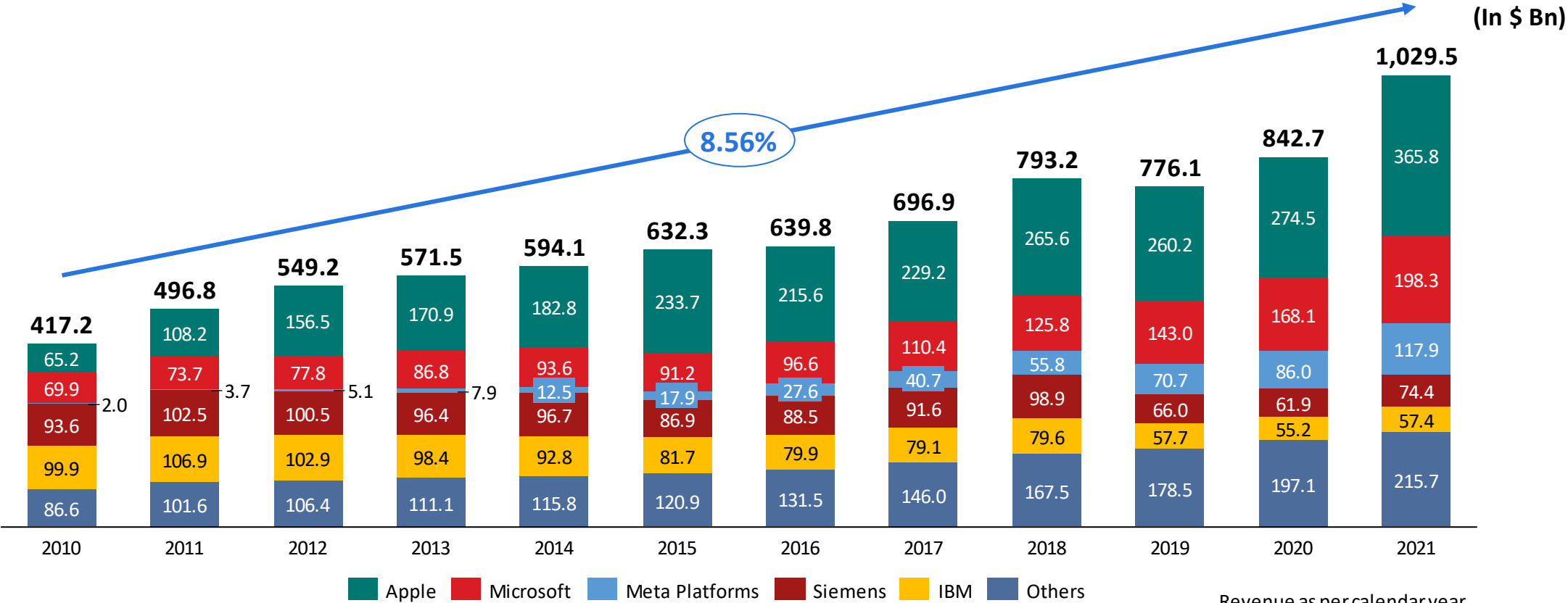


# Comparison of World GDP with Revenue of Top 8 Tech MNCs of 2022

World GDP (In \$ Tn)	66.61	73.86	75.50	77.61	79.73	75.19	76.46	81.40	86.46	87.65	85.11	96.51
Share of Top 8 Tech MNCs in world GDP (%)	0.63%	0.67%	0.73%	0.74%	0.75%	0.84%	0.84%	0.86%	0.92%	0.89%	0.99%	1.07%

Growth in Global GDP: 3.4%

Revenue CAGR for Top 8 Tech MNCs: 8.56%





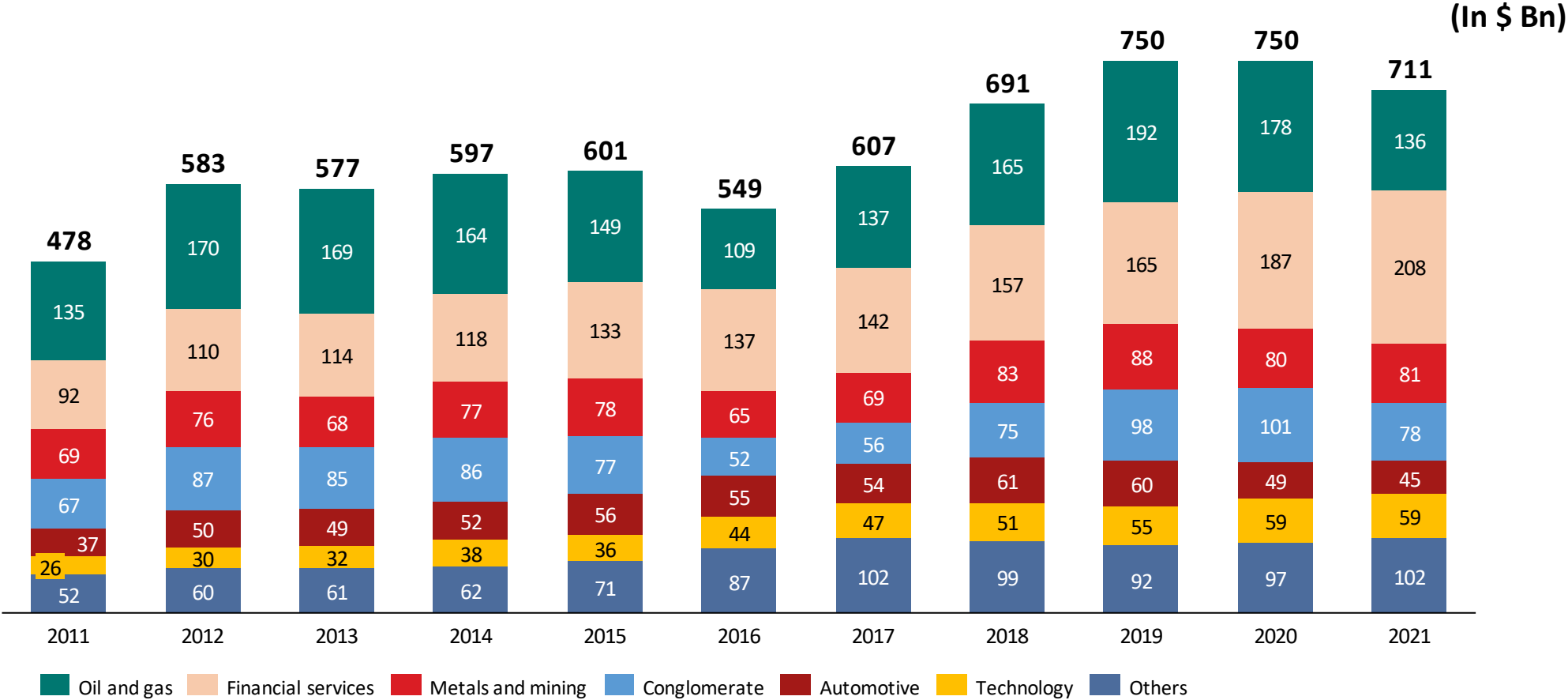
# Comparison of India's GDP with Revenue of Top 50 Indian MNCs of 2021

India's GDP  
(In \$ Bn)  
Share of Top 50  
Indian MNCs (%)

1,823	1,828	1,857	2,039	2,104	2,294	2,651	2,703	2,832	2,668	3,176
26%	32%	31%	29%	29%	24%	23%	26%	26%	28%	22%

\$ Growth in  
Indian GDP  
(2011-21): 5.18%

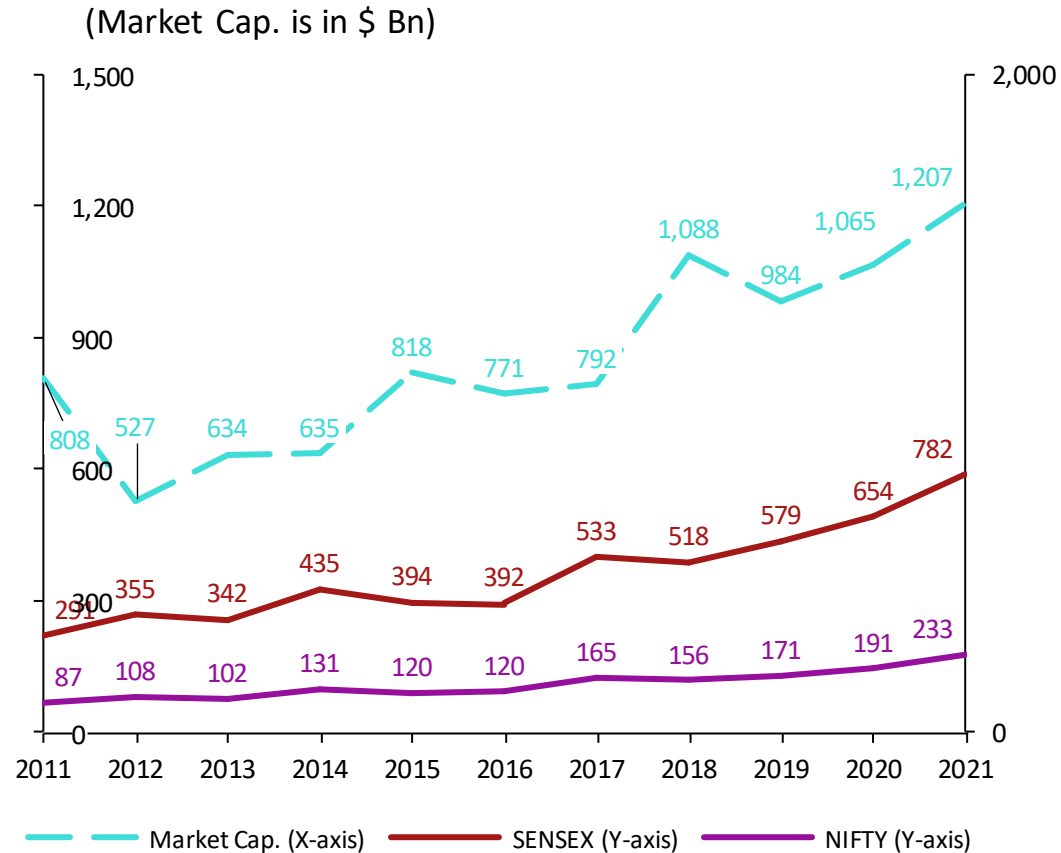
Revenue \$ CAGR  
for Top 50 Indian  
MNCs:  
4.04%



# Market Cap and Profit of Top 50 Indian MNCs of 2021



## Market Cap of Top 50 Indian MNCs of 2021

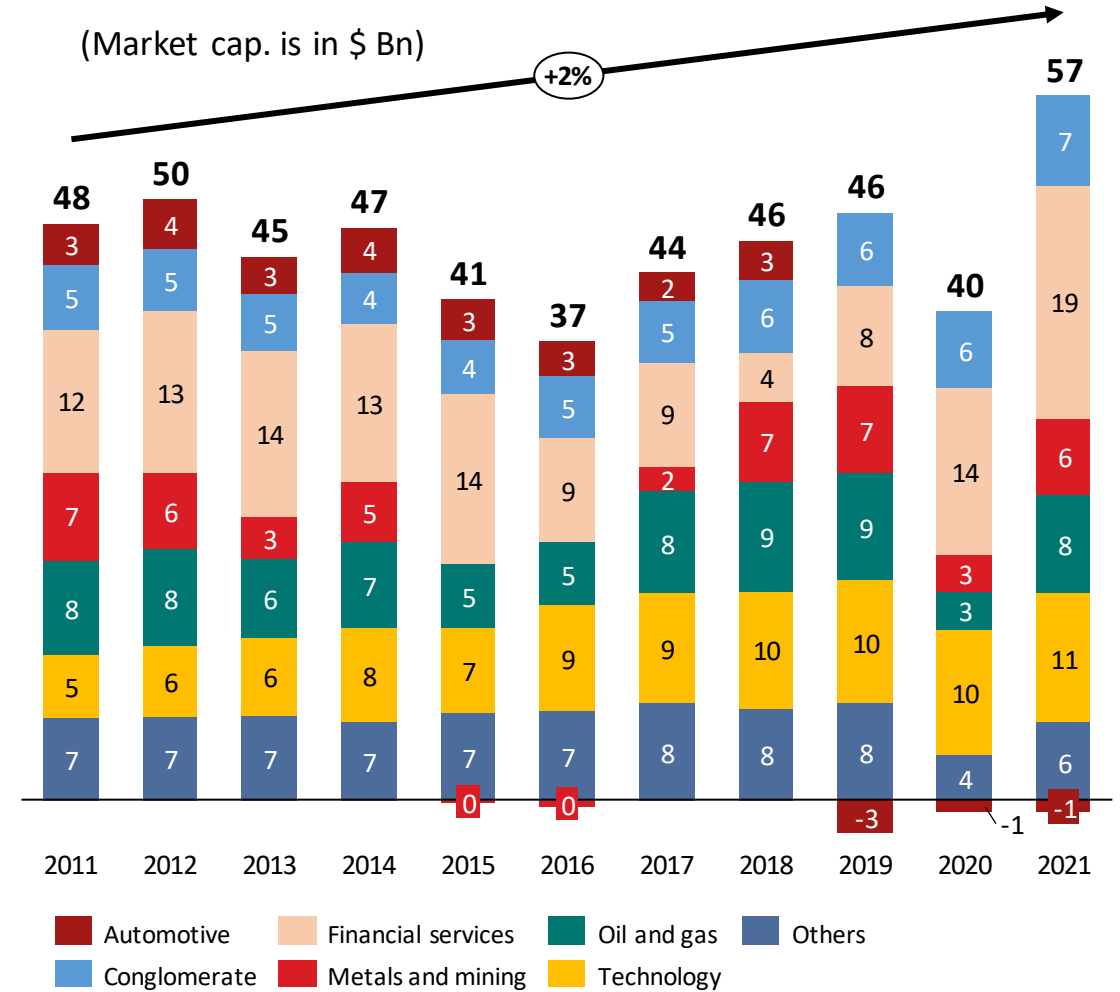


Nifty CAGR: 10.3%

Sensex CAGR: 10.4%

Market Cap. CAGR: 4.1%

## Profit of Top 50 Indian MNCs of 2021





## **My hypothesis - Why MNCs have lost competitiveness?**

- 1. The past CEO was an entrepreneur, now a bureaucrat. The past CEO aligned to Country interests, now to MNC interests.**
- 2. Shortened CEO Tenures**
- 3. The MATRIX structure, license to....**
- 4. Handcuff cost of Global Governance**
- 5. The Rise of Nationalism and localization**
- 6. Alignment vs Agility**
- 7. R&D cutback**





**The average tenure of the CEO has dropped at an MNC**  
**The MNC structure has gotten confused**

# Top 10 economies of the world and Ease of doing Business Matrix

World Bank's ease of doing business rankings (out of 190 countries)			
Sr No.	Countries	GDP in Bn \$ (2021)	Ease of doing business* rank (2019)
1	United states	22,996	6
2	China	17,734	31
3	Japan	4,937	30
4	Germany	4,223	22
5	United Kingdom	3,187	8
6	India	3,173	63
7	France	2,938	33
8	Italy	2,100	58
9	Canada	1,991	23
10	South Korea	1,799	5

Good

Medium

Low

- New Zealand, Singapore, Hongkong SAR, Denmark, and South Korea are the Top 5 countries as per the ease of doing business index. (World Bank)
- Countries with least rankings are Somalia, Venezuela, Yemen, Libya

**India** has jumped 79 positions from being **142<sup>nd</sup> in 2014** to **63<sup>rd</sup> in 2019** after the launch of “Make in India” initiative and reduction in compliances and regulations.



# Nationalism: India



Category	Segments	Opting for an Indian brand
Vehicles	Two-wheelers	30-45%
	Four-wheelers	15%-30%
Appliances	Kitchen Appliances	30-45%
	Large Home Appliances	15%-30%
	Entertainment Electronics	15%-30%
Gadgets	Mobile Phone	15%-30%
	Computers and tablet	0%-15%
Outings	Travel	30%-45%
	Daily Entertainment	Not relevant / Insignificant
Food	Staples	45%-59%
	Fresh Food and Packaged Food & Beverages	30%-45%
Daily Care	Skin, Hair, Baby, Home	30%-45%
Apparel	Women and Men	30%-45%
Accessories	Handbags & Belts and Makeup	15%-30%
	Eyewear	30%-45%
Luxury Jewellery	Designer	30%-45%
	Precious	15%-30%
Others	Home Furnishings, Media packs & subscription, and Medicines & Medical provider	30%-45%

Percentages reflect the proportion of people who exhibit the behavior in each product category

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Trend is strongest in food category (staples and packaged beverages). Preference for Indian brands is 47% and 37%, respectively.



From 34% positive from respondents in 1996 to 56% in 2006, confidence in Indian companies has strengthened over the years.

## 50%

urban consumers would choose to buy Indian brands over international brands in at least one category.



58% of old consumers (aged between 45 to 59 years) try to buy Indian brands as much as possible.

KPMG conducted a survey on “The changing customer around the world” in 2021 (n= 18,657)

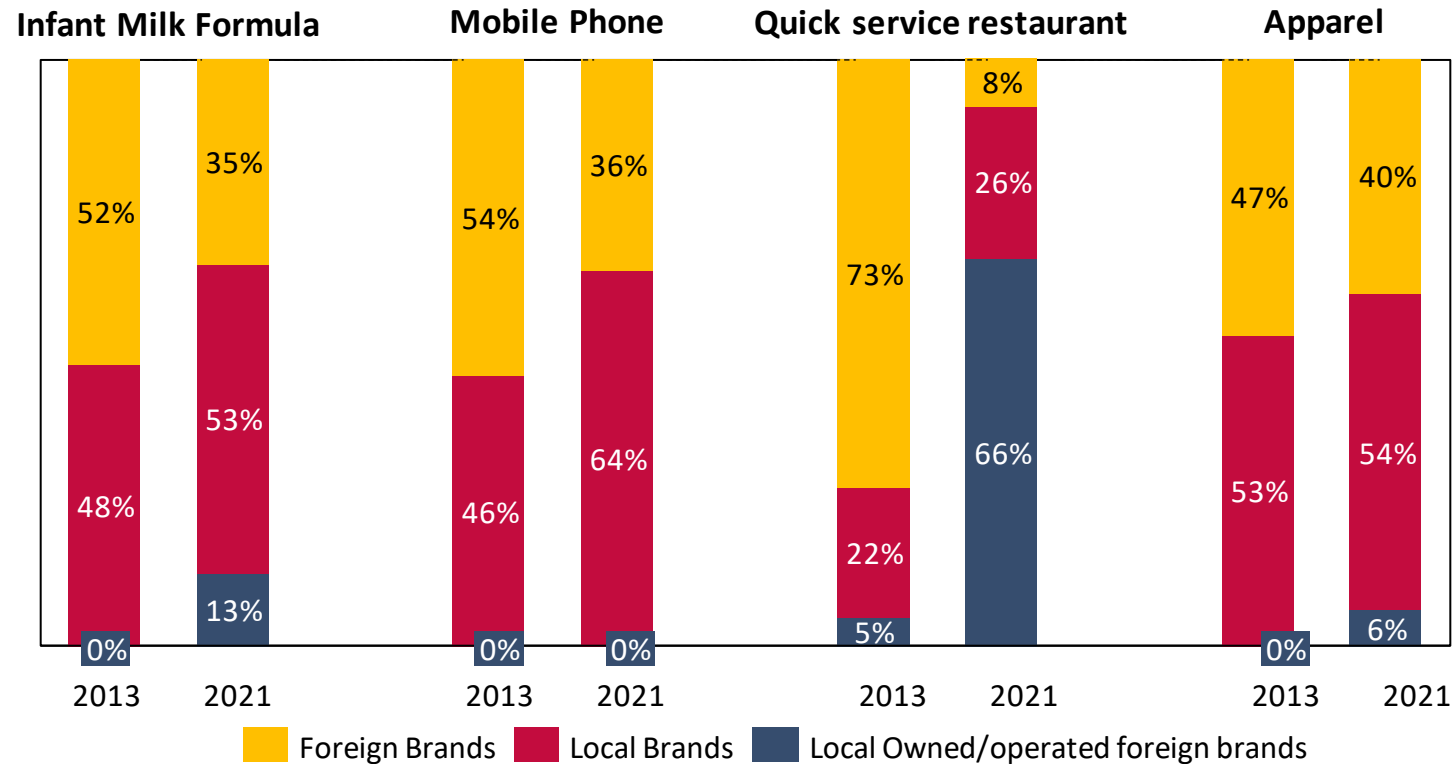
Key insights include:

- ~60% respondents across all age-groups in a KPMG survey expressed their desire to replace foreign brands with indigenous brands
- Swadeshi culture is gathering steam. 41% respondents even agreed to pay a premium for made-in-India products.

# Nationalism: China



## Value share of top 20 brands, by brand type



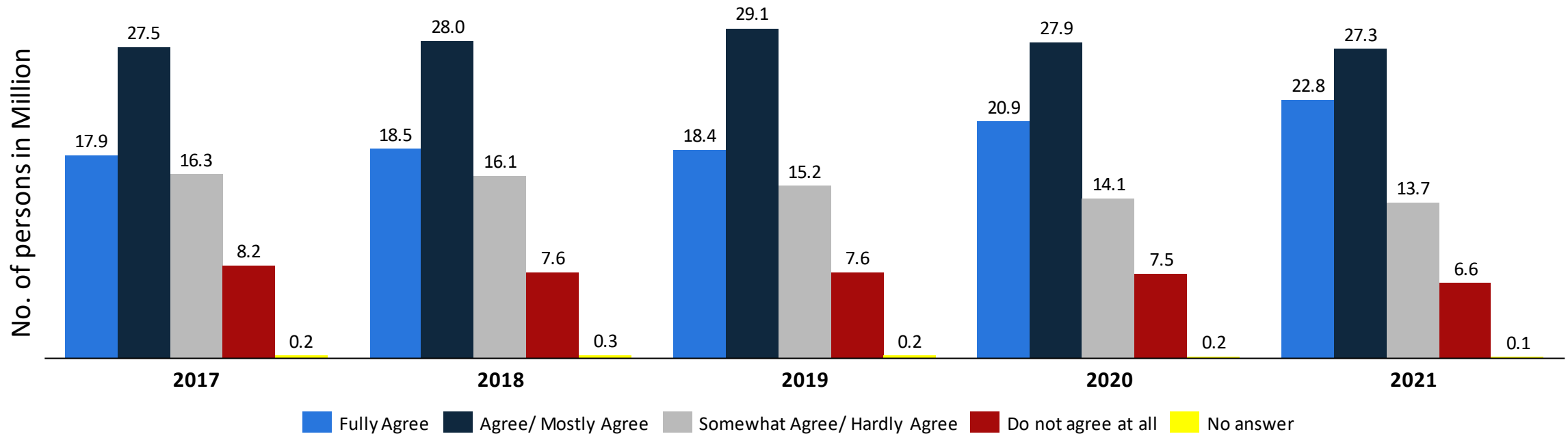
- **49%** consumers think domestic brands are of “better quality” than foreign brands versus 23% who believe otherwise.
- Chinese brands covers more than **80%** of domestic market share.

Chinese consumers are choosing local brands for their quality and innovation. Price was secondary

# Nationalism: Germany



Consumer preference for local products in Germany 2017-2021\*



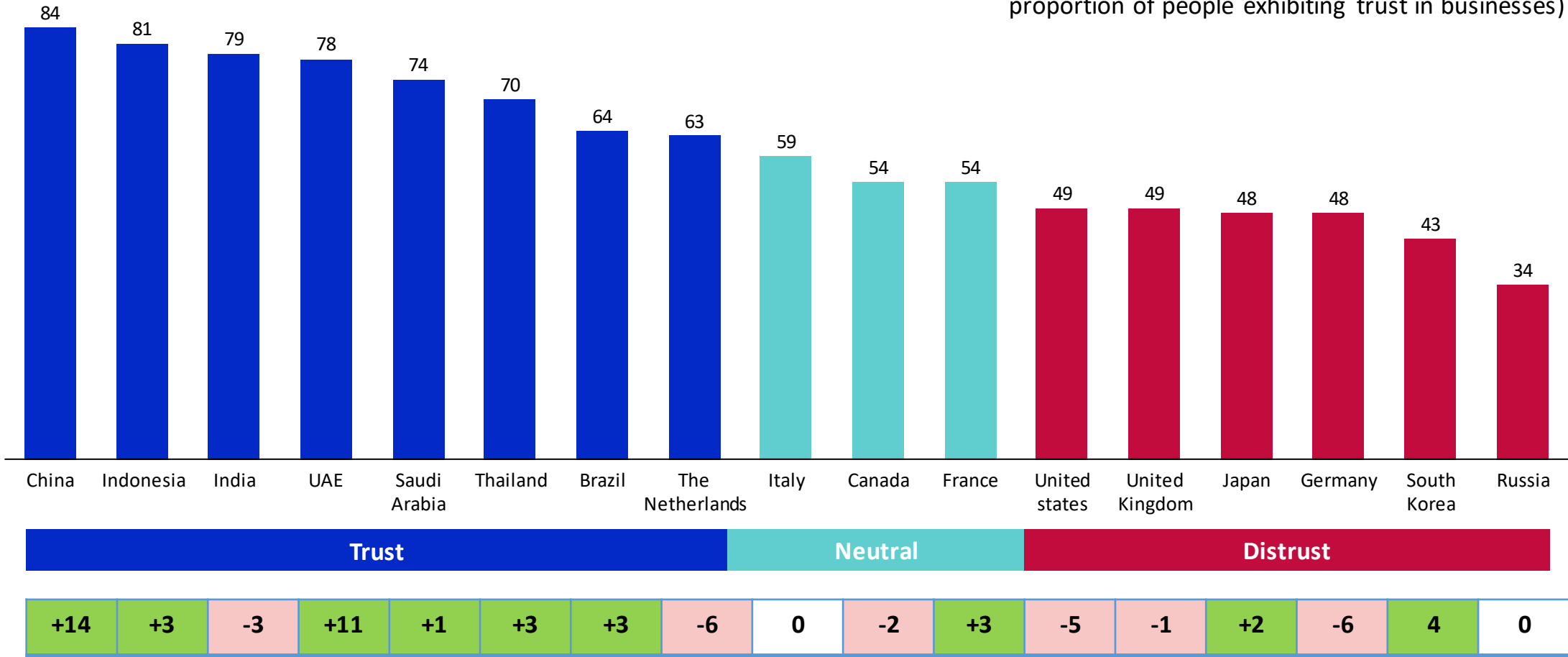
- Germany has one of the highest English proficiency levels in the world, but 50% of Germans won't buy from a website that's not in German.
- 68% of German consumers shop domestically only.



**MNCs had and in some cases still have intellectual capital while local companies have social capital. Local companies have added intellectual capital but MNCs have not added social capital**

# Trust in businesses in top economies (2022)

(Numbers are in percentages - reflecting the proportion of people exhibiting trust in businesses)



Change in scores as compared to 2021

n=36,000 (28 countries)

# Trust Trends in the Industry over past decade

(On a scale of 1 to 100)

Industry	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Change (2012 - 2022)
Technology	77	74	77	74	76	76	75	78	75	68	72	-5
Healthcare	-	-	-	-	64	67	65	68	67	66	69	N.A.
Food and beverage	64	64	65	64	65	68	64	69	67	65	67	+3
Automotive	63	66	70	67	62	66	63	69	67	60	63	0
Telecommunications	59	61	62	60	61	64	64	67	65	61	62	+3
Energy	54	58	57	57	59	62	63	65	63	59	61	+7
Entertainment	-	63	66	64	66	65	63	68	65	59	61	N.A.
Consumer packaged goods	58	61	62	61	62	64	61	65	62	60	60	+2
Financial services	44	47	49	48	52	55	55	57	56	52	54	+10

Distrust

Neutral

Trust

n=36,000 (28 countries)

## The 5 Contradictions for MNCs

1. Global vs Local ( Resources, Talent, Currency, Products, Ecosystem)

2. Centralized vs Decentralized

3. Big vs Small

4. Geography vs Function

5. Complexity vs Simplicity



**Is there a different way for MNCs?**

**Percy Barnevik - ABB**

**Mkt cap CAGR of 30 % between 1988 and 2002.**

**Lean head office, only 100 people in Swiss HQ**

**MultiDomestic vs Multinational**

**CK Prahalad and Hrishikesh Bhattacharya**

**Companies organized by old Triad**

**20 Hubs , No HQ**

**Customization, Capabilities, Arbitrage**

**McD, Schneider, GE Health**

# MULTINATIONAL COMPANY



**The MNC CEO has to be a Company insider and a Market/Country insider for success.  
Global managers are made, not born!!**



## Summary

**Reinvent – Go back to what made you successful**  
**Dump rules and policies that hamper success**



# Appendix



# List of top 100 global MNCs – as per Forbes 2022

Rank	Company	Industry
1	Berkshire Hathaway	Conglomerate
2	ICBC	Financial services
3	Saudi Arabian Oil Company (Saudi Aramco)	Oil & Gas
4	JPMorgan Chase	Financial services
5	China Construction Bank	Financial services
6	Amazon	Tech multinational
7	Apple	Information Technology
8	Agricultural Bank of China	Financial services
9	Bank of America	Financial services
10	Toyota Motor	Automotive
11	Alphabet	Conglomerate
12	Microsoft	Information Technology
13	Bank of China	Financial services
14	Samsung Group	Conglomerate
15	ExxonMobil	Oil & Gas
16	Shell	Oil & Gas
17	Ping An Insurance Group	Financial services
18	Wells Fargo	Financial services
19	Verizon Communications	Communication Technology
20	AT&T	Communication Technology
21	PetroChina	Oil & Gas
22	UnitedHealth Group	Healthcare & Insurance
23	Walmart	Retail & wholesale
24	China Merchants Bank	Commercial Banking
25	Volkswagen Group	Automotive

Rank	Company	Industry
26	Chevron	Oil & Gas
27	Citigroup	Financial services
28	Tencent Holdings	Internet and technology
29	Total	Energy
30	Postal Savings Bank Of China (PSBC)	Commercial Banking
31	China Mobile	Telecommunications
32	Comcast	Telecommunications
33	Alibaba Group	Tech multinational
34	Meta Platforms	Social Technology
35	Allianz	Financial services
36	Morgan Stanley	Financial services
37	Goldman Sachs Group	Financial services
38	HSBC Holdings	Financial services
39	BNP Paribas	Financial services
40	Johnson & Johnson	Conglomerate
41	Mercedes-Benz Group	Automotive
42	CVS Health	Healthcare & Insurance
43	Pfizer	Pharmaceutical
44	Softbank	Conglomerate
45	Sinopec	Oil & Gas
46	RBC	Financial services
47	Nestlé	Food Processing
48	AXA Group	Financial services
49	Gazprom	Oil & Gas
50	BP	Petroleum Refining

# List of top 100 global MNCs – as per Forbes 2022

Rank	Company	Industry
51	Intel	Conglomerate
52	TD Bank Group	Financial services
53	Nippon Telegraph & Tel	Telecommunications
54	Reliance Industries	Conglomerate
55	Industrial Bank	Banking & finance
56	Sony	Conglomerate
57	Santander	Financial services
58	Mitsubishi UFJ Financial	Financial services
59	Taiwan Semiconductor	Semiconductor manufacturing
60	Ford Motor	Automotive
61	LVMH Moët Hennessy Louis Vuitton	Luxury goods
62	Bank of Communications	Financial services
63	Procter & Gamble	Consumer goods
64	BMW Group	Automotive
65	Petrobras	Oil, Gas & Power
66	Deutsche Telekom	Telecommunications
67	AbbVie	Pharmaceutical
68	Novartis	Pharmaceutical
69	General Motors	Automotive
70	Equinor	Energy
71	China Life Insurance	Insurance
72	Roche Holding	Pharmaceutical
73	AIA Group	Insurance & Financial Services
74	MetLife	Financial services
75	BHP Group	Mining

Rank	Company	Industry
76	The Home Depot	Home improvement
77	American Express	Financial services
78	Siemens	Technology
79	Stellantis	Automotive
80	Zurich Insurance Group	Financial services
81	Rosneft	Petroleum
82	Rio Tinto	Metals and mining
83	Brookfield Asset Management	Financial services
84	Cigna	Healthcare & Insurance
85	Prudential Financial	Insurance
86	PepsiCo	Food Processing & beverages
87	Merck & Co.	Pharmaceutical
88	Elevance Health	Pharmaceutical
89	Bank of Nova Scotia	Financial services
90	American International Group	Financial services
91	Glencore International	Metals and mining /commodities
92	Cisco Systems	Information and Communications Technology
93	Anheuser-Busch InBev	Drink & Brewery
94	Walt Disney	Media & Entertainment
95	Chubb	Insurance
96	CITIC	Conglomerate
97	Lloyds Banking Group	Financial services
98	IBM	Information Technology
99	Sanofi	Pharmaceutical
100	United Parcel Service	Logistics

# List of top 50 Indian MNCs (2021)

Sr. No.	Company
1	Adani Enterprises
2	Adani Green Energy
3	Adani Ports & SEZ Limited
4	Adani Total Gas
5	Adani Transmission
6	Asian Paints
7	Axis Bank
8	Bajaj Auto
9	Bajaj Finserv
10	Bank of Baroda
11	Bank of India
12	Bharat Petroleum
13	Bharti Airtel
14	Canara Bank
15	Coal India
16	DMart
17	GAIL
18	Grasim Industries
19	HCL Technologies
20	HDFC
21	HDFC Bank
22	Hindalco Industries
23	ICICI Bank
24	Indian Bank
25	Indian Oil Corporation

Sr. No.	Company
26	Indian Railway Finance Corporation
27	IndusInd Bank
28	Infosys
29	ITC Limited
30	JSW Steel Ltd
31	Kotak Mahindra Bank
32	Larsen & Toubro
33	Mahindra & Mahindra
34	NTPC Limited
35	Oil and Natural Gas Corporation
36	Power Finance Corporation
37	Power Grid Corporation of India
38	Punjab National Bank
39	Rajesh Exports
40	Reliance Industries
41	State Bank of India
42	Steel Authority of India
43	Sun Pharmaceutical
44	Tata Consultancy Services
45	Tata Motors
46	Tata Steel
47	Tech Mahindra
48	Union Bank of India
49	Vedanta Limited
50	Wipro



# Trust: Factors that build trust – country-wise

