Meet The World's Top CEOs

It's not just quarterly earnings that determine success. INSEAD's second ranking of the top CEOs in the world measures the long-term, sustainable success of some 3,000 global executives at more than 1,800 companies.

When INSEAD Professors **Herminia Ibarra**, **Morten Hansen**, and **Urs Peyer** produced the first CEO Scorecard in January 2010, it was the late Steve Jobs who topped the list. The ex-Apple boss had increased the company's market capitalisation by US$150 billion since starting his second stint as CEO in 1997, and the wildly popular iPhone was on the verge of dominating the smartphone market with the 3GS model; the stock was trading at US$211 at the beginning of 2010.

The trio has updated their list of the top CEOs in the world (click here for the full list), and Steve Jobs is still number 1. In fact, his posthumous figures are even more impressive than they were three years ago. From 1997 to August 31, 2012 – the last day of data collection – Apple's market capitalisation jumped by US$359 billion. That same period also saw Apple deliver an industry-adjusted shareholder return of 6,621 percent, while the company's stock was weeks away from reaching all-time high of US$700, making Apple the world's most valuable publicly-traded company.

The study judges a CEO on his performance from the first day on the job to the last, which means Jobs' numbers are set in stone. That begs the question: Can anyone overtake him? "That remains to be seen," says Ibarra, The Cora Chaired Professor of Leadership and Learning at INSEAD. "[Amazon CEO] Jeff Bezos (number 2 on the list) is inching up very well with a particularly strong showing – his total shareholder return for the length of his tenure is over 12,000. If you look at the growth of the company, it's grown by US$111 billion since the time he founded the company."

By the numbers

Those numbers are part of the things that the study looked at in ranking the CEOs. "We use three main performance indicators," Ibarra explains. "We use total shareholder return adjusted for country, for geography. We wanted to do that in order to be able to take into account the fact that some countries go through booms and others go through busts, so we wanted to attribute that performance to the CEO rather than to a country effect."

"Likewise, we looked at shareholder return adjusted for industry, again for the idea that some industries are on the up and other industries are not having the same kind of results, and we want to be able to attribute the performance to the CEO rather than to an industry effect."

"Then we took into account market capitalisation change during the tenure of the CEO, which is a great index to look at for the growth of the organisation."

Bezos jumped from seventh in the 2010 list to second this time round, and the Amazon founder is a prime example of the kind of CEO who features heavily at the top of the list: someone who has led the company to exceptional heights over a prolonged period of time. "For the purposes of this study, we've included everyone who has been in office for more than two years," Ibarra explains. "It's no use having a measure of long-term performance if you're going to have a time period that's too short. Tim Cook, who took over Apple in 2011, isn't part of the study because he falls outside the parameters that we have established in terms of dates."

A global world

The study also expanded its geographic reach to reflect the increasingly global nature of business. The 2010 study covered 1,999 CEOs leading companies on the S&P Global 1200 and BRIC 40 indices. The updated list rated 3,143 CEOs from 1,862 companies, including those in emerging markets. "This time around we also added indices for India, for China, and for Latin America," says Ibarra. "For India we took the S&P CNX Index; for China we did a combination of the Shanghai and Shenzhen stock exchanges; and Latin America we used both the MSCI Emerging Markets Latin America Index and AméricaEconomía 500."

Given the roaring success of Chinese companies in recent years, one might think that CEOs of Chinese companies would dominate the list. However, only three made it into the Top 100: Li Jiaxiang (No. 17, Air China); Wang Dongming (No. 83, CITIC Securities); and Dong Mingzhu (No. 98, Gree Electric Appliances). What is even more surprising is that the fact that 17 percent of the 3,143 CEOs sampled were from a Chinese company.

"China CEOs were under-represented in the Top 100 relative to their number in the overall population of over 3,000 CEOs," Ibarra explains. "By talking to some industry experts, one of the hypotheses is that Chinese companies are at that point where they are striving for world class status in terms of true innovation that is home grown as opposed to that which is more of a copycat business model or strategies that have been prevalent."

The glass ceiling?

A paucity of women in the CEO rankings was another repeat factor this year: current Hewlett-Packard CEO Meg Whitman (No. 9; No. 8 in 2010) is still the highest-ranking female on the list for her ten-year tenure at eBay. Beyond that, it was men and more men. "It's a small number – 1.9 percent on the list are women," says Ibarra. "There are a few other interesting women on the list: Dong Mingzhu (No. 98), the Chinese CEO of Gree Electric Appliances, who's really taking her organisation global by focusing on the brand and by focusing on the quality of the appliances. And Carol Meyrowitz (No. 147) of TJX has also been a very strong performer."

And the point is?

The INSEAD ranking attempts to assess a CEO's performance objectively, instead of judging performance based on popularity or reputation or the ability to pull off quarterly earnings miracles. But what is the objective of this index? "I don't think anyone's going to argue with the wisdom of long-term performance," Ibarra says. "The thing is: how do you know it when you see it? How do you track it? How do you measure it?"

"What we're really hoping to do with this truly global and truly objective index, which isn't reputation-based nor a beauty contest, is to produce a scorecard, a benchmark that people can use to measure themselves. One that boards can use, that analysts can use, that starts to be a real indicator, a trusted indicator of whether the CEOs in question are actually taking the long-term view."

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