



Company Analysis Project on **APPLE INC.**

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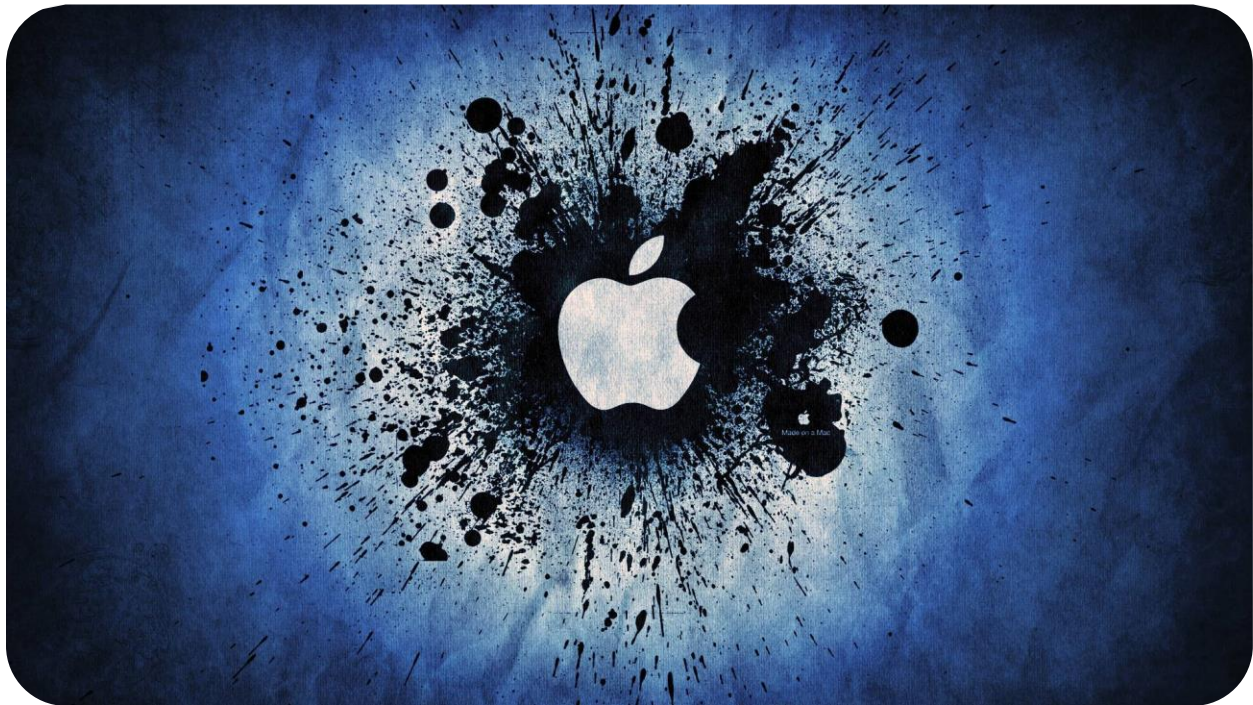
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Introduction:

Vision:

‘To make the best products on earth and to leave the world better than we found it.’

Mission:

‘To bringing the best user experience to customers through innovative hardware, software, and services.’



On August 2, 2018, Apple made records with the aid of turning into the primary publicly traded U.S. agency to be valued at \$1 trillion, as measured with the aid of marketplace capitalization. In August of 2020, the agency broke information once more with the aid of turning into the primary U.S. agency to attain a \$2 trillion marketplace cap.

Key Takeaways:

Steve Jobs and Steve Wozniak co-based Apple in 1977, introducing first the Apple I after which the Apple II.

Apple went public in 1980, however Jobs ultimately left—handiest to triumphantly go back numerous years later.

Apple's fulfilment lies in a strategic imaginative and prescient that transcended easy laptop computing to consist of cell gadgets and wearables.

Both overall performance and layout are key drivers of the Apple emblem and its ongoing fulfilment.



To recognize how Apple has become so a hit, calls for searching returned at its origins and records. From the primary Apple pc (the Apple I, which turned into only a motherboard without a reveal or keyboard) to the modern day iPhone 14, here's a quick assessment of the chronology of Apple's revolutionary merchandise.

Apple, based with the aid of Steve Jobs and Steve Wozniak, began out withinside the enterprise of package computer systems with the Apple I. Apple tried updates just like the Apple II, Apple III and the Apple Lisa, however those didn't capture on commercially. Apple as an agency turned into a hassle while the Eighties began. After switching among some CEOs, from the Macintosh, launched in 1984, Apple has both been a mirrored image of or a response to Steve Jobs. In the Macintosh, Apple turned into seeking to create a system that made computing easy and enjoyable. In particular, Jobs turned out to create a consumer experience that might persuade absolutely each person to shop for a Mac.

Although Jobs is regularly given credit score for spending the time and money on advertising, tremendous advertising and branding have constantly been key to Apple's growth.

When Jobs overthrew Amelio and took Apple's reins yet again in 1997, the hardware had stuck as much as his imaginative and prescient for all matters digital. He released the iMac with a sturdy advertising marketing campaign presenting the "Think Different" slogan. In 1998, the iMac turned into the maximum aesthetically alluring system at the marketplace. It turned into the pc nobody knew they desired till they noticed it. It turned into fashionable and, on the way to the OS upgrade, it turned into consumer-friendly.

The iMac turned into simply the beginning as Apple launched a string of hit merchandise that meditated the brand new cognizance on beauty and consumer enjoyment. These covered the iBook, the iPod, the iPhone, the MacBook Air, and the iPad.

All those gadgets have been perceived as being higher in pleasant—and really in layout—than competing merchandise. Jobs turned into relentless on layout and indoctrinated the complete tradition of Apple into the artwork of layout. The different factor he introduced Apple returned to in his 2d tenure is the benefit of use. More importantly, all of those merchandise moved Apple into a brand new enterprise version of making a decent atmosphere of hardware, software, and content material.



It is the content material you purchase thru Apple that locks many humans into shopping for Apple once more while their i-gadgets get old. Once you migrate to Apple due to the layout or the simplicity, it's far the combination together with your content material that maintains you there.

Post *Steve Jobs*:

Steve Jobs became the reins of the agency over to Tim Cook. The post-Jobs technology at Apple has although been a fulfilment with the aid of using maximum measures. The agency nonetheless produced a number of the nice merchandise with the maximum incorporated atmosphere. However, the distance between Apple and competition like Samsung and Google turned into now no longer as said because it as soon as turned into. Indeed, businesses like Samsung have been poised to take the lead in relation to product innovation in a few categories.

Conclusion:

The purpose behind that—and at the back of Apple's fulfilment—is that its gadgets are lovely to study and a pride to use. That's why the agency has such an effective emblem and lofty inventory valuation.

The advertising helps, and the media and fan frenzy in no way hurt. However, it's far from the pleasantness of the goods that force Apple's fulfilment. Add to this the iEcosystem that makes it a great deal simpler to live with Apple than attempt something new, and you've got an agency with what Warren Buffett known as a monetary moat. It ought to no longer be sudden that Buffett invested closely in Apple.



Stage I: 14 Principles of Management

1. Division of Work:

Apple merchandise. “Designed in California, produced in China”. A new iPhone has innumerable examples of department of labour. The system is cut up up into many distinct elements. Design, hardware, software program, manufacture, advertising, manufacturing and assembly.

2. Authority:

Apple Inc. has a hierarchical organizational shape, with splendid divisional traits and a susceptible practical matrix. The hierarchy is a conventional structural characteristic in enterprise organizations. The divisional traits talk to the product-primarily based totally grouping inside Apple, together with for iOS and macOS. The susceptible practical matrix includes inter-divisional collaboration, whilst the hierarchy is preserved.

The following are the primary traits of Apple’s company shape:

➤ *Spoke-and-wheel hierarchy:*

A bird’s-eye view of Apple’s organizational shape indicates a significant hierarchy. In the past, the whole lot went thru Steve Jobs. Jobs made all of the most important strategic control decisions. However, below Tim Cook’s leadership, this hierarchy in Apple’s company shape has barely changed. The organization now has extra collaboration amongst diverse elements of the organization, together with software program groups and hardware groups. Apple’s vice presidents have extra autonomy, which become restricted and minimum below Jobs. Thus, the organization’s organizational shape is now much less rigid, however nonetheless has a spoke-and-wheel hierarchy in which Tim Cook is on the center. The higher tier (innermost tier withinside the spoke-and-wheel circle) of the company shape has feature-primarily based totally grouping, that’s an detail derived from the practical kind of organizational shape. Senior vice presidents who record to Tim Cook cope with enterprise functions. For instance, Apple has a senior vp for retail, and a senior vp for global advertising. In this structural characteristic, the organization’s pinnacle leaders deal with enterprise wishes in phrases of enterprise feature areas.



➤ ***Product-primarily based totally divisions:***

The higher and decrease stages of Apple's company shape have product-primarily based totally divisions, that's a detail derived from the divisional kind of organizational shape. There are senior vice presidents and vice presidents for distinct outputs or merchandise. For instance, Senior Vice Presidents are responsible for software engineering (iOS and macOS), hardware engineering (iPhone, iPad, and Mac), and hardware technologies (hardware additives). Apple Inc.'s advertising blend or 4P is connected to this structural function. This component of the company shape is used to control particular merchandise or product additives that the organization grants to its goal clients.

➤ ***Weak practical matrix:***

Apple Inc.'s susceptible practical matrix refers back to the collaborative interactions amongst diverse additives of the enterprise. In a susceptible practical matrix, pinnacle control determines assignment direction, whilst assignment heads have restricted authority and control. For instance, the company shape lets in hardware groups to collaborate with software program groups. In this way, the organization helps facts dissemination this is important for innovation procedures. This structural characteristic contributes to powerful and speedy innovation procedures, which can be a first-rate enterprise energy proven withinside the SWOT evaluation of Apple Inc. Through this function of the organizational shape, the organization continues robust innovation procedures that guide emblem improvement and the usage of premium-pricing strategies.

3. ***Discipline:***

Nothing can be achieved if discipline is lacking. That's why any project or management in the Apple company uphold this fundamental principle. It confirms that the job of management is simple and thorough by good performance and intelligent interconnection. Good behaviour on the part of employees aids in the smooth development and advancement of their professional careers.



4. *Unity of Command:*

Apple Inc. has observed distinct organizational systems and the adjustments that got here relying upon the time-frame and whilst conditions referred to as for it. Apple Inc. has observed a flat shape of organization. Basically, this flat shape has advocated personnel to make a contribution to the selection making system with the aid of using immediately collaborating in it. The organization has a practical shape with nine distinct functions. Tim Cook is the modern-day CEO of Apple Inc. Paul Deneve has the obligation of unique Projects and immediately Reports to the CEO.

5. *Unity of Direction:*

Apple ensures that everyone involved in an activity should have a common objective. This means that everyone employed by Apple have the same objectives and driving forces that will make work simpler and make achieving the stated objectives easier.

6. *Subordination of Individual Interest:*

The Apple works cooperatively to advance corporate interests as opposed to individual ones. Be a subordinate to organization's objectives. This refers to a company's entire chain of command.

7. *Remuneration:*

Total Cash Compensation facts includes every year Base Pay and Bonuses. APPLE INC profits statements for government base pay and bonus are filed every year with the SEC withinside the edgar submitting system. APPLE INC annual reviews of government reimbursement and pay are maximum usually determined withinside the Def 14a documents.

Total Equity aggregates provide date honest cost of inventory and choice awards and long time incentives granted at some stage in the monetary year. Other Compensation covers all reimbursement-like awards that do not suit in any of those different fashionable categories. Numbers mentioned do now no longer consist of extrade in pension cost and non-certified deferred reimbursement earnings.

8. *Centralization:*

Apple is an instance of a kind of centralized organization. Many personnel of Apple have spoken out over time and stated that Steve Jobs used to have a study each assignment and each initiative earlier than a cross in advance become given. Below is an photograph depicting the centralized nature at Apple at some stage in Steve Jobs's tenure because the CEO.

9. *Scalar Chain:* Value chain evaluation for Apple consists of its guide sports as properly.

This element is properly prepared in 4 sections:

➤ *Infrastructure:*

Legislative works, administrative feature, control, accounting all fall below the infrastructure. A properly-provided infrastructure works as a riding pressure for a organization's success. Infrastructure undergoes numerous adjustments in the life of a organization. Recently, Apple's infrastructure went thru cultural adjustments.

➤ *Human Resource Management:*

Human Resource control is assigned for selecting and controlling the responsibilities of the personnel of a organization. Since a organization is administered with the aid of using its personnel, therefore, Human Resource Management performs a vital role. Apple can pay its personnel closely and that they have extra green personnel than maximum different companies.

➤ *Technology Development:*

Apple's progressive designs are one of the factors of its exclusive emblem photograph. For attaining this specific property, Apple spends round 10 billion dollars (2016). Mainly, for the technological development in the goods, to offer higher offerings to the clients and for developing product range. Apple invests a large amount of cash withinside the Research and improvement sector.

➤ *Procurement:*

When a product is in the end ready, it turns into an influential element to discover the carriers with the aid of using which the goods may be sold. Again, organising a agreement with them is likewise important.

Apple continues a very good courting with its suppliers. Apple additionally buys merchandise from its suppliers. Hence, they hold a healthy, loyal, and collectively useful courting with their suppliers.

10. *Order:*

In order to preserve a positive workplace culture, Apple Inc. have a well defined work order. It makes sure to have a positive environment at work in order to boost productivity.

11. *Equity:*

Apple organisation focus on ensuring that respect and equality should be accorded to all employees. Its management ensures that none of their staff experience discrimination.

12. *Stability of Tenure of Personnel:*

Unite personnel round a robust imaginative and prescient and mission
Don't undervalue any man or woman and live in music with worker sentiment
Keep humans informed
Choose the proper personnel to start with
Continually educate and expand personnel

13. *Initiative:*

Apple has advocated personnel to make a contribution to the selection-making system with the aid of using immediately collaborating in it.

For Example –

Steve Jobs constantly welcomed distinct thoughts from his personnel.
He rewarded his personnel for his or her out-of-the-container thinking.

14. *Esprit de Corps (Team Spirit):*

Apple believes withinside the electricity of crew collaboration, and the way it complements productivity. The shape of sports at Apple is prepared like a start-up enterprise with 0 committees and distinct heads for distinct departments and merchandise.

Apple personnel preserve a three-hour assembly each week, in which expectancies and development are discussed. Employees agree with every



different to supply first-class jobs proper on time with minimal supervision. Steve Jobs guarantees that the organization is administered primarily based totally on thoughts, now no longer hierarchy, which activates personnel to get progressive.

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Stage II: *Functions of Management*

1. *Planning:*

➤ *Focus on customer and client experience:*

Apple tries to innovate their new products by learning from their customers' complaints and experience. Firstly, they analysed the errors and several complaints regarding their previous product, then only they plan to market their new product. They focus on learning from their errors hence the resulting new product is better than the previous one. Based on the surveys of the customer's complaint and criticism, they have reached their yearly aim. As an example, Apple discovered that a lot of customers complained when they buy an album of an artist because they frequently lost their physical albums. That's why, Steve Jobs invented the electronic album easier for the customer to keep their song data in the computer and can bring them everywhere. Another example is before they made the iPhone 4, they made a survey about the customer's satisfaction of using iPhone 3Gs, and they fixed the errors of iPhone 3Gs and as a result, four million units of iPhone 4 were sold in the first three days of launching, which was in October 2011.

➤ *Make a curiosity feeling among the customer:*

Before the launch of any apple product, they make a great show of it. The product teasers make the customer's feeling of curiosity getting obviously bigger and bigger. With this planning strategy, they can make an amount of target on how many will be launched in order to not waste the number of products in a period of production. As an example, when Steve Jobs wanted to launch the iPad, he advertised the teaser of the iPad with the feature that can replace the computer. By this, they can predict the customer's opinion. Hence, they can predict the amount of iPad produced in the first batch of production.

➤ *Build a strong vision:*

Apple, Inc. has a company vision: "To make a contribution to the world by making tools for the mind that advance humankind". Apple produces product that people will think of it as smart and reliable gadget. Macbook, one of the finest, lightest and thinnest invention of Apple. It really helps people in every aspect, starting from businesses,

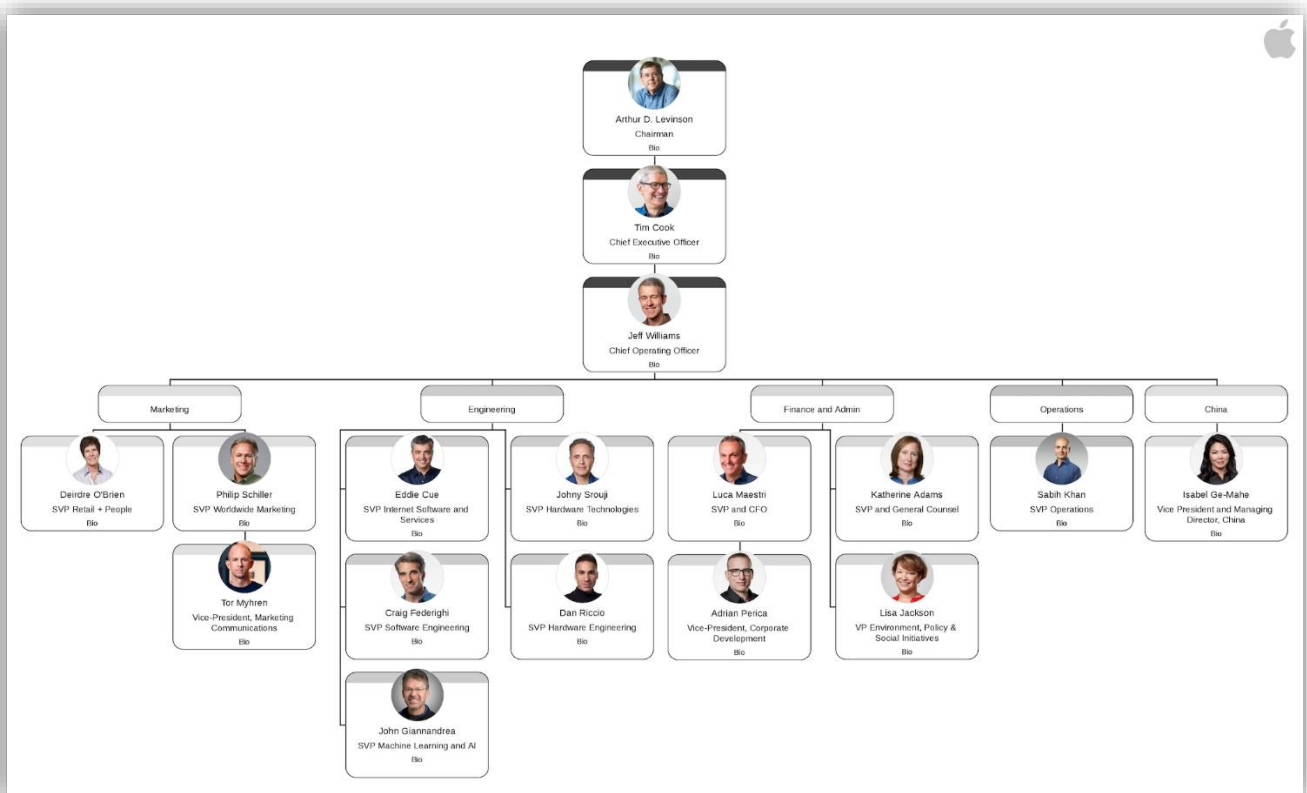
education, even in the musical industry. This multitasking system is far better than any regular computer.

2. Organizational Structure:

Apple organizational structure can be described as hierarchical and functional. This structure is developed by its founder and former CEO late Steve Jobs so as to ensure focused realization of the innovative ideas and clear vision for the business.

In 2011, under the leadership of Tim Cook its organizational structure had some modifications. Mr. Cook has the decentralization of decision making to a certain extent in order to encourage innovation and creativity at various levels.

There are various divisions within Apple. Managing and directing each division is the responsibility of their respective vice presidents. Accordingly, Apple has a Senior Vice President for Operations (Sabih Khan), one for Hardware Engineering (Dan Riccio), and one for Machine Learning (John Giannandrea).





Why Apple's org chart structure is effective ?

The hierarchical structure that Apple implemented in their organization means that they enjoy strong corporate control. Company divisions are organised by expertise ensures that every individual has a specialized role with special duties in Apple. The employees at Apple are carrying out the role best suited to their skillset and have the ability to create amazing and unique products with an excellent user experience that Tim Cook has always been proud of.

3. *Leading and Staffing:*

Leadership includes sources of social and informal influence that companies use to inspire the actions of others. Therefore, if managers are effective leaders, employees will be eager to make an effort to achieve organizational goals.

Leadership style at Apple is democratic. CEO Tim Cook practices quiet leadership means he loves to listen others rather than questioning. He is globally known to be as an effective leader. At the same time, a number of industry watchers and analysts criticize Tim Cook for the lack of innovative genius his predecessor legendary Steve Jobs used to possess.

Tim Cook took over the role of CEO at Apple in August 2011 and now more than a decade he is managing the company. His managerial style is known to be democratic. Despite, the lack of market changing product he continued to run Apple as a successful company. The revenues from 2011 and 2014 increased by 70%. Innovative devices such as Apple Watch and Apple pay continue to be products this integration of styles is considered effective in organization.

The company became the first to reach a market capitalization of \$1 trillion under Tim Cook. A \$3 trillion market cap was also achieved under his watch.

Tim Cook has applied innovative leadership that assures the demands of the organization. He understands to ensure success one must take risks.

4. *Controlling:*

Apple's current goal are making and growing their retail and online stores and innovative products.



The CEO's mission is to monitor performance of organization and to evaluate how well organisation has achieved its goals and what necessary actions it took to improve performance. After Steve Jobs died, Apple didn't release new product but it made sure to make improved copies of the iPhone and iPad devices. After sometime company announced that the request for the iPhone 5 has exceeded \$ 2 million in just 24 hours and they also sold iPads at \$ 3 billion in three days, so the quarterly profit increased from \$ 8.2 billion to \$ 36 billion after selling the iPhone and iPad devices in one year, and the company's share has increased. It has nearly doubled since the death of Steve Jobs.

Macbook Air, the thinnest and lightest laptop in the market is the perfect example of the product in the market. The idea introduced by apple shocked its competitors and they accomplish the task in record time with streamline workflow processes and automation.

Apple Inc. recently published the Apple Supplier Responsibility 2012 Progress Report, which highlights the company's efforts to improve worker safety and factory conditions. Underage workers are not permitted by Apple Inc., and the company will take immediate corrective action if workers reached the legal working age by the time of the audit.

Conclusion

Apple Inc. focuses on technology products. Steve Jobs was one of the important leader of company who lead it to the success and also make sure that after him company must have a better leader with it, Tim Cook. Steve made correct decisions on what product they should produce and what not. Tim Cook is a person who can easily communicate and interact with his employees. This makes the employees work harder to the company.

Managers at Apple Inc. are responsible and quite creative where they always try to increase their employees and company's performance. They timely provide backup plan to deal with any problem and evaluate how well Apple Inc. has achieved its mission. Apple's products can be improved by Tim Cook by taking corrective action.

An uncertain activity, management. Making the proper choice is challenging, and even competent managers frequently make mistakes., but Steve Jobs learn from his mistakes and always try to find way to increase company's performance.



Planning, organizing, leading and controlling are necessary parts of a manager's job. Successful completion of these four tasks is crucial for efficient management. A successful company needs strong management, as Steve Jobs' leadership demonstrated.

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Stage III: Business Environment

Internal Environment:

Apple selects the best of the best workers for their company. Hence, financially Apple Inc. provides competitive salary to employees. Apple's Organizational culture includes Top technology, Creativity, Innovation and Security. Apple allows its employees to create and innovate new technologies which makes Apple stand apart from its competitors. So, in terms of human resources Apple has one of the best human resources in the world. Apple also provides some incentives based upon the work of the employees, which creates a competitive environment in the company. This competitive environment helps Apple in innovating and creating new technologies for the market. Apple also promotes individual growth and excellence in the field of technology. Apple also values education as well as experience because these are the major factors which one sees in a company before joining any company whether they get proper remuneration or not.

It is inevitable that Apple will face allegations of patent and copyright infringement in the current market environment of perpetual change and innovation. So, during the hiring process, Apple asks employees to agree to organizational secrecy terms and conditions (Non-Disclosure Agreements) which not only helps the company to stand apart from the competition but also minimize the risk of piracy of the correct information. Apple takes legal action against several websites for releasing confidential information.

Labor management system in Apple Inc. is good as employees get the proper amount of time to finish the work. In Apple, collaborative working culture is present so a team of employees work on a specific task which is good for the company as different minds work on the same project increases productivity.

Apple provides the best Research and Development platform for its employees to show their talent and innovation. Employees also got proper remuneration for their work because the company also got benefit from their innovation. Apple's technology is currently one the best in the market because of their safe ios operating system which is better than its competitors namely windows, linux and android.

External Environment:

Apple's digital worker rights training program across Apple's supply chain helps in maintaining relationships with its suppliers. Apple has its own community platform for maintaining Apple's supply chain and a platform for the new suppliers and employees to start exploring Apple and its working culture. So that they can become part of the Apple Inc.

The shift to Intel processors is a threat to the company as only 2 companies (Intel and AMD) produce Intel compatible processors. So, Apple must have to compete with HP, Lenovo, Dell and other companies for the suppliers also.

Customers of the products of Apple Inc. seek for privacy which is provided by their operating system ios which is good due to BSD Unix. But one of the major drawbacks of Apple products is their price as there are cheaper alternatives for every Apple product which are provided by various companies such as Samsung, Lenovo, Google, Microsoft, Android, Dell, HP and many more. But this price factor also differentiate its products with others as nowadays Apple products are considered Styled Premium products.

Competition Analysis:

Apple has a huge disadvantage in the competition market because even though Apple provides the best security in comparison to its competitors, its price is very very high. Also there are less products which Apple provides in comparison to its competitors like one can easily compare Apple store and Playstore. Main competitors of Apple in Mobile sector are Samsung and Google. Main competitors of Apple in Computing Sector are Microsoft, IBM, HP, Dell and Lenovo.

Apple creates a virtual affair with their customers by delivering technically superior, more secure and aggressively pursuing hardware and software updates.

Because Apple Inc. had long refused to license its operating system ios to other companies. So, Apple's production unit lags behind windows, android and its other competitor's production unit.

Review Section:

Some of the Reviews from the employees of Apple Inc.

- ✚ It is a good place to work and you can learn a lot. People and culture are amazing. They offer good training and do want to see work getting done. They did offer remote but now are on site.
- ✚ Excellent environment and culture, always supported by management. Excellent pay plus benefits and bonuses.
- ✚ The apple culture is interesting but you people will push you to hit your numbers. The culture is great but management is really what makes your experience great or not.

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Stage IV: Corporate Social Responsibility

“Apple is committed to the highest standards of social responsibility across our worldwide supply chain. We insist that all of our suppliers provide safe working conditions, treat workers with dignity and respect, and use environmentally responsible manufacturing processes. Our actions — from thorough site audits to industry-leading training programs — demonstrate this commitment.”

The operations of Apple and its supplier facilities have a significant impact on society. The fact that "Steve Jobs wasn't known for philanthropy" must be acknowledged. Some people questioned whether he made secret donations to charities, while some attacked him for not making any public donations and others praised him.

However, with Tim Cook assuming Apple leadership in 2011, the focus on the CSR aspect of the business has expanded to a considerable scope. Tim Cook collaborates with other CEOs of leading Western and Chinese corporations to advance sustainability in China as a member of the CEO Council for Sustainable Urbanization at the Paulson Institute.

Few of the prominent CSR's activities are mentioned below:

Apple Supporting Local Communities

In Oregon, USA, Apple associates with Bluestone Natural Farms to transform compostable fabrics generated onsite into rich organic material.

Established a 100-kilowatt rooftop solar project at an academic premise for underprivileged children in the Philippines.

Apple added a 50-kilowatt solar power system and a 260-kilowatt-hour battery to provide sustainable electricity to the off-grid fishing industry in Thailand.

Apple Educating and Empowering Workers

The global technology company provided training classes to about 4 million people since 2008.

It provides competitive employee benefits practices. For example, expectant mothers can take up to four weeks before delivery and up to 14 weeks after

birth, while fathers and other non-birth parents are eligible for up to six weeks of parental leave.

Apple suppliers paid back USD 32.2 million in recruitment fees to their 36,599 employees since 2008.

Employee Health and Safety at Apple

For its staff members and their families, the multinational technology business has opened a network of medical facilities dubbed AC Wellness.

Vietnam was covered by the employee health education programme in 2019.

In China and India, the programme is already in use.

Safer Chemicals, Healthy Families gave Apple an A+ certification for eliminating harmful chemicals from production for the second consecutive year in 2020, marking the company's achievement.

Apple and Gender Equality and Minorities

Tim Cook has received accolades for being a steadfast supporter of workplace diversity and is the only openly gay CEO of a Fortune 500 firm.

In 2016, the business achieved equal pay for employees.

In 2020, the company hired 53% of new US employees who have previously been underrepresented in the tech industry. Women and those who identify as Black, Hispanic, Native American, Native Hawaiian, or Other Pacific Islander are among these.

Energy Consumption by Apple

The release of the Mac mini, the world's most energy-efficient desktop computer, and exceeding ENERGY STAR standards are just a few of Apple's environmental achievements that are frequently praised.

According to Greenpeace's Clicking Clean Report, Apple stands out as the only firm to receive a Clean Energy Index of 100%.

Currently, the corporation uses 10% renewable energy to power all of its operations globally.

How has Apple benefited from CSR ?

Customer loyalty and sales are both boosted by CSR. cost savings for operations. improved financial results, improved capacity to keep employees and recruit talent.

Beyond that,

Acting sustainably and responsibly may make it simpler for you to: obtain financing - An established company has a higher chance of attracting investors. gain favourable media coverage, for as when participating in community events lessen the burden of regulations – having strong relations with the local government can frequently make running business easier.

Find new business prospects, such as those for the creation of novel products or services.

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SWOT Analysis:

SWOT analysis is a framework used to assess a company's competitive position and to create strategic planning. It stands for strengths, weaknesses, opportunities, and threats. The SWOT analysis evaluates internal and external variables as well as present and anticipated future situations.

A SWOT analysis is intended to help you take a practical, fact-based, and data-driven look at the advantages and disadvantages of a company, its efforts, or its sector. Companies should use it as a reference rather than a strict prescription.

Strength:

- Apple's own operating system ios (software hardware integration)
- Low Debt in comparison to its competitors
- Premium brand loyalty
- Strong Research and Development Department
- More secure system than its competitors

Weakness:

- Weak in collaboration with other companies
- Market share is way behind Microsoft
- Slow turn around due to high priced products
- Launch of new products very frequently

Opportunities:

- Increase in bugs and viruses in the system
- Large population target
- Collaboration with other companies
- Laptop market growth increased in past few years (due to corona)

Threats:

- Companies making softwares which are not compatible with ios
- Strong competition from Dell, HP, Sony, Toshiba, Lenovo in laptop market
- Apple softwares are very expensive
- Demand for Gaming laptops increasing day by day
- Demand of new technology is very high

Analysis of Some Plans of Apple Inc.

"Apple plans to make new contributions of more than \$430 billion in the US and add 20,000 jobs across the country over the next five years."

"The accelerated commitment will fund a new North Carolina campus and job-creating investments in innovative fields like silicon engineering and 5G technology"

<https://www.apple.com/newsroom/2021/04/apple-commits-430-billion-in-us-investments-over-five-years/#:~:text=Expanding%20Apple%27s%20US%20Operations,over%20the%20next%20five%20years>

Breadth: **Strategic**

Time Frame: **Long Term**

Specificity: **Directional**

Frequency of use: **Single Use**

Analysis and Views:

This goal is written in terms of outcomes i.e. make contributions of more than \$430 billion in the US and add 20,000 jobs across the country. It is measurable and quantifiable as the number of jobs and contributions is numeric. It is challenging as silicon technology and 5G technology is not yet implemented successfully but yet it is attainable in the given time frame. As this plan was taken into consideration in 2018, so the target year for the completion of this plan is 2023.

One can see, 5G technology will start to be used in 2023 itself. Also, new North Carolina campus construction started in 2021 and is expected to start hiring employees for that campus in 2023. So, according to my views we can clearly see that this plan is very good for the company in terms of quality as all the factors of planning are taken into consideration during this planning. Also, this plan is again good as it is closely related to the mission and vision of the company.

Actual outcomes:

Number of employees in Apple (USA):

In 2021: 148,000 (Total 154,000)

In 2018: 127,000 (Total 132,000)



That means Apple has already completed one of the elements of the plan which is creating 20,000 jobs across the country by creating approximately 21,000 jobs by 2021 only. With this speed Apple is expected to have a 500% increase in the number of jobs from its 2018 plan by 2026.

Apple plans to invest \$1 billion in North Carolina to build a new campus. Also investments of Apple in different years are as follows:

2021 - 242,830 million dollars

2020 - 249,544 million dollars

2019 - 197,448 million dollars

i.e. total of 689,822 million dollars which is 689.822 billion dollars investment.

So, it is easy to conclude that Apple reaches its goal because of efficient planning a way faster than other organizations as due to planning Apple gets a clear idea of where to spend resources and where not.

Both of the goals Apple achieved only in 3 years which means that company is now 2 years ahead of their competitors because of effective and efficient planning.

“Apple is previewing a groundbreaking security capability that offers specialized additional protection to users who may be at risk of highly targeted cyberattacks from private companies developing state-sponsored mercenary spyware. Apple is also providing details of its \$10 million grant to bolster research exposing such threats.”

<https://www.apple.com/newsroom/2022/07/apple-expands-commitment-to-protect-users-from-mercenary-spyware/>

Breadth: **Operational**

Time Frame: **Short Term**

Specificity: **Specific**

Frequency of use: **Single Use**

Analysis and Views:

When it comes to Privacy and Security, Apple is the top company that comes to everyone's mind. People buy expensive iPhones just to get the best security without bloatwares, viruses etc.



But in recent times the company is facing a serious problem, the highly targeted mercenary

Spyware that targets specific people like human rights defenders, journalists and dissidents, it also promotes violence, reinforces authoritarian and supports political repression.

To tackle this, Apple introduced many new security features and patches. One such feature is Lockdown Mode which is available in their latest iOS 16, iPadOS 16, macOS Ventura.

Lockdown Mode offers an extreme, optional level of security for the very few users who, because of who they are or what they do, may be personally targeted by some of the most sophisticated digital threads, such as NSO Group and other private companies developing state-sponsored mercenary Spyware.

Apple noticed it and quickly took action against it, knowing well that it is affecting only a small group of people.

This step by Apple puts the thought into the minds of the consumer that Apple cares for their customers the most even when only a small group of Apple's user base was actually affected.

Actual Outcome:

Apple is known for its fast and secure devices especially iPhones. iPhones getting affected by Spyware questions the security and privacy policies of Apple. So Apple can't sacrifice its image of being the one of the top brands which the users can trust in terms of security. Thus, they have to bring necessary updates to keep their devices secure, especially mercenary spyware which aims at targeted people or groups of people.

“Small businesses are at the core of our economy, and we’re proud that Apple products play a role in helping these companies grow Apple Business Essentials is designed to help streamline every step of employee device management within a small business from setup, onboarding, and upgrading, to accessing fast service and prioritized support, all while keeping data backed up and secure, so companies can focus on running their business.”

<https://www.apple.com/newsroom/2021/11/apple-introduces-apple-business-essentials/>



Breadth: **Operational**

Time Frame: **Short Term**

Specificity: **Specific**

Frequency of use: **Single Use**



















Small companies are the lifeblood of the economy and serve as its backbone. They contribute to local economies by providing jobs, purchasing local goods, paying sales and property taxes and utilizing local suppliers and support services. Technology advancements and digitalization acceptance have aided them in expanding their worldwide reach. Apple Introduced subscriptions for small businesses which are Apple Business essentials in which they brought together device management, 24/7 Apple Support, and iCloud storage into flexible subscription plans for small businesses with up to 500 employees. The company unveiled a new Apple Business Essentials app that enables employees to install apps for work and request support. Apple's version is simplified for businesses with between 50 and 500 employees that have either a small IT department or none at all. The service will cost between \$2.99 and \$12.99 per month per user. Apple aimed at helping small-business owners manage the Apple devices used by their employees. This initiative is profitable for both Apple and these businesses as Apple can have a numerous number of users from these companies and the small businesses can rapidly grow using these products.

Outcomes:

Apple launched this idea a few months back so the subscription is likely to find a receptive audience. Small businesses don't have the time or staff to manage IT operations and the device life cycle that includes chores such as setup, employee onboarding, backup, repairs, support and upgrades.

Stage V: Corporate Governance

Executive Profiles:

			
Tim Cook CEO	Katherine Adams Senior Vice President and General Counsel	Eddy Cue Senior Vice President Services	Craig Federighi Senior Vice President Software Engineering
			
John Giannandrea Senior Vice President Machine Learning and AI Strategy	Greg "Joz" Joswiak Senior Vice President Worldwide Marketing	Sabih Khan Senior Vice President Operations	Luca Maestri Senior Vice President and Chief Financial Officer
			
Deirdre O'Brien Senior Vice President Retail + People	Johnny Srouji Senior Vice President Hardware Technologies	John Ternus Senior Vice President Hardware Engineering	Jeff Williams Chief Operating Officer
			
Lisa Jackson Vice President Environment, Policy and Social Initiatives	Isabel Ge Mahe Vice President and Managing Director of Greater China	Tor Myhren Vice President Marketing Communications	Adrian Perica Vice President Corporate Development
			
Kristin Huguette Quayle Vice President Worldwide Communications	Phil Schiller Apple Fellow		

Board of Directors:

Name	Title	Board role
Arthur D. Levinson	Founder and CEO, Calico	Chairman of the Board Compensation Committee
James A. Bell	Former CFO and Corporate President, The Boeing Company	Audit Committee
Tim Cook	CEO, Apple	
Albert A. Gore Jr.	Former Vice President of the United States	Compensation Committee Nominating Committee
Alex Gorsky	Executive Chair, Johnson & Johnson	Nominating Committee
Andrea Jung	President and CEO, Grameen America	Compensation Committee Chair Nominating Committee
Monica Lozano	President and CEO, College Futures Foundation	Audit Committee
Ronald D. Sugar	Former Chair & CEO, Northrop Grumman Corporation	Audit Committee Chair
Susan L. Wagner	Co-founder and Director, BlackRock	Nominating Committee Chair Audit Committee

Apple's Board of Directors supervise the Chief Executive Officer and other senior executives on a daily basis in the efficient and ethical operation of Apple and ensures that the long-term interests of shareholders are protected. service. To fulfil the Board's mandate, directors must take a proactive and focused approach to their duties and set standards to ensure that Apple is committed to the success of the business by how to maintain high standards of accountability and ethics.

A committee of the board of directors of Apple Inc., known as the **Audit and Finance Committee**, with its purpose, composition, powers, duties, and responsibilities. The purpose of the committee is to assist the board of directors

- In overseeing the financial statements of Company and the information provided to the company's shareholders.
- Auditors, including their qualifications and independence.
- Managing enterprise risk, privacy and data security.
- Audit, accounting and general financial reporting processes.



Committee of the Board of Directors of Apple Inc. to be known as the **Compensation Committee**, with purpose, composition, authority, duties and responsibilities, as follows:

- Review and approve the compensation of the Corporation's executive officers.
- Act as the administering committee for equity compensation plans as designated by the Board.
- Perform the other duties and responsibilities set forth in this charter.

Apple's Risk Management Strategies:

Being engaged in one of the biggest industry in the world, Apple have many competitors which are offering the same services and related products. The reason Apple is facing its major risk is connected to the fact of having aggressive competition in the market. Competitors are all battling it out in order to control the bigger segment or part of the market.

Another important risk that the company will be facing in the future is the change in buying behaviour of customers. Because of continuous changes in global and local economy of customers they are restricted to switch to some cheaper brands and having almost same reliable products. And it has as great impact to the image of the products in the market.

Another important thing is the growing incidents of fake and pirated products. This is one of the most important and growing risk for any company in the world, more specifically those who are involved in the electronic and computer industry. This is due to the fact that those products can be major competitors because they will offer lower price compare to the original, at the same time it can also cause bad image to the company, because it has the brand of the company. This is one of the most important threats that the company can be faced.

Apple is focusing on its branding to enables recognition from its customers.

It is one of the most important factors where customer's attention get caught and this is what make apple so special and unique. Branding is being used by the company in order to maintain its position in the market.

The above marketing strategy is important because it creates a significant competitive advantage for the company against its other competitors. Moreover, it also helps the company to face the future threat of new competitors due to its relationship with its customers.



Another key corporate strategy of Apple is innovation. This is important because people are inherently insatiable, which means that customers will demand more and need more for a given product. According to the company's ex-CEO Steve Jobs, innovation is one of the most important processes the company focuses on. That's why they hire people who want to do the best in the world. Another thing is that their human resources try their best to make the best products possible.

Through innovation, it can help a company manage the various risks and problems it may face related to threats from new entrants as well as substitution threats. Customer loyalty will be a great weapon for the company to manage the various issues that can affect its position in the market. Because the company's innovative processes always satisfy their customers, it will be difficult for new entrants to enter the industry.

Disclosure Practises (According to Annual Report 2021):

Apple discloses its Company Stock Performance and Fiscal Year Highlights in the Company's Annual Report along with different Risks associated with the company in detail. The Risks are as follows which are involved in report (only headings):

- *Risks Related to COVID-19*
- *Macroeconomic and Industry Risks*
- *Business Risks*
- *Legal and Regulatory Compliance Risks*
- *Financial Risks*
- *General Risks*
- *Interest Rate and Foreign Currency Risk Management*
- *Interest Rate Risk*
- *Foreign Currency Risk*

References:

- <https://investor.apple.com/leadership-and-governance/default.aspx>
- https://s2.q4cdn.com/470004039/files/doc_downloads/2020/20200819-Audit-and-Finance-Committee-Charter.pdf
- https://s2.q4cdn.com/470004039/files/doc_downloads/2020/20200819-Compensation-Committee-Charter.pdf
- <https://investor.apple.com/investor-relations/default.aspx>

Stage VI: Financial Management

Financial Statement Summary

According to Apple Inc. Annual Report 2021 (All in million \$) –

Gross Margin (Sale) = **152,836**

Operating Expenses (R&D) = **43,887**

Net Income = **94,680**

Total Comprehensive Income = **95,249**

Total Short Term Assets = **134,836**

Total Long Term Assets = **216,166**

Total Short Term Liabilities = **125,481**

Total Long Term Liabilities = **162,431**

Total Assets = **351,006** > **287,912** = Total Liabilities

Total Shareholder's Equity = **63,090**

Dividends = **0.85**(Dividend per share (in \$)) x **50.4**(Approx. No. of shares (in million)) = **42.84**

Cash Flow Disclosure –

Cash Paid for Income Taxes & Interest = **28,072** (Effective Tax Rate = **13.3%**)

Sales (Total Net Sales = **365,817**) according to Products –

1. iPhone = **191,973**
2. Mac = **35,190**
3. iPad = **31,862**
4. Wearable, Home & Accessories = **38,367**
5. Services = **68,425**

Total Short Term Debt = **1,022**

Total Long Term Debt = **118,063**

Price of Shares acquired by company (Share Repurchase Program (Govt. of US)) = **2,541,000**

Analysis of Financial Management of Apple Inc.

❖ Investment Decisions –

Long Term Investments are taken as Investments for long than 1 year.

According to the Analysis of previous years and the report of 2021, we can easily conclude that Apple is targeting a long term sustainment in the market as Apple is putting a lot of money in Long term assets and Research and Development as compare to short term assets.

According to our evaluation, as short term debt is very low in compare to total comprehensive income. So, Apple can go on the same way in terms of Investment Decisions. As company have **\$127,877 million** of market debt securities which company can sell in case of risk arises. So, Investment Decisions and Planning of Apple Inc. is up to the mark.

❖ Financial Decisions –

Financial Decisions are analysed on the basis of Sources and Funding (Debt, Sales, Shares and Equity)

According to the Analysis of previous years and the report of 2021, we can conclude that Major portion of the company income/ finance comes from shares as Earning per share of the company in Financial year 2020-21 comes out to be **\$5.67**, which is very large (one of the reason for such a large value of each share is the Share Repurchase Program). Then 2nd highest finance apple gets from the sales of the products.

But company need much large amount than this to efficiently put out work. So, to do this Apple chooses a wise path to get a large amount of finance from Long Term Debt and small amount finance from Short Term Debt. As Company pays interest amount easily with less principal amount to pay each year. Hence, giving less burden to the company. So, Financial Decisions of Apple Inc. is clever but according to our evaluation this much amount of long term debt may lead to trouble in future to the company. Apple must try to decrease long term debt and start getting equity financing in place. As this way, Apple can decrease its liabilities.

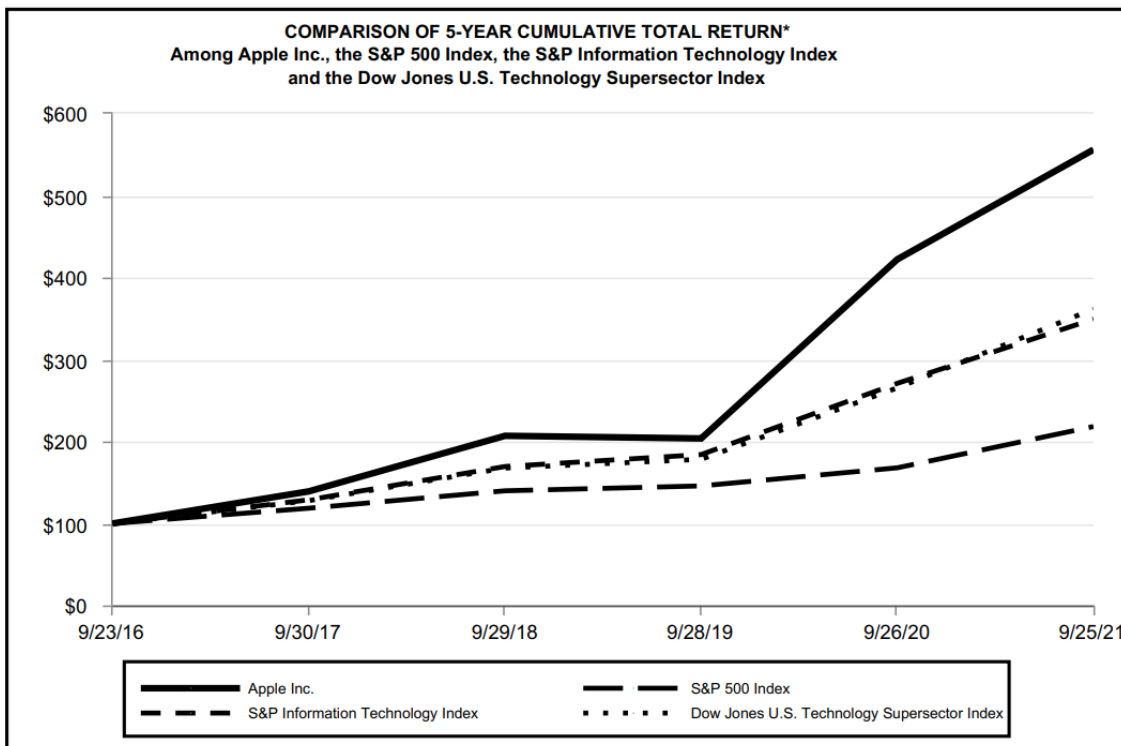
❖ Profit Distribution –

Profit is considered as the Dividends company gets after putting all the money and getting all the returns for that financial year.

Some part of dividends will be distributed to holders of shares of Common Stock as declared from time to time by the company's Boards of Directors.

And Other part of dividend will be reinvested in the market for better stock performance in the market and hence better image of the company.

The following graph shows a comparison of cumulative total shareholder return, calculated on a dividend-reinvestment basis –



So, this graph clearly shows that, Return increases each year with same dividend-reinvestment basis. So, Apple can try to give major portion to reinvestment instead of distribution. But that is also fine, as it will help to gain customers to invest in their stocks and hence increasing the Income of Apple Inc. So, Profit Distribution of Apple Inc. is also up to the mark.

References:

- <https://investor.apple.com/investor-relations/default.aspx>
- [https://s2.q4cdn.com/470004039/files/doc_financials/2021/q4/_10-K-2021-\(As-Filed\).pdf](https://s2.q4cdn.com/470004039/files/doc_financials/2021/q4/_10-K-2021-(As-Filed).pdf)