

# Internal and external business environment of apple



**ASSIGN  
BUSTER**

The aim of this report is to explain the brief history of Apple Inc and analyse the internal and external environment and organisational culture of Apple UK. The findings in this report will supported by academic models and theories.

## 2. 0 Methodology:

The internet is useful source for any kind search, the information I gathered for this report is from search engine e. g. Google, university recommended books and lecture notes.

## 3. 0 Introduction:

Environment can be defined as, the amalgamation of external physical circumstances that impinge and influence the augmentation, development and survival of creation. Therefore, the business environment would define as same, all the factors internal and external that affects its profitability and growth. It is very important for the business leader to carry out business environmental analysis to understand their business topography at present time. Apple Inc is an American company which operates in different countries in other words. This report briefly characterizes the Apple UK environmental analysis. The environmental analysis will focus on internal environment SWOT (strengths, weakness, opportunities and threats) and external environment will focus on PESTEL (political, economical, social, technological, environmental and legal) of Apple UK with the support of academic models and theories. The final part of this report is the assessment of Apple culture and organisational culture.

#### 4. 0 Defining the Business Environment:

“ Strategy is the direction and scope of an organisation over the long term, which achieves advantages for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations”.

(Johnson and Scholes)

Business environment means the forces or the factors that affect the business decisions. It is important for businesses to analyse those forces in order to come up with problem solving solutions. Some of those forces are out of business control e. g. political, social, economical these forces called as external forces which are out of business control. The environment which businesses have or can hold is called the internal environment.

#### 4. 1 Importance of Business Environment:

History is abundant with paradigms of organisation that have failed to apprehend their operating environment, or simply fizzle to react to transform in the environment. The after-effect was gradual decay in their profitability, and hereafter they may break off to exist as a viable business. Therefore, understanding business environment is very important it brings the early assimilation of opportunities and threats that business may suffer and helps to prevent from oncoming business threats instead of losing to competitors.

#### 4. 2 Analysis of Business Environment:

Environmental analysis is a precise evolution that initiate from assimilation of environmental factors, accessing their constitution and impact, analysing them to come up with their impact to the business, and accomplishing distinctive contour for positioning. Business environment can competently assay using following business environment:

#### 4. 2. 1 Internal Business Environment:

Internal environment reflects the internal factor of the business which organisations can control and can adapt or alter from time to time. The best way of explain internal business environment of any organisation is use of SWOT and Porter's value chain analysis.

#### 4. 2. 2 External Business Environment:

External business environment represent the uncontrollable factors, the external factors can be analysed using PESTEL and Porter's five forces. Kotler argues that PESTEL analysis is an effective strategic tool for understanding market development and decline, business position, conceivable and direction for operations.

#### 5. 0 What is Apple's Inc.

Apple Inc is an American intercontinental organisation with a hub on conception and fabricating consumer electronics and intimately connected software products. Entrenched in Cupertino, California on April 1, 1976 Apple evolves sells and supports a variety of personal computers, music players, mobile phones, and computer software's and hardware accessories. As of November 2010, Apple operates over 300 stores worldwide and online shop <https://assignbuster.com/internal-and-external-business-environment-of-apple/>

where its products are sold. The Apples well known hardware products involve Macintosh for personal computers, the iPod for media players and iPhone. The Apple Inc was known as Apple computers Inc for its first thirty years of business. The Apple Inc dropped computers from its name on January 9, 2007 because the Apple's expansion towards consumer electronics in accessions to its core business of personal computers.

Apple employs over 49, 400 employees worldwide and Apples financial results for its fiscal fourth quarter ended September 25, 2010 Apple posted record revenue of \$20. 34 billion and net quarterly profit of \$4. 31 billion or \$4. 64 per diluted share.

#### 5. 1 Apple's Inc History:

Apple was established on April 1, 1976 by Steve Jobs, Steve Woznaik and Roland Wayne to sell its Apple I personal computers. Roland Wayne left the company on January 3, 1977 who sold his share back to Jobs and Woznaik. The Apple I personal computers were hand built by Woznaik in the common room of jobs fathers home. The Apple I was came to market at home brew computers club almost 200 computers were built and was sold as motherboard not they sell currently as full personal computers.

1989-1991 been called first golden age for apple when apple introduces its power book in 1991, the modern layout of laptop computers and the same year Apple introduces system 7 for its operating systems.

Apple introduces its online store on November 10, 1997; Apple introduces its new all in one Mac computer on August 15, 1998. Apple sold almost 800, 000

units of imac in first five months and holds the strong name in the market also made a good profit.

Apple opened its first retail store in Virginia and California on 19 May 2001 and carry on opening new stores in United States and other countries. In later 2001 Apple introduces its music player iPod, it was a big success and sold over 100 million units in six years since it introduce. Apple introduces its first chip computer on January 10, 2006 a note book computer called Mac book pro in 2006 Apple transformed all its products into Intel chips. In 2007 Apple announced the launch of iPhone and Apple TV and the following day Apple share price hit all time high. Apple introduces its iPhone in 2007 which was big success and later updated version of Apple iphones and in 2010 Apple launched its new innovation called iPad.

#### 5. 2 Apple Inc Mission Statement:

Apple is committed to bringing the best personal computing experience to students, educators, creative professionals and consumer around the world through its innovative hardware, software and internet offering.

#### 5. 3 Apple Inc Vision Statement:

“ Man is the creator of change in this world. As such he should be above systems and structures, and not subordinate to them.”

#### 6. 0 Apple's Inc UK Environmental Analysis:

Apple Inc is the leading consumer electronic brand in United Kingdom, operating around 29 Apple's retail stores and online store within UK. Apple

<https://assignbuster.com/internal-and-external-business-environment-of-apple/>

UK environment can be analysed using internal and external environmental analysis.

#### 6. 1 Apple's Inc UK Internal Environmental Analysis:

Apple's internal environmental analysis represents the factors which Apple has controlled over them, those factors best analysed using SWOT analysis and Porter's Value chain analysis.

##### 6. 1. 1 SWOT Analysis of Apple's UK:

SWOT analysis will focus on following factors of Apple Inc:

Source: <http://www.bizstrategies.biz/swot-analysis.html>

##### 6. 1. 1. 1 Strengths of Apple Inc UK:

**Brand Name:** Apple has well established and strong brand name among the consumer and its competitor through quality and introducing new products.

**Innovative:** Apple is been innovative since the beginning, always come up with new ideas and products.

**Microsoft and Intel:** Apple use to produce its own software for its product but working with Microsoft and Intel gave edge to its profitability.

**Research and Development:** Apple has strong research and development to its competitor this is the reason apple always come up with new innovation.

**Financial Vitality:** Apple has cash reserve continued strong and stable although the idle market shares development of computer hardware and

<https://assignbuster.com/internal-and-external-business-environment-of-apple/>

software area. Apple achieves this by resisting market pressure to cut cost by product packaging and forming strategic agreement.

Customer Loyalty and Quality: Apple has strong customer loyalty because of the quality of product that Apple provides to its customers.

#### 6. 1. 1. 2 Weaknesses of Apple Inc UK:

High Price: Apple's products are higher in price, even though many of consumers want to use Apple's product but they cannot afford to buy one.

Weak Relationship: Apple relationship with Microsoft and Intel is not as strong as it should be.

Weak Presence in Business Area: Apple have only 29 retail store operating in United Kingdom.

The Product Life Cycle: The Apple's product life cycle is very small so the revenue is mostly depending on its new product or service.

Less Attraction towards Corporate Customers: Apple products do not attract corporate customers.

Technological Complications: Apple's mostly face problems with its software and hardware.

#### 6. 1. 1. 3 Opportunities of Apple's Inc UK:



**Fast Growing Industry:** Apple started with personal computers, now they are selling music players, laptop computers, mobile phones, iPads and also online music store.

**Technological Innovation:** Apple can develop strong position in market doing joint venture and Laptop computer market growth is high so it can develop new models to fulfil the need of customers.

**The Online Store:** the e-commerce is growing rapidly, iTunes is the online store developed by Apple.

**Improve Warranty and Reduce Prices:** Apple can improve its warranty program and reduce its product prices to challenge its competitor's prices and hold a strong position in market.

#### 6. 1. 1. 4 Threats of Apple Inc UK:

**Fierce Competition:** Apple has strong competition with its competitors within same industry.

**Economic Crisis:** economic crises have negative impact on Apple sales because consumers do not spend too much in critical situations.

**Microsoft:** Microsoft recently launched windows 7 with alluring user interface and new features which can attract Macintosh user to switch to windows.

**iTunes:** free downloading of music and videos may affect the profitability of Apple online store.

#### 6. 1. 2 Porter's Value Chain Analysis of Apple's UK:

<https://assignbuster.com/internal-and-external-business-environment-of-apple/>

Source: <http://www.ukeducation.org.uk/qdocsview.asp?ID=1340>

The value chain approach was established by Michael Porter in his book competitive advantage in the 1980s. Michael Porter value chain analysis accommodates a series of activities found to be accepted to a wide range of organisations. Porters describe primary and supportive activities as shown in the above diagram.

#### 6. 1. 2. 1 The Primary Activities of Value Chain and Apple UK:

**Inbound Logistics:** the process of acquiring and depot of raw materials and their distribution to accomplishing as they are appropriated. In case of Apple UK the inbound logistics are the new ideas, product designs, Intel chips and other required raw material.

**Operations:** it is the process of transforming inputs into outputs and services. Apple's software products are developed in US and all the hardware products e. g. computers, music players and mobile phones assembled in China.

**Outbound Logistics:** it is the process of distributing and warehousing of products. In case of Apple products are distributed from Chine and warehoused in Apple's allocated warehouse in UK.

**Marketing and Sales:** the process of identifying customer's requirement and creation of sales. When the Apple product is ready to entre in the market Apple advertise it itself showing rich features and Apple suppliers advertise it as well to generate awareness among the consumers.

Service: it is the process of feedback after the products and services are sold to customer. Apple feedbacks from its customers are always good about its products and services it is because of the quality Apple provide to its customers.

#### 6. 1. 2. 2 The Supportive Activities of Value Chain and Apple UK:

Firm Infrastructure: it focuses on the organisational culture, structure and organisational control system. Apple is an American multinational organisation its UK operation is influence by its background and consideration of consumer needs in United Kingdom.

Human Resource Management: represents the recruiting of employees, development, training and compensation. Apple UK recruits the local staff and trained them about their products so they can help and satisfy Apple's customers.

Technology Development: the important part of any organisation it focuses on improves and new technology introduce to system it gives organisation a competitive advantage. Apple itself a technology business so keep introducing new and beneficial technology to its business.

Procurement: it focuses on valuable purchase of inputs such as raw material equipment and supplies. Apple main raw material is to buy chips to produce good quality and moderate products.

#### 6. 1. 3 Critical Discussion on Apple Internal Environment:

SWOT and Porter's value chain analysis explained the internal environment of Apple UK, hence it will help to understand the current and future position of organisation. SWOT (strength, weakness, opportunities and threats) analysis of Apple shows the strength of company the factors which Apple are doing its best, weaknesses explained the factors which Apple do not provide its best, opportunity explained the factors what Apple can achieved using its resources and threats shows the factor which can damage the profitability and growth of Apple. SWOT analysis shows the strength of Apple is very strong to protect its image, the weakness Apple has they can do more research and development to overcome those weaknesses, Apple must utilise its opportunities to make its brand strong and if Apple can work on their weaknesses and opportunities its threats will be overcome or may be reduce. The Value chain analysis show the business culture and business operating system which shows that Apple Value chain is valuable because their product assembled in China with low cost and they have their UK operating system and human resource follows the required environment as in United Kingdom.

## 6. 2 Apple's Inc UK External environmental Analysis:

External environment represent the factors which organisations do not have controlled over them. PESTEL and Porter's five forces will best explain the Apple's external environment.

### 6. 2. 1 PESTLE Analysis of Apple Inc UK:

Source: <http://www.marketingminefield.co.uk/marketing-plan/pestle-analysis.html>

<https://assignbuster.com/internal-and-external-business-environment-of-apple/>

Political: government type, its stability, current and future taxation policies.

Apple does not have any control over it, to cope with this Apple has to change with it as in United Kingdom VAT rate is going up to 20% from 17.5% it will cause Apple's product prices will go up.

Economical: economical situation, inflation, interest rate and strengths of consumer spending. It will directly affect the Apple and its profit, if economical situation is bad consumer will spend less.

Social: population growth rate, life style of people, culture, religion media views and perception. Apple has to consider all those things to do business and have to have with consumer needs.

Technological: it represents the current and future technology, research and development and rate of technology change. Apple itself an electronic organisation so it has to keep up to date and move on to new technologies.

Legal: it focuses on legislation in employment and health and safety, changes in law, trading policies and regulatory bodies. Apple has to update itself with new legal laws and change its policies according to it.

Environmental: it focuses on recycling consideration, amount of pollution created by product or services, attitude to the environment from government and environmental pressure groups. Apple is electronic organisation so it has to consider its packaging that it can be recycled.

## **6. 2. 2 Porter's Five Forces Analysis of Apple Inc UK:**

Source: <http://notesdesk.com/notes/strategy/porters-five-forces-model-porters-model/>

The five forces model was developed by Michael Porter in his book competitive strategy in 1980s. The model is simple but effective tool to understand business position. It is helpful to understand current competitive strategy and strength of business that it is cogitating to move into. The five factors in this model are:

**Supplier Power:** it accommodates all the supply of inputs that are required to provide products or services. It reflects how many, and who is the supplier of the company and what is the strength of supplier and switching to different supplier will cost more, as Apple's main supplier of chips are Intel.

**Buyer Power:** it is impact the consumers have on company, when buyer power is strong the relationship of the company is called monopsony in economist term. When there are many suppliers and one buyer then the buyer set the price. Apple has many competitors they sell their products less in price than apple, the buyer threat for Apple is high.

**Threat of new Entrant:** competition is high and every organisation wants to diverse it business so it is easier for companies to enter in new market. Apple is electronic organisation it already has many competitors around so threat of new entrant is high for Apple.

**Threat of Substitute:** it focuses on the alternative products available in market with low price and better performance. Apple produce music players,

<https://assignbuster.com/internal-and-external-business-environment-of-apple/>

computers, mobile phone and iPad there are many other companies which are producing same products with lower price.

Competitive Rivalry: it describes the competition between the existing companies in same industry high competition result in margin, pressure on selling price. Apple's products are higher in price than its competitors so threat level is high for Apple.

#### 6. 2. 3 Critical Discussion on Apple Inc UK External Environment:

External environments are the uncontrollable factors for any organisation. Apple's external factors were analysed using PESTLE and Porter's five forces. PESTLE analysis focused on political, economical, social, technological, legal and environmental factors of Apple UK. However Apple does not have any controlled over them but Apple can change it with them, recently the current United Kingdom government increased VAT rate to 20% from 17. 5% this will result in product prices it will go up. Apple can reduce its price to keep customers happy or offered them some incentive. Most of the organisations have pressure from environmental organisation about environment pollution Apple can produce its recycled packaging. Apple has to keep considering social and economical factors and do research and development to cope with them. Porter's five forces helps to gain competitive advantage, Apple have many competitors around but it has strong brand value and name and competitive advantage from its competitor. Apple have to keep analysing five forces of Porter and find its best place in the market and carry out more research and development to bring new ideas and innovations.

#### 7. 0 Organisational Culture:

<https://assignbuster.com/internal-and-external-business-environment-of-apple/>

Organisational culture is the nature of the organisation. Culture is composing of the beliefs, values, norms and corporeal artefacts of organisation employees and their behaviour. Any organisational culture can be best analyse using Geert Hofstede cultural dimension.

### 7. 1 Geert Hofstede Cultural Dimensions:

Hofstede found five different cultural dimensions in his study of interaction between national and organisational culture.

Power Distance: represent the power within the society is divided equally or unequally and what extant society accepts this power distribution.

Individualism: individualism is the one side against its opposite.

Individualism/ collectivism represent the people act according to self interest or the interest of group.

Masculinity: masculinity against its opposite femininity represents the distribution of role between genders.

Uncertainty Avoidance: it refers the member of the society requires structure and boundaries at work place. High uncertainty avoidance societies are intolerant of risk. Low uncertainty avoidance societies are where risk and anomaly widely accepted.

Long-term Orientation: it refers to society accent attached to future against the present and past. In long term people appraise action and approach that affect the future and in short term people appraise action and approach that affect present and past.



## 7. 2 Apple's UK organisational Culture:

Source: [http://www.geert-hofstede.com/hofstede\\_united\\_kingdom.shtml](http://www.geert-hofstede.com/hofstede_united_kingdom.shtml)

Apple is a multinational organisation its business structure based on country of origin. Apple United Kingdom culture based demographic and social factors of UK. Hofstede study of cultural dimension show UK is most like to be individualistic culture followed by masculinity. It shows people in United Kingdom are individualistic and there is not much difference between genders. Apple's employees are more individualistic and there is not bias against any gender, therefore Apple is the successful organisation within the United Kingdom.

## 8. 0 Recommendations:

Apple has many competitors within its industry, Apple try to reduce the cost of products and maintain good quality. Apple has very less retail stores it must try to open more stores and joint venture with any big organisation will help to expand the business. Apple must continue to bring new ideas and innovation and expand its business.

## 9. 0 Conclusion:

Apple is the successful company with a strong brand name and has many competitors within same industry. Apple internal business environment was analysed by using SWOT and Porter's value chain analysis. SWOT analysis focused on strength, weaknesses, opportunities and threats which explained Apple's strength give it a strong hold against its competitors, weakness and threats would overcome by research and development, opportunities will <https://assignbuster.com/internal-and-external-business-environment-of-apple/>

bring more strength to organisation. Porter's value chain analysed Apple business system which is valuable but they to consider it to cut the prices of its product. Apple external environment was analysed using PESTLE and Porter's five forces the external factors are uncontrollable factors that Apple do not have any controlled over them but it cannot resist them but change with them effectively to maintain its growth and profitability. Organisational culture represents the nature of organisation Hofstede cultural dimension helps to analyse culture. United Kingdom is most likely to be individualistic and masculinity cultures where people work for self interest and there is not much differ in gender. Apple UK culture is suitable and acceptable for the people in United Kingdom that what make Apple is a successful organisation in the United Kingdom.