

Apple stands as one of the most dominant companies on the market currently, a perfect fit for analysis in an ever-changing global environment. Since its founding in 1976, Apple has changed from a small startup and has undergone a major change, evolving from their small personal computers into innovating and creating highly intuitive and beneficial products for consumers to buy. This change has resulted in Apple becoming one of the largest companies in history, reaching \$4 trillion market valuation in 2026, a figure that shows the company's dominant position on the global market (Financial Content, 2026). Apple is the perfect choice for this analysis with over 500 stores in 23 countries and generating billions a year, their size is on a huge scale, it is one of the first to be affected by any macro environmental change. As an example, whenever a political union, such as the EU, changed the laws so almost every piece of consumer technology was required to use USB-C, Apple was forced to change their all their phone and headphones chargers from their originally designed lightning port to USB-C, or face losing out on selling in Europe, leaving them with an enormous market being left out.

Additionally, Apple faces scrutiny from multiple governments. With their manufacturing being held in China, but their headquarters being based in California, as global trade tensions rise between the US and many other countries, they face the risk of major tariffs being placed onto their products, causing consumers to look towards competitors. In this context Apple acts as a lightning rod, leaving them the primary target for intense and major changes due to their immense size and influence. Because Apple sits at the centre of the global economy, it is often the first to feel the impact of any major political issues, such as the rising tensions between China and the US. These aren't small issues that Apple can afford to ignore, they represent how major technological companies must manage the balance between proprietary and open-market compliance. This essay will analyse how Apple applies business models to its current operations as well as a detailed PESTLE analysis to evaluate the impact of external factors on the business. Furthermore, this essay will assess the efficacy of Apple's responses, primarily its supply chain in South Asia.

This essay will be structured into four core sections. Following this introduction, the second section will establish the academic foundation using relevant theories such as Porters 5 forces. The third section will include a detailed PESTLE analysis,

supported by recent industry data, to evaluate the macro-environmental forces. The fourth section will evaluate the efficacy of Apple's response, particularly its China Plus One manufacturing diversification, and its integration of AI in their devices. Finally the essay will conclude with a summary of findings.

The business environment is often seen as a broad total of external and internal factors, ranging from changing geopolitical climates to internal organisational culture, all which influence a company's plans for the future and their operational efficacy (Worthington and Britton, 2023). In the mid 2020s, this external and internal environment has been characterised as one of extreme uncertainty, often seen through the VUCA framework, this being a framework for leaders to work through uncertain and unpredictable times for rapidly changing business environments. For a global enterprise such as Apple, the business environment is far from static, rather it is often a disruptive force that limits Apple's proprietary ecosystem and the feasibility of their global supply chains. Apple's ecosystem makes it so that only Apple products can communicate with one another with such efficiency and convenience, compared to competitors' products. Alongside this, it is also extremely secure, making it so data is securely encrypted when being sent over devices. Although these can benefit the customer, it also makes it so that Apple, and only Apple, has control over the user experience, which some global governments aren't pleased with, such as the EU with their introduction of the Digital Markets Act, making it so that Apple must open up their ecosystem. Their ecosystem is not the only factor to undergo a major change. For decades, Apple's supply chain was built on efficiency and globalisation, having almost all their manufacturing centered around China, due to their scale, low cost and access to resources. However this has taken a massive change because of global tensions and scarcity for resources. The threat of tariffs being placed on their products means Apple must expand their manufacturing across different countries, such as Vietnam or India, rather than focusing solely on China.

Strategic Management Literature emphasises environmental scanning as a critical process for gathering information about external events and emerging trends to identify early signals of change (Albright, 2004). Researchers such as Choo (2001) say, scanning acts as a radar for the company, if Apple fails to effectively scan the global environment they will inevitably succumb to strategic drift. This occurs when

the rate of environmental change, such as the introduction of AI, is larger than the rate of internal change within the organisation.

PESTLE provides a vast look at the macro-environmental variables. In today's world, political decisions such as the US introducing the banning of high end semiconductors to China, which can immediately cause technological bottlenecks, inevitably causing disputes over market access. Because these factors are to be viewed as interconnected, PESTLE must be seen as a complex web of factors rather than isolated ones. Similarly, whilst Porter's Five Forces (Porter, 2008) is traditionally used to assess the potential of a business, it can be applied to Apple to highlight a significant increase in the bargaining power of customers. This change is mainly driven by government mandates for interoperability (the ability for computer systems to exchange and make use of information) which has lowered the cost for consumers to switch. Porter's model however is often too static for the current highly competitive market. Market boundaries are much more fluid nowadays, compared to how they once were when Apple first began. They find themselves competing with other areas such as banking and healthcare, via their wearable healthcare technology such as their Apple watches, and Apple pay, which is extremely secure for consumers, outperforming most banks in security.

To help with the limitations of the PESTLE framework and Porter's model, the Dynamic Capabilities Theory, conceptualised by Teece (2007) is used for evaluating organisational resilience. The theory states "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" (Teece, 2007), an example of this is Apple's change from their reliance on Intel manufacturing their computer chips, meaning they could control innovation, production and create better quality products for customers. Intel was notoriously late with deadlines, slow with innovation and poor quality control so Apple's risky but rewarding switch to manufacturing their own chips, represents a perfect application of this model, by internalising their chip design, Apple has redesigned its internal resources to avoid vulnerabilities in their supply chain and helped avoid the risk of technological plateaus with external manufacturers (Chapple, 2021). Additionally, the ability for Apple to be cautious to the constant changing environment of today's technological world allows them to navigate with

certainty, compared to traditional forecast models which often fail to account for non-linear disruptions (Albright, 2004), these disruptions could be anything ranging from global pandemics or sudden major changes in the market. This suggests that Apple's continued global dominance in 2026 is a direct result of their ability to evolve, wherein the company doesn't simply react to the environment but actively attempts to change the macro-economic factors through their immense capital and peerless brand influence (Teece, 2025). An organisation's survival depends on their ability to align their internal rate of change with the external rate of change, thereby avoiding strategic drift, which occurs when a company's strategy becomes misaligned with its operating context over time (Johnson, Whittington and Scholes, 2020). Apple is seen as a giant that leverages vertical technology, where they have control over multiple sectors of their supply chain such as chip manufacturing, to maintain market control even when regulatory and political forces attempt to bring down their barriers (Financial Content, 2026).

The macro-environmental landscape Apple faces nowadays is defined by their record breaking financial performance as well as the unfamiliar systemic volatility. An in-depth PESTLE analysis demonstrates how these forces determine Apple's strategies.

As previously mentioned, politically, Apple is currently maneuvering through many geopolitical changes that have threatened the viability of their China centered manufacturing plants. Throughout 2025 and into early 2026, the revival of aggressive tariffs input by the United States, seen by their 10% global tariff as well as their specific semiconductors, targeting Chinese components, has become a major disruptive force for the company. Although Apple has secured a temporary zero rate tariff on certain Chinese components until June 2027, the political environment has resulted in a massive investment of around \$600 billion within the United States over the next four years. This investment is to assist domestic R&D and chip fabrication, effectively domesticating critical components of its supply chain so that Apple qualifies for federal tax incentives and avoid severe tariff penalties (Manufacturing Today, 2025). Political pressure that has shifted India and Vietnam into primary assembly points for Apple's manufacturing. By February 2026, over 25% of global iPhone production had moved over to India, this move being supported by their

government's Production Linked Incentive (PLI) scheme, representing a \$23 billion export milestone (Whalesbook, 2026). Apple makes these decisions not just as an operational choice but as a political survival strategy designed to help reduce the risks of potential technological decoupling between global superpowers.

The legal environment is just as volatile as the political, as seen by the shift from platform freedom to regulatory oversight. The enforcement of the European Union's Digital Markets Act (DMA) in 2025 successfully removed Apple's proprietary walled garden. Since its enforcement, Apple has been legally compelled to allow third party app stores on their devices such as Epic Games stores to operate on their iOS and MacOS platforms in the EU (TechPolicy.Press, 2025). This legal mandate has increased the bargaining power of buyers by helping lower the cost of switching and allowing developers to bypass Apple's traditional 30% tax. Furthermore, the regulatory interoperability requires Apple to ensure that services like iMessage and Apple Pay are compatible with rival platforms, standardising the gatekeepers role (European Commission, 2025). These legal changes represent a significant threat to Apple's services revenue, which reached a record \$26.3 billion per quarter by early 2025 (RevenueCat, 2024).

Economically, Apple's performance in early 2026 shows a strong brand inelasticity amidst a current fractured global economy. Despite high inflation and constant currency fluctuation that make products more expensive compared to areas like Europe or Asia, Apple has reported a record fiscal Q1 2026 with revenue growth of 6.5% (Simply Wall St, 2026). Apple's economic resilience is driven by their shift to service-as-software (SaS), as hardware sales have plateaued in saturated markets, Apple's services such as iCloud and their growing Apple Pay ecosystem, surpassed \$100 billion in annual revenue with gross margins nearing 75%. However, the economic environment is becoming more defined by the China Plus One strategy. Whilst diversifying into countries like India provides protection against tariffs, it introduces new economic complexities, such as a lack of a mature local component ecosystem, which initially increased logistical costs, compared to the highly efficient cluster of Shenzhen (India Briefing, 2025).

Socially, the mid 2020s have seen a major shift in consumer expectations regarding areas like privacy and ethical labour. Apple has positioned privacy as a luxury social good, using their on board device AI processing to differentiate itself from competitors whose business model relies heavily on cloud based mining (Morrison, 2025). However, as Apple expands their social footprint into India, it faces intense scrutiny regarding labor rights and sustainability. In 2025, backlash regarding working conditions in assembly plants forced Apple to introduce more transparent observation of its Tier 1 and 2 suppliers (Islam, 2025). Additionally, the trend of circular consumption, where customers repair their own devices instead of disposing of them, has caused a surge of Apple's Self-Service Repair programs, a direct response to the growing global movement that views non-repairable electronics as environmentally irresponsible (ESG Dive, 2025).

Technologically, 2026 marked the start of Apple's AI model, Apple Intelligence. After lagging behind other companies in integrating AI into their devices, Apple's 2025-2026 strategy focused on multi-partner intelligence. Rather than relying on a singular large language model, Apple created an ecosystem that integrates OpenAI, Google Gemini and its own on-device models (EnkiAI, 2025). This shift in technology is powered by Apple's silicon neural engines, which allow for Edge AI, meaning it is run locally on the device rather than on the cloud like many AI models run on, keeping data safe and secure, sticking to Apple's promise for user privacy.

Finally, environmental factors have become a central focus point to Apple's operational feasibility. The 2030 goal of being carbon neutral across their entire footprint has seen significant progress, with the company reporting a 60% reduction in their global greenhouse gas emissions compared to their 2015 baseline (Apple, 2025). This environmental promise has led to a circular supply chain, where 99% of cobalt in Apple designed products batteries are sourced from recycled materials (Apple UK, 2025). Environmental awareness and compliance is no longer something to ignore, it is a requirement for market access in the EU and protection against rising costs of raw material extraction.

Apple's strategic thinking throughout 2025 and 2026 demonstrate their application of "evolutionary fitness", where Apple has adapted their strategies and capabilities to

survive in a complex and constantly changing environment. Their most significant organisational adaptation has been their execution of a multi-polar supply chain strategy, which serves as protection from geopolitical and economic struggles. By domesticating a critical portion of their semiconductor and AI infrastructure through a major domestic investment program, Apple has almost entirely removed the disruptive nature of trade tariffs that once threatened its hardware margins (Vantage Market, 2026). This illustrates the seizing and transforming stages of the Dynamic Capabilities model, Apple didn't wait for the political environment to stabilise, but instead reworked their entire capital allocation to align with the fragmented state of global trade.

Additionally, Apple's response to the saturation of the smartphone market and the increase of regulatory interoperability has been the expansion into areas such as Spatial Computing via products like the Vision Pro. Vision Pro wasn't simply a new product for Apple, rather a strategic pivot to re-gain their walled garden through a new computer system, visionOS, which competitors have struggled to replicate with the same level of vertical software integration. Whilst legal mandates force openness on the iOS platform, Apple's unique visionOS ecosystem creates an immersion that remains difficult for rivals to commoditize (Crispidea, 2025). By releasing a high margin, integrated ecosystem at the same moment when their smartphone software exclusivity was removed, Apple has successfully maintained its premium pricing and brand differentiation.

Furthermore, Apple's management of the explosion of AI has meant they are able to create ecosystem orchestration, where whilst single products are effective alone, they become more powerful when paired with other Apple products. In 2026, the company's strategy involves a hybrid intelligence model, where their onboard AI processes sensitive data via proprietary silicon, whilst also partnering with external providers for generative (Benzinga, 2026). This localised approach portrays Apple as leaving behind their historical innovation model, allowing them to comply with diverse digital sovereignty laws. Whilst it can be argued that Apple's compliance with regulations (such as the implementation of new developer fees in the EU) could result in further litigation in the future, they have successfully preserved their original

business model of creating value and finding new opportunities (Telesto Strategy, 2026).

The in-depth analysis of Apple throughout 2024-2026 shows an organisation that has successfully shifted from a passive environmental adaptation to becoming more aware of the ever-changing global environment. By navigating a new permacrisis, such as Covid-19, global tariffs, economic decline and climate change, Apple has demonstrated that their \$4 trillion market value isn't simply because of customer loyalty, but because of their dynamic capabilities. Apple has managed to maintain its premium brand identity and high profit margins despite the pressures of aggressive mandates from global governments and the geopolitical necessity of de-risking its global supply chain. The enormous \$600 billion domestic investment strategy is a prime example of how a global enterprise can leverage their capital to remove political volatility and domesticate innovation hubs, making it easier for generating, testing and developing new ideas.

Additionally, Apple's shift toward a hybrid intelligence model, where they use AI to augment and aid human decisions rather than replacing the human element, as well as the expansion of their Spatial Computing indicates a strategic pivot to regain their ecosystem. Whilst legal frameworks like the Digital Markets Act have successfully removed the software based exclusivity of the iOS platform, Apple responded with creating a new, hardware integrated platform that is significantly more difficult for competitors to replicate. The shift towards a China Plus One manufacturing model, especially the rapid incline of production in India, further emphasises Apple's operational agility in the wake of rapidly shifting trade paradigms.

Overall, Apple remains a global example of corporate resilience. Their ability to sense emerging technological shifts, capture market opportunities and transform their internal resources ensure their continued dominance in a splintered global economy. To sustain their still constant growth, Apple must continue to balance their compliance with regulators with the essential need for open innovation, but also ensuring their proprietary ecosystem remains a platform consumers rely on.

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