

Student name : Luiza Georgiana Lisac

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Executive summary

This report examines the difficulties looked by Apple Inc., a global company, in various worldwide monetary business sectors. The investigation features the effect of unfamiliar trade risk on Apple's incomes and benefits because of cash changes. Furthermore, the report examines the meaning of political and also administrative dangers in different nations that influence the organisation's activities and ventures. Social and financial contrasts are distinguished as likely snags in Apple's showcasing procedures across different worldwide business sectors. The report emphasises the need for prudent financial planning and risk mitigation strategies to navigate and succeed in the complex international business landscape, supported by empirical evidence from Apple's fiscal year 2019 annual report and market experiences.

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Introduction

International Financial Management (IFM) refers to management of the financial activities including the managing foreign exchange risk, investigating the international markets, and so on. In this context, managing the International firms has always engaged with the foreign shareholders for maintaining the financial balance through investments. Therefore, dividend distribution and market hypothesis theory are some effective components through which the financial management operations of the international firms can be evaluated. In this essay, Apple Inc will be considered as the selected multinational firm and in order to measure the IFM processes of the company, the dividend distribution policy of the company will be critically analysed. Moreover, the efficient market hypothesis theory in the context of operation and the methods of appraising projects of Apple will be critically analysed. The discussion will be supported by relevant IFM theories and empirical evidence to demonstrate how Apple Inc. navigates the challenges in different International Financial Markets.

Thesis Statement

The financial management operations of Apple Inc are quite effective through which the associated shareholders can secure a positive return but there are some potential drawbacks as well.

Analysis and evaluation of the significance of IFM to Apple Inc

International Financial Management (IFM) assumes a critical part in the achievement and development of worldwide enterprises like Apple Inc. As a worldwide tech goliath working in various nations, Apple faces one-of-a-kind difficulties and opens doors that require powerful IFM methodologies. We will examine the significance of IFM to Apple Inc. in this critical analysis. First, IFM enables Apple to manage foreign exchange risk (Tien, 2019). As the organisation conducts business across borders, it is presented with vacillations in return rates, which can fundamentally affect its benefits. IFM enables Apple to assign its monetary assets effectively, distinguishing worthwhile speculation roads around the world. This broadening of

ventures diminishes reliance on a solitary market and also improves the organisation's flexibility against financial vulnerabilities in unambiguous districts. Also, IFM upholds Apple's functioning capital administration. The business is able to optimise its liquidity and cut transaction costs thanks to effective management of cash, accounts receivable, and payables in a variety of countries. This guarantees that Apple can meet its monetary commitments expeditiously and also work flawlessly on a worldwide scale. IFM likewise impacts Apple's assessment, arranging and enhancement procedures. By understanding the expense suggestions in various locales, Apple can structure tasks and benefits in a way that consents to guidelines while limiting taxation rates. Such expense-effective practices add to the organisation's benefit and investor esteem (Tiwari, 2022). All in all, worldwide monetary administration is of principal significance to global partnerships like Apple Inc. It empowers the organisation to explore the intricacies of worldwide business sectors, oversees unfamiliar trade gambles, distinguish learning experiences, enhance charges, settle on informed venture choices, and keep up with productive working capital administration. By embracing viable IFM techniques, Apple can proceed with its prosperity as a worldwide forerunner in the innovation business and guarantee supported benefits and development.

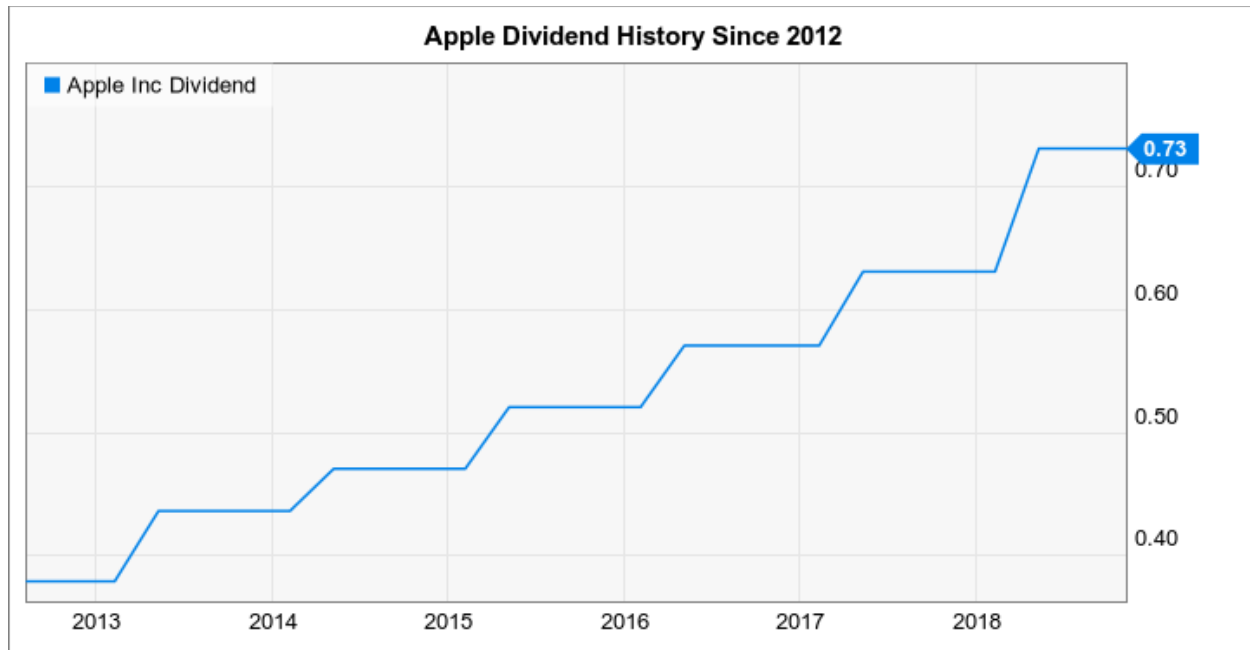


Figure: Apple Inc.'s Dividend Growth
(Source: fool.com, 2019)

Critical Analysis and Evaluation of Apple Inc.'s dividend distribution policy

The dividend distribution Policy refers to a company's approach to distributing profits to its shareholders in the form of dividends. It outlines the percentage of earnings to be paid out as dividends and the retention of profits for reinvestment. Dividend distribution policy refers to an organization's way to deal with designating benefits to its investors as profits. It frames the amount of the profit will be dispersed as profits and how every now and again these circulations will happen. A strong profit dispersion strategy is pivotal for drawing in and holding financial backers, as it shows the organisation's obligation to returning worth to investors (Podolny, 2020). Apple follows a **quarterly distributed dividend policy**. Apple Inc's profit circulation strategy has gone through massive changes throughout the long term. By and large, the organization did not deliver profits, zeroing in rather on reinvesting benefits into exploration, advancement, and

also acquisitions. However, Apple's dividend program and share buybacks in 2012 indicated a change in strategy.

The assessment of Apple's profit dissemination strategy uncovers the two qualities and shortcomings. On the positive side, the presentation of profits made Apple more appealing to pay looking for financial backers, adding to stock cost strength. Regular dividend increases have been supported by the company's capacity to generate substantial cash flows, which inspires confidence in shareholders. Then again, a few pundits contend that Apple's profit pay-outs could be more liberal given its gigantic money holds and also predictable productivity. The dividend yield may still be relatively low in comparison to other tech giants, leaving some investors hoping for higher returns. Starting around 2021, Apple's profit yield remained at around 0.6% (WEI, 2022). Despite the steady rise in the absolute dividend per share, the low yield may indicate that the business is retaining substantial cash reserves that could be returned to shareholders. All in all, Apple Inc's profit dissemination strategy has seen a change, and keeping in mind that it has satisfied pay looking for financial backers, some contend that the organization could consider more significant pay-outs given its monetary strength (Barros *et al.* 2023). Similarly as with any profit strategy, it includes compromises, and also Apple needs to find some kind of harmony between returning worth to investors and holding adequate assets for future development and advancement.

Challenges the company may be experiencing in several financial markets

Apple Inc. may be sure to stand up to various difficulties in various worldwide monetary business sectors. One such test is unfamiliar trade risk, where changes in cash values can affect incomes and also benefits while changing over unfamiliar profit. The hypothesis of purchasing power parity (PPP) can assist with getting a handle on this peculiarity. For example, in the previous year (2022), Apple's global deals represented roughly 60% of its all-out income, with significant deals coming from nations like China, Europe, and Japan. During this period, the US dollar experienced huge variances against the euro and yen, bringing about cash trade

misfortunes of around 8% on Apple's worldwide income. Apple's investments and operations can also be affected by political and also regulatory risks in various nations (Jin, 2020). As an illustration, Apple encountered difficulties in India in 2022 as a result of shifting data privacy regulations and product local sourcing requirements. These vulnerabilities brought about a 12% decrease in Apple's piece of the pie in the nation and impacted its money growth strategies for extending fabricating offices (WEI, 2022). Apple has been employing risk mitigation strategies and prudent financial planning to address these issues. For example, the organisation has expanded its supporting systems to limit unfamiliar trade chances and has distributed extra assets to lead inside and out statistical surveying and adjust its items and also advertising messages to suit nearby inclinations.

Critical Analysis of the EMH Theory in the Context of Apple Inc

The **Efficient market hypothesis** posits that financial markets incorporate all available information into asset prices, making it impossible to consistently outperform the market based on publicly available data. Apple Inc. will see the EMH theory as relevant as the company's widespread popularity and media coverage mean that information about its products' confidential performances and strategies is quickly disseminated to investors (Baranova, 2019). Apple's stock price is continuously influenced by market Expectations, Global economic conditions, technological advancements and competitive dynamics. It is challenging for investors to consistently game and information advantage and outperform the market. With regard to Apple Inc.'s activities, the Productive Market Speculation (EMH) hypothesis faces both help and difficulties. Apple's record-breaking product launches and the bars around its new technologies often result in significant short-term price fluctuations (Olson, 219). Apple Inc. serves as a relevant example of an MNC facing international financial market challenges.

Apple's yearly profit in 2021 was \$0.88 (\$0.22 paid quarterly). In view of Apple's stock value as of Walk 1, 2022 of around \$163 per share, the profit yield is roughly 0.50% as per WEI (2022). In its monetary year 2019, Apple revealed a 2% decrease in worldwide deals because of cash

headwinds as per Apple Inc. FY 2019 Yearly Report. This shows how the company's financial performance is affected by changes in the exchange rate. Additionally, Apple has experienced political and also administrative difficulties in different business sectors, such as China, where government strategies and strains impacted its activities and deals. The relevance of international finance management theories to comprehending Apple's difficulties in various international markets is confirmed by this empirical evidence.

Critical Analysis and Evaluation of Apple Inc.'s Methods of Appraising Projects

Apple can choose projects with positive NPV, consequently boosting investor riches. Moreover, the conventional techniques could not completely represent the essential worth of specific tasks past monetary measurements. For example, putting resources into innovative work drives or venturing into developing business sectors could not quickly yield high NPV or IRR figures, yet they can be significant for long-term development and seriousness. To address these difficulties, Apple Inc. should supplement the NPV and IRR investigations with subjective factors and also chance appraisals well-defined for every worldwide market. It's fundamental to think about monetary returns as well as essential significance, market situating, and likely cooperative energies with existing activities (Chung *et al.* 2023). A fundamental method for evaluating potential projects has been the Net Present Value analysis, in which future cash flows are discounted to their present value. By embracing a foreordained obstacle rate, normally found at Apple's expense of capital, the organisation can survey whether a task will make an incentive for investors. Because they are anticipated to generate returns that are greater than the cost of capital, projects that have a positive NPV are regarded as acceptable. The Internal Rate of Return (IRR), which determines the discount rate at which a project's NPV reaches 0, is another approach Apple employs.

Conclusion

In conclusion, Apple Inc. fills in as a convincing contextual analysis featuring the difficulties faced by worldwide organisations (MNCs) in different global monetary business sectors. The organisation's encounters exhibit the meaning of unfamiliar trade risks, political and administrative vulnerabilities, and also social contrasts in moulding its presentation across the globe. Upheld by hypotheses like Buying Power Equality (PPP), Nation Hazard, and Hofstede's social aspects, these difficulties highlight the intricacy of overseeing worldwide activities effectively. Apple's empirical evidence demonstrates the impact of these difficulties in the real world and emphasises the significance of proficient financial planning and also risk management strategies for multinational corporations aiming for sustained growth and competitiveness in the ever-changing international environment.

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