



# An Examination Of The Impact Of Intellectual Capital On The Growth And Advancement Of Major Corporations And Multinational Companies: A Case Study On Apple

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## ARTICLE INFO

## ABSTRACT

The intangible parts of a company's success are difficult, if not impossible, to quantify using standard metrics; thus, intellectual capital has become an important asset for modern corporations. This study aims to examine the components of intellectual capital (IC) and how they impact corporate organizations. Examining the role of intellectual capital in the growth and development of multinational corporations is the focus of this research. Using Apple Inc. as a case study, the study delves into the connection between IC and innovation, strategic decision-making, and competitive advantage in the global market. The media and consumer electronics industries have been greatly impacted by the innovative and widely recognized global firm Apple Inc. In summary, the case study analyzed Apple Inc.'s current marketing situation and suggested strategies for the company's future growth.

**Keywords:** Intellectual capital, multinational, Apple Inc, strategic decision, growth.

## 1. Introduction

A company's ability to create value and succeed financially is often characterized by its intellectual capital. IC is a long-term, intangible value generator for any given business. In today's marketplaces, both sellers and buyers are savvier than ever before. The modern business world is extremely dynamic, and as a result, organizations are constantly having to adapt to new circumstances. The capacity and will to adapt to these developments are crucial to the survival of many firms [1]. Because of their IC, businesses can respond quickly to changes and keep their market advantage. Innovation has elevated IC to a more significant economic value component [2].

In today's business world, intellectual capital is crucial for companies to expand and stay competitive. Since intellectual capital is typically intangible, putting a price on it can be challenging. Common ways to describe and understand intellectual capital include its ability to create value, enhance an organization's competitive advantage, and increase success. Intellectual capital is crucial for companies, especially in this knowledge and information age where results are more and more tied to brainpower and IT infrastructure. Countless studies have focused on this subject in an effort to understand the value creation process for intellectual capital and the importance of making this information public [3]. The most popular method for evaluating intellectual capital is the intellectual value-added coefficient, or VAIC, which was proposed as a means of quantifying this asset [4].

The research uses Apple Inc. as a case study to examine how intellectual capital affects competitive advantage and worldwide market strategy decisions. This research looks at Apple Inc.'s marketing right now and offers advice on how to improve it. The tech company Apple Inc., formerly known as Apple Computer, Inc., was established in California on January 3, 1977. The present name of the company was adopted on January 11, 2007. Apple Inc. primarily deals in computer hardware; its major SIC is communication technology for television and radio. The "Apple 1 computer," which was unveiled in 1976, was Apple's first product. Apple's creation, which is mostly the brainchild of Steve Jobs, is what makes the firm tick. On April 1, 1976, Steve Wozniak and their pal Jobs built the first Apple computer. Steve Jobs established Apple Inc. (AAPL) in 1977,

which at the time offered unparalleled services in the production of wireless communications equipment and the broadcasting of radio and television. In addition to its main office in Cupertino, California, Apple also has numerous offices all over the globe. What they're doing has revolutionized many people's experiences with computers, internet access, music, and even international phone conversations. If you want to see a dream come true, little by little, go no farther than Apple, Inc. [5].

## 2. Review of Literature

### 2.1. IC and Business performance

Intellectual capital refers to a company's knowledge-based assets [6]. Due to the lack of clarity in this definition, differentiating between intellectual capital (IC) and intangible assets remains a challenge, making it impossible to put a price on IC. Accounting and economics both stress the significance of knowledge and IC to national GDP growth, which makes it hard to quantify and put into practice strategies to boost IC [3]. In addition, research on corporate strategy has highlighted the importance of IT for GDP growth, particularly considering the Fourth Industrial Revolution [7, 8].

### 2.2. IC components

#### 2.2.1. Human Capital

One element of IC is human capital. Social skills, the capacity for leadership, employee motivation, and professional competence are all considered aspects of human capital. The knowledge and abilities individuals have accumulated over their professions and in enterprises are referred to as professional expertise. Many elements, including education, experience, and training, might affect one's professional ability, opportunities for postsecondary education, real-world job experience, courses, and seminars. For instance, social competence encompasses interpersonal skills, the capacity to relate to others well, communication abilities, and the capacity for constructive discussion. Social competence improves employee cooperation and learning capacity [9].

The organization's most inventive asset is its human capital, which allows it to act in accordance with the environmental modifications that, through their knowledge, improve the functioning of the organization talents and expertise used to increase organizational effectiveness [10]. According to current research, human capital is the component that has the biggest impact on improving organizational effectiveness to a sufficient degree.

#### 2.2.2. Structure Capital

Examples of structural capital include new product development, management instruments, explicit knowledge and IT, corporate culture, corporation within the company, and process improvement. Product innovation improves a business's future. This is so that new items can be created, increasing the organization's competitiveness and chances of survival. Innovation assures this. Among other things, copyrights and patents are the result of product innovation. A component of structural capital is corporate culture. The rules and beliefs that affect how people interact at work and transfer knowledge are referred to as corporate culture. A variety of components, including systems, structures, processes, intellectual property, and numerous intangible assets, are included in structural capital. The nonhuman information contained in the firm, such as databases, computer programs, organizational culture, organizational structure, trademarks, and patents, is referred to as structural capital [11].

#### 2.2.3. Rational Capital

Relational capital encompasses the following: relationships with suppliers, customers, the media, and investors. A consumer connection is the relationship that exists among a business and its clients. Positive client connections are facilitated by providing excellent client service, among other things. Supplier interactions are defined as connections with potential suppliers. Managing the supplier connections includes taking on projects that strengthen alliances during the purchasing process. Companies that give investors reliable information to help them make decisions are taking steps to strengthen their ties with investors.

Since an organization's relational capital is determined by its interactions with stakeholders both inside and outside the organization, it is imperative to maintain positive relationships with these groups in order to receive valuable feedback and the best information possible regarding its performance [12]. Therefore, it's imperative that while talking about ways to enhance organizational performance, investigators take relational capital into account in addition to intellectual capital.

## 3. Methodology

### 3.1. Background of firm

A variety of portable digital music players are from the software, networking solutions, personal computers and peripherals that Apple Computer, Inc. develops, manufactures, and markets. The Macintosh series of laptops and desktop computers running Mac OS X, the digital music player iPod, the iTunes Music Store and the Xserve G5 server are all part of Apple's product range. Among the product names are Apple TV iPhone, iPad, Mac, iCloud, AirPods, Apple Watch, Home Pod, iPad OS, MacOS and iPod touch. Apple uses a variety of channels, including the Apple Music, Mac App Store, TV App Store, Apple Store and Watch App Store, to

distribute and sell digital content and apps. The company has operations in the Middle East, Asia-Pacific, Europe, and the United States. Apple's headquarters are located in Cupertino, California, in the United States.



**Figure 1: Stock price**

Since the iPhone accounts for about half of Apple's yearly income, the device plays a significant part in the product lineup of the business. In September 2020, the stock price of the business achieved its highest point in the preceding three years, coinciding with the announcement of the arrival of the newest edition of the iPhone 12. Figure 1 shows how, between 2018 and the beginning of 2020, Apple's stock price climbed at a rather consistent pace. Following May 1, 2020, the stock price skyrocketed, going from roughly \$61 per share to \$135 per share by the beginning of 2021. The recent surge in stock prices is mostly due to the rise in innovative firms like Tesla.

### 3.2. Procedure

A case study of Apple was carried out. The researcher's case study guide was the instrument used in this investigation. All facets of the procedures will be explained using both qualitative and quantitative data. The Apple website was the researcher's main source of information. To learn more about Apple's corporate principles and the initiatives they use to uphold them, see the website's principles section. One might access a variety of details regarding the old and new corporate offices by clicking on the regarding button. The 2016 10K Form was utilized to obtain broad details on the goods and services offered by the company. The business conduct policy of the organization was consulted in order to learn more about the values that guide the company's operations. Data on the organizational structure of the corporation was gathered from a subject book, while information on employee growth and benefits was obtained from Glassdoor.

### 3.3. SWOT evaluation

SWOT analysis is an essential component of business planning; it utilizes diagrams or table to highlight these components and offer evaluations in order to examine and gauge business risks. Strengths, Weaknesses, Opportunities, and Threats is what SWOT stands for.

### 3.4. PEST evaluation

Political, Economic, Social, and Technological assessment, or PEST evaluation, is a management strategy used to comprehend external influences and decide how to adjust to their changing environment. It is also a helpful tool for multinational corporations to evaluate the impacts of external macro events from their own viewpoints.

## 4. Result and Discussion

### 4.1. SWOT analysis of Apple

This is a thorough examination of Apple, Inc.'s opportunities, threats, weaknesses, and strength (Figure 2).

#### • Strength of Apple

Regardless, a few of Apple's attributes are liable for its prosperity. Due to its great standing and elevated degree of brand mindfulness, Forbes predicted that Apple will have a \$242.2 billion brand esteem in 2020, making it the most important brand on the planet for various years. Additionally, there are millions of devoted clients, and the number of them is rising. What's more, Apple makes the world's most innovative products and is a pioneer in technology innovative work. Apple has consistently developed innovative products that disrupt the market ever since it's founding, including smart technology devices. In regard to appearance, Apple has the most refined, stylish, and unique product design. Their specialized computers and technological devices have a reliable and sophisticated OS which is one of their benefits. The operating system on iPhones is the second most popular mobile OS in the world.

<b>Strength of Apple</b> <ul style="list-style-type: none"> <li>• Recognition of the brand and excellent standing.</li> <li>• Superior inventive goods and expert technological investigation.</li> <li>• An advanced and reliable OS.</li> </ul>	<b>Weakness of Apple</b> <ul style="list-style-type: none"> <li>• Expensive goods.</li> <li>• The market approach lacks the adaptability to change with the local environment.</li> <li>• Incompatibility with alternative programs.</li> </ul>
<b>Opportunities of Apple</b> <ul style="list-style-type: none"> <li>• Business segment for services.</li> <li>• The demand for smart wearable technology is growing.</li> <li>• Software for Self-Driving Technology</li> </ul>	<b>Threat of Apple</b> <ul style="list-style-type: none"> <li>• Breakout of the coronavirus epidemic.</li> <li>• The American-China trade dispute.</li> <li>• Increasing rivalry with other IT businesses</li> </ul>

**Figure 2: Matrix of SWOT analysis**

#### • Weakness of Apple

Furthermore, it's a fact that Apple regularly charges thousands of dollars for its products. Since Apple products are expensive for trend setting innovation, they are commonly thought to be held for the upper or working class. Indeed, Apple is missing on a mission to bring down class client gatherings, which adds to the high asking cost. Furthermore, Apple's absence of publicizing is a huge shortcoming in contrast with contenders like Huawei, Xiaomi, and Samsung Development. It is obvious that Apple's advertising procedures are not adequately receptive to neighborhood circumstances all through various regions of the planet. The media impacts Chinese clients' choices to buy merchandise from organizations greater than Apple. The data in Apple's financial report indicate a worrying decline in sales in China for a multinational technology company.

#### • Opportunity of Apple

As the service business enters another time, Apple has given its clients evaluated digital content and administrations, for example, I Cloud, iTunes, Apple television and Apple Music. The financial report from Apple indicates that between 2019 and 2022, the percentage of Services increased. These new services that Apple is sending off and overwhelmingly advancing will turn out to be increasingly more incorporated into the existences of its purchaser, at last becoming the dominant focal point. Smart technology that can be worn will also become more and more commonplace all over the world. Apple has a chance to grow in this market thanks to the popularity of its smart wearables and their high level of user engagement. As opposed to fostering a customary driverless vehicle, Apple can focus in on coordinating artificial intelligence review and working on the technology.

#### • Threat of Apple

Globalization is a modern fact. Mediator products make up the greater part of all products exchanged universally, and there is critical worldwide inventory network reconciliation. The Covid episode represents a serious danger to the multinational technology monster Apple Inc. what's more, will cause a lot of inconvenience. It's an obvious fact that China is a critical part of Apple's inventory and creation organizations. Furthermore, Apple will confront additional extraordinary contest in the future from other huge worldwide organization's Samsung, Amazon and Huawei.\

### 4.2. PEST analysis of Apple

This is a thorough evaluation of Apple, Inc.'s political, economic, socio-culture, technological factor (Figure 3).

<b>Political factor of Apple</b> <ul style="list-style-type: none"> <li>• Enhancing trade policies.</li> <li>• Government-to-government trade disruptions.</li> </ul>	<b>Economic factor of Apple</b> <ul style="list-style-type: none"> <li>• During the COVID pandemic, the economy recovered.</li> <li>• The expansion of developing nations.</li> </ul>
<b>Socio-culture factor of Apple</b> <ul style="list-style-type: none"> <li>• Worldwide working and learning virtually.</li> <li>• Installing an anti-Apple sentiment.</li> </ul>	<b>Technological factor of Apple</b> <ul style="list-style-type: none"> <li>• The need for cloud computing on a global scale.</li> <li>• Expanding technology of other businesses.</li> </ul>

**Figure 3: Matrix of PEST analysis**

#### • Political aspects

In the first place, political powers affect Apple in both positive and negative ways. The upgraded free trade pacts offer Apple the opportunity to build its incomes. Worldwide free trade pacts alliances are fundamental for helping nations in defeating the financial difficulties presented by Coronavirus. For instance, the British government is presently negotiating new free-trade pacts with Australia, New Zealand, and the US. In order to expand the global reach of its products, Apple is likely to sign free trade agreements.

#### • Economic factors

Second, as an international company, Apple depends heavily on the state of the world economy. It is anticipated that vaccination campaigns will hasten the global economy's recovery. It is anticipated that the world economy would expand by 4.3% in 2022 and 5.6% in 2021. With the current upturn in the world economy, Apple has an opportunity to grow. Moreover, it seems that Apple is more worried about the rates of development in emerging countries. In the Asia Pacific area, for example, Apple's revenue increased from 16,190 million dollars in 2017 to 20,683 million dollars in 2020. As a result, Apple is profiting handsomely from economic expansion on a local and worldwide scale.

#### • Socio-cultural variables

Finally, sociocultural factors have a big influence on Apple's earnings. Surprisingly, Apple reported growth and earnings in every category and area in 2020, even in the face of the COVID-19 epidemic (with revenue up 13%). People need equipment in order to work, learn, and have pleasure. People all across the world are studying and working remotely, which is the cause of this. The societal shift that is currently occurring is very advantageous for MacBook and iPad users. Apple therefore has a chance as a result of the growing demand for electronics. On the other hand, anti-Apple sentiment is becoming more widespread worldwide. For example, since domestic brands are more affordable, many Chinese customers are shifting to support these businesses. Thus, external sociocultural factors are influencing Apple's performance.

#### • Technology reasons

The developing requirement for cloud computing One market opportunity that exists worldwide for Apple is the arrangement of cloud services. As cloud computing innovation created, Apple had the option to improve its monetary presentation by offering these types of services, our examination shows that the organization's service revenue expanded from \$33,600 million out of 2017 to \$54,657 million of every 2020. Apple, in any case, is facing contest from organizations like Google, whose technology is developing; as clients will have more choices in this market, Apple might be at serious risk.

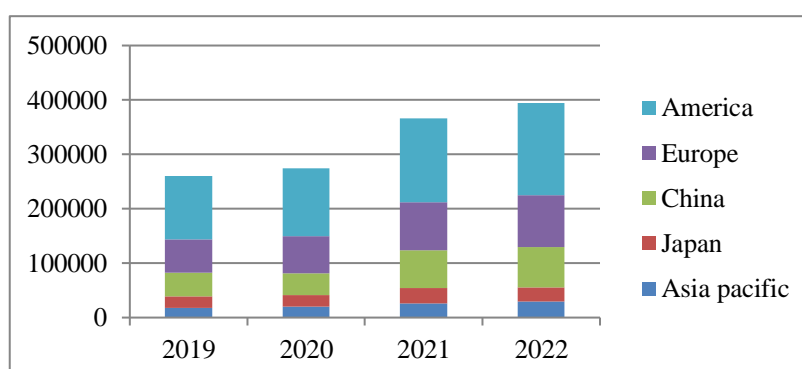
### 4.3. Financial analysis of Apple

We consulted Apple's yearly financial statements for the purpose of financial analysis in order to determine the sales figures for each product and area. The bar tool can be used to obtain the percentage distribution chart or the amount distribution chart. The data collected on Apple revenue is shown in Table 1 for the following regions: Asia Pacific, Japan, China, Europe and Americas. These regions are subject to reporting requirements.

**Table 1: Apple Revenue Broken Down into Reportable Segments by Location**

	2019	2020	2021	2022
<b>Asia pacific</b>	17788	19593	26356	29375
<b>Japan</b>	21506	21418	28482	25977
<b>China</b>	43678	40308	68366	74200
<b>Europe</b>	60288	68640	89307	95118
<b>America</b>	116914	124556	153306	169658
<b>Total</b>	260174	274515	365817	394328

A distribution map of the Apple region's sales value is displayed in Figure 4. Apple's revenue in millions of dollars is shown on the x-axis, while the y-axis represents the corresponding years.



**Figure 4: Stock Price of Apple Inc by Reportable Segments on a Geographic Basis**

Furthermore, table 2 provides detailed statistics on Apple's net sales by product category.

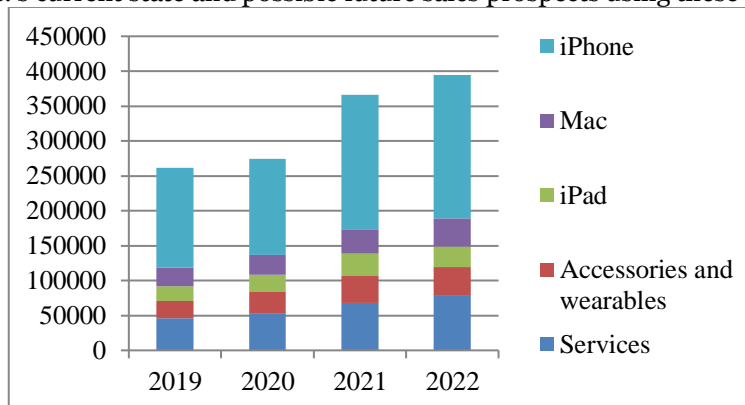
**Table 2: Apple's Revenue by Reportable Product Category Segments**

	2019	2020	2021	2022
<b>Services</b>	46291	53768	68425	78129
<b>Accessories and wearables</b>	24482	30620	38367	41241



<b>iPad</b>	21280	23724	31862	29292
<b>Mac</b>	26740	28622	35190	40177
<b>iPhone</b>	142381	137781	191973	205489
<b>Total</b>	260174	274515	365827	394328

The revenue distribution of Apple by reportable segments based on product category is shown in Figure 5. We'll look at Apple Inc.'s current state and possible future sales prospects using these figures and statistics.



**Figure 5: Apple's Revenue by Reportable Product Category Segments**

## 5. Conclusion

This study has examined the important impact of intellectual capital on the growth and success of major enterprises and global businesses, utilising Apple Inc. as an intriguing case study. An in-depth analysis of Apple's relational, structural, and human capital makes it abundantly evident that intellectual property is essential to innovation, strategy, and preserving competitive advantage in the ever evolving global market. A vast array of electronic products is continuously being developed, and because science and technology are advancing so quickly, there is increasing rivalry in the market for these goods. Our team examined the benefits and drawbacks of Apple's present positioning and marketing approach, as well as the opportunities and difficulties facing the business's future expansion, using SWOT, PEST, and financial assessments.

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