# An Analysis on the Responses of Major US-based International Companies to External Pressures—On the Example of Apple and Facebook

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*Abstract:* The responses of global enterprises to external pressures has an important impact on the development. Major US-based international companies like Apple and Facebook have different solutions when facing pressures from stakeholders, including international institutions, governments, media, employees, civic society and consumers. By comparing these two issues, it could be analyzed a suitable way for companies to perform better on the global business stage.

## 1. Introduction

In 2022, there are 124 US-based companies in the list of Fortune 500, which account for 25% of the 500 companies. According to the list, Apple is the 2nd profitable corporation in the world that makes $94.68 billion. Facebook ranks 86 in 2021 and it has joined Fortune 500 family since 2016. Thus, these global US-based companies' responses and strategies of the external pressures are significant to their performance on the global market. And the responses and strategies quality do influence the development, diagnosis, guiding policy and coherent actions are three elements of the good strategy[14]. To deal with the external challenges, firstly, firms should be aware of the central questions and the nature of the challenge. They are supposed to estimate the complex situations as well. Secondly, firms shall figure out some practical approaches to manage the problems that are analyzed in the process of diagnosis. Finally, they also need to make sure the approaches work cooperatively to each other. Therefore, deciding a useful response is important to the international firms and directly related to their business. In this essay, it is mainly discussed how responsive are Apple and Facebook facing the external pressures.

## 2. Apple's challenges and responses

Although Apple Inc., is one of the most popular brands in the field of electronics all over the world[25], it has some external environment coexist with the development as well. One of a major challenges is from its supplier named Foxconn. Foxconn is the largest contract electronics manufacturer and its electronics productions accounts to 40% around the world[6]. In 2010, 14

Foxconn employees chose to commit suicide, 4 workers failed and 20 staffs have an attempted suicide but prevented by the administrator[15]. The unsatisfied working environment, including working conditions, times and irrational systems, encourages them to suicide[9]. The corporate culture of Foxconn is that "Profit maximization is the ultimate corporate principle, under which workers' dignity and well-being are of no concern", which may regard the workforce as robots of making profit. Therefore, it can be see that the key point is dispelling workers' concern of lacking dignity. After that, Apple knows a severe challenge is coming. Since Foxconn plant is a very important part of its global supply chain, it pays a high attention on this issue. The Supplier Code of Conduct describes that suppliers shall respect the workforce human rights[12]. Apple persists in protecting all the staffs' working safety including its supply chain. Meanwhile, Apple's CEO visited the plant in China in 2011, and he stated that improving working conditions is the key point. The accompanied experts also reviewed 1000 workers in order to understand the situation better. After that, Apple evaluated the plant's responses including hiring counselors to provide the workforce with a 24 hour care[23], which help to prevent dangerous situations. So it could analyzed Apple shows its concern and try to solve the problem from the supply chain.

After that, Apple has to face the situation of product sales decreasing caused by the suicide accidents. Meanwhile, the reputation is influenced as well. Facing the strong creative competitors in China market, Apple's strategies are still very grave. As some surveys show, Samsung stays at the first place of the smartphone market with a proportion of 20% in 2018, but Apple is the third place and lags behind the Chinese local brand Huawei[4]. Thus, Apple has to take other pressure from fast-growing Chinese brands such as Huawei, Xiaomi and Tecno. In that year, Huawei not only beats Apple in the stage of global smartphone shipment but becomes the No. 1 smartphone brand in the local market. With all the challenges, China is no longer one of the regions that Apple launches the new products firstly. So Apple choose to carry out three strategies. First is to innovate the technology. The company launched new series with Touch ID which users can unlock the phone with their fingerprints[20]. To some extends, the new technologies contribute to competing in China market[17]. Secondly, Apple decides to cooperate 4G with the region's largest mobile operator in order to chase the competitors. The mobile operator has over 400 million consumers including 20 million 4G users in China. Apple hopes that its new tactic could contribute to regaining the Chinese consumers' trusts[11]. Furthermore, Apple and its partner provide some promotions to attract new consumers. For instance, customers can purchase the product with a lower price and the cash could directly be the top-up, which means they can save the phone bills for some time. At last, Apple modifies the price strategy. Apple successfully launches a cheaper phone series product to resume sales[10]. It can be seen that Apple's strategies do help the company rebuild their market in China.

## 3. Facebook's challenges and responses

Facebook promoted the "Free Basics" program in India in 2014 which allows the Indians to access some websites without cost. The program is carried out by two Indian firms but banned by the government in 2016[22]. The reason is some people think it might be against the net neutrality policy, and it is a discriminatory pricing. In response to this critiques, the company tried to lobby the people through newspaper advertising for several weeks. Facebook explained to the public that the program could give the poor opportunities to surf the Internet[19], which is the program's original purpose as well. However, on the contrary, the program made the firm stay in a controversial place. Critics show other websites that are not included in the program have to change their strategies. For example, they may adjust their price since the cost that underpins Free Basics is collected from the users who subscribe these non-Free Basics program websites and the users are probably referred to the rich, which means the rich should pay more in order to cover the fees from

the poor. Similarly, the data packages sale of other local telecom companies are affected as well[7]. Considering the strong political and press pressure from the government, the CEO went to India to attend IIT Delhi conference, and claimed that it was more valuable to help the poor surf the Internet than making money. Although the local government made a decision which made him disappointed, he still promised that his team would committed to help Indians access to the world Internet[3]. Accordingly, it is suggested the company shall help Indian users access to the entire Internet instead of some cooperative websites. So Facebook tries to create a new program in India named Express Wi-Fi. This program allows the local companies to build a public Wi-Fi by purchasing their cheap hardware[16]. However, a security flaw happened in 2018. Facebook admitted this could influence about 50 million users. According to the investigation, the incident emerged in July 2017 but was detected on September 27th 2018. The flaw was discovered in the applet named "View As" help users view the home page[8][ 21]. After that, the company takes external pressure again. In order to rebuild the reputation, Facebook takes some measures. It resets the 50 million users' access token and sends the them a detailed message. Furthermore, they reminds all their users protecting the personal information and teaches them how to protect their personal details[2]. Accordingly, it can be seen Facebook directs its consumers to prevent data leak rapidly and tries the best to minimize the loss.

## 4. Comparative analysis

Although these two firms could respond to the external pressures right away and take some strategic measures, there still are some differences. It can be seen that Apple's problems are mainly from the stakeholders and market competition, but Facebook should face the political pressure and technical challenges. Because of their different enterprise nature, it might be complex to do an efficient comparison. According to their responds, it is suggested that Apple performs more effectively than Facebook in this essay, as Apple's responses are more humanized and concrete. For example, in order to comfort their employees, Apple gives them psychological counselling [5][13]. In addition, considering the pressures from local competitors, the company launched cheaper products and developed their technology. But Facebook only tried to solve the problem of public opinion, it did not update their technology to solve the core problem.

## 5. Conclusion

In summary, different firms have their own ways dealing with challenges. When pressure comes, they do try their best to solve the series of problems. For instance, rebuilding reputation, developing technology and so on. However, from these example, it should also be learned that leaderships should foster a wide sense of social responsibilities[1][18]. Meanwhile, international companies should adhere to the philosophy of people. The people includes staffs, users and the public. In other words, firms might pay more attention on the working environment, product safety and customer experience. Moreover, facing the external pressure, the shift such as launching a new innovated product is a good choice as well[24]. But eventually, it could be analyzed all the strategies should connected to the the society and the public satisfaction closely.

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