



THE US–CHINA TRADE WAR, CORPORATE CULTURE AND FINANCIAL PERFORMANCE: EVIDENCE FROM APPLE INC., 2018–2025

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Yokubkhonova Feruza

Student of Tashkent State University of Economics
yoqubxonovaferuza@gmail.com

Mirzakhmedova Durdona

Student of Tashkent State University of Economics
muradovvnaa@gmail.com

Abstract: *Since 2018 the US–China trade war has made tariffs a lasting input of corporate planning, yet little is known about how the culture and financial results of an affected firm moved together over the whole conflict. This article examines how the trade war related to the corporate culture and financial performance of Apple Inc. between fiscal years 2018 and 2025, and asks whether financial recovery implies a reduction in structural exposure. It uses a single-case, document-based design built on company filings, earnings releases and published tariff data. The analysis is descriptive and computes growth rates, shares and indices; three propositions are checked against the evidence. Apple’s net sales grew from US\$265.6 billion in FY2018 to US\$416.2 billion in FY2025 (+56.7%), net income rose 88.2%, and gross margin rose from 38.3% to 46.9%. Greater China net sales, however, fell 22.4% between FY2018 and FY2020, and the region’s share of revenue dropped from 19.6% to 14.7%. After peaking at US\$74.2 billion in FY2022, Greater China sales declined again to US\$64.4 billion in FY2025, 13.2% below the peak. Tariff costs of roughly US\$1.9 billion in FY2025 equalled only about 1.7% of net income. Apple’s financial results recovered quickly, while its dependence on Chinese manufacturing and demand changed far more slowly. Resilience was expressed through culture and processes, such as supply-chain discipline and cross-functional coordination, rather than through any single financial indicator.*

Keywords: *US–China trade war; corporate culture; organizational resilience; tariffs; supply chain; financial performance; Greater China; Apple Inc.; structural exposure; case study*



ТОРГОВАЯ ВОЙНА США И КИТАЯ, КОРПОРАТИВНАЯ КУЛЬТУРА И ФИНАНСОВЫЕ РЕЗУЛЬТАТЫ: НА ПРИМЕРЕ APPLE INC., 2018–2025

Якубхонова Феруза

Студентка Ташкентского государственного экономического университета
yoqubxonovaferuza@gmail.com

Мирзахмедова Дурдона

Студентка Ташкентского государственного экономического университета
muradovvnaa@gmail.com

Аннотация: В статье рассматривается, как торговая война США и Китая связана с корпоративной культурой и финансовыми результатами компании Apple Inc. в 2018–2025 финансовых годах. Использован анализ единичного случая на основе документов (отчётность компании, пресс-релизы о результатах, данные о тарифах); анализ носит описательный характер. Чистые продажи Apple выросли с 265,6 млрд долл. США в FY2018 до 416,2 млрд в FY2025 (+56,7%), чистая прибыль — на 88,2%, валовая маржа — с 38,3% до 46,9%. Вместе с тем продажи в Большом Китае сократились на 22,4% за FY2018–FY2020, а доля региона в выручке снизилась с 19,6% до 14,7%. После пика в 74,2 млрд долл. в FY2022 продажи в регионе вновь снизились до 64,4 млрд в FY2025 (на 13,2% ниже пика). Тарифные издержки в FY2025 (около 1,9 млрд долл.) составили лишь около 1,7% чистой прибыли. Финансовые результаты Apple восстановились быстро, тогда как зависимость от китайского производства и спроса менялась заметно медленнее. Устойчивость проявилась в культуре и процессах — дисциплине цепочки поставок и межфункциональной координации, — а не в каком-либо одном финансовом показателе.

Ключевые слова: торговая война США и Китая; корпоративная культура; организационная устойчивость; тарифы; цепочка поставок; финансовые результаты; Большой Китай; Apple Inc.; структурная зависимость; кейс-анализ

AQSH–XITOIY SAVDO URUSHINING KORPORATIV MADANIYAT VA MOLIYAVIY NATIJALARGA TA’SIRI: APPLE INC. MISOLIDA, 2018–2025

Yoqubxonova Feruza

Toshkent davlat iqtisodiyot universiteti talabasi
yoqubxonovaferuza@gmail.com

Mirzaxmedova Durdona

Toshkent davlat iqtisodiyot universiteti talabasi
muradovvnaa@gmail.com



Annotatsiya: 2018–2025 moliyaviy yillarda AQSH–Xitoy savdo urushi Apple Inc. kompaniyasining korporativ madaniyati va moliyaviy natijalari bilan qanday bog‘liq bo‘lgani tahlil qilinadi. Tadqiqotda kompaniya hisobotlari, moliyaviy natijalar haqidagi press-relizlar va tarif ma’lumotlariga asoslangan yagona holat (case study) usuli qo‘llangan; tahlil tavsifiy xarakterga ega. Apple‘ning sof savdosi 2018 moliyaviy yilidagi 265,6 mlrd AQSH dollaridan 2025 moliyaviy yilida 416,2 mlrd dollargacha o‘tdi (+56,7%), sof foyda 88,2% ga ortdi, yalpi marja esa 38,3% dan 46,9% gacha ko‘tarildi. Biroq Katta Xitoy bo‘yicha sof savdo 2018–2020 moliyaviy yillarda 22,4% ga qisqardi, mintaqaning daromaddagi ulushi 19,6% dan 14,7% gacha tushdi. 2022 moliyaviy yilidagi 74,2 mlrd dollarlik cho‘qqidan so‘ng mintqa savdosi yana pasayib, 2025 moliyaviy yilida 64,4 mlrd dollarni (cho‘qqidan 13,2% past) tashkil etdi. 2025 moliyaviy yilida tarif xarajatlari taxminan 1,9 mlrd dollar bo‘lib, sof foydaning atigi 1,7% ini tashkil qildi. Apple‘ning moliyaviy natijalari tez tiklandi, Xitoy ishlab chiqarishi va talabiga bog‘liqlik esa ancha sekin o‘zgardi. Chidamlilik ta‘minot zanjiri intizomi va funksiyalararo muvofiqlashtirish kabi madaniyat va jarayonlarda namoyon bo‘ldi, birorta alohida moliyaviy ko‘rsatkichda emas.

Kalit so‘zlar: AQSH–Xitoy savdo urushi; korporativ madaniyat; tashkiliy chidamlilik; tariflar; ta‘minot zanjiri; moliyaviy natijalar; Katta Xitoy; Apple Inc.; tarkibiy bog‘liqlik; yagona holat tahlili

1. INTRODUCTION

1.1 Background and problem

Since 2018 the US–China trade war has turned tariffs into a permanent input of corporate planning. The average US tariff on Chinese imports reached 19.3% by February 2020, more than six times its January 2018 level. It then peaked at 126.1% in early May 2025 and fell to 51.7% after the May 2025 negotiations [6]. Firms that manufacture or sell in China face two exposures at once: higher costs on the supply side and political and consumer risk on the demand side.

Apple Inc. is a revealing case: most of its products are assembled by contract manufacturers in Asia, with China central to that network, and Greater China is one of its largest sales regions [8].

The economic literature on the trade war has mostly measured effects on prices, trade flows and welfare [3, 4, 5]. Much less is known about what happened inside the affected firms, in particular to the values, norms and routines that Graham et al. [2] define as corporate culture, and how these related to financial results.

1.2 Literature review

Economic effects of the tariffs.

Amiti, Redding and Weinstein [3] found that the 2018 US tariffs were almost fully passed through to US domestic prices, so American firms and consumers bore most of the cost. Fajgelbaum et al. [4] reported small but clearly negative real-income effects, and Flaaen and Pierce [5] showed that for US manufacturing the harm from higher input costs and retaliation outweighed the protective effect. These



studies work at the level of products, sectors or the whole economy and do not follow individual firms through the conflict.

Organizational resilience. Ducheck [1] conceptualizes resilience as a capability with three stages: anticipation, coping and adaptation. Applied to a trade shock, anticipation means scanning for policy risk, coping means keeping operations running when tariffs arrive, and adaptation means changing the business model, for example by shifting production.

Corporate culture. Graham et al. [2] treat culture as the combination of stated values, everyday norms and formal institutions, and report that senior executives view it as a driver of both value and performance. Schein [12] separates culture into visible artifacts, espoused values and underlying assumptions, and notes that only the first layer is directly observable from outside the organization. Agency theory [7] adds that managers' and owners' incentives can diverge under uncertainty, which makes cultural controls on decision-making more important when external conditions are unstable.

Gaps. Tariff studies measure prices and trade, not internal responses; culture research rarely links culture to a specific geopolitical shock; and few documented, year-by-year company histories put financial and exposure indicators side by side. This article addresses these gaps with a single, well-documented case.

1.3 Research questions and structure

This article therefore asks three questions:

- **Q1.** How did Apple's revenue, profitability and cash generation move across the phases of the trade war, FY2018–FY2025?

- **Q2.** How did Apple's exposure to Greater China change over the same period?

- **Q3.** What does the pattern say about the link between organizational resilience [1] and financial performance?

The article's central argument is that financial recovery is not the same as a reduction in structural exposure. The article follows the IMRAD structure: Section 2 describes methods and data, Section 3 reports results, Section 4 discusses them, and Section 5 concludes.

2. Methods

2.1 Research design and case selection

The study is a single-case, document-based analysis of Apple Inc. for fiscal years FY2018–FY2025. A single case cannot test general claims, but it allows a consistent series of indicators to be read next to a dated chronology of events, which Eisenhardt [11] and Yin [13] identify as a strength of the case method. Apple's fiscal year ends in late September, so FY2018 covers roughly October 2017 to September 2018. The case was chosen because Apple's exposure to China is large and its data are public. The analysis is descriptive: it computes growth rates, shares and indices



from reported figures, and does not test causality with an event study or regression.

2.2 Analytical framework and propositions

The analysis rests on the frameworks introduced in Section 1.2: Duchek's three stages [1] to organize the company's responses, and Graham et al.'s definition of culture [2] to interpret them. Culture is inferred from documented actions and outcomes, which corresponds to Schein's visible layer [12]. Three propositions are tested:

• **P1.** Apple's revenue and profit recovered faster than its dependence on China declined.

• **P2.** Profitability gains came mainly from margin expansion, not from reducing reliance on one region.

• **P3.** Greater China sales reacted more strongly to political and trade events than total sales did.

2.3 Data and indicators

Table 1 lists the indicators and their sources. Financial data come from Apple's Form 10-K reports [8] and a compiled annual series [10]; tariff data come from [6] and the latest quarterly figures from Apple's earnings release [9].

Table 1. Indicators and data sources

Indicator	Definition	Source
Net sales, net income, operating cash flow	Reported values, US\$ million	Apple annual reports on Form 10-K [8]; annual series compiled in [10]
Gross margin	Gross margin divided by net sales, %	[8], [10]
Greater China net sales and share	Segment net sales, and as % of total net sales	Apple Form 10-K segment note [8]; FY2021–2022 values from rounded compilations
Tariff timeline and average rates	Dated US and Chinese tariff actions	Bown, Peterson Institute for International Economics [6]

Latest quarterly revenue	Quarter ended 28 June 2025, US\$ billion	Changes in Apple's revenue, profit, cash flow, and margins; net margin is net income divided by net sales, and cash conversion is operating cash flow divided by net income. Third, exposure is measured by Greater China net sales and their share of the total; sales outside Greater China equal total net sales minus
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2.4 Analytical procedure

The analysis has four steps. First, the period is divided into four phases that follow the tariff cycle (Table 2). Second, annual growth rates, compound annual growth rates (CAGR) and percentage-

is net income divided by net sales, and cash conversion is operating cash flow divided by net income. Third, exposure is measured by Greater China net sales and their share of the total; sales outside Greater China equal total net sales minus



Greater China net sales, and an index with FY2018 = 100 is built for both series. Fourth, each proposition is compared with the matching evidence in Table 5.

2.5 Limitations

The study covers one firm, so its findings illustrate rather than generalize. FY2021–2025 financial series come from a compilation based on company filings [10], and the FY2021–2022 Greater China figures are rounded, so growth rates computed from them can differ from unrounded values by about 0.1 percentage points. The FY2025 tariff cost of about US\$1.9 billion comes from management comments on earnings calls as reported in the press and is approximate. Manufacturing dependence on China is not reported as a number in the sources used, so supply-side exposure cannot be measured directly. Culture is inferred from

documented actions, not measured by survey, and concurrent events such as the COVID-19 pandemic and product cycles cannot be separated from the effect of tariffs.

3. Results

3.1 Phases of the trade war

Apple's results can be read in four phases that follow the tariff cycle. Table 2 sets the tariff events [6] beside the company's outcomes. In the first phase tariffs rose steeply while total sales were almost flat and Greater China sales fell sharply; in the second, after the phase one agreement of 14 February 2020, tariffs were fairly stable and sales recovered strongly; the third brought the sharpest escalation of the conflict, and the fourth a partial reduction.

Table 2. Phases of the trade war and Apple's outcomes

Phase	Tariff events [6]	Apple outcome (FY)
2018 – Feb 2020	US average tariff on Chinese imports rises to 19.3%, over six times the January 2018 level; China's average rises from 8.0% to 21%	Net sales +3.4% FY2018–FY2020; Greater China net sales –22.4%; its share of sales falls from 19.6% to 14.7%
Feb 2020 – 2024	Phase one agreement takes effect on 14 February 2020; tariffs stay fairly stable	Net sales US\$365.8 billion in FY2021 and US\$391.0 billion in FY2024; Greater China +69.6% in FY2021, peak US\$74.2 billion in FY2022



Phase	Tariff events [6]	Apple outcome (FY)
2025 escalation	+10 points on 4 February and 4 March; +125 points between 5 and 10 April; average US tariff peaks at 126.1% in early May	Estimated FY2025 tariff cost about US\$1.9 billion, about 1.7% of net income; Greater China US\$64.4 billion
May 2025 onward	Increases cut to 10% from 14 May; average US tariff falls to 51.7%; further reduction from 10 November 2025	FY2025 net sales US\$416.2 billion; net income US\$112.0 billion

3.2 Financial performance

Table 3 gives the annual financial indicators [8, 10], and Table 4 adds growth rates and ratios computed by the authors from the same series.

Table 3. Apple Inc. financial indicators, FY2018–FY2025

Fiscal year	Net sales (US\$ m)	Net income (US\$ m)	Net margin (%)	Operating cash flow (US\$ m)	Gross margin (%)
2018	265,595	59,531	22.4	77,434	38.3
2019	260,174	55,256	21.2	69,391	37.8
2020	274,515	57,411	20.9	80,674	38.2
2021	365,817	94,680	25.9	104,038	41.8
2022	394,328	99,803	25.3	122,151	43.3
2023	383,285	96,995	25.3	110,543	44.1
2024	391,035	93,736	24.0	118,254	46.2
2025	416,161	112,010	26.9	111,482	46.9

Net margin is computed by the authors as net income divided by net sales.

Financial recovery was fast and large. Net sales fell 2.0% in FY2019, then passed their FY2018 level in FY2020 and finished FY2025 56.7% above FY2018. Net income rose 88.2% over the same period, so profit grew faster than sales. Gross margin gained 8.6 percentage points, from 38.3% to 46.9%, and net margin gained 4.5 points. Operating cash flow stayed above US\$100 billion every year from FY2021.

Table 4. Derived growth indicators, FY2018–FY2025

Fiscal year	Net sales growth (%)	Net income growth (%)	Sales outside Greater China (US\$ bn)	Growth outside Greater China (%)	Operating cash flow / net income
2018	—	—	213.7	—	1.30
2019	−2.0	−7.2	216.5	1.3	1.26



Fiscal year	Net sales growth (%)	Net income growth (%)	Sales outside Greater China (US\$ bn)	Growth outside Greater China (%)	Operating cash flow / net income
2020	5.5	3.9	234.2	8.2	1.41
2021	33.3	64.9	297.4	27.0	1.10
2022	7.8	5.4	320.1	7.6	1.22
2023	-2.8	-2.8	310.7	-2.9	1.14
2024	2.0	-3.4	324.0	4.3	1.26
2025	6.4	19.5	351.8	8.6	1.00
CAGR 2018–2025	6.6	9.5	—	7.4	—

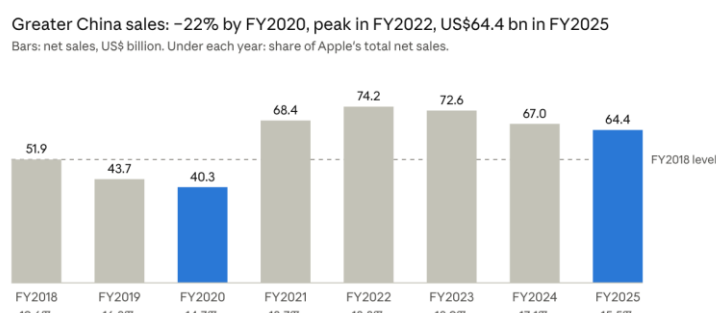
Authors' calculations from Table 3 and the Greater China series in Figure 1. Sales outside Greater China = total net sales minus Greater China net sales.

Table 4 adds three points. First, net income grew faster (CAGR 9.5%) than net sales (6.6%), so profit growth came from margins as well as volume. Second, FY2021 was the one year of exceptional growth; later growth was moderate and both sales and profit declined in FY2023. Third, cash conversion stayed at or above 1.0, although it fell to 1.00 in FY2025, when net income rose 19.5% but operating cash flow fell from US\$118.3 billion to US\$111.5 billion; the sources used do not identify the reason.

3.3 Exposure to Greater China

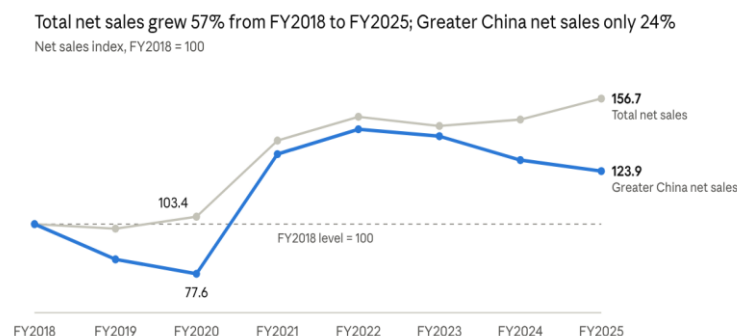
Greater China exposure moved with politics, not with total sales. Total net sales grew 3.4% between FY2018 and FY2020, yet Greater China net sales fell 22.4%, as Figure 1 shows. They rebounded 69.6% in FY2021 and peaked at US\$74.2 billion in FY2022, then declined 13.2% to US\$64.4 billion in FY2025. The annual growth rate of Greater China sales ranged from -22.4% to +69.7%, a spread of about 85 percentage points, while the spread for total net sales was about 36 points (-2.8% to +33.3%).

Figure 1. Greater China net sales and share of total net sales, FY2018–FY2025



Authors' calculations from Apple Form 10-K segment data [8] and compiled series [10]; FY2021–2022 values rounded

Figure 2. Index of total and Greater China net sales (FY2018 = 100)



Authors' calculations from Apple Form 10-K segment data [8] and compiled series [10]; FY2018 = 100

Figure 2 shows the divergence. By FY2025 total net sales stood at 156.7 and Greater China at 123.9, so sales outside Greater China grew 64.7% while the region grew 23.9%. In compound terms, sales outside Greater China grew 7.4% a year and Greater China about 3.1%. Greater China therefore supplied only about 8% of the US\$150.6 billion rise in net sales between FY2018 and FY2025.

3.4 Tests of the propositions

Table 5 sets the evidence against the three propositions from Section 2.2.

Table 5. Evidence on propositions P1–P3

Proposition	Evidence	Assessment
P1: recovery faster than the fall in dependence on China	Net sales +56.7% and net income +88.2%, FY2018–FY2025; Greater China share of sales 19.6% → 15.5%; manufacturing dependence is not measured here, and the 10-K describes an Asia-centred assembly network [8]	Supported for demand exposure; not testable for supply exposure with these data
P2: gains from margin expansion	Gross margin +8.6 points and net margin +4.5 points; sales outside Greater China +64.7%	Supported
P3: Greater China reacts more strongly than total sales	Greater China –22.4% against total +3.4%, FY2018–FY2020; +69.6% in FY2021; –13.2% from the FY2022 peak	Supported



P1 is supported for demand exposure: the Greater China share fell about 21% in relative terms, from 19.6% to 15.5%, while net sales rose 56.7% and net income 88.2%. It cannot be tested for supply exposure with the available data.

4. Discussion

4.1 Principal findings

For Q1, revenue, profitability and cash generation recovered within about two years of the first escalation and kept growing, with one dip in FY2023. For Q2, exposure to Greater China oscillated with political and trade events and ended below its FY2022 peak and its FY2018 share. For Q3, resilience in the sense of Duchek [1] showed up in processes and outcomes rather than in a single indicator, and financial indicators alone would have given a misleadingly calm picture of exposure.

4.2 Reading the results through the resilience framework

The evidence is consistent with Duchek's three stages [1], although it cannot prove them. Anticipation is visible in the company's risk disclosures, which name trade disputes as a risk to results [9]. Coping is visible in the margin: gross margin kept rising even in FY2025, when tariff costs of about US\$1.9 billion equalled roughly 1.7% of net income, or about 0.5% of net sales. Adaptation is visible in the geographic mix, since sales outside Greater China grew almost three times as fast as sales in it. These are inferences from outcomes, not proof that a specific cultural practice caused them.

4.3 Corporate culture: what can and cannot be concluded

In Schein's terms [12], this study observes artifacts, that is, disclosures, margins and the geographic mix of sales, not the underlying assumptions that produced them. Margins held while tariffs rose, which is consistent with a culture of supply-chain discipline and cross-functional coordination and with Graham et al.'s view [2] that executives regard culture as a driver of performance. But pricing power, product mix or scale could produce the same outcomes. The case therefore shows where culture should be looked for, namely routines for managing sourcing, pricing and regional demand under policy uncertainty, rather than measuring its effect.

4.4 Financial recovery is not reduced exposure, and future research

The key finding is the gap between financial recovery and reduced exposure. Profit and cash flow recovered within about two years, while Greater China sales remained volatile and the region was 13.2% below its peak in FY2025. For a firm whose assembly network is concentrated in Asia [8], quick recovery may mask unchanged supply-side risk. Following Jensen and Meckling [7], strong earnings can reduce the pressure on managers to address slow-moving structural risks, so boards need indicators other than profit.

Unlike the tariff studies [3, 4, 5], which find that costs fell largely on US firms and consumers, this case shows a large firm bearing a tariff cost of about



1.7% of net income without visible damage to results.

The limits in Section 2.5 apply. Future work should cover several firms, add measured cultural indicators, use event studies, and measure supply-side concentration.

5. Conclusion

Apple's financial performance recovered strongly through the US–China trade war, but its exposure to China did not disappear. Net sales rose 56.7% and net income 88.2% between FY2018 and FY2025, while Greater China sales fell 22.4% by FY2020, rebounded, and by FY2025 were 13.2% below their FY2022 peak. All three propositions are supported,

although supply-side dependence could not be measured.

Recommendations:

• **For firms:** report exposure indicators, such as regional sales share and production concentration, alongside profit.

• **For boards and managers:** treat tariff scenarios as a standing agenda item and test them each year.

• **For policymakers, including those in Uzbekistan:** expect trade conflicts to change firms' costs and sourcing before headline results, and build export and investment policy around supply-chain flexibility.

• **For researchers:** study several firms, add measured cultural indicators, and use event studies to test causality.

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