

# ***Microsoft – Professional issues and ethics***

## **Title page**

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## **Executive summary**

In 2018, Microsoft has recorded its eighth consecutive year of one of the world's most ethical companies – a remarkable achievement.

However, from 1980 to the early 21<sup>st</sup> century, Microsoft (Bill Gates) did a lot of unethical actions: he bought operating systems from his friends then sold them to IBM with higher profit, treated his competitors unequally, copied apple's operating system, and packaged software products in Windows operating system. Since then, Microsoft gave the public one lousy impression, and the public considered Microsoft as "monopoly," "thieve." The chapter Microsoft – Monopolist will take a closer look at the unethical Microsoft.

But after early 21<sup>st</sup> century, Microsoft was making progress on ethics step by step. It begins to focus on data privacy, ethical business practices, human rights and other social problem. To fulfill these responsibilities, Microsoft improved its Code of Conduct and Ethics, made efforts including commitments to privacy and data security, commitments to sustainable environmental and commitments to accessibility. One of the praising actions about data privacy is Microsoft Corp. v. United States which is a data privacy case involving the extraterritoriality of law enforcement seeking electronic data. Details will be explored in Chapter Microsoft – Moral leader.

The conclusion is if someone is a fund manager, from an ethical perspective, Microsoft, the company which made ethical mistakes before, is a suitable choice for funding now and in the future.

## **Introduction**

Microsoft as the world biggest operating system company was founded in 1970s, it promoted and gave a contribution on the development of the IT industry among all over the world, and it also brought honor and treasure to Bill Gates. But behind the prosperity, there are many unethical business actions, some of which may violate the law, and Microsoft was also criticized as a “monopoly” between 1990 and early 21<sup>st</sup> century due to the series of unethical actions. But now Microsoft has successfully transformed into a moral leader, they are working hard to protect user privacy and establish ethical guidelines for new technologies such as artificial intelligence. Details will be talked about then.

## **Microsoft – Monopolist**

In 1995, after Microsoft consolidated the status on operating system, it began to face a threat from the products of competitors such as the web browser named navigator from Netscape. Microsoft provided an offer to Netscape that Microsoft had the right to load Microsoft explore on computers using Windows operating system, and Netscape can offer its browsers to the rest. Netscape refused this unfair offer but then Microsoft refused to share the codes of Windows 95 to Netscape. After that, Microsoft began to bundle its software products including Internet Explore and Windows Digital Media Player into Windows operating system, then the sales made by other companies had a decline.

The ethical dilemma for Microsoft is obvious. The reason is that the requirement of Netscape on the sharing issue wasn't wrong because it is benefited for the entire operating system market, but for Microsoft, if it received this requirement, it will lose a lot of money, however if not, Microsoft could package its own software product into Windows, besides the refusal of Microsoft on the sharing issue might be seemed as a resentful measure and was unethical. The reason why it was unethical was Microsoft refused one fair request from Netscape because Netscape refused one unfair request from Microsoft, and according to ACM Code of Ethics, the ethical decision should be accountable to and transparent to all stakeholders to make the entire computing profession benefit. On the other hand, software product packaging hugely influenced the development of Netscape and other companies. Therefore, such kind of action offended the free competition rules and the anti-trust laws.

Microsoft also did other unethical actions including copying operating systems. In 1984, because the operating system introduced by Apple was superior to MS-DOS, Microsoft

copied the theory of the system then launched it to the market, this action is wrong because this is stealing and stealing causes great unhappiness. Overall Microsoft was notorious during this period.

## **Microsoft – Moral leader**

Microsoft was unethical in its early stages of development, but after early 21<sup>st</sup> century, Microsoft had learned from mistakes and it had realized its moral responsibility.

Microsoft pays more attention to Data privacy and security. In 2013, Microsoft challenged a warrant by the federal government to turn over a target account that was stored in Ireland. Initially Microsoft lost in the Southern District since the nature of the Stored Communication Act Warrant was not subject to territorial limitations. Then in 2016, Microsoft appealed to the United States Court of Appeals for the Second Circuit, this court supported Microsoft and invalidated the warrant, but United States Department of Justice disagreed the result and appealed to the Supreme Court of the United States. On April 17, 2018, the US Supreme Court dropped the Microsoft vs US DOJ case over data privacy, and since then, the US Congress passed The CLOUD Act which made the original Microsoft vs DOJ case moot.

For this case, the stakeholders are government and the user, and the dilemma Microsoft encountered is whether should obey government. If Microsoft turned over mails without any appeal, it would lose trustworthy for the user, even other Microsoft users, If Microsoft insisted on holding mails, it will inevitably affect the progress of the data privacy case in Ireland. However, during the past five years, around this case, Microsoft has filed four lawsuits against US government to protect customers' privacy. Such behavior respects privacy and makes us realize that Microsoft understand the rights and responsibilities associated with the collection and use of personal information (Respect privacy in ACM Code of Ethics) and according to deontological theories which is based on whether that action itself is right or wrong under a series of rules, it is important for an organization to realize what is right, understand the importance of duties, contracts, fairness and rights including safety, privacy and so on (W. D. Ross - 1930). Based on this theory, Microsoft's behavior can be considered ethical. Besides, Microsoft's behavior did not violate both the 1986 Stored Communication Act and Ireland's data privacy laws, that means from law respective, Microsoft was not wrong.

The other ethical example in Microsoft is a \$25 million program named AI for Accessibility which harness the power of AI to amplify human capability for people with disabilities around the world. The program conforms with "Contribute to society and to

human well-being, acknowledging that all people are stakeholders” which is one of the ACM code of Ethics and Professional Conduct. Such behavior gives more chance for people with abilities and drives a positive impact to society.

Not only AI program for accessibility, but Microsoft is continuing to focus on other top issues, including applying technology for environmental and social good, climate change and energy, empowering communities, human capital, responsible sourcing and lifecycle impacts, etc. The series of actions prove that Microsoft can recognize and take special care of systems that become integrated into the infrastructure of society (3.7 ACM Code of Ethics) and Maintain high standards of professional competence, conduct, and ethical practice (2.2 ACM Code of Ethics). We believe Microsoft is towards the right direction.

## **Conclusions**

This report clearly highlights that Microsoft originally was notorious and it has been a painful experience to make Microsoft a “monopoly” due to legal and ethics issues in the past few decades, but after that, Microsoft has a deep understanding of its role, position, etc. and now it is becoming a moral leader step by step due to its series of actions including respecting users’ privacy information, helping people with disabilities and committing to improve communities and society. Therefore, as a fund manager, I should invest Microsoft from ethical perspective.

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