

Corporate Social Responsibility: A Case Study of Microsoft Corporation

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ABSTRACT

The paper intends to examine corporate social responsibility in Microsoft Corporation. Microsoft Corporation is committed to Corporate Social Responsibility (CSR) with the belief that CSR helps to improve the reputation and image of an organization. On this matter, the successful technology company, Microsoft Corporation has done significant initiatives on its CSR programs. One of the many reasons behind this success is their commitment towards sustainability as well as their commitment to all stakeholders. The paper discusses the various initiatives Microsoft Corporation have done for CSR. The paper concludes with some suggestion and recommendation.

Keywords: Corporate Social Responsibility, Initiative, Employees, Customers, Society, Microsoft Corporation.

INTRODUCTION

One of the largest software companies in world is Microsoft corporation. Microsoft lending developer of personal computer software systems and applications and also produces hybrid tablet computers, publishes books and multimedia titles. Moreover, Microsoft also sells video game systems, computer peripherals, portable media players and provides e-mail services. There are few popular software products can be found in Microsoft which includes Microsoft Windows line of operating systems, Microsoft Office, Internet Explorer as well as Edge web browsers. In the 2018 Fortune 500 rankings of the largest United States corporations that measured by total revenue, Microsoft is ranked at the number 30 of the list. Not only that, Microsoft is also ranked at number 1 on Corporate Responsibility Magazine's 100 Best Corporate Citizens 2018 for both environment and social score which measures corporate performance using more than 200 factors.

Corporate Social Responsibility (CSR) is an operating business in a manner which master on the society's legal, ethical, commercial and public expectations has from the business. The purpose of CSR is on companies integrate social and environmental concerns in their business operations and interaction between the company with their stakeholders. CSR helps to increase revenue of the business and also promote transform and accelerate the business throughout the world which often support people who with few or no resources.

In this case study, the focus is on Microsoft Corporation's corporate social responsibility (CSR). We intent to investigate how they serve the needs of communities globally and how they fulfil their obligations to the public. As we know, the company's CSR materiality assessment will reflect input gathered from the company stakeholder engagement processes, consultation with the business for social responsibility, other

external experts and consideration of the impact of the company core business. It means that the decision they make will bring impact to both business and society. We do believe that Microsoft already has taken on a lot of actions towards a better society, but they can do it even better in the future.

Sustainability is one of the Corporate Social Responsibility (CSR) programs focused on and done by Microsoft Corporation. Sustainability development focuses on three issues that include the environment, social and the economy. According to Presas (2001, 205), "Sustainable development is the development that meets the needs of the present without compromising the ability of the future generations to meet their own needs". Microsoft always aspires to be a great company. It acknowledges that it must adopt sustainable development to meet the needs of the present. It strives to incorporate the principles of sustainable development in its day-to-day operations towards its long-term goals. Consequently, Microsoft plans to take the three core issues seriously in its development agenda. This is shown in Ayong Le Kama (2001, 1915). Three elements of sustainable development form a corporate evaluation model measured by the triple bottom line. The corporate evaluation model covers a company's impact on people, planet, and profit respectively. However, Microsoft has faced some issues in implementing the system. The issues include how would the company know if their practices are sustainable and to what extent their practices are sustainable?

As time passed, there has been a significant development in sustainable development systems with the development of Global Reporting Initiatives (Florida, 2011). These guidelines operate as a framework in a few areas. The framework has key performance indicators such as the economy, society and social sustainability. According to Microsoft's Environmental manager, the company hopes to attain its sustainable development by focusing itself on three core pillars, innovation, information technology, and energy efficiency. As a result, the company celebrates earth day and stresses the need for observing issues related to climate change. Microsoft company also further notes that IT products result in at least 3 percent of carbon emissions and it causes environment issues to society.

Due to this issue, the company is keen on innovations that will reduce its carbon emission and reduce its energy emission to protect the environment. "For instance, Microsoft's use of Unified Communications virtual meeting and telework software is already reducing employee travel by approximately 1 million air miles a year and cutting back carbon footprint by 17,000 metric tons annually" (Pearce et al, 1989). Thus, Microsoft aspires to attain efficient, sustainable development by adopting strategies that focus on the environmental sustainability. These will entail the company coming up with new and innovative technologies that can be adopted in the global arena.

Besides, the company also adopts other performance indicators that ensure effective and efficient green business practices in its operations, for instance, the ISO 14000. From late 2013, the company has carried out a system that will require its supplier and distributor chain to provide data on their compliance with environmental issues that are provided by the companies' guidelines. These guidelines act as a benchmark through which all stakeholders involved must adhere to. According to Florida (2011), "The new reporting mechanism complements and strengthens Microsoft's existing auditing and assurance programs. Third-party monitoring of its contract hardware manufacturers is also been included."

In the coming months, Microsoft plans to start a sensitization program through which key stakeholders will be informed on its key policies on sustainable development. This program aims to encourage transparency in its sustainable development program.

As indicated above, Microsoft takes sustainable activities seriously and is trying to adopt all its practices into the system. Even though there are numerous obstacles in

achieving their current and future objectives, Microsoft will adopt one of the best sustainable practices compared to other companies in the field. Also, its policies encompass both qualitative and quantitative approaches, thus making it a comprehensive and complete framework. Microsoft also acknowledges that the issue faced will be it will take a lot of time for the company to achieve a fully sustainable development practice. As a result, performance indicators are scheduled to introduce the practice on a timeline basis, taking into consideration the bottlenecks it might face from different stakeholders.

Microsoft also hopes to adopt proactive sustainable approaches where it will be applied not only in their production plants but also on its supply lines. To achieve this, it has had to come up with policies and internal control systems (ICS) as its suppliers and distributors come from outside the Microsoft home region and are thus spread across the globe. As a result of this, various social and environmental problems are spread across the globe using these supply and distribution lines (Manning et al., 2011).

As noted above, sustainable development practices are activities that many companies aspire to attain but haven't achieved yet. Microsoft is one of the companies where it hopes to operate in a sustainable business environment, but it hasn't been able to do so. Although their policies and guidelines that guide it to ensure that their activities operate in a green environment, they are still far from achieving a sustainable development practice. This is because adopting sustainable development practices is quite a hard task even though it has advantages in the long run.

Sustainable development will require the company and other organizations to make changes to its traditional practices. This will require a lot of time, capital and human resources, a fact that companies don't appreciate. Besides, there will be a significant change in the operating systems and a decline in profit margins since the management and shareholders don't appreciate it. As a result, Microsoft and other companies lack a strong and immediate structure that calls for fast adoption of sustainable development. Due to the above facts, sustainable development continues to remain as a future goal and not something that has been accomplished.

RESULTS AND DISCUSSION

Microsoft is a leading technology brand and was founded by Bill Gates while the current CEO of the company is Satya Nadella. Apart from various activities including innovation, philanthropic activities lead Bill Gates and the company to be well known. In recent years, there is several things changed in Microsoft and Nadella has been able to bring things into a new light. Microsoft has found a new target area which is empowerment of the customer and the society. Microsoft invests few large sums for welfare of the society, the poor, the needy, and the marginalized every year. Environmental protection and sustainability play an important role at Microsoft. While the company has growing revenue in recent years, its focus on social welfare and community empowerment have grown stronger at the same time.

As a technology giant, Microsoft uses the power of technology to empower the people as well as protect the planet. Its mission is to help everyone achieve more. While businesses must generate financial returns, they must hold themselves accountable to societal expectations at the same time. It is good for both the society and the business. Businesses on the one hand help communities and the environment, on the other they benefit from a socially responsible image. There are some key highlights of the social responsibility and sustainability efforts that were undertaken by Microsoft and the results of these endeavours are producing.

- Microsoft has donated more than \$1.4 Billion in terms of software and as well as services to NGOs around the world that were engaged in addressing important societal challenges.
- Microsoft has served more than 196,385 non-profits today.
- Microsoft employees has donated more than \$158 million to the NGOs that serves communities in their localities.
- Microsoft has also donated more than \$30 million in cash as well as technological resources to companies that are engaged in serving refugees and other humanitarian causes.
- In Microsoft 61, companies have signed the Cybersecurity Tech Accord for protection and empowerment of the civilians online.
- Microsoft also provided computer science education for more than 12 million youths in 54 countries to prepare them for the jobs in the future.
- The company had spent more than \$3 billion to help the minority, disabled, veteran, LGBTQ, and women-owned businesses in FY18.
- Microsoft is cooperating with the Markle Foundation today, to work on empowering 50,000 workers with the skills required to find success in the digital economy by the year 2020.
- The TEALS program (Technology Education and Literacy in Schools) by Microsoft is aimed at filling the gap in computer science education. Through this program, more than 1,000 technology volunteers partnered with teachers for providing computer science education to above 13,000 students in 344 U.S. high schools.
- Technology has proved a capable tool in handling some of the most pressing challenges before the society. AI and other emerging technologies have proved high effective in this area. Microsoft is investing in AI in order to address global challenges, at the same time to handle some toughest global challenges as well as for the advancement of society. AI for Good is Microsoft's \$115 million commitment to empower those working to address advance environmental sustainability, humanitarian crises, and amplify human capability with AI technology and helping them to achieve their cause.
- Microsoft has undertaken some major projects in Africa to help people and as well as entrepreneurs to find more growth, be more self-dependent and to empower communities needing for technological support that provides higher security and peaceful living.
- In the year 2019, Microsoft introduced an internal carbon fee that helped people to meet the FY13 goal of carbon neutrality. Also, they continually strengthening expectations for the hardware production suppliers to improve the working conditions as well as the environmental performance of global electronics factories. They recognize the important responsibility is that they must respect human rights, and they are responsible to work towards bringing the power of technology to bear and to promote respect for human rights globally.
- Through the Microsoft Technology and Human Rights Centre, Microsoft are working internally to promote the integration of human rights into the company's culture, strategies as well as business operations. Externally, they seek for advanced public understanding of the role business can play to drive respect for human rights.
- As economies shift, industries emerge and technology sets the pace, the gap between those who have access skills and opportunities compared to those who don't have access is becoming glaring. Microsoft believes that technology

could bridge this opportunity to divide and secure the future of young generations and the global economy. That is the reason they are empowering youth by increasing access to technology and equipping youth with the tools and skills they need to succeed. Through their initiatives, programs, and partnerships, they inspire youth to imagine and build a better future for themselves and their communities too.

For young generation to succeed in today's economy and in order to build the economy of the future, they need to first have direct access to both technology and relevant skills along with support from teachers, leaders, governments, and non-profits. They're connecting youth with the resources they need to make a real impact for a better future.

- Helped youth in gaining new skills, education, and training by providing Youth Spark grants to non-profits worldwide. Other than that, they create opportunities for 300 million youth globally over the next three years. Moreover, they launched partnerships with the European Youth Forum, which was the China Foundation for Youth Employment and Entrepreneurship Trust for the Americas and the African Centre for Women and ICT, among many other youth-focused non-profits. In FY13, they awarded grants to a total of 186 non-profit organizations in 62 countries.
- Accelerated learning and collaboration among students and teachers worldwide using Office 365 for Education, that provides access to Word, PowerPoint, and Excel, as well as a range of communications tools, including instant messaging, email, group video, and voice chat.

In some cases, Microsoft executed environmental sustainability as a business strategy. This measure will benefit the company itself. For instance, the company can reduce its costs, and followed by a consequential rise in production as well as gaining a good reputation. Reduction in costs is due to environmental sustainability saves resources since it greatly reduces the waste matter.

Microsoft has also substantially invested its time and resources in Corporate Social Responsibility (CSR) under its social sustainability, which is one of its business strategies. Microsoft must initially involve itself in CSR as it is a platform for vital decision-making tools apparently which centralized on social impacts. There are four fundamentals that social sustainability of the corporation focuses on. These include health care, safety, charity and employment equity. The corporation has achieved a great height in terms of carrying out Corporate Social Responsibility factors (Endress et al., 2005).

Microsoft has achieved sustainable development that reduced its costs of production. For instance, the use of highly capable manufacturing amenities and the use of materials that have been recycled has been implemented. This aspect leads Microsoft to experience an increase in its profits (Dyllick & Hockerts, 2002).

Community Technology Access program

Effort in terms of CSR, one of the approaches is the Community Technology Access (CTA) program, that provides refugees with access to ICT skills, equipment and technical support in rural, hosting communities and camp-based settings.

Usually, access to educational opportunities is extremely limited, and there is minimal access to books and updated information. Many refugees have never seen or heard about a computer. And due to the reason of prospects for repatriation are almost non-existent, these refugees need to rebuild their finances as well as to acquire skills in order to facilitate local integration, to eventually become self-reliant.

To address the needs, computer labs for the camps, low-cost Internet connectivity and training for IT administrators and teachers who are refugees themselves are provided by the CTA program. Microsoft also provides access to Windows software, and training curriculum such as the Digital Literacy Curriculum. As refugee camps are often located in remote areas with little or no access to Internet connectivity or even electricity, innovative solutions are vital. The labs often need to rely on solar power, and in order to overcome connectivity challenges, long-distance Wi-Fi to connect to a regional provider is used. One of the successful pilot programs at a UNHCR camp is in Rwanda's Kibiza camp. Today, the Kiziba Camp has 18,455 refugees. Ongoing training of 800 computer literate certified beneficiaries per year is being implemented in a safe learning environment. Two classrooms have been powered by solar panels, with a total of 44 low-powered computers with donated software. UNHCR and Microsoft have started expanding the program globally where there are now over 32 centres operating in 12 countries.

Using AI to help save lives

Persistent humanitarian crises that was caused by natural and man-made disasters, oppression as well as other emergencies have invaded our world. While global relief organizations had scrambled to respond to these events, their work is often reactive and is difficult to scale. Microsoft believes that technology, like artificial intelligence (AI) can be a great and useful in helping to save more lives, game-changer, take the edge off suffering and restore human dignity by changing the way those frontline relief organizations anticipate, predict and better target response efforts.

Microsoft has announced AI for Humanitarian Action, a new five-year Microsoft program that worth \$40 million. The initiative will utilize the power of AI to focus on four priorities, such as satisfying the needs of children, helping the world recover from disasters, protecting refugees and displaced people, also to promoting respect for human rights. AI for Humanitarian Action program is part of Microsoft's AI for Good suite, a growing \$115 million, five-year commitment to work to unlock solutions to some of society's biggest challenges with artificial intelligence.

Modelled after the AI for Earth and AI for Accessibility initiatives, Microsoft works deeply with selected non-governmental organizations (NGO)s and humanitarian organizations through financial grants, technology investments and partnerships that combine AI and data science know-how with these groups' core expertise. They are optimistic that AI for Humanitarian Action will make the pace of innovation faster by strategic AI projects management that demonstrate new applications, delivering reusable solutions as well as partnering with others to expand initial projects.

New AI solutions expedited as quickly and broadly as possible in four areas:

- *Disaster response. It seems that is no place in the planet that is immune to the devastating and damaging consequences of the natural disasters. Artificial intelligence and data modelling hold enormous promise for forecasting and detecting early signs of coming disasters as well as to help the responders to better target their aid. AI technologies like machine vision can quickly analyse the images of roads damaged by an event, promoting a faster and safer response. In a new partnership with the World Bank, United Nations and partners from the tech industry, relief organizations will be able to predict accurately when and where future famines will take place so as aid can arrive earlier, and potentially saving more lives on Earth.*
- *Needs of children. Microsoft believes that AI can equip the NGOs and organizations with better tools to protect the children - the world's most vulnerable population. For example, human trafficking is one of the world's*

largest criminal industries. Using predictive analytics and bot frameworks to target both the supply and demand underpinning human trafficking, this can ultimately disrupt criminals and bring relief to victims around the world.

- *Refugees and displaced people.* The number of refugees and displaced people in the world is at a high record, and this is classified as a seminal challenge. AI and machine learning have the potential to improve the lives of approximately 68 million displaced people in the world, which 28 million of whom are refugees. AI can also help to optimize the delivery of aid, services, and supplies to refugees and can scale the efforts of NGOs' to communicate and understand displaced peoples' needs. Microsoft is currently working with a few organizations such as the Norwegian Refugee Council, NetHope and University College Dublin to develop a chatbot using AI technologies, such as speech recognition, language understanding, and machine translation to intelligently assist displaced youth to connect them with free, high-quality educational resources. Using chatbots like this could also give a model for aid workers in the field. It could help these workers communicate with displaced people who speak different languages and who need specific core services like access to food, shelter, and health care.
- *Human rights.* Microsoft will collaborate with the NGOs and humanitarian organizations to accelerate breakthrough solutions to help monitor, detect and as well as to prevent human rights abuses. Deep learning has created the ability to better predict, analyse and respond to crucial human rights situations. Utilizing AI-powered speech translation, people can connect with pro bono lawyers who are protecting human rights.

A fundamental aspect of all the AI for Good initiatives is to combine Microsoft's technology and at the same time expertise in artificial intelligence and data science with the talent and expertise of groups across the globe in fields such as environmental science, disability needs, and humanitarian assistance. As we continue to grow our efforts in all these areas, we are assembling a new team within Microsoft of top-flight data scientists and analysts.

However, organizations have realized that achieving sustainable development practices into their manual and activities is a hard thing as several issues need to be considered. For instance, some stakeholders in the supply and distribution chain were not keen on observing Microsoft's sustainable development agenda as they saw it as an intrusion on their profit margins. Moreover, as the supply and distribution chains fell in different legal jurisdictions, there were legal issues. Thus, there might be a lack of a harmonious approach to the issue.

There were also internal barriers where Microsoft management was not in consensus to decide the right approach the company should take on some issue. At the same time, different stakeholders in Microsoft had different interests to put the desires of shareholders (profits) into consideration since adopting sustainable development practices would mean cutting down on profits in the early stage of implementation.

Microsoft's CSR materiality assessment reflects input gathered from the stakeholder engagement processes, consultation with Business and Social Responsibility and other external experts, and consideration of the impact of their core businesses as well. Based on this analysis, the top issues might include accessibility, climate change and energy, applying technology for environmental and social good, closing the broadband gap, ethical business practices, human rights, human capital development, privacy and cybersecurity, responsible AI as well as skills and employability.

CONCLUSIONS

As the business and environment evolve, Microsoft Corporation changes its perception towards the environment and acknowledges the importance of the role it plays as one of the biggest companies. It clearly knows that it is its duty and responsibility to lead the world as well as become a role model. As a result, the management must be at the forefront to make sure that its practices and activities comply with sustainable development objectives.

In this case, Microsoft should always take the initiative to carry out and implement sustainable development strategies in the process of development of its systems. Furthermore, the company should also acknowledge the fact that its business should go beyond its borders since it has a global market, distributors, and supplier. Thus, it should make sure that all shareholders as well as the stakeholders adhere closely to the principles of sustainable development. This is immensely important to make sure that everyone in the organization works in unison in the hope of making the world a better place to live in.

Also, the company should commit itself to the development of software that uses and promotes sustainability and can help companies to scheme the core issues in their activities. Besides, the system should also be able to assist its suppliers and distribution chains to gather significant data that they can use in assessing their performance and carrying out daily operations. More importantly, the system can also be used as a reference point where organizations can take appropriate actions in time when its activities are found out not complying with sustainable development. Not only that, the system should also offer the cheapest yet quickest performance analysis system which is immensely practical to the companies.

Corporate social responsibility (CSR) which also known as the corporate citizenship, is a self-regulating business model that assists a company to be socially accountable—to itself, its stakeholders, and also the public. To make it a successful and accountable organization, the sustainable development of the business organization is immensely vital. Organizations need to ensure that their practices are sustainable and will not pollute the environment; hence, this brings about the concept of "green businesses". Green businesses involve the theory of the interrelation among the environment, society, and economy. Microsoft, as one of the biggest corporations, has sought to balance among these three concepts. Organizations are said to have achieved sustainable development in their activities if they manage to balance among the three concepts. In addition, the government and the global population that forms the market has urged the organizations to be environmentally conscious, which Microsoft has never disappointed us. Microsoft has ensured that its sustainable activities go beyond the borders to every part of the world, which is undoubtedly a leader and a good role model to other organizations.

On the other hand, organizations ought to ensure that they maintain a "green image" so that they maintain their market values and is at the same time comply with government policies concerning environmental issues. Besides, the organizations should know that the consumers' attitude nowadays has critically changed whereby they will apply principles of sustainability in choosing where and what to buy. For instance, customers nowadays are more particular in choosing their products, preferably, green products.

Not only that, Microsoft takes its responsibility towards society very seriously. Various community help is given, and this reaches every part of the world-no matter is it in money donation or free item offered, the needy benefits from it. In 2011, Microsoft

Malaysia and Acer Sales & Services have launched a programme to donate hardware and software to needy organisations and to also secondary school students. As illustrated, this is a good example of Microsoft's effort in its social responsibility. Microsoft is always ready to lend a helping hand to the people in need, and this should be the responsibility for every big corporation like Microsoft.

To conclude, it is immensely crucial to take Corporate Social Responsibility (CSR) and implement it in every decision a corporation makes. This not only aids in the company's future profit generation, boost corporation reputation and public relations at the same time, but it also ensures that our future generations and the environment get benefited from it.

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