

Microsofts history and ethics assignment

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MICROSOFT MONOPOLY ANALYSIS By: Ron Thompson Instructor: Roy

Prescott Date: 9/30/2010 ABSTRACT Report analysis based on informational article from Business Ethics textbook and CD related to material. My personal evaluations are provided in context to business ethics involved.

HISTORY The definition of a monopoly market is, “ the only seller in the market is a single firm, and new sellers are barred from entering. ” One of the first unethical behaviors Bill Gates did was involved when IBM needed a operating system. He had told IBM that he could provide them with an OS, so he went to a friend that had written on OS that would work.

He ended up buying his friends OS for \$60, 000 without informing him about his meeting with IBM. I found this as being unjust and without care for his friend. In 1987, Microsoft virtually copied Apple’s OS, and this resulted in a copywrite lawsuit. Apple lost the suit. In my estimation, I would have considered this unethical in light of breaching copywrite protected material, and stealing. By 2000, Microsoft controlled 90% of the pc operating system market, thus possessing a total, monopoly market ; another unethical business practice. In 1995, Microsoft’s monopoly was threatened by Netscape.

Netscape refused to accept Microsoft’s offer, so Microsoft made it so Netscape was unable to develop a browser for Windows 95. This seemed like an “ unjust” behavior towards Netscape. Netscape later acquired the codes, and developed a version of Navigator (their browser) that would work with Windows 95. In 1997, Microsoft again decided to use its monopoly power against Netscape, by making Internet Explorer (Microsoft’s browser) part of

the Windows OS. This led to manufacturers' being forced to either install Windows on their computers, or they were useless.

Manufacturers' were coerced into agreements with Microsoft, and this severely hurt Netscape. In a way, this could have been construed as a form of " bribery tactic. " When Sun Microsystems agreed with Microsoft to license/distribute Java with its Windows system, they were unaware of Microsoft's intentions to change it so it would work only with Windows. If they would have known beforehand, this situation would have probably resulted in a different outcome. Microsoft failed to disclose information, thus strengthening their monopoly reign further.

The antitrust suit filed in 1998 against Microsoft accomplished little, except initiating many other lawsuits against them. It was ultimately decided that the market would solve this problem, not the Justice Department. I found it unethical when before president Bush was elected, Microsoft contributed millions of dollars to Republicans in " an unprecedented campaign to influence the new administrations antitrust policy". Their plan was to " escape from the trial with their monopoly intact". In the server market, Microsoft established a new, monopoly power by refusing to share Windows API's with companies making software for servers.

They were experts at building " monopolies within monopolies", and abusing justice. MARKET EVALUATIONS and CHARACTERISTICS The main characteristics of the market for OS that contributed to Microsoft's monopoly and unethical behavior was: * Timing; in 1978 and with the introduction of personal, marketable computers, made it the " prime time" for introducing

the new OS. * Capital Justice; Microsoft violated this concept because with their monopoly, they could charge whatever they wanted for their products. * Decline in efficiency; because Microsoft owned the OS market, this resulted in other companies like Netscape, going out of business. Resources; Microsoft owned the new technology, so they had no need to find less costly methods of production. Consumers were unable to choose exactly what they wanted. It was either Microsoft, or nothing at all. * Negative rights restrictions; Microsoft forced consumers to use Internet Explorer, in lieu of using any Windows OS. LAW SUITS I believe Microsoft should have been held liable, and was at fault for all the counts against them that stemmed from the antitrust suit. Judge Jackson’s order that Microsoft should be separated into two companies was fair, relevant to their creating “ monopolies inside monopolies”.

Judge Kollar-Kotelly’s November 1, 2003 decision was fair also, in light of ratifying the settlement between Microsoft and the DOJ. This brought somewhat of a closure to the situation, at the time. I believe the April 2004 decision of the European Commission was fair; Microsoft was guilty of the allegations’ they were accused of. According to the text, not much resulted from this, as Microsoft appealed their ruling. EFFECTS and PUBLIC POLICIES In my opinion, I believe Microsoft was wrong in many aspects; however, the net utility and positive factors related to the Windows OS has benefited millions of people worldwide.

The only ones that have really been harmed are companies that have been in competition with them. It’s very difficult to evaluate exactly what kind of public policies should be initiated with the operating system industry. As <https://assignbuster.com/microsofts-history-and-ethics-assignment/>

Microsoft stated, “ everything can change overnight”. CONCLUSION New, innovative technologies are continuously being introduced into the modern, browser wars. More and more API’s are being integrated with browsers, such as Mozilla Firefox, and are taking over what OS used to do! REFERENCE Business Ethics, Concepts and Cases, textbook; Sixth Edition, by Manuel G. Velasquez