

Evaluate the environmental impact of business A in comparison to business B

In this assignment, I will research and evaluate the environmental policies and ethicality of the following companies: Microsoft and Nokia. I will look at the positive and negative externalities of each company which is the consequences of the company's activities experienced by a third party. These may include factors such as pollution and air miles. Environmental legislation is laws to control the impact businesses have on the environment. Under the Kyoto Protocol (See Appendix), for example, industrialised countries agreed to reduce the Greenhouse Gas emissions. In the UK, Defra is the government department responsible for environmental protection. From this investigation I will come to a conclusion as regarding to the environmental impact of each company.

Nokia Corporation is a multinational communications corporation focused on wireless and wired telecommunications. It is the world's largest manufacturer of mobile telephones.

Microsoft Corporation is a multinational computer technology corporation that concentrates on the development, manufacture, licensing and support for a wide range of softwares for computing devices.

On the Guide to Greener Electronics produced by Greenpeace (See Appendix 1) which ranks the biggest names in electronics on their green credentials, Nokia scored the maximum points with a score of 6.9/10 for 'its comprehensive voluntary take-back programme, which spans 124 countries providing almost 5000 collection points for end-of-life mobile phones.' Microsoft ended up second last with a score of 2.9/10. Microsoft also chose not to participate in The Gartner/WWF study used to provide reliable green metrics for the IT industry, and was criticized for the company's lack of transparency.

Microsoft has taken some actions to become more environmentally friendly. The CEO of Microsoft, Steve Ballmer commented: *Addressing global warming is a responsibility we take very seriously at Microsoft."*

The following are some actions Microsoft have taken to become more ethically and environmentally responsible:

- Commitment to remove polyvinyl chloride plastic, brominated flame retardants and phthalates from its hardware products and packaging material by 2010 due to environmental concerns that are leading to health problems (see Appendix)
- In 2007, 24.4% of all the electricity used was from renewable resources

- Also attempting to cut down on its non-renewable resources by using solar panels cutting the greenhouse gases that would otherwise be produced to supply that power.
- Adding compost bins to cafeteria and replacing polystyrene plates, cups and plastic flatware with biodegradable alternatives, reducing non compost trash output. (See Appendix)

However, Microsoft was criticized by Greenpeace for not implementing changes quickly. Iza Kruszewska, a Greenpeace International campaigner commented that: "Microsoft is not moving fast enough. Microsoft has improved by creating a sustainability team in the past year, but it seems it has only just woken up to green issues."

On the Greenpeace Microsoft scoring Chart, the company scored badly on more than twice the areas than which it scored well on. (See Appendix)

Areas in which Microsoft scored poorly on included (See Appendix):

- Lack of commitment to set specific emissions reduction targets.
- Does not provide free take-back for its' own products
- No details regarding recycled material used in its' hard wares

The environmental campaign organization said in a statement that major companies including Microsoft are: "failing to support the necessary levels of global cuts in emissions, and make the absolute cuts in their own emissions, that are required to tackle climate change."

More than 90% of people whom answered my questionnaire reported that they are not aware of Microsoft's environmental policies. However, even a bigger percentage said 'no' when asked whether they take into consideration the effect of making the product on the environment when purchasing from Microsoft.

A customer of Microsoft, Mrs. Bell said: "the cost to the country of the environmental damage caused by Microsoft is outweighed by the benefits it brings from improved technology."

This may be an explanation to as why Microsoft appears to focus more on making a profit and the quality and advancements of its' products rather than improvement in its' negative externalities.

Regarding to Microsoft's statements on their own environmental policies, they commented that they are 'working actively to protect natural resources'. However, they are vague about their actions. For example, they said on their website that: 'we encourage and support the sustainable use of renewable natural resources.' Which does not state how and what they are doing to encourage and support their words. There are also a lot of repetitions based on the actions they do take and lack of statistics to provide evidence on their improvements.

Nokia takes the lead on the Guide to Greener Electronics, surpassing seventeen other IT companies. On Nokia's attitude towards environmental regulation, a representative wrote on the Carbon Disclosure Project of 2008 (See Appendix) that: Nokia actively monitors and supports environmental regulation. We have often gone beyond compliance in environmental regulation and, in many cases, made new initiatives related to regulations. In addition we have participated in several voluntary standards and programs to reduce our environmental impact.

Some of the positive actions Nokia has taken are: (See Appendix for more information on the following points listed)

-Energy efficiency

Nokia hope to achieve this by the end of 2008, add reminders in all new mobile devices about unplugging the charger once the phone has been fully charged

Renewable electricity to cover 25 % of our total electricity needs 2007 to 2009, and 50 % in the year 2010

-Take back and recycling

Nokia is looking into developing devices completely from recycled products.

- Substance management

Nokia 3110 Evolve phone boasts of ' bio-covers' made of 50% renewable material and 60% recycled material.

Nokia was the winner of the Green Awards 2008 Grand Prix and Best Green Internal Communications with the internal communications campaign called "The Power of We'.(See Appendix) Nokia Malaysia's products won the 'Green Mobile Award' at the GSM Association's Asia Mobile Awards 2008 (See Appendix) .Nokia also topped the first ever China Green Companies List. (See Appendix).

On the Greener Electronics Guide Nokia scored very poorly on only one area: use of recycled plastic content in product which is currently only used in packaging.

According to the Gartner and the World Wildlife Fund study regarding environmental practices in businesses: "Nokia lacked any greenhouse gas reduction targets at all, which are seen as key to driving policy."

Despite the numerous 'Green Awards' which Nokia has picked up, the impression of those who I interviewed regarding to Nokia's environmental policies are generally more negative than Microsoft.

Based on my focus group, the general opinion is that: "Nokia encourages the use of mobile phones. Everyone has a phone nowadays, some people even have two. Nokia makes a profit producing the phones, causing pollution by making, packaging and transporting the phones."

This suggests that Nokia is not providing customer's with adequate information about how to be more environmental friendly whilst using their products or promoting their environmental policies with enough effectiveness.

Microsoft can better meet the environment needs of their stakeholders by setting specific emissions reduction targets. Nokia can improve their environmental policies by increasing the use of recycled plastics in their products.

Based on the research and studies conducted by environmental protection companies, Microsoft appears to be the one creating the most negative externalities whilst according to the acknowledgments Nokia has received for their environmental protection movements; Nokia seems to have stronger policies to improve the environment.

I think Microsoft need to improve their environmental policies the most as the Greener Guide to Electronic shows that Microsoft have numerous aspects in which they can improve on. Their refusal to participate in certain IT companies environmental policies studies prove that they are aware of the fact that they are inadequate in the area of enforcing such environmental policies.

However, I also believe that both Microsoft and Nokia could do more to improve their business's impact on the environment. The Gartner study shows that the IT industry is responsible for two per cent of global carbon emissions. The internal stakeholders such as the owners and shareholder should view improving the environmental impact aspect of their company as a chance to shed a more positive light on their company. Mel Francis, climate and energy campaigner at Greenpeace said: "it is disappointing that such innovative and fast-changing companies are moving so slowly, when they could be turning the regulation we need on global emissions into a golden business opportunity."

