

Good Karma at Microsoft: Diversity, the Gender Gap, and Global Implications

Article Summary

In early October, 2014, Microsoft CEO Satya Nadella made a statement concerning women and pay raises. *Forbes* contributor Ruchika Tulshyan discussed these comments and their implications in her article, “‘Karma’ Hasn’t Fixed These Three Facts About The Gender Pay Gap” (2014, 1).

As the article explains, Nadella, Indian-born chief executive officer (CEO) of the global IT giant Microsoft, was addressing women at the Grace Hopper Celebration of Women in Computing. When questioned by Microsoft board member and Harvey Mudd College President Maria Klawe about the gender pay gap at Microsoft, Nadella stated that women who resist asking for raises have a “super-power” that enables them to gain pay advances due to “good karma” that comes back. Tulshyan disagrees and backs up her position with a plethora of statistics demonstrating the error behinds Nadella’s assertion, using a tri-level bulleted argument:

1. The gender pay gap in 2013 was 22%--women made 78 cents compared to every dollar men earned. Indeed, the difference in annual income between the genders was \$10,876—men averaging \$50,033/annum compared to women’s \$39,157.
2. This gender disparity exists across the board, from average pay for male CEOs such as Nadella (\$455/week more than women) to earnings in other career fields (male surgeons out-earn females by \$590/week). Likewise, male-dominated fields consistently pay more: truck drivers (95% men) earn about \$730/week, whereas childcare providers (95% female) average \$418/week.

3. This pay gap is exacerbated for highly-skilled women of color, with whites out-earning Asians by \$8146/year and blacks by \$3,656/year for identical jobs. For higher-educated black and Hispanic women, the disparity widens.

(Tulshyan, 2014, 1).

Tulshyan acknowledges that, for Nadella, hard work did pay off, especially given conditions in his native India, where she explains that hiring practices are influenced by corruption, nepotism, and politics. She also points out that Microsoft is not alone in an IT industry that considers hiring Asian males to signal diversity (despite their prevalence in that field); other IT leaders mirror Microsoft's lack of women employees, with Yahoo employing more women--37%, followed by Facebook, Google, and Microsoft bringing up the rear with 29%. (2014, 1). Tulshyan concludes that Nadella's "good karma" remarks mistakenly assumed that all groups have equal access to education and opportunities (2014, 1), which is not the case; until leaders such as Nadella recognize this and takes steps to address it, the gap will continue or widen.

Discussion

Not surprisingly, Nadella's words sparked controversy, beginning with an immediate reaction from Klawe. She retorted that women need to do their homework when considering salaries, and that she personally had been underpaid consistently, by as much as \$50,000/year as dean of engineering at Princeton University due to her gender (Duckett, 1). Although Nadella soon backtracked from his position, claiming it to be inarticulate and promising to the Reverend Jesse Jackson and others that Microsoft was committed to workplace diversity (Catalyn, 1), some viewed this as damage control that was too little too late. In particular, when Microsoft released

its overall diversity numbers, these were widely circulated to the discredit of the industry leader (Tulshyan, 2015, 1). As is clearly shown in the following chart, Microsoft trails other IT employers by roughly 20% in women in its workforce, and the gap is even larger for racial minorities:

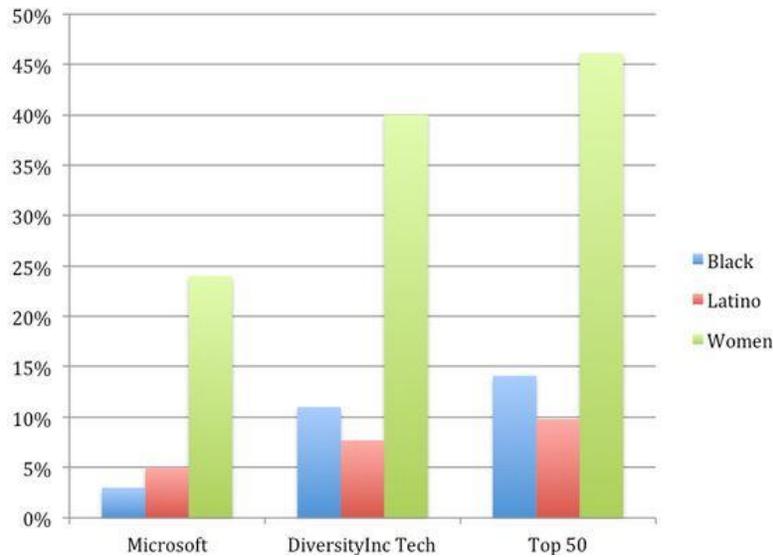


Figure 1. Lack of Diversity at Microsoft (Catalyn, 1).

When put into this larger context, Nadella’s remarks are even more disturbing. From the viewpoint of business organization and environment, this apparent lack of commitment to diversity bespeaks a corporate view of social responsibility that should be addressed and improved. As a global firm that both hires and provides services world-wide, Microsoft has a responsibility to be inclusive. Not only does it gain by opening its pool of potential workers, those workers bring with them attitudes and ideas that can stimulate product enhancement and market growth. This concept is clearly intertwined with Microsoft’s human resources policies, since it affects the supply of human resources, workplace planning and recruitment as well as pay equity. Microsoft must commit to changing its recruitment practices and salary policies in

order to reach, attract and maintain a more diverse pool of new hires if its plans to change its company culture and enact policies consistent with social responsibility.

Other human resource areas affected by Nadella's comments include communication and motivation. Businesses normally strive to foster open communication between all levels, including staff and management. If women are being encouraged, directly or indirectly, to refrain from asking for raises that they believe are justified, that creates a business climate that discourages information exchange. Likewise, reward is one of the most effective motivators. If women are expected to sit back and wait for systemic recognition and reward, their motivation to perform could wane significantly. Indeed, a former Microsoft programmer recounted her own experience of working all night once to prepare for a key meeting, then receiving roses the next day from the vice-president of her group. She states that her initial, incredulous reaction to this "reward" was "Roses? How about money?" (Rigby and McBride, 1). Implicit in this story is the probable concept that Microsoft leaders assumed flowers would motivate women, but would not reward male employees the same way. In addition, management overlooked a universal business truth, that money appeals to all workers and is an unparalleled motivator.

Another business concern for Microsoft or any corporation facing restructuring or change in an area such as payment policies, hiring practices and diversity is resistance among current employees. Measures can be adopted to encourage acceptance of new policies, such as modelling a commitment to diversity at all levels, or formulating strategies to enhance diversity. By encouraging existing employees to provide input into these initiatives, the company will enable them to feel a degree of ownership to the new policies that overcome initial barriers. Again, active communication about the benefits of diversity, both for individuals and the corporation, will enhance acceptance.

Conclusion

This article and related information was very informative concerning a disparity between treatment of employees and lack of diversity that involves key elements of any business's operations and policies. That the CEO of a corporation as dominant in its field as Microsoft could suggest that women rely on karma for raises is concurrently incomprehensible and unacceptable. Many aspects of business management and environment are affected by this statement and approaches to address it. Microsoft, and companies not only in the IT field but all aspects of business, should take a hard look at their compensation and hiring structures. Equitable pay and diversity in the workplace benefit individuals, corporations, and the markets they serve. This is one of the few areas available to businesses where the advantages are legion, and the drawbacks virtually non-existent. It represents the unique opportunity for a win-win situation, rare in the corporate world.

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