Ethical Issues in E-Business

Models and Frameworks

DANIEL E. PALMER

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Section 1
The New Landscape of Business: Markets and Morals in the Age of E-Business

Chapter 1

Daniel E. Palmer, Kent State University, USA

Chapter 1 examines the major ways in which e-business is transforming business practices, and the manner in which these transformative changes are raising new ethical issues. The author identifies three key transformative aspects of e-business and seeks to illustrate their ethical significance in terms of their potential to affect stakeholder relations. In doing so, the author demonstrates how the common model of stakeholder theory in business ethics can be adopted to illuminate and direct our thinking about ethical issues in e-business. The chapter concludes by arguing that two key moral norms, the commitment to transparency and respect for persons, can serve as important moral ideals to guide and shape our thinking about ethics in the new frontier of e-business.

Chapter 2

Susan Emens, Kent State University, USA

Chapter 2 investigates the changing landscape of e-business by examining the shift in business models involved in e-business. Utilizing the idea of a paradigm shift in examining these changes, the chapter looks at the way in which business parties, such as buyers and suppliers, relate in business transactions in e-commerce. Here, the chapter uses the example of online reverse auctions to illustrate both the nature of the paradigm change as well as its ethical implications for buyers and sellers. While the chapter argues that e-business practices such as online reverse auctions can have significant benefits for businesses,

it shows that they also can affect the trust that exists between business parties. As trust is an essential component of business ethics, the chapter maintains that finding ways to establish trust in e-commerce transactions should be encouraged in the new paradigm of e-business.

Section 2
Anonymity, Trust, and Loyalty on the Internet

Chapter 3 addresses one of the key barriers to fostering trust in e-business: the anonymity of the Internet. E-business transactions are often anonymous in so far as the parties involved have no direct, face-to-face, relationship with the persons they are dealing with. This chapter argues that the problems of trust arise in e-commerce since Internet interactions take place without the kind of basis in personal, face-to-face, interactions that traditionally serve as the source of trust in business. The chapter uses the ethical and social theory of Thomas Hobbes to both illustrate these issues and to offer a potential solution to the problem of anonymity on the Internet. In this respect, the chapter maintains that institutional or social regulations may be necessary in e-commerce in order to appropriately remedy the lack of traditional mechanisms of trust in e-business.

In chapter 4 the author argues that in transcending the limitations of "real world" business transactions, e-business both affords greater market opportunities to businesses, but also significantly exacerbates problems of trust. Because Internet transactions involve no direct personal contact, the chapter maintains that the motivation to be moral can be significantly diminished in e-business transactions. The chapter argues that merely appealing to traditional moral principles will not sufficiently address issues of trust on the Internet, since this does not address the emotional component that typically serves to ground trust in personal relations. As such, the author appeals to the moral theory of sentimentalism as a possible means of resolving issues of trust in e-business. The chapter argues that the sentimentalist approach can provide an account of how to develop trust in e-commerce that will properly motivate persons to engage in ethical forms of e-business.

This chapter seeks to determine how to establish means of fostering trust in Internet transactions from a legal perspective. The decentralized and international nature of the e-commerce makes traditional forms

of commercial regulation more difficult to enforce in e-business. Given this difficulty, the chapter suggests that considerations of non-traditional approaches to regulating e-business are warranted. In this regard, the chapter points to fiduciary law as one possible means of facilitating trust in e-business. The fiduciary concept focuses upon the responsibilities that agents have to preserve the interests of those to whom they are entrusted. Fiduciary law, the chapter notes, is geared toward maintaining the integrity of crucial social and economic relations and thus would aid in the facilitation of trust and loyalty in e-commerce.

Section 3
Marketing Ethics in E-Business

Chapter 6

Abe Zakhem, Seton Hall University, USA

In Chapter 6 the author examines the emerging use of Mobile Location Based Services (MLBS) for e-marketing purposes. The chapter argues that the kind of access to and information about consumers that such technologies provide companies generate conditions of vulnerability and dependency for users. Adopting a fiduciary framework, the chapter goes on to suggest that given the nature of this vulnerability and dependency, we are justified in applying fiduciary principles to the relationship between MLBS providers and users. As such, the chapter recommends regulating e-commercial relations utilizing such technologies along fiduciary lines.

Chapter 7

J.J. Sylvia IV, The University of Southern Mississippi, USA

Chapter 7 examines one family of such forms of online research: the use of A/B and multivariate testing for website optimization. Such online modeling techniques are used by companies to test various aspects of website design, with the aim of increasing average user orders and decreasing abandoned shopping carts. While such techniques may seem benign, the chapter maintains that the kind of manipulation they involve is actually quite ethically significant. The chapter examines such practices from the perspective of three different ethical theories. The chapter concludes by examining the manipulative aspects of A/B and multivariate testing and suggesting that more explicit codes of conduct for the usage of such testing need to be developed.

Chapter 8

Erkan Özdemir, Uludag University, Turkey

Chapter 8 uses the traditional notion of the marketing mix to illuminate the ethical issues of online marketing. The traditional idea of the marketing mix categorizes that marketing strategies of companies into four crucial elements: product, price, place, and promotion. In Chapter 8 the author examines each of

these four elements in respect to online marketing practices. The author seeks to demonstrate that online marketing practices involve unique issues in regards to each of the four elements, and that in each case ethical issues can be raised as well. By examining the distinctive ethical issues involved in the marketing mix in online marketing practices, the author both illuminates the ethically sensitive areas of online marketing as well as offers a framework for responding to those issues.

This chapter looks at the efforts of companies to market their Corporate Social Responsibility (CSR) efforts to consumers online. The Internet provides companies with the means to do so cheaply and with the ability to reach a greater audience than with more traditional forms of advertising. However, the chapter argues that as a medium of communication, the Internet poses particular challenges in terms of the epistemological constraints it places on users. These issues are especially important, the chapter maintains, when addressing claims of corporate social responsibility online. The chapter argues that while there is nothing intrinsically wrong with seeking to promote a good corporate image online, companies should do so in an ethically responsible manner. In this regard, the chapter concludes by offering practical guidelines for corporations to use in promoting morally good conduct online.

Section 4
Privacy and Property Rights Online

In Chapter 10 the author addresses issues of privacy in e-business. Comparing the traditional tale of Lady Godiva and Peeping Tom with the contemporary case of Facebook's Beacon program, the author maintains that while the underlying concept of privacy has not changed, we must rethink the manner in which we recognize and respect privacy in light of the changes in what can be done with personal information as a result of the widespread adoption of electronic technologies. The chapter argues the privacy is best viewed in terms of individuals' ability to control information about themselves within negotiated zones, and offers an account of privacy zones that can be used to respond to privacy issues in contemporary online practices in a manner that is respectful of all stakeholder interests.

Chapter 11 takes up the issue of strong copyright in e-business. Strong copyright views are those that wish to apply the maximal amount of legal protection for intellectual property and are often appealed to in response to worries about the increasing ability of consumers to access and distribute digital media. The chapter views these moves as potentially disempowering users of digital media, and argues

that doing so would undermine the benefits gained by users through the new technological capabilities connected with digital media. In appealing to a number of different moral theories the chapter seeks to show that the appeal to strong copyright is not morally justifiable. Instead, the chapter argues that businesses should adopt innovative business models that are respectful of the new opportunities offered to end users by electronic technologies.

Chapter 12

Matt Hettche, Christopher Newport University, USA

Chapter 12 argues that online collection and tracking techniques now allow businesses to gain a wealth of information on consumer behavior that provides them with a competitive advantage in predicting consumer preferences and anticipating online behavior. Such a situation creates an asymmetrical balance of knowledge between consumers and businesses, and thus potentially disadvantages consumers in online transactions. This chapter argues that if we view consumer information stemming from online activity as a form of virtual property, then we can establish limits, based on property rights, on how consumer information can be gathered and utilized. The author argues that marketers have an obligation to respect this right in their interactions with online consumers, and that doing so will aid in the achievement of more fair and efficient market transactions in the digital environment.

Section 5
Ethical Issues in Public Policy and Communication

Chapter 13

James Brian Coleman, Central Michigan University, USA

In Chapter 13 the author examines the question of fairness in regards to taxation of Internet sales. While some people view the lack of direct taxation on Internet sales as a strong market incentive, others view the loss of revenue to states and municipalities as a serious problem. One possible solution offered would be to impose a universal interstate sales tax on all Internet sales. This chapter examines the arguments in favor and against such an Internet tax. From a contractarian perspective, the chapter argues that such an Internet tax would be justified since it more fairly distributes resources in a mutually advantageous manner. The author uses the theories of John Rawls and David Gauthier in articulating his arguments in favor of the Internet sales tax.

Chapter 14

*Fernando A. A. Lagraña, Webster University Geneva, Switzerland & Grenoble
École de Management, France*

Chapter 14 examines ethical questions related to one of the most common forms of communication used in e-business, e-mail. The author examines the numerous ways in which e-mail differs from other

forms of business communication. As an asynchronous, distant, and text-based form of communication, the author demonstrates how e-mail communication can be misused, manipulated, and give rise to misunderstanding. As such, the chapter argues that it is important that companies are sensitive to the potential unethical behaviors that widespread e-mail usage can give rise to in the workplace. After carefully delineating all of the potential ethically problematic uses of e-mail communication, the author considers how corporations might foster ethically appropriate usage of e-mail.