Chapter 24

Business Ethics in the Information Age:
The Transformations and Challenges of E–Business

Daniel E. Palmer
Kent State University, USA

ABSTRACT

The Information Age ushered in significant transformations in the manner in which business is done. In particular, the growth of various forms of e-business, from Internet sales and marketing to online financial processing, has been exponential in recent years. Internet technologies provide businesses with the potential to more effectively distribute products and services, to more efficiently manage operations, and to better facilitate the processing of business transactions. The scope of information available to businesses using digital technologies has also radically expanded, allowing companies to better target consumers and market products. However, e-business activities can raise ethical issues as well. As such, scholars and business persons have a responsibility to be aware of the ethical implications of e-business and to promote ethically appropriate forms of e-business. The aim of this chapter is to aid in those enterprises by mapping out some of the major ethical issues connected to e-business.

INTRODUCTION

In December 2013 the Target Corporation announced that a data breech at the company had resulted in the compromising of the credit and debit accounts of as many as forty million consumers. Target later announced that the records, including names, addresses and phone numbers, of 70 million consumers had also been stolen (Jamieson & McClam, 2013). As a result, mil-lions of consumers were left vulnerable to credit fraud and identity theft. By many accounts, Target missed early warning signs of the breach and responded slowly once it became aware of the problem (Kaiser, 2014). Unfortunately, the Target case is not an isolated one and several other large data breaches have occurred at companies such as T.J. Maxx, Marshalls, and Barnes & Noble (Jamieson & McClam, 2013). Despite these and other cases, many companies remain vulnerable to

data breaches, leaving consumers at risk of having their information stolen and misused. Even when consumers are informed of breaches by companies in a timely fashion, potentially affected parties must invest significant time and energy in monitoring their account and credit information. In the United States, companies have also been slow to adopt technologies, such as Chip and Pin based credit and debit cards, which could potentially better protect consumers.

Echometrix is a company that sold parents software to monitor their children's online search, chat, and other activities. However, and seemingly unbeknownst to many parents, the company also sold information that it gathered on the online activities of children to third parties for marketing purposes. While Echometrix did include fine print in its user agreements, the information was not likely to be read or understood by most purchasers. As a result of what many saw as a failure to make parents properly aware of this use of information, both the FTC and the State of New York eventually filed suit against Echometrix. Eventually Echometrix settled these suits, agreeing to pay a penalty of $100,000 to the State of New York and to destroy or protect the data collected from any subsequent third party access (Palmer and Stoll, 2014). Once again, this is unfortunately not an isolated case, and we can easily point to similar cases in which a lack of apparent transparency in how information about consumers is gathered and used by companies is present. For instance, Facebook has been criticized for performing research on its users' emotional responses by manipulating their news feeds (McNeal, 2014). Likewise, the online dating service OKCupid was recently subject to criticism for conducting experiments on its users that involved manipulating compatibility ratings without fully disclosing this to the participants involved (Wood, 2014). In these and many other situations, companies use digital technologies to interact with consumers in a manner that is seemingly not made transparent to the consumer:

the consumer is either not given information on the full nature of the transactions or is only given information in a manner that is not readily accessible and understandable to ordinary users.

Of course, digital platforms can be developed in ways that not only potentially harm consumers, but also in a manner that potentially harms the interests of other businesses as well. For instance, Napster was originally developed as a peer-to-peer file sharing internet service that allowed users to upload and share music files. Many of those involved in the music industry, from bands to record companies, saw such sharing as a form of copyright infringement that seriously threatened their ability to make profits. As a result, legal challenges were filed and Napster was forced to close down its original service platform (Quinn, 2013). Though the Napster case may have represented a victory for the music industry, similar services and platforms have continued to crop up and raise issues about copyright infringement and intellectual property rights on electronic platforms and services ever since. File sharing services such as BitTorrent, Grokster, and The Pirate Bay and a host of others originated after the fall of Napster. While such services often used different digital models, for instance in not utilizing a common central server on which files are stored, they have raised similar ethical and legal concerns (Quinn, 2013). To further complicate matters, many companies and countries have been accused of using electronic technologies to steal intellectual property and engage in economic espionage.

The three cases noted above each illustrate well some of the challenges presented to consumers, businesses and business ethicists in the Information Age. The transformations brought about by the digital forms of communication that characterize the Information Age have rapidly impacted the manner in which nearly all business is now done. For instance, a recent U.S. Census Bureau report (2012) indicates that "from 2002 to 2010, retail e-sales increased at an average annual growth

Related Content

Integrating Technological Innovations to Enhance the Teaching-Learning Process
Judi Simmons Estes, Amber Dailey-Hebertand Dong Hwa Choi (2017). *Medical Education and Ethics: Concepts, Methodologies, Tools, and Applications (pp. 1476-1504).*
www.irma-international.org/chapter/integrating-technological-innovations-to-enhance-the-teaching-learning-process/167352

Anticipating Human Enhancement: Identifying Ethical Issues of Bodyware
Deniz Tunçalpand Mary Helen Fagan (2014). *Global Issues and Ethical Considerations in Human Enhancement Technologies (pp. 16-29).*
www.irma-international.org/chapter/anticipating-human-enhancement/110224

Serving the Purpose?: Communicating Self-Serving CSR Motives to Increase Credibility
Anya Zebregsand Lars Moratis (2017). *CSR 2.0 and the New Era of Corporate Citizenship (pp. 187-208).*
www.irma-international.org/chapter/serving-the-purpose/174083

Ethical CSR Leadership: Passion or Fashion
Linda Lee-Davies (2017). *International Journal of Sustainable Entrepreneurship and Corporate Social Responsibility (pp. 1-22).*
www.irma-international.org/article/ethical-csr-leadership/209679

What Determines the Success of a Woman Entrepreneur
Jovanna Nathalie Cervantes-Guzmán (2022). *International Journal of Sustainable Entrepreneurship and Corporate Social Responsibility (pp. 1-12).*
www.irma-international.org/article/what-determines-the-success-of-a-woman-entrepreneur/304898