



Ethical and Legal Issues of E-Business

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Abstract:

The vastness of Internet advertising offers a solid platform for Electronic Commerce (or e-commerce) to explode. E-Commerce has the ability to provide secure shopping transactions coupled with instant verification and validation of credit card transactions. E-Commerce is not about the technology itself, it is about doing business leveraging the technology.

A technological innovation is followed by frequent incorporation of ethical standards into law. New forms of E-Commerce that enables new business practices have many advantages but also bring numerous risks. Let's discuss about the ethical and legal issues related to e-business.

Keywords: *E-Business, Ethics, Electronic Commerce*

1. Introduction

According to Kirk O. Hanson, a renowned ethics expert who also doubles as the Executive Director of the Markkula Center for Applied Ethics, "business ethics is the study of the standards of business behavior which promote human welfare and the good."

Business ethics manifests both as written and unwritten codes of moral standards that are critical to the current activities and future aspirations of a business organization. They can differ from one company to another because of differences in cultural perspectives, operational structures and strategic orientations. The guiding framework of business ethics permeates all levels of the organization. It is about having the wisdom to determine the difference between right actions and wrong decisions.

In simpler terms, business ethics fundamentally epitomizes the organization's codes of corporate governance. It stipulates the morality standards and behavioral patterns expected of individuals and the business as a whole. These moral benchmarks can be perceived in terms of the microenvironment and macro environment of the business. Today due to technology, some issues created in the world of business. Here, some issues of e-business.

2. Ethical Issues

In general, many ethical and global issues of Information Technology apply to e-business. So, what are the issues particularly related to e-commerce? Let's list some of the ethical issues spawned with the growing field of e-commerce.

2.1 Web tracking

E-businesses draw information on how visitors use a site through log files. Analysis of log file means turning log data into application service or installing software that can pluck relevant information from files in-house. Companies track individual's movement through tracking software and cookie analysis. Programs such as cookies raise a batch of privacy concerns. The tracking history is stored on your PC's hard disk, and any time you revisit a website, the computer knows it. Many smart end users install programs such as Cookie cutters, Spam Butcher, etc which can provide users some control over the cookies.

The battle between computer end users and web trackers is always going on with a range of application programs. For example, software such as Privacy Guardian, My Privacy, etc can protect user's online privacy by erasing browser's cache, surfing history and cookies. To detect and remove spyware specially designed programs like Ad-Aware are present. A data miner application, Subagent collects and combines Internet browsing history of users and sends it to servers. The battle goes on!

2.2 Privacy

Most Electronic Payment Systems knows the identity of the buyer. So it is necessary to protect the identity of a buyer who uses Electronic Payment System.

A privacy issue related to the employees of company is tracking. Monitoring systems are installed in many companies to monitor e-mail and other web activities in order to identify employees who extensively use business hours for non-business activities. The e-commerce activities performed by a buyer can be tracked by organizations. For example, reserving railway tickets for their personal journey purpose can be tracked. Many employees don't want to be under the monitoring system even while at work.

As far as brokers and some of the company employees are concerned, E-Commerce puts them in danger zone and results in elimination from their jobs. The manner in which employees are treated may raise ethical issues, such as how to handle displacement and whether to offer retraining programs.

2.3 Disintermediation and Reinter mediation

Intermediation is one of the most important and interesting e-commerce issue related to loss of jobs. The services provided by intermediaries are

- (i) Matching and providing information.
- (ii) Value added services such as consulting.

The first type of service (matching and providing information) can be fully automated, and this service is likely to be in e-marketplaces and portals that provide free services. The value added service requires expertise and this can only be partially automated. The phenomenon by which Intermediaries, who provide mainly matching and providing information services, are eliminated is called Disintermediation.

The brokers who provide value added services or who manage electronic intermediation (also known as infomediation), are not only surviving but may actually prosper; this phenomenon is called Reinter mediation.

The traditional sales channel will be negatively affected by disintermediation. The services required to support or complement e-commerce are provided by the web as new opportunities for reinter mediation. The factors that should be considered here are the enormous number of participants, extensive information processing, delicate negotiations, etc. They need a computer mediator to be more predictable.

3. Legal Issues

Where are the headlines about consumers defrauding merchants? What about fraud e-commerce websites? Internet fraud and its sophistication have grown even faster than the Internet itself. There is a chance of a crime over the internet when buyers and sellers do not know each other and cannot even see each other. During the first few years of e-commerce, the public witnessed many frauds committed over the internet. Let's discuss the legal issues specific to e-commerce.

3.1 Fraud on the Internet

E-commerce fraud popped out with the rapid increase in popularity of websites. It is a hot issue for both cyber and click-and-mortar merchants. The swindlers are active mainly in the area of stocks. The small investors are lured by the promise of false profits by the stock promoters. Auctions are also conducive to fraud, by both sellers and buyers. The availability of e-mails and pop up ads has paved the way for financial criminals to have access to many people. Other areas of potential fraud include phantom business opportunities and bogus investments.

3.2 Copyright

The copyright laws protect Intellectual property in its various forms, and cannot be used freely. It is very difficult to protect Intellectual property in E-Commerce. For example, if you buy software you have the right to use it and not the right to distribute it. The distribution rights are with the copyright holder. Also, copying contents from the website also violates copy right laws.

3.3 Domain Names

The competition over domain names is another legal issue. Internet addresses are known as domain names and they appear in levels. A top level name is *qburst.com* or *microsoft.com*. A second level name will be *qburst.com/blog*. Top level domain names are assigned by a central non-profit organization which also checks for conflicts or possible infringement of trademarks. Problems arise when several companies having similar names competing over the same domain name. The problem of domain names was alleviated somewhat in 2001 after several upper level names were added to com.

Another issue to look out for is Cyber squatting, which refers to the practice of registering domain names with the desire of selling it at higher prices.

Security features such as authentication, non-repudiation and escrow services can protect the sellers in e-commerce.

One needs to be careful while doing e-commerce activities. The need to educate the public about the ethical and legal issues related to e-commerce is highly important from a buyer as well as seller perspective.

4. Conclusion

Business ethics is simply another form of decision making, akin to complying with legal regulations and maximizing profits. It is the measure of behavior in the corporate world based on

standards of right and wrong, much like accounting is used as a measure for business success. Businesspeople should be familiar with business ethics because it provides another perspective and the more information a person has, the better decisions he can make.

Business ethics allows businesspeople to identify the various stakeholders in every decision. Identifying stakeholders allows people to realize how many different people will be affected by the decision. Identifying stakeholders means that no one's needs can be ignored.

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