

Major Legal and Ethical Issues in Electronic Commerce

- What is Ethics?
- Code of Ethics
- Privacy Factor

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What is Ethics?

- Ethics is the branch of philosophy that studies what's right and wrong.
- Ethical rules are rules to follow in our interactions with other people and in our actions that affect other people.

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What is Ethics?

- They apply to all of us and are intended to achieve good results for people in general
- Different ethical theories attempt to achieve the same goal:
 - to enhance human dignity, peace, happiness, and well-being.

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What is Ethics?

- "Do not lie" is a command of an ethical act, if it complies with ethical rules.
- For example, it is an ethical act not to lie, yet it is unethical to tell the murderer the truth of his victim's whereabouts.

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What is Ethics?

- Its principle of universality: We should follow rules of behavior that can universally apply to everyone.
- In other words, "Do unto others as you would have them do unto you" (Luke 6:31).

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Legality vs. Ethics

- Illegal acts break the law while unethical acts may not be illegal
- Ethics
 - Branch of philosophy that deals with what is considered right or wrong
 - Right and wrong not always clear
 - Consider
 - Company sells profiles of customers with information collected through cookies
 - Company allows personal use of Web but secretly monitors activity
 - Company knowingly sells tax software with bugs

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Code of ethics

- A declaration of principles and beliefs that govern how employees of a corporation are to behave
- Inspirational and disciplinary
- All-encompassing and stable over time

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Code of Ethics

example: A BLOGGERS' CODE OF ETHICS

- Bloggers should be honest and fair in gathering, reporting and interpreting information.
 - Never plagiarize.
 - Identify and link to sources whenever feasible. The public is entitled to as much information as possible on sources' reliability.

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honest and fair

- Make certain that Weblog entries, quotations, headlines, photos and all other content do not misrepresent
- They should not oversimplify or highlight incidents out of context.

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honest and fair

- Never distort the content of photos without disclosing what has been changed.
 - Image enhancement is only acceptable for technical clarity.
 - Label montages and photo illustrations.
- Never publish information they know is inaccurate -- and if publishing questionable information, make it clear it's in doubt.

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honest and fair

- Distinguish between advocacy, commentary and factual information.
- Even advocacy writing and commentary should not misrepresent fact or context.
- Distinguish factual information and commentary from advertising and shun hybrids that blur the lines between the two.

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Be Accountable

- Bloggers should:
 - Admit mistakes and correct them promptly.
 - Explain each Weblog's mission and invite dialogue with the public over its content and the bloggers' conduct.
 - Disclose conflicts of interest, affiliations, activities and personal agendas.

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Be Accountable

- Deny favored treatment to advertisers and special interests and resist their pressure to influence content.
- When exceptions are made, disclose them fully to readers.
- Be wary of sources offering information for favors.

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Be Accountable

- When accepting such information, disclose the favors.
- Expose unethical practices of other bloggers.
- Abide by the same high standards to which they hold others.

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Ethics in e-Business

- Behaving ethically is often practical because most of the time we are honest, we keep our promises, we do not steal, and we do our jobs.
- Therefore, behaving ethically, in personal or professional sphere, is usually not a burden.

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Ethics in e-Business

- In business context, doing good ethically corresponds closely with good business in the sense that ethically developed products are more likely to please consumers.
- A professional can cause great harm through dishonesty, carelessness, or incompetence.

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Ethics in e-Business

- Sometimes, it is difficult to do the right thing.
- It takes courage in situations where we could suffer negative consequences.
- Courage in professional setting could mean admitting to a customer that your program is faulty,
- declining a job for which you are not qualified, or
- speaking out when you see someone else is doing something wrong.

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Ethics in e-Business

- It is hard to gain trust on the web because customers do not know you.
- Thus, ethics is important in e-Business if an organization wants the people to trust it and do business with it.
- e-Businesses must honor their Business Policies and their customer's privacy and security.

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Ethics in e-Business

- Unethical conducts of online businesses include the use of:
 - Adware – to collect information about the consumers or to advertise on their Web browser.
 - Key logging – to obtain the users' authentication.

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Ethics in e-Business

- Bait and Switch – to lure customers to do business by falsely advertising a product to appeal to the customers.
- For example, an ad claiming that they are selling a PS3 for 40 dollars to “reel” customers to its website.

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Ethics in e-Business

- E-mail spoofing – to forge an email address to make the consumer into thinking that the sender is from a reliable source than from its actual source.
- URL hijacking – to fabricate the website into something that looks similar to an authentic one to illegitimately phish for usernames and passwords

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Privacy Issues

- **Information privacy:** claim of individuals, groups, or organizations to determine when and to what extent information about them is disseminated.
- Right to privacy is not absolute
- Public's right to know supercedes individuals right to privacy

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How is private information collected?

- Reading your newsgroup postings
- Finding you in an Internet Directory
- Making your browser collect information about you

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How is private information collected?

- Recording what your browser says about you
- Reading your email
- Most common methods are cookies and site registration

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Web Site Registration

- Must fill in registration to get to site
- Sometimes sold to third parties
- User survey found (Eighth User Survey, 1998)
 - 40% users falsify information
 - Nearly 67% (US and Europe) don't register because of privacy concerns
 - Nearly 57% say they don't trust sites collecting information
 - Only 6% will always register when asked

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Cookies

- Help maintain user status
- A temporary passport
- Used for
 - Customizing sites (Yahoo)
 - Improve online services (Amazon)
 - Collect demographics and usage statistics (DoubleClick)

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Cookies

- Protection
 - Delete cookies
 - Anti-cookie software
 - PGP's Cookie Cutter
 - Luckman's Anonymous Cookie
 - CookieCrusher
 - Cookie Monster

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Five Principles of Privacy Protection

- Notice/Awareness
 - Notice of collection practices prior to collecting information
 - Companies must tell consumers how and why personal data is collected and who it's shared with
 - Companies must provide notice and choice before data is given to third parties

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Five Principles of Privacy Protection

- Privacy policy on the Web site
 - Platform for Privacy Preferences (P3P) –
 - industry standard to allow Web users to gain more control over the personal info being collected on the Web and
 - to make privacy policies easier to find and understand;
 - determine if Web site privacy policies match users' privacy needs

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Five Principles of Privacy Protection

- Choice/consent
 - Consumers to be made aware of options and give consent
 - Consumers must be able to request their data not be shared

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Five Principles of Privacy Protection

- Access/participation
 - Must be able to access and challenge information
 - Consumers must have access to data about them and have the ability to correct mistakes

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Five Principles of Privacy Protection

- Integrity/Security
 - Must be assured data is secure
 - Companies must take reasonable measures to protect data
 - Personal data must be relevant to its intended purpose

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