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Business Ethics in E-commerce

Thesis

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Thesis abstract

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The thesis studies about business ethics generally and business ethics implementation in E-commerce particularly. The main objective of the thesis is to explore how ethics is implemented in electronic business, hence research problems are those following: which kinds of ethical issues organizations have to deal with when doing online commerce; what are opportunities and challenges regards to ethics they have and how they manage them. The thesis is inclined to exploit aspects from organizations' perspectives.

In the theoretical part, definition of business ethics and its relevant issues were introduced, namely, philosophical approaches to business ethics, corporate governance and corporate social responsibilities. Core concepts of e-commerce such as definition, different e-commerce business models and e-commerce strategy were also discussed. Most importantly, ethical implementation in e-commerce concerning with some ethics issues and the ways to manage them were presented in detail.

A case study about Millenial Limited Company, a Finnish company of marketing and e-commerce solutions, was chosen to be in the empirical part. Data is collected by quantitative methods, including document analysis, observations and two in-depth interviews with the CEO and the trainee of the company. In the end, findings from the company were analysed and evaluated, research problems were solved.

In conclusion, major ethical issues companies face when doing business related to e-commerce are privacy, security, trust, intellectual property rights, some environmental issues. In order to manage ethical issues in e-commerce, managers have to help the company to design an effective strategy and long-term management procedure as well as security policies and training. Different companies and different fields of e-commerce have different security problems, thus, different strategies. However, it must be legal, feasible, effective and innovative.

Keywords: business ethics, e-commerce, ethical issues, ethical implementation in e-commerce, Millenial Company.

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Terms and Abbreviations

CEO	Chief Executive Officer
OECD	Organisation for Economic Co-operation and Development
CSR	Corporate Social Responsibility
the U.K	the United Kingdom
the U.S	the United States
IS	Information System
ICT	Information Communication Technology
IT	Information Technology
IP	Intellectual Property

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1 INTRODUCTION

It is convinced that Internet is now significantly changing the way of conducting business all over the world. Firms integrate Internet into every section of their business and offer their customers to buy products or services online. Especially in the globalized century nowadays, the number of company and organization going international is expected to continuously rise in the near future and their involvement in information transferring across internet is unpreventable. Electronic commerce, known as E-commerce, becomes recently popular as it has widely opened over a few years.

Using Internet in commerce becomes ever present in people's daily life. Thus, ethical aspects of e-commerce are becoming more critical that attracts people's attention (Parboteeah & Cullen, 2013). Therefore, the author found a study of business ethics in e-commerce current and highly important.

1.1 Purpose and objectives of the study

The purpose of the study is to examine how important it is for a company to implement business ethics in e-commerce, especially in the growth of e-commerce worldwide, and to understand the important of managing ethical issues in e-commerce.

Furthermore, the following objectives are also covered: being aware of some main ethical issues that either brings benefits or causes difficulties and challenges for company doing business concerning with e-commerce; recognizing some e-commerce business models and some ethical issues raised by e-commerce.

The thesis will focus mostly on company's perspective, rather than both company and customers. Issues are approached from theory together with information from a Finnish e-commerce company's point of view gathered by interviews, which create an overall idea of what ethics means in e-commerce field of business.

1.2 Research problem and methodology

Based on the study purpose and objectives, the research will be the answers to these following questions:

1. What are some of the main ethical issues businesses have to deal with in e-commerce?
2. What are opportunities and challenges for businesses to apply business ethics in their online trading?
3. How do companies or organizations manage ethical issues to protect their e-commerce privacy, security, trust and intellectual property?

The research methodology conducted in the thesis is qualitative method. Data collection methods include in-depth interviews (with the CEO of Millenial Limited Company and Ms. Le Phuong Anh, a 6-month-trainee at the company, as will be pointed out in detail in the following part 1.3) and document analysis. Personal observation is also practised in the thesis as the author has a 3-month-internship in Millenial Company during summer 2016.

1.3 Structure of the study

The thesis consists of two part, theoretical and empirical (see Figure 1).

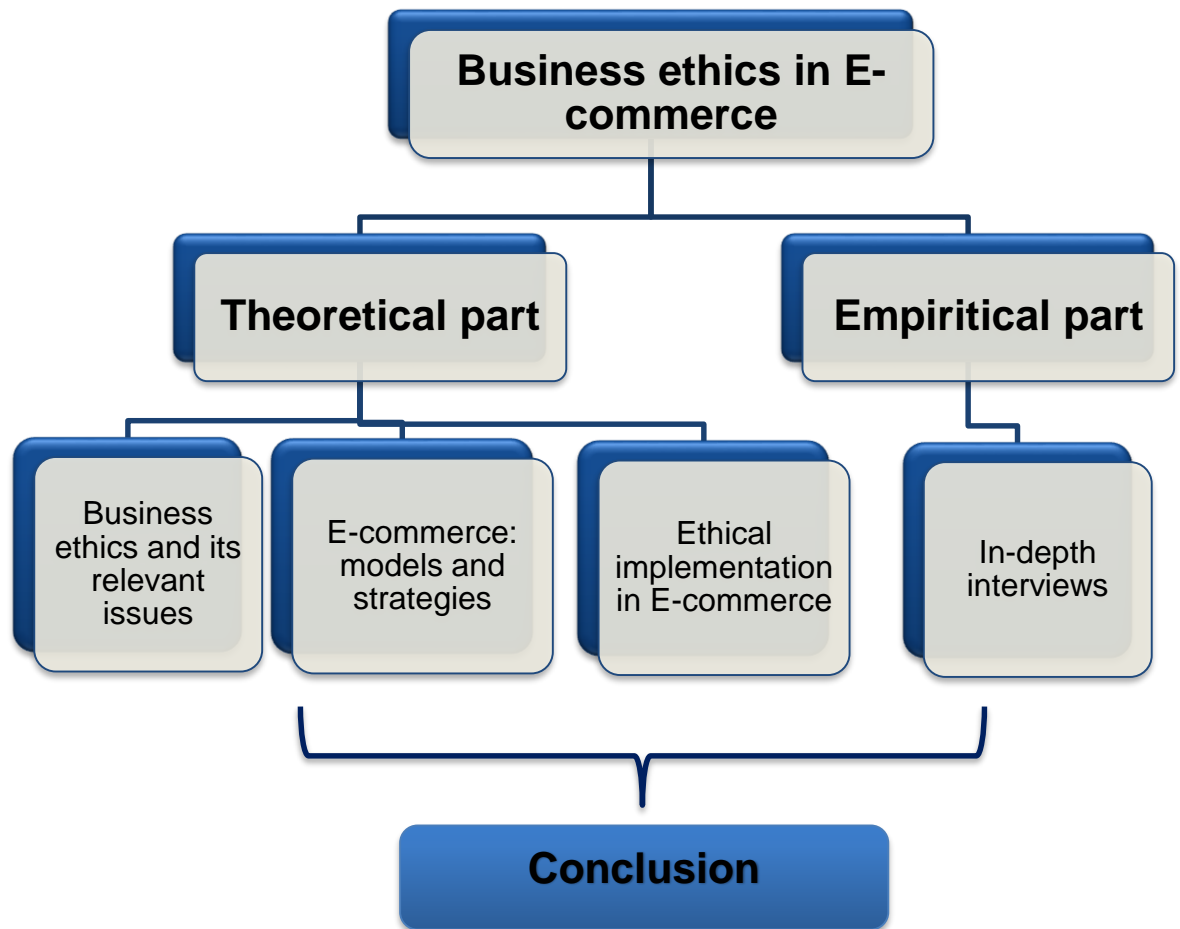


Figure 1. Structure of the study

The theoretical part of what business ethics is in general, benefits for a company to be ethical, philosophical approaches to business ethics, corporate governance as well as corporate social responsibility are presented in the second chapter of the study. Next, the third chapter creates a clear picture of e-commerce and its business concepts and applicable strategies. Some major types of e-commerce are also discussed. Last chapter of the theoretical part is about ethical implementation of e-commerce, some ethical, social and political issues raised by e-commerce and the way company manages them.

Empirical part is conducted through two distance interviews. The first one is with Ms. Le Phuong Anh, a trainee in Millenial Company as a Marketing Specialist during 6 months. The second one is between the author and Mr. Eero Tunkelo, the CEO of Millenial Limited Company. With a background of experiencing in technol-

ogy development, studying natural principles and implementing progressive business for the time of over 30 years, Mr. Tunkelo will definitely help the author to gain an in-depth understanding of business ethics and its implications in e-commerce.

Research findings are analysed and evaluated in the final part. Conclusion are made with the combination of both theory and research analyses. Main problems are recognized and research questions are clearly answered.

2 BUSINESS ETHICS

2.1 An overview of business ethics

2.1.1 Definition

According to Chris MacDonald (2010), ethics refers to critical and structured philosophies that studies people's behaviours. Ethics is not only about expressing how people behave and create their own value, even though it can be considered as an important point, but also examining and analysing a number of principled beliefs and customs that sets the underpinning for judging a specific norms or behaviours. Ethics is structured, as said by MacDonald, because it is not individual opinion but a system of unifying diverse opinions into a pack of ethical common rules. In short,

“For practical purposes, ethics means providing reasoned justification for our choices & behaviour when it affects others, and reasoned justification for our praise or criticism of other people's behaviour”. (MacDonald 2010)

Along these lines, business ethics is concerned with principles that guide organizations' performance in the way of doing business. Particularly, ethics sets standard rules for people to follow and hold their self-interest down which influence the others. Meanwhile business ethics considers the way firms take responsibilities for their pursuit of making profits that affects involved people among stockholders, stakeholders and the whole society. Daily decision-making at business has to ensure benefits and satisfactions, as well as morality. It means that, for example, for the stockholder, institutions' ethical duty is to bring business profits without breaking the law or taking part in occupational fraud; for stakeholder, ethical responsibility of corporations is to manage all stakeholder's equitable interest and benefits and for the society, companies have to take all members of society where companies exist into consideration. (Grewal & Shivani 2012).

2.1.2 Why do companies have to be ethical?

Ethics set the rules in business where organizations, groups and even individuals do everything in the right way. Doing business legally and ethically benefits not only the company itself but also its stakeholders including employees, customers, suppliers, investors, etc. This following section presents various reasons why ethics matters in business and the benefits of being ethical.

First of all, being ethical would prevent business from reputation and financial loss because of legal costs and penalties which covers the reputation damages, partnership devaluation, the decrease of productivity, low-quality of company management and the absenteeism. In fact, a company that have a reputation of unethical may face to turbulent time for improving the company image as well as position in the marketplace. On the other hand, a more ethical company will create a stronger value chain with partners and key stakeholders and become more competitive.

Secondly, implementing ethics in business helps the company to promote employees' motivation, commitment and performance at work. A study shows that employees tend to engage themselves with the organization in which a strong business ethics is applied and more ethical values are created. It is critical for employees to be integrated and share the same values with the whole company. When workers feel *"a sense of common purpose"*, they are more likely to be motivated and enthusiastic with the work as Weiss (2014), noted that:

"Strong ethical leadership goes hand in hand with strong integrity" and that "Leaders who show a solid moral compass and set a forthright example for their employees foster a work environment where integrity becomes a core value."

Furthermore, employees who experience a high level of integrity are reported to be less stressful, get healthier and have a few chance of being absent at work. Hence, work performance and satisfaction are raised by the employees lead to a better working environment. It can be considered as a win-win situation where business and employee benefits each other.

Beyond the direct benefits for the company as well as its employees, business ethics also plays an important role in increasing customer trust and satisfaction. Good ethics means that company provides the most reliable information about products or services and sells goods that meet the most customers' need and demand, not the one that brings the company the greatest profits. Moreover, companies are required to take the customers' dissatisfaction into account and behave ethically. Unethical behaviours can be claimed by customers which carries significant costs. Besides, a good corporate social responsibility will also gain customers' assessment which results in a high level of customer satisfaction.

Doing business ethically can also take advantages for relationship between suppliers and organizations. Ethical companies need to understand and support for operations of suppliers including procedures, requirements or expectations. Good business ethics involves in securing all private data applicable to suppliers from any other parties, reasonably treating all providers, keeping the arbitrary or the utilization of acquiring force unreasonably, and guaranteeing similarity with enactment. By that way, company will be less dependent on the traditional suppliers and have more chances to expand supplier network. Suppliers may also get benefits from engaging with responsibly ethical companies and having extra purchases opportunities from those companies.

Lastly, a final benefit between moral companies and their investors will be discussed. According to Parboteeah & Cullen (2013), stakeholders, including investors, tend to seek for a business which takes responsibility for society besides making profits as they believe that such responsibilities would add more value to the company for a long-term period. Thus, a company would potentially get more interest from investments if they have a good practice of responsible ethics. On the contrary, if investors are noticed about ethical scandals of the company, they can easily withdraw invested capital that harm the company's market share. A survey of 100 Corporate Citizens in the U.S proved that investors would prefer to pay for shares in ethical companies than those which are unethical (see Figure 2).

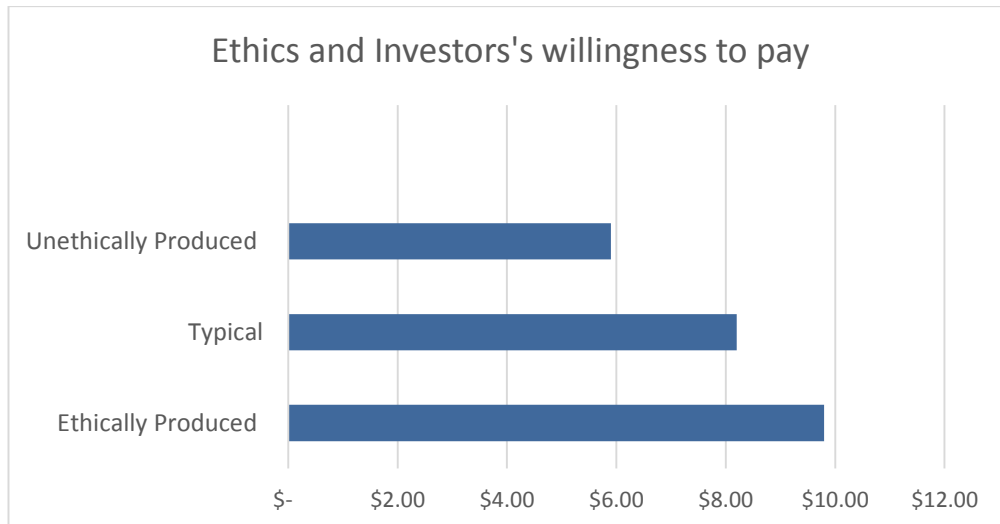


Figure 2. Investor's willingness to pay (Parboteeah & Cullen 2013, 18)

2.2 Philosophical approaches to Business Ethics

It is agreed by most of the moral philosophers that there are two main concepts of ethical theories which are derived from the Greek history and have been developed for a century, namely *teleological* and *deontological*. Basically, both *teleological* and *deontological* came from the Greek words, "*telos*" – meaning an end and "*deon*" – a duty, respectively. As following, *teleological theories* indicate that an action is judged to be right if it produces good results at the end, for instance, a lie would be accepted in case it brings advantages to involved people. On the contrary, *deontological theories* imply that the rightness of an action concerns with the duty of following principles and rules in performance, as such, "*not telling the truth*" is denied under no circumstances, regardless any benefits or good consequences (Boatright 2012, 52). The two major examples of those theories of ethics, Utilitarianism and Kantianism, will be presented in this chapter. Besides, some other philosophical approaches to business ethics such as Rights theory and Justice theory will also be discussed.

2.2.1 Utilitarianism and Kantianism

Utilitarian theory was co-created by David Hume (1711-1776), Jeremy Bentham (1784-1832) and John Stuart Mill (1806-1873) and was used as an effective tool for changes in politics, economics, society and legality.

As a representative of teleological theory, Utilitarianism holds the concept of judging by the consequences, in which *“An action is right if and only if it produces the greatest balance of pleasure over pain for everyone”* (Boatright 2012, 52).

That means, a right action results in the maximum utility or happiness for a majority of people and minimum pain for everybody. A right choice is the one that creates the greatest amount of positive outcomes for as many people as possible, despite the imbalance between the majority and minority. In other words, utilitarianism engages with the slogan of *“the greatest good for the greatest number”* (Mellahi, Morrell & Wood 2010, 16). Utilitarian principle is not about disregarding personal interests but putting it in the position of balancing with the others'. Individuals are encouraged to take responsibility for society and act for mutual benefits. Every decision-making has to make no harm to the whole community and take everyone's interests into consideration. Common purpose has to be set priority instead of individual goal.

In business, the utilitarian philosophy applied in making decisions is normally performed in cost-benefit analysis. This method considers “pleasure” or “pain” by measuring benefits and costs among variety of actions and the one that ensure the biggest profits, as in monetary, causing less damage or loss for the company and its stakeholders will be chosen. It is critical to measure all costs and benefits in terms of both finance and social and environmental issue in order to produce the greatest number of values. However, lots of costs/benefits are difficult to assigned with monetary values and some social problems which are not easy to identify could be neglected in the analysis (Rolfe 2014).

Different point of view from Utilitarianism, Kantian philosophy was introduced by Immanuel Kant (1724-1804) based on the idea of acting morally by following law and principles. According to Kant, there are rules that people are obligated to do or

not to do. Universalizability – a principle of universally adopted moral action, and respect – a dignity of respecting people as an ethics, are the two most crucial concept of Kantianism.

Universalizability is presented in Kantian ethics by determining whether an action is right or wrong through moral judgement which is applied to every relevant situation regardless any consequences. Hence, truth-telling and promise-keeping are basic ethics people ought to bear in mind. For example, a doctor who has applied for a grant from the National Institutes of Health and Advanced Research Project for his research of studying the measurement of gases in a patient's blood, uses the grant as a payment for his daughter's operation and it saves her life, though, he is still considered of having done a wrong action which would not be accepted by Kant's view. Furthermore, people should act in the way that is followed by everyone, called "*universal law*". That means if an action is either right or wrong for someone, it would be judged to be right or wrong for every other similarly relevant people in every similarly situations (Boatright 2012, 56-57).

Kantian theory also includes a principle of respecting for persons. According to Hill (2007), "*People are not instrument, like a machine. People have dignity and need to be respected as such*". By that reason, employing people to work in a poor condition, with low salary during high working hours and stressful working environment, is believed to be unethical. In order to respect others, it is essential to respect their freedom of acting independently.

2.2.2 Rights theory and Justice theory

According to Boatright (2012), human rights are recognized in acting by themselves beyond depending any other's benefits and being respected by others without asking for a permission. Furthermore, rights allow people to require others not to interfere or strongly commit with whatever they act. Generally, different rights have different way of defining and some have to be distinguished from each other, for instance legal versus moral rights, general versus specific rights and positive versus negative rights.

- Legal rights are rights that are authorised in constitution by a legal system, regarding to laws. Moral rights, however, are rights which are not legalized, usually concern with ethical principles set by individual or organizations.
- General rights conclude all rights of humankind commonly, including the right of being protected from any harm to physical and mental condition, possessions, belongings, etc., and the right of claim on people who attack other's rights. Specific rights are more identical involved in each individual situation, for example, duties and obligations of two parties which are signed in the work contract.
- Negative rights refer to the right of not being interfered by others with own affairs and freedom, for instance, property right is one of negative rights as it prevents people to use others' property without asking for permission. On the contrary, positive rights allow people to positively offer anyone else goods or services, the right of trading legal goods, as an example. (Boat-right 2012, 61).

In business ethics, rights theory describes that people have equal rights and obligations. Nevertheless, each position has differently specific rights. For example, employers have the right of managing business, making strategies and decisions and being defended from any kinds of unfair competition; employees have the right of being hired, promoted and equally treated at work. Consumers and some other stakeholders have the right of being secured for private information from other parties as well as being informed in such relevant issues as product promotion, goods safety and environmental responsibilities. Based on the theory of rights, people along with organizations have the duty and obligation to respect and support for other's rights.

Justice theory holds the philosophy about fairness and impartiality. According to John Rawls, an attributor for this theory, any products and services concerning business have to be distributed equitably but for any conditions that provide benefits for all parties. Thus, along with justice come two critical assumptions which are *"liberty"* and *"inequality in basic social goods"*. In the context of liberty, people are allowed to own the greatest amount of freedom as anyone else. The second prin-

ciple of “*inequality in basic social goods*” come after liberty is promised. That is when mutual advantages are produced in terms of inequality, for example, having equal shares is considered as justice, but in some case, sharing unequally is just when unfairness is accepted by everyone for a common purpose. (Hill 2007, 143).

As similar to right theory, there are several ways to differentiate justice. Back to the history, three kinds of justice are formed by the ancient philosopher from Greece, named Aristotle, are as followed: distributive justice, compensatory justice and retributive justice that refer to benefits distributions, compensations for being caused wrongly and punishment of wrongdoing, respectively. As such, the connection between justice and business ethics in form of compensatory and retributive is fixing immoral performance. For example, compensations are applied for any losses which are caused accidentally or being cancelled the contract solely by a partner. Retribution, on the other hand, penalize for any illegal actions or business fraud. Distributive justice is more involved in social, economic and political issues in which equal benefits and engaged cooperation among parties are set priority.

2.3 Corporate Governance

The term “Corporate Governance” has been considerably advanced over the decade and becomes one of keys concerns for business organizations and firms who take a responsibility of ensuring the company’s accountability, fairness as well as transparency in a relationship with their stakeholders. As it is stated by Brown (1994),

“Corporate Governance” was an arcane, somewhat esoteric term known only to boardroom lawyers and business school academics. But now, corporate government is a topic that dances through the business pages and sometimes stomps gracelessly over the front pages of the newspapers with thread of lawsuits against directors and officers, public concern over corporate ethics...” (Mellahi et al. 2010, 58).

Corporate governance has various ways to define in terms of its different scopes. As defined by Macey (2008), corporate governance is basically about promises.

Hence, good governance means good keeping promise behaviour, by contrast, bad governance refers to promise breaking. As a result, Macey noted that corporate governance aims to persuade, encourage, enforce and motivate corporations to keep promises with investors, in other words, having no disagreement with *“investor’s legitimate investments-backed expectations”*. (Macey 2008, 1).

There is no wrong to understand corporate governance by that way, however, it reduces a broad definition of this phrase. In order to have an extensive knowledge about the purpose of corporate governance, the author considers a clear classification reported by the Cadbury Committee in 1992: *“Corporate governance is the mechanism by which corporations are directed and controlled”* (Davies 2011). As follows, boards of directors play a critical role in ethics administration, guide the firm’s behaviours so that it guarantees moral standards, justice and responsibility for stakeholders. Thus, a framework of ethical corporate governance which is suggested for boards of director presents the following obligations: to be truthful, loyal, transparent; to act responsibly, to remain justice and equality; to engage with laws and legislations; to prevent conflicts of benefits; to treat everyone fairly; and to make claims on any rules violation.

Due to the fact that corporate governance has been expanding globally, there is still no best global governance model. Multi-national corporations still have to deal with different cultures and norms along with extreme divergence among models. For instance, some countries’ governance systems emphasize on *“dispersed control”*, others’ centralize on *“ownership structure”*. Nevertheless, the Organisation for Economic Co-operation and Development (OECD) has analysed and advanced corporate governance framework among different countries regarding to economics, society, culture and legal issues and produced a list of principles which is not a binding instruction for any nations’ regulations but a guidance for making policy: the right of shareholder to be equally protected and treated; the right of stakeholders to be recognized and respected in the way of securing health, jobs, and financial sustainability; the assurance of corporation’s disclosure and transparency; the responsibility of the boards, and last but not least, the capacity of objective managing and judging independently. (Mellahi et al. 2010, 64-66).

2.4 Corporate Social Responsibility

Along with Corporate Governance, Corporate Social Responsibility (CSR) indicates that business has to take a variety of responsibilities into consideration, including economic, legal, ethical and philanthropic which is illustrated through a CSR pyramid by Carroll during 1970s as below:



Figure 3. CSR Pyramid (Parboteeah 2013, 523)

Economic responsibilities are company's obligations of managing business operations, seeking for new suppliers of raw materials, newly updating market trend, continuously improving technological innovations, as well as advancing new products or services in order to make the greatest profits for stockholders. On the other hand, legal responsibilities require business to conform to rules and principles which are confirmed by laws, legislatures, regulations, societal expectations responded by the court. Ethical responsibility considers every stakeholders' benefits in the manner of rights and justice, fairness and equality so that it produces values for society. Lastly, philanthropic responsibilities ensure a firm's engagement with the society where the business exists by promoting citizens' welfare, goodwill along with education. (Parboteeah 2013, 523; Boatright 2012, 278).

Broadly, CSR holds the concept of voluntarily integrating both social and environmental issues into business and stakeholders' relationships. According to Sethi

(1975), CSR can be presented as “*binging corporate behaviour up to a level where it is congruent with the prevailing social norms, values and expectations of performances*”. Therefore, a general framework of CSR was concluded by Parboteeah with three elements of *people, planet and profit* by which *people* presents human issues regarding to rights, diversity, wages, healthcare and safety, labour relations; *planet* presents environmental issues such as clear air, water, energy, biodiversity; and *profit* recognizes in economic relevance, for example, stockholders returns, financial management, and risk management.

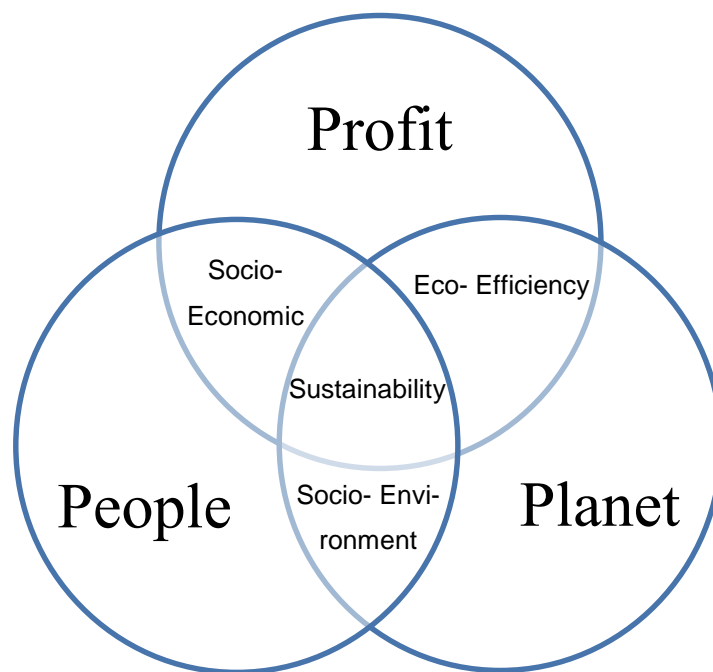


Figure 4. CSR conceptual model (Parboteeah 2013, 527)

There is also a different way to see the relationship between business and social community as well as the environment through a framework of CSR as it is noted by European Commission, 2003 in the table below:

Table 1. CSR 4-pillar-framework

	Economics	Society		Environment
	<i>Marketplace</i>	<i>Workplace</i>	<i>Community</i>	<i>Environment</i>
Key stakeholders	Customers, suppliers, investors, part-	Employers, employees,	Government, non-government	Natural environment

	ners.	local.	organizations	
Issues	Products quality, safety; supply chain, innovation	Diversity, work balance, training, labour equality and rights	Social integration, healthcare, education, welfare, security	Resources (raw material, air, water, energy), waste, pollution
Instruments	Products label, marketing performance, quality systems.	Human rights, employment laws, trade union relations.	Donations, multi-services providing.	Environmental engagement, eco-friendly campaign designing.

In conclusion, whichever point of view CSR was seen, its final purposes are remained constantly that is engaging business duties and obligations with both society and environment so that it ensures company's wealth for a long-term period, creates value chains and develops sustainability. In addition to, not only shareholders but also stakeholders' interests should be taken into account seriously. A company which is aware of the CSR philosophy's importance will be able to protect its position and good image in the marketplace and hence create competition advantages that overpower competitors.

3 E-COMMERCE

3.1 An overview of E-commerce

3.1.1 Definition

Electronic commerce, also referred as E-commerce, becomes ever one of the most critical technological term today, is said by Peter Drucker as:

“E-commerce-that is, the explosive emergence of the Internet as the major, perhaps eventually the major, worldwide distribution channels for goods, for services and surprisingly for managerial and professional jobs. This is profoundly changing economics, markets, and industry structure, products and services their flows; consumer segmentation; consumer values and consumer behaviour, jobs and labour markets.” (Drucker 2002, 3-4)

According to Drucker (2002), *“the Internet Revolution is just beginning to felt”* and as follows, people are taking advantages from the development of technology world and Internet. In business, it is not only about the Internet which contains information and data transferring between computers, it is more about e-commerce and its long-term practical values that influence the whole society where business takes place.

E-commerce is defined as the use of Internet, the World Wide Web (Web) and computer applications or mobile applications in the transactions operated between business and its partners (Laudon 2014, 50). However, with this definition, the phenomena “E-commerce” is narrowly understood. E-commerce does not only contain the meaning of technology itself, but also the way how business is conducted electronically by using several methods such as *“digitally enabled transactions”* or *“commercial transaction”*. According to Laudon (2014), *digitally enabled transactions* are concerned with transactions involved in digital technology. On the other hand, *commercial transactions* refer to the process of exchanging values regards to either products and services selling and buying or information transfer-

ring among organizations or personal parties through computer connectivity systems (Turban 2009, 4).

The term “e-commerce” has no universally exact definitions. It is often thought that electronic commerce is simply concerned with a process of buying and selling goods and services through the Internet. However, as it is stated by the U.K government (1999) that e-commerce refers to information exchanging electronically that takes part in every stage of supply chain management either within an organizations’ boundaries, among businesses, between companies and individuals or between public and private sector, paid or unpaid. According to Kalakota & Whinston (1997), there are four different point of views for e-commerce as following: “a communication perspective” – information and payments transfer; “a business process perspective” – automatic business transactions and the movement of work using technology; “a service perspective” – costs reduction and quality of services improvement; “an online perspective” – online commercial trading (Daffey 2007, 8-9).

3.1.2 Relationship between E-commerce and E-business

With the classification by Kalakota & Whinston, e-commerce shows its broadly meaning as the same as electronic business, also known as e-business. E-business means addressing all elements of business across the Internet, regarding to trading goods, exchanging information and values, servicing customers and co-operating with business partners. Although e-business is rather new, it has no big differences from the traditional one in the way of managing information systems which contains a value system of the supply chain, value chain and the distribution chain as illustrated in Figure 5 below

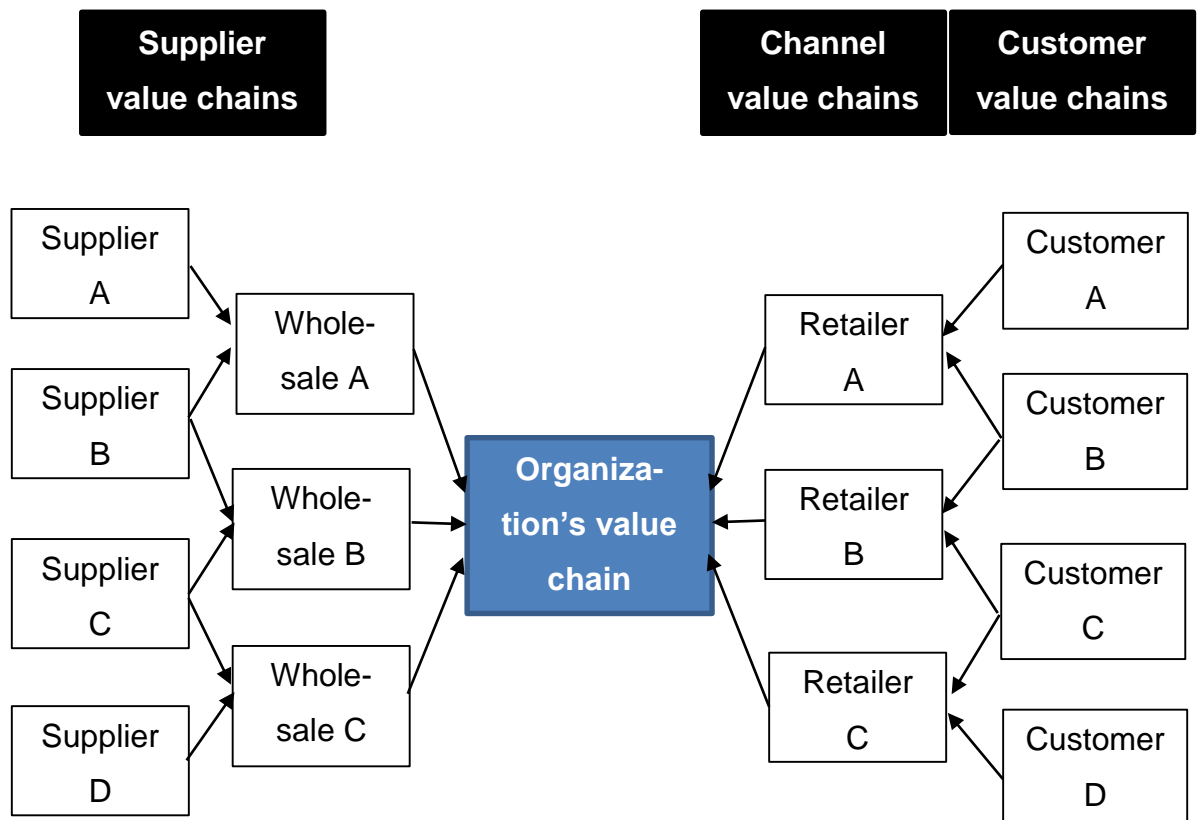


Figure 5. E-business value system (Worthington & Britton 2003, 423)

Generally, two term “e-commerce” and “e-business” sometimes has a nearly same meaning and can be used interchangeably. Nevertheless, depending on what sorts of circumstances, e-commerce is significantly distinguished from e-business. There are three types of these two terms’ relationship (a), (b) and (c) that is illustrated in Figure 6 as stated by Chaffey (2007).

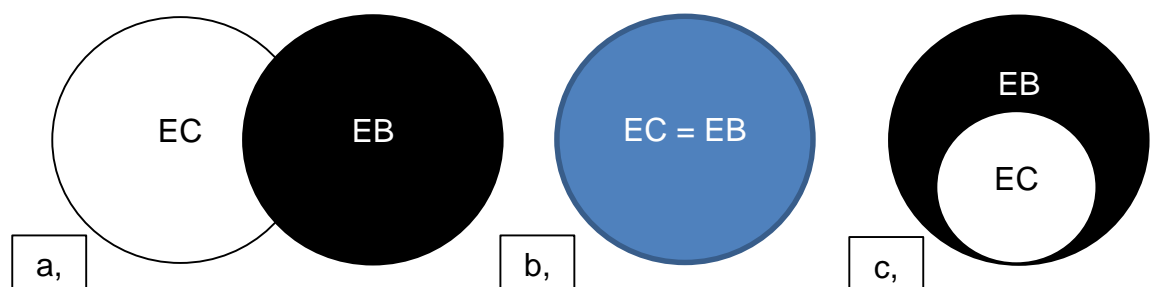


Figure 6. Types of relationship between e-commerce and e-business (Chaffey 2007, 15)

As can be seen in Figure 3, relationship type (a) of e-commerce (EC) and e-business (EB) is that they share some degree in common. Type (b) shows e-commerce and e-business could also be considered as a synonym and used as the same. And the last type of relationship between e-commerce and e-business, e-commerce is a part of e-business that covers narrower aspects of businesses and limited activities in electronic business transactions (Figure 3(c)).

3.2 E-commerce business model

There are various ways to characterize e-commerce into different types. The most typical categorization of e-commerce is by the nature of transactions or relationships between partners in the business market which means figuring out who is selling/buying products or services for/from whom (Laudon 2014). Six major types of e-commerce which are Business-to-consumer (B2C), Business-to-Business (B2B), Consumer-to-Business (C2B), Consumer-to-Consumer (C2C), Social e-commerce and Mobile e-commerce (m-e-commerce) – the subset of social e-commerce would be further described in table 2 as following.

Table 2. Major types of E-commerce

E-commerce types	Definition	Example
B2C	In B2C, products or services are transacted from businesses to individual customers.	Amazon.com

B2B	The most popular type that accounts for over 85% volume of e-commerce (Mockler 2006). All parties that take part in B2B transactions are businesses or organizations. Two fundamental business model of B2B are net market and private industrial network (Laudon 2014, 60)	Tetra Pak – a Swedish company that provides packaging and processing solution for food manufacturers.
C2B	The type of e-commerce in which individuals create value such as ideas, products or services, solutions, etc. for businesses consumption	A common C2B e-commerce model is reverse auctions, where purchasers set the price for the product/service they are willing to buy. For example, priceline.com
C2C	C2C is the type of commercial transaction among individuals or consumers.	ebay is an example of global online market where consumers selling products to each other.
Social e-commerce	Social e-commerce allows people to use social media and online network for the purpose of social interacting or exchanging value.	Facebook control a biggest number of social traffics and sales. It is estimated that about 85% of all online orders via social media come from Facebook. (Shopify 2016)
M-e-commerce	Mobile e-commerce describes the way people using mobile devices such as smartphones that connected to Internet to implement their online transactions.	Nordea bank enables mobile app and code app so that users can easily transfer money to others with no need of using computer.

3.3 E-commerce strategy

E-commerce strategy, according to Turban (2009), is defined as “*the formulation and execution of a vision of how a new or existing company intends to do business electronically*”. It should ensure not only tools and solutions concerning organizational fits, compromise, benefits and value chain management, but also include the impact of Internet and technological innovation for a long-term profitability.

In the context of understanding e-commerce strategy, it is essential to examine the conceptual framework of an organization. The framework of a modern organization includes four basic level as shown in Figure 7.



Figure 7. The conceptual level of a modern organization

The first level, business model level, defines a comprehensive business strategy for a company in a long-term period. Meanwhile, operations strategy level concentrates on making decisions concerning operational issues and operations management level deals with strategic managing. IS and ICT represents for information system and information communication technology. In this level, information was transferred through digital electronics to support the whole business process. (Lowson 2002, 298-299).

Good e-commerce strategy is the one which integrates both business strategy and IS strategy as well as ICT strategy, where Internet plays a critical role. As it is noted by Turban, Internet should be considered as an essential tool of collecting and distributing information; making, developing and delivering products or services;

creating customer relationship; and competing in the marketplace. (Turban 2009, 483). Figure 8 illustrates an association of e-commerce strategy based on McKay and Marshall (2004) four strategy model.

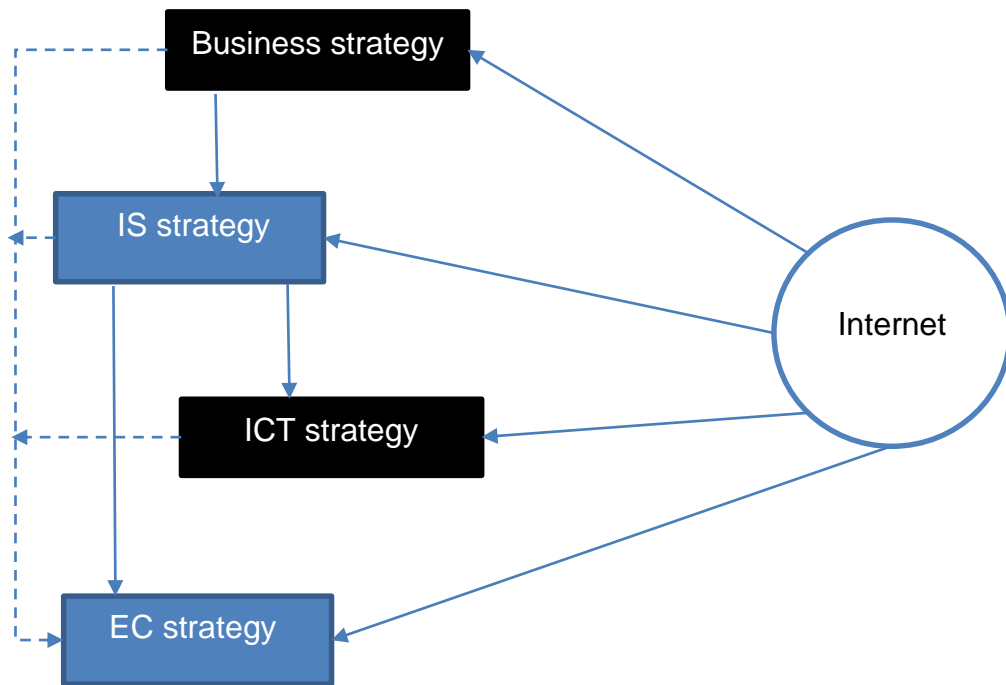


Figure 8. E-commerce strategy association (Turban 2009, 484)

Generally, Internet have a great effect on every aspects of company strategy. It brings benefits to the company in the way that quickly widespread information; decrease difficulties in products marketing and distributing; give customer opportunities to transact easily. Many other positive influences are recognized in organized inventory, facility cost reducing, advanced supply chain, improved products managing and extended supply network.

4 BUSINESS ETHICS IN E-COMMERCE

4.1 Basic ethical concepts: Responsibility, Accountability and Liability

It is assumed that ethics is the core element of both social and political considerations of doing business through Internet, or e-commerce. In fact, there are four principles that guide the moral actions of an individual as well as an organization or company in e-commerce which are responsibility, accountability, liability and due process. Responsibility holds the idea of accepting duties, obligations and also potential costs of which decisions are made. Accountability features an instrument of determining who has to take account on the consequences of the actions, individual or the whole organization. *“Systems and institutions in which it is impossible to find out who took what action are inherently incapable of ethical analysis or ethical action”* (Grewal & Shivani 2012). Liability extends the meaning of responsibility and accountability in the context of law. It belongs to political regulations where damages in actions can be allowed by laws to be recovered by other actors or systems, And the last principle, due process, relates to law-governed societies in a process that laws are correctly known, understood and applied with the help of higher authority. (Laudon 2014).

In e-commerce, these four principles form a basic concept of analysing business ethics and those people who are in charge of them. Information system engaging with technologies and Internet impacts is the product of corporations or organizations and there is no civilized social institution will accept the situation that technology brandishes fundamental social as well as cultural values. Organizations are required to use legal and political judgements in ensuring the positive sufficient impacts of the Internet developments and technology innovations on society and preventing any socially unacceptable consequences. In addition to, Internet is expected to be controlled over e-commerce in order to make a balance between social values and benefits creations.

4.2 Managing ethical dilemmas

Ethical, social and political issues are closely connected and usually display themselves as dilemmas. An ethical dilemma is a term describes the situation of making a choice among at least two conflict options, each of which supports an advantage consequence, and regularly demonstrate between social and political controversy. The relationship among ethical, social and political dimensions concerning e-commerce is illustrated in Figure 9 below.

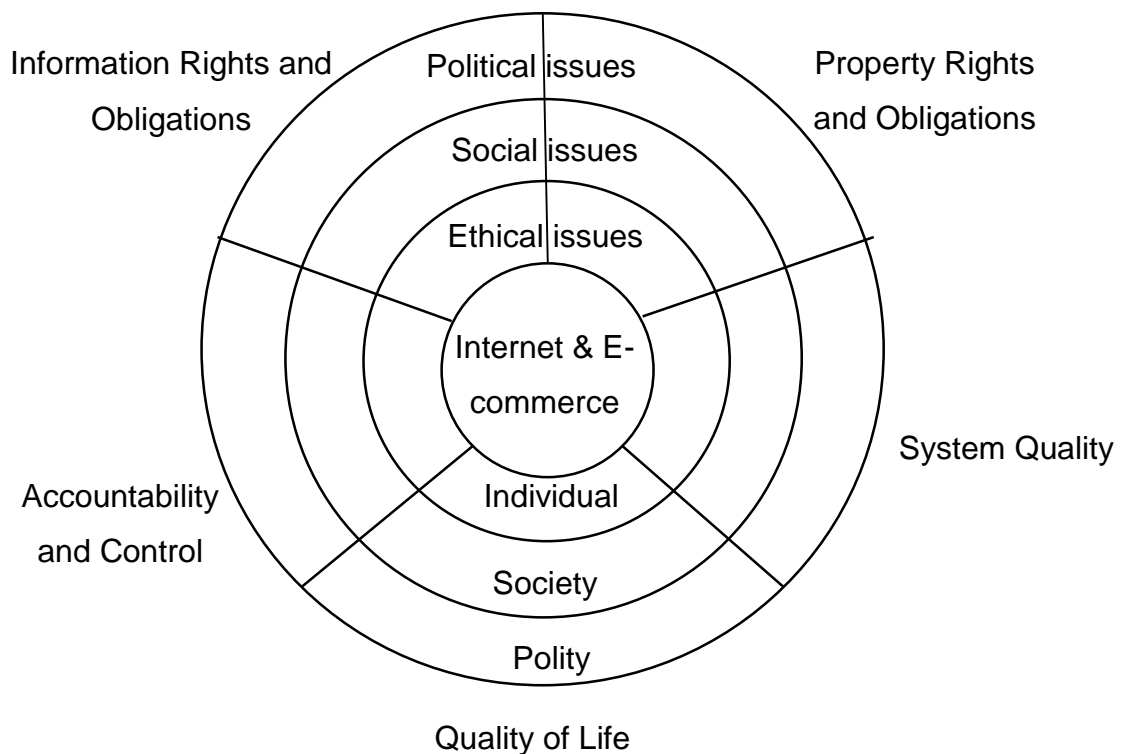


Figure 9. Ethical, social and political dimensions of an E-commerce society (Grewal & Shivani 2012, 171)

Doing business in an e-commerce world is likely to face with numerous ethical challenges. Nevertheless, it is not impossible to deal with situations that seems to be ethical dilemmas. Institutions should consider those following steps to control that situation (Laudon 2014, 531):

1. Identifying the facts: clearly define who, where, when, to whom and how is the problems or reported facts then to avoid involving opposed party into ethical dilemmas to agree on the fact.

2. Consider higher-order values: values can be profits, freedom, privacy, security, protection of property, etc. Higher values produced for the greatest number of people would be the final choice.
3. Taking stakeholders into account: Figuring out what stakeholders need and want would be helpful for designing a solution.
4. Identifying reasonable options: There is no option satisfies all people's benefits. Sometimes a best ethical solution is not the one that balance all good consequences to stakeholders.
5. Identifying possibly potential consequence: Some solutions seem to be ethical but considerably adverse from different points of view. Some works well in this situation but cannot be applied to any other similar issues. So always consider the question of "will this option be chosen consistently over time?"

By that way, ethical dilemmas are analysed systematically and efficiently. Next, major ethical issues surrounding e-commerce and suggested ways of how companies manage those issues will be discussed.

4.3 Ethical issues in E-commerce

4.3.1 E-commerce consumer privacy

Customer privacy has been the most discussed issue concerning every kind of business transactions, especially in e-commerce when data is stored and transmitted electrically. Consider that most of e-commerce business transactions including accessing to the website, providing personal information, ordering products, arranging payment via credit or debit cards, etc. occur indirectly throughout Internet without customers' control. Lots of consumers assume that their privacy is attacked by cookies – a record of repeat visitors for a particular site, and spam – irrelevant messages which are unexpectedly sent to users over the Internet. Nevertheless, consumers' privacy is seriously invaded the most by such issues: identi-

ty theft, lost or stolen personal information, fake website, or victim of spying and hacked.

Table 3. The greatest thread to customer's privacy (Carroll & Buchholtz 2003, 249)

Identity theft	Identity is stolen via Internet or used illegally by other people.
Invasion of personal information	Personal data is revealed unintentionally, stolen or sold to another party.
Fake website	The website where customers go to purchase products is fake for the purpose of stealing money from customers' credit card.
Victim of spying and hacked	The customer's account is spied or hacked by employers or strangers.

For that reason, privacy becomes critical concerns that companies first have to recognize in ethical issues and then design a set of privacy policies in order to protect their customers. A framework of privacy policy was provided by the United Kingdom's Data Protection Act in 1984 as an ethics guidance for companies consists of those following principles: (1) Private information should be handled fairly and equitably, (2) Private information should be collected for specific, accurate and authentic reason, (3) Private information should be adequate and not be kept in longer then the necessary time, (4) A person must be informed by which his or her personal data is subjected to any other processes including making decisions, being rectified, erased or blocked, or disclosed to other third parties, (5) Appropriate security methods will be taken against any actions of violating rules of personal data privacy.

4.3.2 E-commerce security

Security in e-commerce engages with *confidentiality* - refers to the assurance of securing data so that it is only available for authorized party; *availability* - ensures a timely and reliable manner for authorized users to access personal data, the

Website as well as any E-commerce data service; *integrity* - makes sure that data is collected accurately and truthfully; *authentication* – confirms that the person or organization who are using the data is the one who claims to be; and *non-repudiation* – guarantees that online customers or commerce partners cannot be wrongly denied accessing to the data. (Gordon & Loeb 2006).

In e-commerce, it is important for the stakeholders to feel confident that online data collected by the companies is safe and every electronic transaction is secured. Many information-security breaches can not only have a bad influence on stakeholders but also damage the company's shares as well as financial strength. For example, denial of service – an attack which make the access unavailable for users, and virus imply the company's incapacity of securing data that causes customers to lose trust and loyalty and investors to stop buying company share prices. (Parboteeah & Cullen 2013, 363). Moreover, unethical practice of security can lead to a company's negative consequences for a long term and individuals or organizations who violate rules of privacy and security can be suited by the victim and receive punishment by laws.

Therefore, in order to ensure e-commerce security, business has to create a strong data system management. A model for e-commerce security which is recommended by Turban 2009 is shown below in Figure 10.

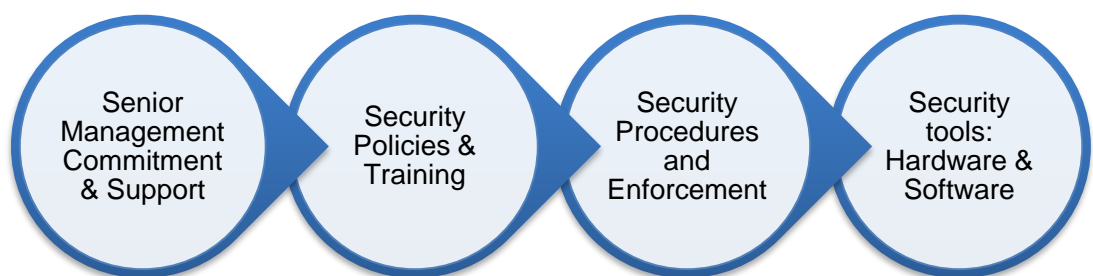


Figure 10. Suggested E-commerce security model (Turban 2009, 405)

The model combines many components of e-commerce: commitment, people, process, training and technology. As it is shown in this model, e-commerce security begins with the commitment and support of the manager in which insecure procedure or immoral activities will not be accepted. Data will be conducted, protected and access to data will also be controlled from attack vectors or criminal communities by company's strict policies with the help of hardware and software such as firewalls or anti-virus program. Employees would be trained on such policies, for instance, to not download data by smartphone or use the data outside the company in order to avoid information leakages. Solutions for security breaches should be pre-planned by the company for any instant problems. (Turban 2009, 404; Parboteeah & Cullen 2013, 364).

4.3.3 E-commerce trust

According to Parboteeah & Cullen (2013), e-commerce trust, also known as e-trust, indicates the situation that consumers believe in online trading where they make business transactions. For example, when a consumer purchases a product in an online shop, e-trust recognizes the expectation of that person to receive exactly the product he or she has ordered. A study shows that three factors included in e-trust are as following: (1) internet trust – trust in the Internet's performance as speed or integrity; (2) vendor trust – trust in the producer or the organization who sell the product; and (3) other parties trust – trust in the intermediary or the third party exists between the transactions (McCole, Ramsey & Williams 2010).

It is agreed that e-trust plays a critical role in Internet commercial transactions. Consumer are more likely to engage themselves in e-commerce with the company they trust the most. Company will also be evaluated for having good ethical performance if they practice good e-trust and thus, develop customer relationship. Therefore, building trust that ensures a strong reputation over transparency and ethics and leads to satisfied clients becomes a crucial task of every company doing online business. Petrovic, Ksela, Fallenböck & Kittl (2003) identified a trust pyramid of six core components in creating e-trust as Figure 11.

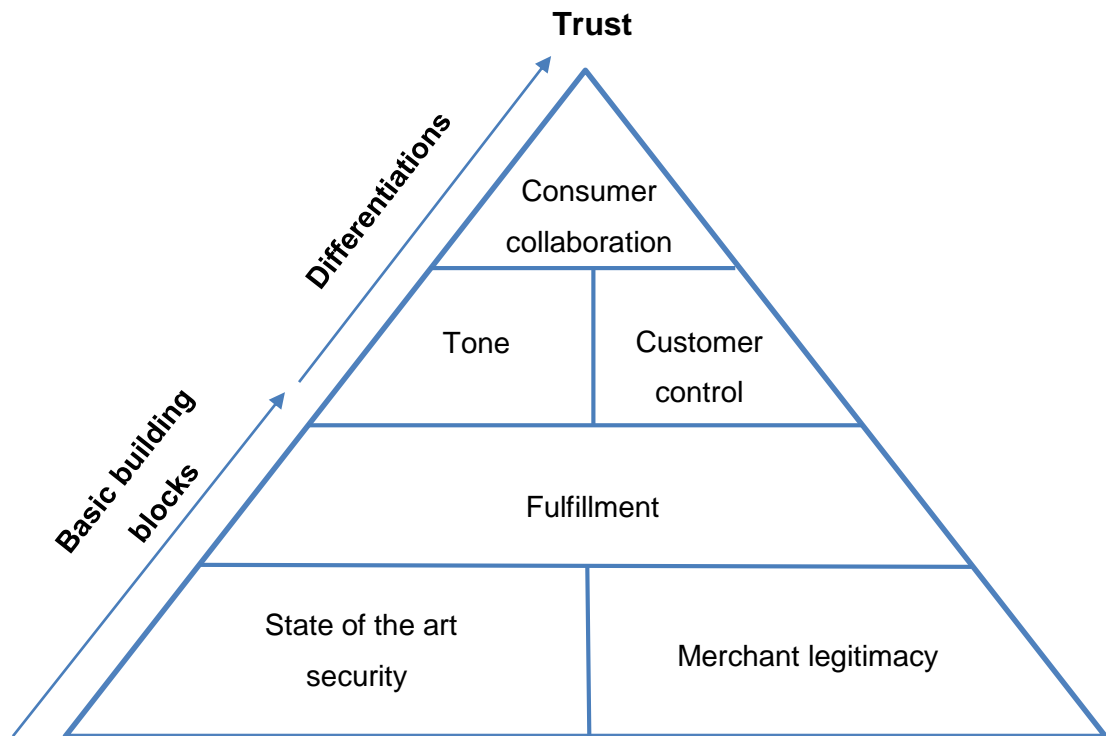


Figure 11. Trust pyramid (Petrovic et al. 2003, 90)

As can be seen in the pyramid, state of the art security - reliable security measurement on the company website; merchant legitimacy – reputation and well-known brands along with products' quality and functionality; and fulfilment – clear defined product costs and guarantee the right product will be sent to the right person, are the three basic elements that form the base of the pyramid. Follows are tones, customer control and collaboration which differentiate businesses among others. Tone ensures that customers' data will be processed sensitively. It is essential that company website displays friendly appearance both design and content and attaches privacy statement explaining how personal information are collected and managed. Customer control refers to the degree that customers feel they are in the control of buying process, hence, asking for permission to access their private data is a smart policy in e-commerce. On top of the pyramid, collaboration remains and advances customers' trust by encouraging them to recommend company's products or services to their friends. This system is helpful for the company to not only enhance e-trust but also protect customer privacy and promote e-commerce security that increases the company's online sale revenue.

4.3.4 Intellectual Property

Along with security and privacy, intellectual property (IP) is the most discussed issue relevant to e-commerce concerning ethics, politics and society. Generally, IP issues in e-commerce from ethics side is about how individual as well as organizations respect property which is belongs to others. On the other hand, society has seen the issue as related to the value of protecting IP through Internet and from political point of view, the question is that how IP in e-commerce can be protected by the government while creativity and innovation can also flourish.

IP includes all products of human mind which are both tangible (assets, physical properties, inventions, industrial designs, etc.), and intangible (such as knowledge, new ideas, original expressions). For instance, a creation of an e-commerce site of a company will be protected in law by IP in order to protect the right to use this site solely by the company and earn financial benefits from that. The value of IP in e-commerce has been increased recently due to the development of Internet and technological innovations in the modern economy. Digital works such as music, pictures, software, designs, models which are traded online make it possible for thief to duplicate or steal. Besides, the Internet allows people to make a huge number of illegal copies from others' works and distribute to web users for free. The conception of innovations has significantly occurred that some businesses start taking no consideration on patterns, copyrights or trademarks and freely use it. IP is precisely controls this kind of areas in a lawful way. (WIPO, [ref 8 October 2016]; Laudon 2014, 555-556). The table below shows examples of the Internet Websites for e-commerce and IP rights.

Table 4. Internet websites for E-commerce and IP rights (Kaetzel & Padilla 1996, 190).

Title	Link	Topic
Cyber Cash	www. Cybercash.com	E-commerce
EDICT Systems	www.edictsyste.ms.com	E-commerce
IPR: Universities and Wealth Creation	www.smithsys.co.uk/smithsys/te chp/ipr/ipr.html#relavance	IP rights
Information Security	www.intermarket.com/ecl/inform	IP rights

Committee Homepage	.html	
RSA Data Security, Inc.	www.rsa.com	Secure Electronic Transactions.

IP consists the protection of three main types, namely, copyright, patent and trademark. Copyright protects literary form of works including writings, arts, music, motion pictures, computer programs from being copied without the author's permission. For example, despite the fact that the HTML code for creating web page is available to every browser, it is not easy to make a copy and use for commercial purpose legally according to Computer Software Copyright Act. The only drawback of copyright is the inability to protect the fundamental idea behind but the entire program. Patent refers to inventions' protection. Patenting e-commerce business model aims to encourage businessman to invent valuable gadgets as well as advance the new technology distribution across licensing and shrewd imitation of the published patent (Winston 1998). Trademark is defined as *"a form of intellectual property protection to identify and distinguish goods and indicate their source"*. In other words, trademark laws' purpose is to protect both the public and the owner, who spent time, money and energy on taking the product into the market, from robbery or unlawful abuse. Some of the trademark law regarding to e-commerce can be mentioned such as cybersquatting – registration of domain names to trademark to make profit from authorized holders; cyberpiracy – registration domain names to trademark to alter Web traffic to their own sites; or metatagging – usage of trademarked words in a site's metatags (Laudon 2014, 568-570).

The challenge of IP is the restriction of distribution where Internet distributors have to pay for the owners to use their works. Nevertheless, it is critical for e-commerce to do business according to product licensing and patent because e-commerce develops their value in business through intellectual property ethics and laws by having patent portfolios and trademarks that ensure benefits of their inventions and Web-based works such as branding, customer recognition while prevent from piracy or uncontrollable theft (WIPO, [ref 8 October 2016]).

4.3.5 Environmental issue

It is critical to e-commerce based business to reduce the impact of information technology (IT) operations in human and environment. A research shows that electronic waste (e-waste) results in the use of IT products such as data centers, servers or private computers, contributes to approximately 2% of dioxide emissions worldwide. As the development of technology in the modern economics nowadays, more IT products with better design are manufactured that leads to the elimination of old-fashioned products and thus, more e-waste are produced. Basically, IT equipment are made from toxic components and non-renewable material such as fossil fuels, lead, mercury and cadmium. The process of managing e-waste therefore exposes that toxic products to the environment (Parboteeah & Cullen 2013, 371).

Companies are expected to take environmental into account as reducing the energy usages of IT equipment and engaging with green IT initiatives. Some practical actions recommended for e-commerce business are as following:

- Reducing energy usage without productivity loss by virtualization – running various computers on only single one, cloud computing – putting data in one server instead of several and PC power management – centralized energy in one software.
- Frequently managing and analysing data in order to avoid using large amount of energy to store redundant data.
- Extending the IT products' lifecycle so that it does not need to be eliminated, instead, it can be reused, renewed and updated.
- Green IT initiatives refers to recycling of electronic products. Companies are advised to use recyclable-material-products and consider those recycling rate.

4.3.6 Ethics and Global E-commerce

E-commerce or online commercial transactions usually involve in global environment, hence, has to deal with culture differences. An organization cannot be considered as ethical if it violates local culture and norms. According to Parboteeah (2013), business which operates internationally can approach either through a universal lens – common rules in all countries, or through a relativist approach – local conditions, in order to be trusted and engage with customers' transactions. Online trust is assumed to be similar across countries; however, it is said to vary among cultures. Thus, the two most crucial ways of building cross-cultural trust for companies are introduced as following (1) reputable website affiliation, in which unknown company's website affiliates with more well-known and reputable websites and (2) peer endorsement, using customer testimonial to encourage new customer's trust in the website. A research shows that in individualism culture such as the U.S and some European countries reputable website affiliate is preferably used, meanwhile collectivism countries like China or Vietnam are more likely to build trust by peer endorsement.

Another recommendation for companies is to create websites including elements which are based on local norms and cultural, for example, the content and images displayed in the website should be appropriate and not offend to the norms; body languages and gestures and embedded links for more information are highly suggested for high-context countries, by contrast, simple and direct is suitable for low-context cultures. Generally, it is necessary for companies to associate e-commerce policies and practices with local standards to not be viewed as unethical.

Global e-commerce environment also concerns with global digital divide, a term of *"the gap between demographics and regions that have access to modern information and communications technology and those that don't or gave restricted access"* (Rouse 2014). The global digital divide normally occurs between the more and the less digitally developed countries, for instance, low-tech versus high-tech performance, low-speed versus high-speed wireless connections, etc. Due to the fact that internet and e-commerce are increasingly critical in the manner of economic development and human interaction, ethical multinational corporations are

expected to decrease digital divide by providing opportunities for employees to access the Internet as well as providing technological equipment for less developed societies and creating local websites. (Parboteeah & Cullen 2013, 368-369).

5 RESEARCH METHODOLOGY

The thesis's topic is Business ethics in E-commerce, which contains a research problem of ethical implementation in electronic commerce: some major ethical issues and suggestions how to manage them. Based on the research problem, the author decided to choose a case study as a research strategy for the empirical part. The main research method is qualitative method, including a data collection technique of documents analysis and two in-depth interviews.

5.1 Case study

Generally, a case study is an in-depth empirical inquiry of a particular issue in order to investigate the actuality of scientific theories and models in real life (Shuttleworth 2008). In business field, a case study refers to detailed information about a company or corporation, an industry, an individual, a project given during a period of time which includes the accounts of subjects themselves, strategies, results and recommendations (Schweitzer 2016). For the empirical part of the thesis, a case study which is about ethics applied in Millenial Limited Company, an e-commerce company working in the field of marketing and consultancy in Finland will be intensely explored to have an extensive view relevant to the mentioned problem and thus conclude some outcomes at the end of the research.

There are a number of reasons why case study is important. Since a case study is conducted on the hypothesis of researched conclusions, it provides a richer and deeper understanding of the specific phenomenon and complex concepts. A case study is considered to be best suitable for answering how and why questions, especially when the researcher has little control over the problem. Although the usefulness of a case study is claimed to have limitations to an exploratory phrase and case study's results can be biased and subjective to some degree, its ability to study both single and complex research questions within "*an environment rich and contextual variable*" remains the key advantage of using case study. (Schell 1992).

A case study allows researchers to collect data or information from multiples sources such as interviews, observations, administrative documents and even

structured survey. Concerning with the thesis, to acquire information from Millennial Company, observations, interviews and some document analyses were utilized.

5.2 Qualitative method

Qualitative method is a type of scientific research methodology that includes an investigation in which (1) answering to questions; (2) collecting evidences; or (3) generating recommendations that were not concluded in advance or that are appropriate to the study. Basically, qualitative research provides the holistic understanding of a given research issue in the context of values, opinions, behaviours and social situation of specific populations. (Mack, Woodsong, Macqueen, Guest & Namey 2005, 1). Table 5 below shows major characteristics of this method of research.

Table 5. Qualitative methodology characteristics (Mack et al. 2005, 3)

	Qualitative Research
General framework	<ul style="list-style-type: none"> - Investigate phenomena - Using flexible styles of obtaining and classifying answers to questions. - Using semi-structured techniques to collect data.
Examining objectives	<ul style="list-style-type: none"> - To describe variation, experiences of an individual or a group, norms and believes; explain relationships.
Question format	<ul style="list-style-type: none"> - Open-ended
Data format	<ul style="list-style-type: none"> - Text, documents, audio, video
Flexibility in study design	<ul style="list-style-type: none"> - Some aspects of the study are flexible (for instance, interview questions can be cut or added. - Responses of participant influence the next questions should be asked by researchers.

	<ul style="list-style-type: none"> - Data collection and research questions are adjusted based on what is learnt.
Types	<ul style="list-style-type: none"> - In-depth interview - Focus group - Observation - Documents (text, visual, audio-visual) - Projects

Qualitative was chosen as the main research methodology as the author aims to gain a deep understanding through practical experiences from the perspective of a business. Two in-depth interviews were mainly conducted, along with relevant documents gathered while studying about this company would help to solve the research problems.

5.2.1 Interview

“The purpose of the qualitative research interview is to contribute to a body of knowledge that is conceptual and theoretical and is based on the meanings that life experiences hold for the interviewees.” (Dicicco-Bloom & Crabtree 2006, 314).

Interviews can be used by researchers as a primary data collection method by which information is gathered to explore opinions, beliefs and own practices from an individual or a group. Furthermore, interviews can be considered as a best way of obtaining background information as well as tapping into expert knowledge. (Harrel & Bradley 2009, 24).

Basically, interviews are categorised into 3 types, namely, unstructured, semi-structured and structured. Since structured interviews are those which are fixed questions and closely like a survey, it is usually produced in quantitative research methodology. Unstructured and semi-structured formats are mostly used in quali-

tative method, though they have some distinctive characteristics from each other. Whereas in unstructured interviews, researchers have a little control over the situation and cannot decide which direction the conversation would go and have to follow explanations and ask some additional questions based on the topic which the interviewee mentions; semi-structured interviews often have pre-planned and standardized questions that guide interviewees to cover the right topic which the researchers are exploring. (Harrel & Bradley 2009, 26-27). For that reason, in this study, the author has chosen a semi-structured interview to deeply inquire a topic and get better understanding thoroughly the provided answers.

Particularly, semi-structured in-depth interview (one-to-one interview) is used in the study instead of group interview (group focus). To specific, interviews are conducted through email with Mr. Eero Tunkelo, who has 10-year-experience working in e-commerce from 1995, as a Manager of Digital Expert Academy and now a CEO of Millennial Limited Company and with Ms. Le Phuong Anh, a 6-month-trainee working at this company as a Marketing Specialist. Email interviews benefit both the researcher and the interviewee due to time and distance barrier. Moreover, it provides enough time for interviewee to contemplate the questions before making responses.

In this case, questions are prepared carefully by the researcher and be sent to the interviewees via email. When conducting the interviews, questions precisely address the purposes and objectives of the study, contains much more than only a yes/no question. The researcher stays neutral, follows naturally and always seek for particular answers. She provides an appropriate environment so that helps to motivate both interviewees to be more at ease and willing to give more information in detailed. Both parties create values during the interview and build trust to each other to the extent of accuracy and honesty. The first interview (with Ms. Le) lasted only 3 days (1 – 3 November 2016), and the second one (with Mr. Tunkelo) lasted about one week from 21 to 28 August 2016.

5.3 Reliability and validity of the thesis

Reliability and validity are considered to be critical factors that researcher should take into account when studying an issue, analysing results or accessing the quality of the study. It is said by Watling (2007), *“Reliability and validity are tools of an essential positivist epistemology”*. (Golafshani 2003, 598).

Reliability refers to the degree that results of the study are stable and consistent under the same conditions. In addition to, the research instrument is said to be reliable in case the study's results can be recreated with a similar method. To measure the reliability of the study, the author has to answer if the same results remain under the identical or very similar situation or made by other people. In this case, the research will probably produce the same result on other occasion since online trend and e-commerce growth will vary over years, yet major ethical issues in e-commerce such as privacy, security, trust, intellectual property right will stay firmly. A basic concept of ethics in e-commerce and steps to manage ethical dilemmas will be constant as well. Besides, conclusions about ethical issues in the study is examined by opinions of a trainee and a CEO working in a real company specialized in e-commerce field, Millenial Limited Company, so it is reliable.

There is also transparency in how sense was made from the raw data in the study. The researcher cites all documents with clear sources, interview questions are presented in the study and enclosed in the appendices. All information regarding to the interview is included and explained clearly in chapter 5 – Research methodology. Responses of interviewees by personal emails are saved for further necessary project. However, if the study is conducted by different observers, different outcomes can be produced because different companies have different issues when practising ethics in online business and also different ways to manage them. Interviewee's experiences are also diverse.

Validity regards to the issue of *“whether the research truly measures that which it was intended to measure or how truthful the research results are”* (Golafshani 2003, 599). Concerned with the study, since the interviewees – Ms. Le Phuong Anh, who has been trained in an e-commerce company for a half year and Mr. Eero Tunkelo, who has been working in e-commerce field of business over 10

years, their answers are based on real experiences, thus, authentic and valid. Questions are made to examine the findings in the theoretical part and answers are relevant to the topic and tap into the research objectives.

6 DATA COLLECTION AND FINDINGS

6.1 Findings from documents

6.1.1 Introduction of Mr. Eero Tunkelo and Millenial Company

Mr. Eero Tunkelo is a Chief Executive Officer (CEO) of Millenial Company. He has also been a General Manager of Digital Experts Academy as a business consultant and mentor, who teaches e-commerce strategies and techniques. With the background of 10 years working in variety of industries such as business, technology since 1995, he has a vast warehouse of experience in guiding companies to reach their next goals. Concerns with progressive business implementation and e-commerce development, Mr Tunkelo has brought a consolidation of ambitious and pragmatic leadership to his customers all around Europe, the U.S and Asia. His enthusiasm for regularly learning is a vital component in improving skill set and forming the solid basis for committing with customer associations the best outcome and advancement of their business and innovations. (Eerotunkelo.com, [ref 1 November 2016]).

Generally, Millenial Company is a Finnish company which provides e-commerce solutions, consultancy and marketing projects, being operated under the management of Mr. Eero Tunkelo, the CEO of the company. Founded in 2014, the company is quite new with small size of 1-10 employees. Millenial's mission is to helps companies stepping into their next stage of business growth *“with not only skills and detailed work but also considering good values and the bid picture of all stakeholders”*.

Some of the company's projects can be mentioned as following:

- Millenial business consulting: a project of both short-term (typically 3 months) and long-term that brings the company or organization (client) to its next level. The project is tailor-made which meets the needs and demands of different clients. Normally it starts with an interview, an assessment and

in-depth analysis of the company's situation, thus, an improvement advise and implementation would be suggested. (Millenial Business Consulting, [ref 1 November 2016]).

- Millenial Marketing Campaign: a campaign which co-operates with the Sixfigure Mentors (<https://thesixfigurementors.com/>) to provide tools, trainings, resources and community to help customers, regardless of ages and backgrounds, succeed in online business.
- Solu Machines: solutions providing for companies, where their entire business model requires development before even getting to the e-commerce implementation.
- Natural Tendencies: a training program co-created by Mr. Eero Tunkelo and Mr. Clinton Swaine – the world leader in experiential business training, which allows people to discover their own strengths and natural tendencies for a successful future. For more information, go to <http://luontaisettaipumukset.com/naturaltendencies/>

The company is the combination of B2C, B2B and Social e-commerce models. Clients can be individuals/groups or companies/organizations, who are willing to buy any services that the company provides. Millenial also actively running in social media platform such as Facebook (Figure 12).

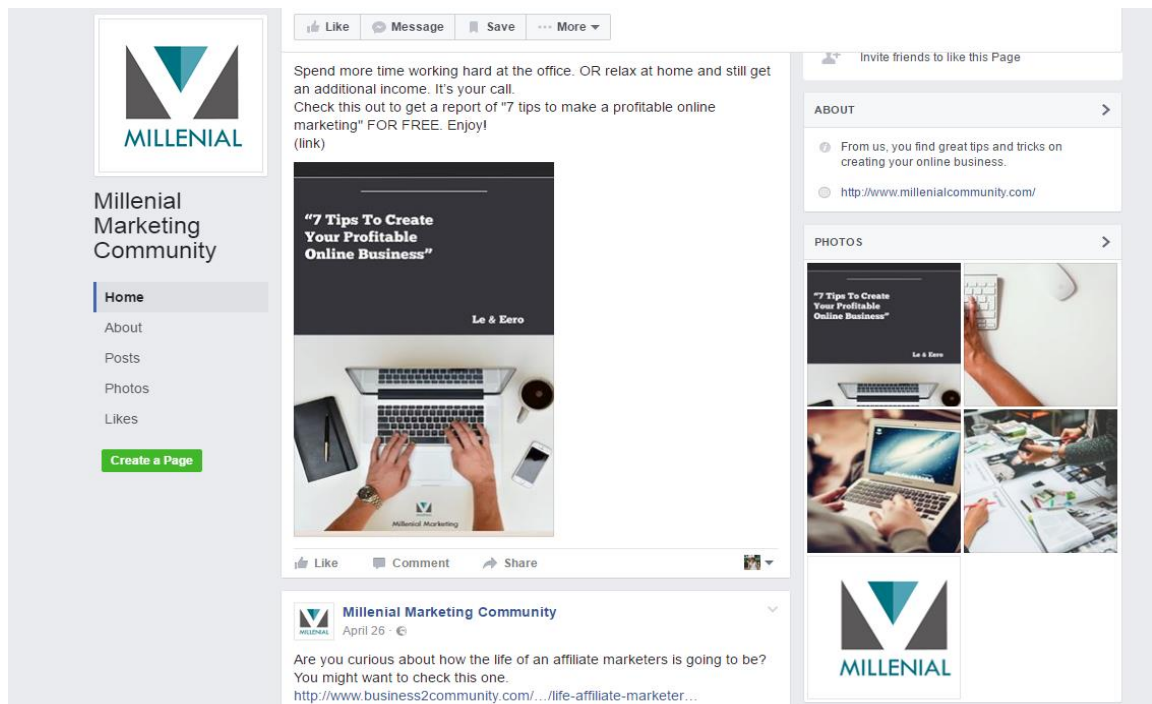


Figure 12. Millenial project Facebook page

6.1.2 Corporate Social Responsibility (CSR) in Millenial

At Millenial, CSR is considered as a vital element of raising more opportunities for the company's long-term growth. Practicing CSR is the way of managing methods and behaviors so that it ensures the balance between the company's profits and the stakeholders' benefits as well as the impact of that on the society and the environment.

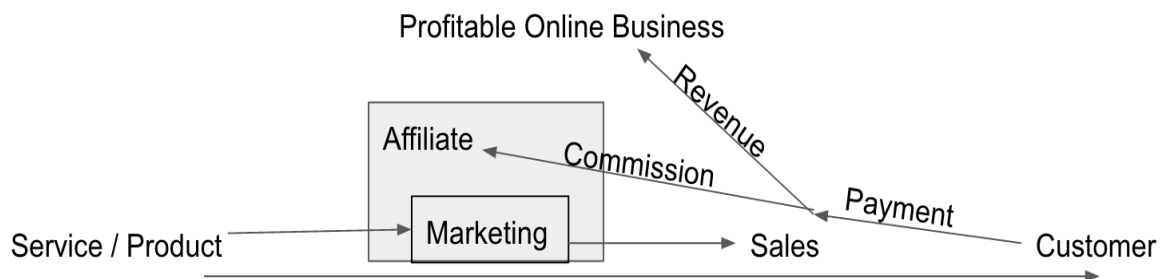


Figure 13. Millenial Online Business model

Millenial CSR vision is to seek for better quality of life with better financial independence, out of stress, and full of choices adventures and happiness. Hence, Millenial vision is clearly stated by the following points:

- Guarantee clients with innovative and sustainable services with reasonable cost and social-integrated solutions.
- Keep company's policies, security procedures and enforcement, training regularly up-to-date.
- Create an organizational culture among employees, clients, investors and so on in order to accomplish a mutual vision.
- Controlling any influences from the work on the society and the environment.
- Continuously ask for feedback and take care for the community where the business operate.

Millenial CSR core values that guide the company to have good behaviors towards stakeholders as well as the community and the environment are presented as following.

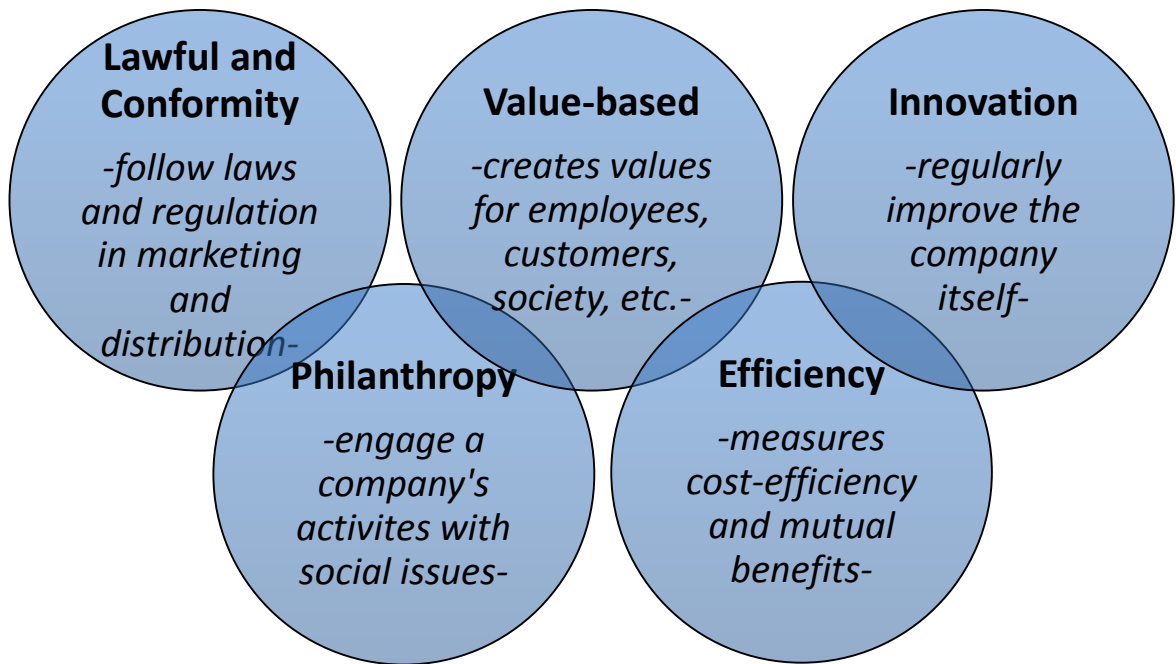


Figure 14. Millennial CSR core values

To the end, a simple Millennial CSR framework based on 4 pillars, marketplace, workplace, community and environment will be described in the table below. This model follows the “*help format*”: (1) help yourself, (2) help your family, (3) help your society, (4) help the world.

Table 6. Millennial CSR conceptual framework

Economics	Marketplace	<ul style="list-style-type: none"> - Providing high-quality marketing and e-commerce solutions. - Enhancing integrity among customers and suppliers. - Ensuring product safety, information security and cost-efficiency. - Innovating technologies
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Society	Workplace	<ul style="list-style-type: none"> - Implementing and managing safety procedures and policies for stakeholders. - Promising high level of integrity and diversity. - Developing employees' knowledge and skills of controlling privacy and security issues over Internet.
	Community	<ul style="list-style-type: none"> - Creating stakeholders' values. - Maintain sustainability for local community as well as the community where e-commerce activities happen.
Environment	Environment	<ul style="list-style-type: none"> - Reduce energy-used and electronic waste.

6.1.3 Customer privacy and security

Customers' information is highly respected at Millenial. The company do not ask for too much private information from any customer. Figure 15 shows an example of a marketing project from Millenial. The idea of this campaign is to offer potential clients a lead magnet (a report, a promotion video, ect.) to get them interested in this kind of product or service.

Figure 15. Millenial Marketing Opt-in form

6.2 Findings from interviews

6.2.1 Interview with the trainee of Millenial Company

The first interview, which was conducted with Ms. Le Phuong Anh to examine ethics inside the company such as working environment, employees' rights, how employees are treated at work as well as how their personal data was secured.

Practicing business ethics in e-commerce from Ms. Le point of view

Ms. Le believed that business ethics is critical not only in e-commerce but also in business in general. It is hard to say whether practising ethics is difficult or not. Because, sometimes, also more susceptible to violation than ethics in general business that people can fake their identity online and lure naive customers into the trap, then get the money and run away. No single clue can be traced back to these fraudsters. As it is said by Le,

“If all players in the field are following the same rule, we don’t really have to think about any breach here. But, once someone did break the rule; they are not punished for it; and they even benefit from the act, it is hard to resist the temptation to get an upper hand. That’s why we need regulators and a robust controlling system”.

Ethical issues at Millennial Limited Company from Ms. Le point of view

According to Le, Millennial practise ethics quite well. For example, the supervisor always encouraged employees to use their real voice or real image to evoke liking from customers. Privacy of customers is definitely respected as they do not ask from our leads anything more personal than names and emails. They also do not make any spam. Customers have the right to unsubscribe from the company’s mailing list at any time they want. That is pretty common courtesy of online business. Only one thing is missing is that the company has not had a clear strategy for building customer trust.

Working environment in Millennial regarding to working condition, rights of employee

Ms Le stated that she was respected as a trainee while working at the company. She was stressful sometimes due to the working-from-a-distance. Without meeting a team face to face, it is hard to keep up and stay motivated. At first, she hesitated to open up her thoughts to the supervisor, because she was afraid that she might upset him. But it turns out that he was quite relaxed and understanding after she decided to tell him. Ms. Le was appreciated that the supervisor at Millennial was very helpful that helped her identify priorities and gave her enough space and time to get used to new tasks.

Regarding to personal information, Ms. Le said that she totally trusted the information security system of the company and do not ever thought it would be violated.

6.2.2 Interview with the CEO of Millenial Company

The second interview with Mr. Eero Tunkelo to study about ethics applied in his digital business. Hence, problems regarding to ethical issues, managing ethics and challenges and opportunities when implementing ethics into online business from the company's perspective were discussed.

Practicing business ethics in e-commerce from Mr. Tunkelo point of view

According to Mr. Tunkelo, higher quality ethics a business has, better chance for business to not just survive but also thrive. Ethics is a MUST nowadays, as reputation travels very quickly in the way that people rate services, products and websites on variety of platforms. Particularly, in e-commerce side, if business provides good rating methods and clear policies and engage with this, refunds policies for example, when customers are respected to freely purchase the product and also return it for a certain amount of time if the product does not meet their satisfaction, it is easier to manage the company's reputation than before.

Ethical issues at Millennial Limited Company from Mr. Tunkelo point of view

It is said by the CEO of Millenial that customer is always considered priority, they must be happy. If they are not happy, then something is done wrong. Pre-emptive positive ethical action is the first thing to consider. Immediate action will help turn around the situation and at best build even more positive reputation.

Major changes that have occurred over the recent years concerning how information is collected at Millenial Company

Milleinal is now focusing on building a funnel to gather information. Previously, they used to collect minimal amount of personal data, only name and email, for not only security problem but also people do not want to share too much about their private information. On the other hand, with a product purchase method, information is gathered through payment processor named Paypal. Mr. Tunkelo claimed that gathering through a funnel will get a bit more information about the customer whereas it is not too heavy on the customer and often it is much more useful information.

Main ethical issues that the company have to face when dealing with social media

At the moment, Millenial is only using Facebook for marketing and building community for customers. Besides, websites and blog posts have been creating to promote products/services.

Social media is a sensitive tool and requires a special skillset handling human interactions. A good specialist in social media can have the ability to turn any situation into a positive experience. By contrast, dicey situations can become challenges that seriously damage company image to some degree if left unattended.

Employee and customer privacy situation

In Millenial, all customer data is kept privately. Only employees that need to handle the data to be efficient can access the data. Employee files are also secured and only human resource manager and relevant employer representatives can access those files. Furthermore, stakeholders' data is handled the same way as employee data.

If the information is leaked unintentionally, employees or customers would be informed immediately. Actually, they do not need to be worry, because, most likely the leaked data would be encrypted which is hard or impossible to crack. However, the company have not ever had that kind of problem.

Protecting e-commerce security as well as encourage e-commerce trust

According to Mr. Tunkelo, e-commerce security and e-commerce trust is truly important. Standard encryption protocols and payment processors are implemented for security standard. Customer trust is built on the websites and in customer interactions. Moreover, building rapport in email broadcasts and interactions as well as using familiar secure services will also help to build trust from customers. Prompt, considerate and generous are core values.

Intellectual Property in Millenial

Business critical names and concepts were protected by trademark. Website content was protected by copyscape. And for protecting some design and such, IPR at notary is a good way.

Challenges about ethical issues Millenial Company has to face when doing global e-commerce

As it is stated by Mr. Tunkelo, global e-commerce has the same ethical issues as local. Standard online safety etc. Using well established providers usually take care of these things for them so they do not need to worry about it too much as if the company hosted everything on their own server.

7 EVALUATION OF FINDINGS

As stated in the beginning, the objective of the thesis is to study about business ethics implementation in E-commerce. The research problems are major ethical issues businesses have to deal with concerning with e-commerce, opportunities and challenges to apply ethics in e-commerce and how companies manage them. Data findings from the thesis in chapter 6 were relevant to the theoretical parts and significantly reached the purposes of the study. Study results also examine and supplement the literature point of view, and more importantly, solve all research problems which are given in the introduction of the study.

7.1 Business ethics in E-commerce

Indeed, findings from the interview with Ms. Le and Mr. Tunkelo from Millenial Company do not present the whole situation of business ethics in e-commerce world. Because, according to Mr. Tunkelo, ethics are personal call. Political and social things can cross the line in case of terrorism and other obvious things, but providing products that some people think are ethical and some other do not agree with. And that is management call. As said by him, there are certain things that are illegal by laws in most countries, such as drugs, guns, trafficking etc. in real life. Those can be found only in darknet which is a different discussion. For the most of the e-commerce, things are normally accepted. There is a special category, however, which is opportunity seeking and moneymaking niches. In those, the business owners need to be careful about making it clear that there is a product or service provided for the money that is provided. Also it is ethical to describe the products and services as they will be delivered, and also deliver them as described. However, laws regarding online can be slightly different, when e-commerce businesses work on something big or sensitive, it is suggested to check with a lawyer beforehand.

Although ethics varies among different companies' perspectives, it is agreed that there are common ethical issues presenting in business online that companies have to manage, namely, customer privacy, security, trust, intellectual property,

some relevant environment issues and more extensive, global e-commerce. Handling them could meet difficulties sometimes, also brings companies challenges; nevertheless, successfully managing those issues could, on the other hand, be considered as practicing good ethics in business that benefit not only the company itself but also the stakeholders and the whole society.

7.2 Business ethics in Millenial Company

Thanks to responses given by Ms. Le Phuong Anh and Mr. Eero Tunkelo, from two different interviews, along with observations and some document analysis, theories about business ethics in e-commerce which is summarized in chapter 4 are closely reflected.

First of all, based on the answers of Ms. Le, the company has practiced well rights theories and justice theories. Employees' rights, customers' rights as well as all other stakeholders' rights are highly respected. As the company supervisor has the right to manage strategies, make decisions and guides the project direction. Trainees, together with employers have the right to be provided a good working environment condition, be supported at work and treated well. And consumers, some other stakeholders have the right of being secured for private information and be informed in such relevant issues as product marketing, goods safety information and some responsibilities to the community and environment.

Secondly, a simple CSR model with 5 main values was designed in small scale due to the company small size so that it follows the *"help format"*: (1) help yourself, (2) help your family, (3) help your society, (4) help the world. This model shows the company does not only care about its profitability but also other social and environmental issues which draw the company a good image and reputation.

Lastly, some popular ethical issues as mentioned before are existed in e-commerce for real. Companies may face to the same problems but different ways of dealing with those things. Problems may become obstacles and even cause severe loss for some companies and but not for similar situation in different firms. Ethical management depends on subjective call.

7.3 Research problems

The three research questions raised in the study are:

1. What are some of the main ethical issues businesses have to deal with in e-commerce?
2. What are opportunities and challenges for businesses to apply business ethics in their commercial transaction?
3. How do companies or organizations manage ethical issues to protect their e-commerce privacy, security, trust and intellectual property?

Those questions are clearly answered in both literature view and empirical view (in-depth interviews). Eventually, research problems are solved, objectives of the study are successfully covered.

For the first question, Mr. Tunkelo agreed that there are numerous matters regarding to ethics that companies have to face when doing electronic commerce, yet there are four common issues, namely, e-commerce privacy, e-commerce security, e-commerce trust and e-commerce intellectual property that are essentially managed in each company. E-commerce privacy refers to the situation that data or information from customers is respected and kept privately. Customers are prevented from being attacked by any spam, virus, thief and hackers. E-commerce security guarantees *confidentiality* (assurance of securing data for only authorized party); *availability* (authorized party's ability to access data); *integrity* (accurately and truthfully data); *authentication* (authorized party); and *non-repudiation* (customers or partners cannot be wrongly denied to access the data). E-commerce trust indicates the degree of customer trustworthy in online commercial transaction. And Intellectual property in e-commerce concerns with the way of protecting digital works over Internet as well as respecting others'.

The core advantage of practising ethics in online commercial transactions is to build good company image and reputation. On the other hand, the most challenges for businesses to apply business ethics in their commercial transaction come from standard online security problem. Due to the development of Internet, unethi-

cal behaviors such as personal data thieves, hackers, fake vendors are threats for online customers. Hence, it is an important task for every companies to handle these things effectively.

In order to manage ethical issues in e-commerce, managers have to help the company to design an effective strategy and long-term management procedure as well as security policies and training. Different companies and different fields of e-commerce has different security problems, thus, different strategies. However, it must be legal, feasible, effective and innovative.

8 CONCLUSION

The thesis was implemented for the purpose of studying business ethics applied in business generally and in e-commerce field particularly. In addition to, the study mostly emphasizes on resolving three problems, say, what main ethical issues organizations face when doing online trading or carrying out commercial transactions throughout the Internet; opportunities and challenges for companies to practise ethics in business and what should they do to manage those issues. Millennial Limited Company was chosen to be the case study, observations of the author as a trainee of this company for the period of 3 months; some document analysis and two interviews were explored to be the main resources. Findings from both theoretical and empirical part of the thesis are utilized. For this very last part, the theories and practises are summarized along with answers for research problems. Furthermore, recommendations for further studies will also be presented.

8.1 Summary of theoretical part

Shortly, since the Internet has been significantly developing so far, e-commerce becomes the most productive facilitation of trading products and services via computer network, Internet and some social media platforms. Consequently, ethical aspects in e-commerce has attracted people attention.

Basically, business ethics is concerned with principles that guide organizations' performance in the way of doing business. Doing business legally and ethically build the company a good image and reputation, but also benefits its stakeholders including employees, customers, suppliers, investors, etc. There are several philosophical approaches to business ethics but it is agreed that two main concepts of ethical theories which are derived from the Greek history could be mentioned are Utilitarianism and Kantianism. Besides, Rights theory and Justice theory are also important. Corporate Governance and Corporate Social Responsibilities (CSR) are two projects/frameworks that guide, control and direct the company to do business morally.

E-commerce is an abbreviation of electronic commerce that has variety types of business models. Six major types of e-commerce are Business-to-consumer (B2C), Business-to-Business (B2B), Consumer-to-Business (C2B), Consumer-to-Consumer (C2C), Social e-commerce and Mobile e-commerce (m-e-commerce). Business e-commerce strategy should ensure not only tools and solutions concerning organizational fits, compromise, benefits and value chain management, but also include the impact of Internet and technological innovation for a long-term profitability.

Ethical concepts in business generally and in e-commerce have to fulfil four principles: responsibility, accountability, liability and due process. Managing ethical dilemmas is not easy but is definitely not difficult if they are analysed systematically and efficiently. Major ethical issues popularly occur in most institutions related to e-commerce are customer privacy, security, trust, intellectual property rights, environmental issues and global e-commerce issues. Depends on which sorts of situation and what issues the company face, management strategies and tools are applied in different ways.

8.2 Summary of empirical part

Chapter 5 describes what kinds of research methodology was conducted as well as how data is collected for the study. Case study was chosen for the empirical part as a research strategy together with quantitative method. Observation, document analysis and in-depth interviews were utilized as data collection method. The case study is about ethical implementation in a company which mainly conducted their business through computer network, Millenial Limited Company. The company was newly founded under the management of Mr. Eero Tunkelo, the CEO of the company, who has experienced in e-commerce for over 10 years.

In chapter 6, data findings about Millenial company - the CEO background, the company overview, some ethical issues along with a small CSR project which were implemented in the company, were brought about. Two in-depth interviews with the CEO and the trainee of the company brought the study more information. Ms. Le Phuong Anh, the trainee of this company for 6 months, shared her opinion

about working environment condition in Millenial, how employee's rights and customers' rights were practised in the company. As said by her, ethics was practised in the right way in Millenial where not only employees but also customers are fully respected and supported with high integrity. Indeed, Mr. Tunkelo was asked for more information about how ethical situation was in Millenial, how he, as the CEO of the company, dealt with this kinds of situation. According to him, higher quality ethics a business has, better chance for business to not just survive but also thrive. In the company, customers are firstly considered. Therefore, issues as customer privacy, security and trust are highly taken into account.

8.3 Summary of the answers for research questions

The three questions which are mentioned at the beginning of the thesis were totally answered and explored in chapter 7 (Evaluation of the findings), part 7.3 (Research problems are solved). The summary is provided in the table below.

Table 7. Summary of research problems

Ethical issues	<ul style="list-style-type: none"> - E-commerce privacy - E-commerce security - E-commerce trust - Intellectual Property Rights - Environmental issues
Opportunities and Challenges	<p><i>Opportunities:</i></p> <ul style="list-style-type: none"> - Build a good image and reputation for the company. - Promote employee's motivation and performance at work. - Create value chain and strong relationship with stakeholders.

	Challenges: <ul style="list-style-type: none"> - Standard online security problem. - Manage ethical dilemma.
Recommendations	<ul style="list-style-type: none"> - CSR project. - Security policies and strategies. - Long-term management procedure and enforcement. - Employee training programs for security issues. - Continuously innovative technologies.

8.4 Recommendations for further study

The main objective of the study is about business ethics implementation in electronic commerce from firm or organization perspectives. For further study, the author suggested to be deeply researched from more experienced B2B or B2C corporations. As they have been working for a long time, they have more comprehensive ethical view of business as well as more proper and specific strategies in management system that would help the researcher get better knowledge of the research topic. Furthermore, a research about ethical practise in the company which is in bigger size or larger scale rather than a small company is also highly recommended.

The purpose of the thesis concentrates on company's perspective, conclusions and results of the study about ethics in working life are reviewed by opinions of a trainee and a CEO of Millenial Company via interviews. Therefore, it is reliability and validity. On the other hand, it has some limitation as it is could be considered as biased and subjective to some degree. Since the thesis topic is quite sensitive as it is related to ethics problems, interviews of employees and employers of a company might not work because they could hesitate to share some private infor-

mation. Hence, it is recommended to have a research on customer's side for further study. Then quantitative methodology with surveys and questionnaires could be conducted instead of qualitative and interviews.

Besides, the lawful issues and regulations aspects of business ethics were not discussed in the study. Therefore, further research problem can be, for instance, what kinds of laws or legislations that companies have to follow strictly in order to run online business or make any commercial trades throughout computer networks such as Internet and electronic technologies.

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APPENDICES

APPENDIX 1. Questions for interview 1

APPENDIX 2. Questions for interview 2

APPENDIX 1. Interview questions for Ms. Le Phuong Anh

1. Could you please first introduce yourself and your job in Millenial Company?
2. Could you describe your working environment in Millenial (high/low level of integrity; stressful/comfortable; how you are treated at work, how your personal information is secure)
3. What do you think about business ethics in e-commerce?
4. Do you think that it is difficult to practice ethics in business generally and in e-commerce particularly?
5. How could you evaluate the ethical situation in Millenial regarding to customer privacy, security, customer trust?
6. Does your company have any strategy for building customer trust?

APPENDIX 1. Interview questions for Mr. Eero Tunkelo

I. Open questions:

1. Could you please introduce about yourself and your company? (Please describe me more about your e-commerce)
2. What is your opinion about practicing business ethics in e-commerce?
3. How do you evaluate the ethical issues at Millennial Limited Company?

II. Probing questions

General issue:

1. What are some of the major changes that have occurred over the recent years concerning how information is collected at your company?
2. Does your company use social media for a company's product/service marketing? If yes, what are some of the main ethical issues that you have to face when your business deal with social media?

E-commerce ethical issues:

3. What is your opinion about employee and customer privacy? What does your company do to protect your stakeholder? If your customer's information is leaked to any other parties unintentionally, what will you do?
4. Do you think that e-commerce security and e-commerce trust is important? How does your company do to protect e-commerce security as well as encourage e-commerce trust?
5. How can you protect your company copy right and trademark? Is there any difficulty to protect intellectual property?
6. Are there any challenges about ethical issues your company has to face when doing global e-commerce? If yes, what are they?