Chapter XI

Ethical Dimensions in Collaborative Commerce

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Abstract

This chapter deals with ethical dimensions in the environment of collaborative commerce. An ethical failure model is developed based upon failure concepts borrowed from the quality profession. Five types of collaborative commerce are presented, followed by a discussion of their typical flows and characteristics. In addition, four major business ethics issues and six potential ethical issues in collaborative commerce are delineated.
Introduction

Collaborative commerce is defined as using digital technologies to carry out buy-and-sell business activities, such as planning, designing, developing, researching, and service. This type of collaboration integrates business processes between partners through sharing information electronically (Li & Du, 2003). Collaborative commerce opens up new and unregulated business activities or processes, in which it is not clear to people how to follow what is right or wrong according to current knowledge. It needs to redefine or reregulate business rules for this new environment.

In this chapter, five collaborative types are identified in collaborative commerce: one to one, one to many, many to one, many to many, and collaborative cooperation, from the business collaboration viewpoint of B2B commerce (Rau, 2003; Turban, King, Lee, Warkentin, & Chung, 2002).

Subsequently, flows and characteristics of collaborative commerce are discussed. For our discussion, a three-partner model — producer, first-tier buyer, and second-tier buyer — is used as an example to demonstrate the flows of collaborative commerce. Furthermore, under an electronic collaborative commerce environment and in contrast with traditional commerce, there are three characteristics identified, namely, system dominant, digital information intensive, and partnership dependent. With these three characteristics, in ordinary practices, participant companies and people would enjoy the business collaboration in order to win business competition; however, on the other hand, it might turn out to be a big disaster when a flaw occurs in the system either intentionally or unintentionally. This resulting damage could spread wider and quicker, and the effects of intentional or ethical flaws would lead to ethical issues in collaborative commerce.

On the one hand, business ethics is important not only for the proper business practice but also for the public’s image of the integrity of the various tiers of managers in business. In addition, huge amounts of investment funds might be in jeopardy should an unethical event be uncovered. Using the Enron Company, for example, the financial scandal case with Enron was the first of the recent business scandals that have devastated investor faith, contributed to a multi-trillion-dollar market downturn, and made corporate reform a political imperative (Behr & Witt, 2002).

Enron hailed 2000 as a breakout year with slightly more than $100 billion in revenue, putting it at No. 7 on the list of the largest US corporations. However, following the breakout of the scandal, the Enron stock price fell from an all-time high of $90.60 in August 2000 to a fraction of a dime now (Behr & Witt, 2002;
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