**CHAPTER NINE**

**LEGAL, ETHICAL, AND REGULATORY ISSUES**

**9.1 Introduction to Ethics and Privacy**

Ethics characterize how individuals choose to interact with one another. In philosophy, ethics define what is good for the individual and society and the nature of duties that people owe themselves and one another. One duty is to not intrude on a person’s privacy, which stems from the right to be left alone and free of unreasonable personal intrusions. Law that is, public law embodies ethical principals, but the are not the same. Acts that generally considered unethical may not be illegal. Lying to a friend may be unethical, but it is not illegal. Conversely the law is not simply the coding of ethical norms, nor are all ethical codes incorporated into public law.

A common agreement in a society as to what is right and wrong determines ethics, but they are not subject to legal sanctions except when they overlap with activities that also are illegal.

**9.2 Legal and Ethical Challenges and Guidelines**

Business ethics defines how a company integrates the core values of honesty, trust, respect, and fairness into its policies and practices—and complies with legal standards and regulations. The scope of business ethics has expanded to encompass a company’s actions with regard not only to how it treats employees and obeys laws but to the nature and quality of the relationships with shareholders, customers, business partners, suppliers, the community; environment, and future generations. European companies especially have embraced this expanded definition of ethics. Under recent clarifications of the U.S. Federal Sentencing

Guidelines, companies with credible ethics programs, as opposed to merely paper programs such as that of Enron, may reduce penalties or avoid prosecution for crimes committed by managers or employees.

Because of the worldwide scope and universal accessibility of the Internet, there are serious questions as to which ethical rules and laws apply These questions involve an appreciation of the law that is constantly changing. Lawsuits and criminal charges are very disruptive, expensive, and may damage customer relations. The best strategy is to avoid behaviors that expose the company to these types of risk.

Business people engaging in e-commerce need guidelines as to what behaviors are reasonable and what risks are foreseeable under a given set of circumstances.

