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INFLUENCES OF MORAL VIRTUES AND CONFUCIANISM ON E-BUSINESS ENTREPRENEURS: AN EXPLORATORY STUDY IN SINGAPORE

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Abstract

Many small e-businesses targeting Internet consumer markets operate in an increasingly competitive environment. The struggle faced by business owners striving to stay sustainable while abiding by moral principles constitutes a critical issue in business ethics. The purpose of this study is to explore the influences of moral virtues and Confucian ethics on small e-business entrepreneurs and their practice. Through in-depth interviews, fourteen online sellers in Singapore shared seven principles which impact the ways they manage a business, namely integrity, fairness, justice, reciprocity, generosity, authenticity and accountability. Not denying the need for business profitability, these entrepreneurs emphasize the importance of adopting moral principles towards fostering long-lasting relationships with their customers. Although not explicitly mentioned, some Confucian values such as reciprocity, righteousness, benevolence and social relationship still emerged, implying the presence of scant influence of Confucian ethics on Singapore Chinese e-sellers.

Keywords: e-Business, entrepreneurs, moral virtues, Confucianism
1 INTRODUCTION

(1) An annual premium membership fee of S$99 was charged to the final bill of some 200 online deal shoppers without them being aware (Aripin, 2013). Upon selecting the deals to buy, the online payment page of StreetDeal Singapore’s website offered a 10% discount off the usual price but was accompanied by a barely noticeable premium membership fee of S$99. StreetDeal spokesman clarified that customers need to manually select the non-premium price if they do not wish to buy the membership. Unwary buyers claimed they were tricked into paying for the membership due to the conspicuous display of the discount. To add to their dissatisfaction, many customers who demanded for refunds had not received their money back within the promised seven working days.

(2) In March 2012, an online spree offering huge discounts on branded bags and accessories on the Singapore Motherhood forum was abuzz with keen buyers (J. Tan, 2012). It turned out that over 200 buyers had fell victim to a series of online scams involving more than S$53,000. The woman behind the scams had organized bulk purchases for upscale brands offering temptingly low prices with lower exchange rates and cheaper shipping fees. She subsequently disappeared from the online forums and did not turn up for appointments to hand over the goods as promised. After angry buyers lodged police reports, she finally apologized and made refunds progressively.

News of online scams, such as the stories above, has brought to the limelight questionable ethical behavior of online retailers. Despite interest on how these online sellers make decisions regarding ethical selling on the Internet and the factors affecting these behaviours, empirical investigations were lacking (Yoon 2011). The field of marketing ethics has produced several theoretical models, both normative and descriptive, to guide, explain and describe the process by which a person makes an ethical decision. Normative studies in marketing ethics are basically concerned with “what ought to be” in order to evaluate and improve ethical behavior. Many of the normative frameworks are grounded in moral philosophy and most studies examining marketing and selling ethics have used moral theories. This study departs from the previous research in that it is centered on moral virtues, which remain an under-researched area till today. Applying moral virtues in an online retail setting grants us a distinctive understanding of the moral attitude displayed by retail practitioners that is not duty-based nor outcome-based.

Recent economics research suggest that individuals’ behavior could be explained by concepts of intrinsic motivation (Bruni & Sugden 2013). Studies that examined the potential influences of moral motivations on the practice of e-business entrepreneurs are scarce, e.g. Yoon (2011). The entrepreneur is defined as someone who is a founder, owner and manager of a business venture (Ginsberg & Buchholtz 1989). E-business or e-commerce, as used interchangeably in literature, refers to the process of buying and selling of goods and services over the Internet (Holsapple & Singh 2000). Past empirical studies in entrepreneurship literature were mostly conducted in brick-and-mortar contexts e.g. McNeill (2006). However running a retail-style business on the web - a highly competitive environment characterized by spatial and temporal separation of sellers and buyers, is a significantly different manifestation from the traditional business setting. Studies have shown that moral values, such as Confucian values, play a critical role in shaping an entrepreneur’s behavior and practice, e.g. Cheung and King (2004). Therefore the purpose of this study is to identify the moral values influencing business entrepreneurs in e-commerce settings and their practice, as well as to explore the effect of Confucianism on ethnic Chinese entrepreneurs.

The structure of this paper is organized as follows. The sections that follow describe the theoretical framework, the Confucian approach towards ethics in business management, and the socio-cultural background of Singapore in which this study is based. The next section
explains the methodology, sampling of online store owners, data collection and analysis methods used in this study. The subsequent sections discuss the findings, followed by implications and limitations to conclude the paper.

2 LITERATURE REVIEW

2.1 Theoretical Frameworks Based on Moral Philosophy

The field of moral philosophy and marketing ethics provides the most relevant frameworks to examine the rules, guidelines and ethical principles influencing online sellers. Individuals make decisions based on a set of philosophical assumptions (O. C. Ferrell & Gresham 1985), and these rules stems from moral philosophies (O. C. Ferrell et al. 1989). The significance of moral philosophies is that they provide the standards to evaluate a person’s intentions and the consequences of his action (O. C. Ferrell et al. 1989). Most works in normative marketing ethics are characterized by the use of ethical theories (e.g. Fritzschke 1985; Laczniak 1983; Laczniak & Murphy 2006; Murphy & Laczniak 2008; Yoon 2011), especially utilitarianism, deontology and justice ethics to guide decision-making. Comparatively, less attention was given to virtue ethics, although it is an important branch of knowledge in moral philosophy dating back to thousands of years since the days of Aristotle.

The study of virtue ethics can contribute to a deeper understanding of business behavior in several ways, argued Daryl Koehn (1995). First, virtue ethics emphasize the importance of individuals’ contribution to their society in terms of offering goods and services of value that facilitates interactions among the community Second, friendly competition in the business world is encouraged, and practitioners could do so by taking into consideration Aristotle’s virtues when conducting business. Third, business people possessing virtuous characteristics would not simply judge the right or wrong of a particular action but consider the past decisions that could have led to the action. Finally, the desire and the doing of good deeds are habitual in a virtuous person.

Empirical literature on virtue ethics has provided a framework for assessing the virtuous qualities of business practitioners (Shanahan & Hyman 2003). Aristotle’s conception of cardinal virtues is gentleness, bravery, modesty, temperance, righteous indignation, justice, liberality, sincerity, friendliness, dignity, endurance, greatness of spirit, magnificence and wisdom (Moberg 1999). Comparatively, the traits in contemporary models such as Reidenbach and Robin (1990)’s three-dimensional scale are fair, just, acceptable, morally right (broad-based moral equity dimension), traditionally and culturally acceptable (relativistic dimension) and not violating an unspoken promise or unwritten contract (contractualism dimension). Solomon (1993) emphasized on the virtues of honesty, fairness, trust and compassion in the business world, among many other positive traits such as benevolence, friendliness, reliability, and trustworthiness. Murphy (1999) claimed that certain character virtues are universal across cultures and suggested that five core virtues, namely integrity, fairness, trust, respect and empathy, are relevant in an international and multicultural context. Integrity refers to the “adherence to a moral code and completeness”; fairness is “marked by equity and free from prejudice or favoritism”; trust relates to “faith or confidence in another party”; respect is “giving regard to views of others” and empathy is about “being aware of and sensitive to the needs and concerns of others” (Murphy, 1999 p. 113). Shanahan and Hyman (2003), in their development of a virtue ethics scale utilizing student samples in the U.S., found that the core marketing virtues are empathy, Protestant work ethic, piety, respect, reliability and incorruptibility. In a study involving Philippines managers, four key virtues were evident - care and concern, competence, ambition and superiority (Racelis 2013). Several personal virtues are also relevant in the organizational context, namely integrity, empathy, courage, warmth, zeal and conscientiousness (Chun 2005).
2.2 Relevance of Confucian Ethics to Business

Confucianism, as a moral philosophy which originates from ancient China, defines morality as being grounded in humanity (Snyder & Bockover 2003). To Confucius, being human is to be involved in relationships and interactions with others (D. Koehn 1999; Romar 2002). Relationship, a fundamental tenet in Confucianism, is embodied in *wu lun* and takes the hierarchical form of king-subjects, father-son, husband-wife, elder-younger brothers and between friends (Yen 2008). Individuals are expected to perform their roles morally in social relationships, guided by virtues of *ren* (benevolence) and *li* (propriety or ritual) (Romar 2004; Yen 2008). To be moral, is to embody virtues, of which true goodness (*ren*) is of the utmost important. A person of true goodness is naturally sensitive to the needs and feelings of others as he views the world around him as an extension of himself (Gardner 2003). *Li* (ritual) is seen as an external expression of the principles within a person. Practicing ritual aims to curb a person’s selfish desires and mould his behaviour to become truly good over time (Gardner 2003). The essence of true goodness can be found in the Chinese golden rule of treating others as one wishes to be treated oneself, that is reciprocity (*shu*) (Gardner 2003).

The Confucian approach towards business ethics places emphasis on the development of human virtues while striving for business profitability (Chan 2008), that is to achieve profits in a moral way (Lee et al. 2009). Confucius did not condemn profiteering unless it was sought for selfish fulfillment of material desires at the expense of the good for the community (Ornatowski 1999). In the event of a conflict between the attainment of business profits and virtuous living, the latter should triumph (Chan 2008). There is no apparent incompatibility between Confucian ethics and capitalism as the goal of classical capitalism of perfect competition, according to Nuyen (1999), is to achieve “social harmony and ultimately the harmony of the whole nature” (p. 75). This economic goal is consistent with the Confucian concepts of *chung yung* (the Mean) and the way of the *Tao* (Chan 2008).

To Confucius, the guiding principle for a person’s entire life, including his business activities, rests in the principle of reciprocity (*shu*) and the golden rule “Do not do to others what you do not want them to do to you” (*Analects*, Book XV, Number 23). Grounded in the principle of reciprocity is the concept of *guanxi*, that is, the interpersonal relationships or connections involving social exchanges of mutual benefits or favours (Chan 2008). Guanxi practices among the Chinese community has become an integral part of business so much so that it may result in bribery that is deemed unethical, especially if personal gains are obtained at the expense of other members in the society (Chan 2008). To the Chinese, the business entity is both economic and social (Romar 2004).

Confucian principles provide a sound framework for guiding the practice of ethical business management, according to Woods and Lamond (2011). The key principle is to become a *junzi* i.e. an individual with exemplary moral conduct. The practice of human virtues i.e. the self-cultivation process, is intricately associated with becoming a *junzi*. The cultivation of the inner self of a Confucian individual is often assessed through his external behaviour, which is in turn interpreted in relation with the community that he belongs (Chan 2008). The principle of social harmony is achieved by practicing *ren, li* and *yi* (righteousness). The Chinese business culture is not only relationship-based, but relies on the fulfilment of roles and duties in the community prescribed by the Confucian tradition (Lee et al. 2009; Snyder & Bockover 2003). Henceforth the principle of acting ethically according to roles applies. The fourth principle of complementary reciprocity is grounded on the “golden rule”. The pole star principle refers to leaders acting as moral role models and inspiring others by their example. The principle of moderated desires teaches one to “temper excessive desires” (Woods & Lamond 2011 p. 677) for wealth and focus on developing the moral character instead. Lastly, being good and virtuous rather than relying on good laws in maintaining ethics serves as an all-time reminder to business operators (Woods & Lamond 2011).
2.3 Singapore as the context of study

Singapore is a multicultural society with predominantly Chinese residents (74.1% Chinese according to the most recent published Census of Singapore 2010 (2011)). The ethnic Chinese are mainly descendants of early immigrants from China during the latter half of the 19th century and shared a common Confucianism heritage (Yen 2008). Through education, customs, social practices and upbringing, Confucian values are passed down within Chinese families and communities throughout the generations (C. Tan 2012; Yen 2008).

As a society, Singapore has undergone a transition of common value system from the Confucian Ethics campaign in the 1980s to the Share Values initiative in the 1990s driven mainly by the government (Englehart 2000). The Confucian Ethics campaign includes introducing Confucian Ethics academically and socially. Academically, Confucian Ethics course was offered in the secondary school curriculum and a Confucius think-tank, the Institute for East Asian Philosophies, was set up. Socially, the media promoted Confucianism “as a code of personal conduct for modern Singapore and promoted in the form of public debate and discussion” (Kuo 1996 p. 299). Without achieving wide success, the Confucian Ethics campaign was subsequently replaced by the Shared Values initiative. The Shared Values, passed as a White Paper in Parliament in 1991, bears a strong resemblance to Confucian ideals, noted several researchers (e.g. Chua (1995); Kuo (1996); Mokhtar (2010); C. Tan (2012)). The broad principles that made up the Shared Values are:
1. nation before community and society before self
2. family as the basic unit of society
3. community support and respect for the individual
4. consensus, not conflict
5. racial and religious harmony

According to the White Paper (Parliament 1991), the Shared Values represents the Singapore identity as it coalesce the major culture heritages, various attitudes and values that are common to the major groups and yet are distinctly Singapore’s characteristics. C. Tan (2012) went on to argue that the Shared Values is evidently communitarian in nature as Singaporeans are expected to “compromise” their self-directed, individual interests, benefits and rights for the larger common good of the society. However, over the years, the Shared Values ideology seems to fall into obscurity and appears to be a passing phase in the state’s attempt to establish a national identity (Chia 2011). As the nation celebrates her 50th year of independence in 2015, the central theme is “one people” and the focus is on the shared values - “enduring values that we share as Singaporeans, values that undergird the Singapore Spirit – values that have stood us in good stead in the past and give us confidence for an even brighter future”, according to the Singapore50 Steering Committee Chairman, Mr Heng Swee Keat (“Celebrating Singapore's 50th Birthday as One People” 2014).

With the rise and fall of Confucianism, the degree of its presence in Singapore remains debatable. C. Tan (2012) maintained that Singapore is notably one of the Southeast Asian countries that embrace an Asian version of communalitarianism. Fundamental Confucian values permeated the Chinese community (Yen 2008). However claiming that the Singapore society as a whole subscribes to Confucianism is problematic, noted Englehart (2000), as multiple races and religions coexist in the country. Englehart (2000 p. 554) further pointed out that there is scant evidence that Singaporeans are “actually implicit Confucians who practiced Confucian principles”. Singapore is chosen as the context of this study as it represents an interesting crossroad of the East and West, with a juxtaposition of traditional Confucian and contemporary western influences on her culture.

2.4 Issues Arising from Extant Research

First, studies of influences on ethics were mostly carried out on consumer perception e.g. Román (2007) or in brick-and-mortar settings e.g. McNeill (2006) but rarely on sellers in e-
commerce context (Bush et al. Bush 2000). Empirical research has yet to ascertain how ethicality is enacted in online selling practices. Moreover the Internet medium as a situational context is not well studied as revealed in a recent meta-analysis (Schlegelmilch & Oberseder 2010) and the effects of moral issues arising in an Internet context remain under-researched (Yoon 2011). The Internet is the chosen context to study ethical sensitivity as it is a relatively young industry and younger industries have historically been faced with ethical dilemmas in an unregulated environment (Sama & Shoaf 2002).

Second, studies (e.g. Chan (2008); Ip (2009c); Romar (2002)) suggest Confucianism could be a normative foundation for business ethics, especially in East Asian countries. A growing body of research has since examined its influence on business contexts in China (e.g. Ackerman et al. (2009); Ip (2009a); (Zhu, 2009)), but empirical work based on Taiwan, South Korea, Singapore, Malaysia and Vietnam is still rare, with the exception of Cheung and King (2004); Lin and Ho (2009); Tan and Tambyah (2011). Extending previous empirical work on Confucianism, this study is based on Singapore within a predominantly English-speaking community.

The central research questions formed in this study to examine the moral influences on business practices of online sellers in Singapore are:

- What moral virtues will influence e-business entrepreneurs in their practice?
- To what extent does Confucian ethics exert an influence on Chinese e-entrepreneurs in Singapore?

3 METHODOLOGY AND METHOD

3.1 Qualitative Approach

Ethics scholars have advocated more studies in the qualitative perspective to broaden the methodological base, e.g. (Brand & Slater 2003; Robertson 1993). While the use of scenarios in ethics research remains a popular methodological approach, the collection of actual responses of actors in a given situation has its merits over the use of closed-ended items in scenario-based surveys (O'Fallon & Butterfield 2005). Researchers have recommended conducting more meaningful studies using the interview method with individuals who have engaged in the ethical decision process to recount their thought processes and the influencing factors that lead them to behave ethically or unethically (McMahon & Harvey 2007). This study responds to the call by adopting a qualitative research strategy in understanding the cultural and ethical influences on online sellers in their decision-making and in giving “voice” to them. Some considerations play into the decision for selecting a qualitative approach here. The exploratory nature of the research problem on a topic which has never been addressed with online sellers in Singapore merits a qualitative approach (Creswell 1994). An exploratory qualitative empirical study will be appropriate as a start to investigate the influence of an online context on the moral considerations of selling ethics, which is presently an under-researched area.

3.2 Sampling, Data Collection and Analysis

Taking into consideration Guest, Bunce and Johnson (2006)’s recommendation of a minimum sample size of twelve for qualitative studies to reach data saturation, this study recruited a purposive sampling of fourteen participants. Respondents were practicing entrepreneurs who operate online stores, blogshops or e-stores in business-to-consumer e-marketplaces such as Etsy, and Qoo10. All the respondents are ethnic Chinese, although one has lived extensively
in Australia. The majority are females, with the exception of two male participants. The online stores sell a range of consumer goods, which are typical of products sold on the Internet, such as apparels, foodstuff, books, hobby craft, household and lifestyle items. All e-businesses were in operation for more than six months. About half of the entrepreneurs are sole proprietors while the rest are micro-businesses with less than five employees. In-depth interviews were conducted in English and lasted from forty to ninety minutes. The interviews were audio-recorded and subsequently transcribed for further analysis.

The main questions posed to the respondents were: “What principles do you adopt in doing business?”, “What do you think are fair practices in online selling?” and “What motivates you to adopt these practices?” The researcher then coded the responses and the results yielded a list of moral virtues and corresponding business practices. The list was then reviewed for similarities after which seven virtues emerged as the result. The seven virtues and their corresponding business practices are discussed in the following sections.

4 FINDINGS AND DISCUSSION

4.1 Moral Virtues Relevant in E-business Practice

4.1.1 Integrity, honesty, truthfulness

Integrity was the most frequently mentioned business principle that respondents claimed they adopt in running their e-businesses. Respondent GT sums it up nicely:

“Whatever you do, do with integrity. Whatever you say you (will) deliver, you deliver. Whatever you say you are not going to do, make sure your don’t do it!”

Indeed, integrity is a critical concept in business ethics, be it online or offline. The interpretation of integrity by contemporary business ethicists is diverse and varied (Jacobs 2004). Integrative social contracts theory views integrity, together with fairness and respect for others as timeless principles that are fundamental to business (Donaldson & Dunfee 1999). The traditional definition of integrity in ethics is often synonymous with honesty and truthfulness of a person’s actions. For example, Respondent JE stated “honest living” and “don’t cheat others (and) create unnecessary problems for others”. Respondent PE mentioned “an honest, above-the-table approach, where the customer, the vendor and myself have visibility.” The example of truthfulness is illustrated by Respondent PL’s reply: being truthful, “that’s how I run a business”. To Respondent JE, “truthfulness to customers” is of utmost importance.

The integrity of a company also rests firmly on its ability to keep promises. Not keeping promises leave the customer with a sense of being cheated. Respondent GT said:

“Whatever you promise your customer, you should deliver. If you can’t deliver then you will have to explain to your customers to let them understand.”

“You have to make true your promise”, was the advice from Respondent PC.

Respondent IS, who is a wholesale distributor of children skincare products and an online retailer, associates integrity with having her e-store abide by the same set of rules as her down line retail stores, that is, there are no double standards. She cited the example that the regular prices of her products are consistently the same across all retailers. Not a single retailer will mark down prices to undercut the others.

Staying true to the company’s claims on its website is a sign of integrity too. Respondent NL, operates an online shop with the tagline “responsible convenience” that sells bio-degradable cutlery shared this:

“We have an eco-business so that is really at the forefront of, like everything that we think about. We don’t compromise on that. So we consider that when we think about packaging, when we even think about like the carbon footprint in the transportation of the products. Ya,
we really think about it from every aspect. And from our customers, we have even customers who have asked us to [...] make a plastic lid for this product and, you know, we said no. We don’t do things like that. We don’t compromise the eco-values at all, down to very minor details, like the envelopes that we used, the labels, the way we label our products. Even the packaging boxes for all our retail products are all bio-degradable. We have products that have like a see-through window on the box, so it's like a cardboard box with a see-through window, even that window we go to lengths to make sure that it’s plant-based materials that’s bio-degradable. So that aspect I guess is really our strongest kind of value that we always adhere to.”

4.1.2 Fairness

The fair treatment of customers was one of the key principles mentioned by the respondents in this study. One of the ways to demonstrate fair treatment is to sell a truly good quality product, according to a respondent. In this example, Respondent JH equates fairness to customers as providing good quality that the customers deserve:

“When you sell something, it must be a very good product that you believe in. It’s something that you will use it yourself, then you share it and sell it to other people.”

Respondent ES advocates not compromising on quality too:

“Okay, one of the things is not to compromise on the quality itself, so I'm quite particular. So I do hand-pick in the sense that I’m quite strict about the titles that we carry. I have to be selective as well, things that I feel that parents will appreciate, things that may not be so easily available in a retail store. For me, I'm also coming from the point how can this online web store benefit parents like myself.”

Respondent MR, another participant who sells children books in an online store, viewed the suitability of the products for the target market as crucial: “My top priority would be still whether this product is good for the child.”

She also associates it with the issue of integrity:

“There’re other book stores selling books that I rejected. Maybe the translation was bad, or the translation was wrong in fact. These books are going to be very misleading and you’re going to teach the child the wrong thing. So, that’s definitely... integrity.”

Fairness can win customer trust, increase customer confidence and ultimately leads to customer loyalty (Seiders & Berry 1998). Consumers value fairness and hence the principle of treating customer fairly is of critical importance to business. This is especially so for e-businesses, due to product intangibility and increased customer vulnerability on the Internet, as buyers cannot touch the product nor interact face-to-face with the seller before buying.

Besides selling high quality products appropriate for the target market, another way to demonstrate fair treatment to customers is being fair in pricing. As Respondent JH revealed, being fair to customers is setting a reasonable mark-up price that does not exceed the usual retail profit margin. Price fairness that is associated with not over-charging consumers is related to the concept of distribution fairness (Diller 2008). Distribution fairness, or just distribution, is about the proportional allocation of resources or price premiums, which in turn implies sellers not exploiting profits for selfish gains. As Kahneman et al. (1986) puts it, “the cardinal rule of fair behaviour is surely that one person should not achieve a gain by simply imposing an equivalent loss on another”.
4.1.3 Justice

While treating customers fairly is essential, protecting employees from unfair customers is equally important. In response to unreasonable customers who verbally abuse her employees, Respondent GT’s approach is never to bend over backwards. She remembered a difficult customer who request for refund for a pair of socks after it was worn for two weeks, by “making very loud noises in the shop”. An example of “returnaholics”, the customer had used the product until it is worn out but claim it is defective and thus return it for a refund (Berry & Seiders 2008). Respondent GT added:

“I’m a very principled person, I do not care how much noise you make in my shop. If you are not right, I’m not going to bend to you, because I don’t think that’s right. We don’t bend. We go with what is the right thing to do.”

Instead of blindly believing in the maxim “the customer is always right”, Respondent GT stood up for her employee, showing that she valued her staff more than a rude customer. What Carson (1996 p. 6) described as integrity is also highly relevant here - “standing up for those who are under attack, loyalty to people to whom we have committed ourselves”.

4.1.4 Reciprocity

Reciprocity rests on underlying belief of the famous maxim – the Golden Rule, that is, “treat others as you would like others to treat you”.

Respondent GT echoed the Golden Rule: “(When) you are being fair to a customer, your customer will be fair to you.” Respondent PE supported that view: “The basic principle is, do unto others what you want others to do unto you. Then I expect a fair deal from my vendors. I suppose my customers also expect a fair deal from me.”

Respondent AS agreed, as she said: “If you don’t want people doing that, I don’t do to other people.”

4.1.5 Generosity, kindness

When asked about the principles that guide her in running an e-business, Respondent BL replied that her only principle is: “to be kind to people”. Respondent JH recalled a case when the mail package for her customer was lost in transit. Even though the incident is not her fault, she offered to replace the order with the request to the customer to pay for registered mail with a tracking number. She reasoned that by doing so “it’s a good experience for them, so that they don’t feel like they have been cheated.”

Another example of generosity demonstrated by Respondent JH is to delight customers by giving free “little extras” which are related to the product customers bought. Although the free gifts may cost little to the seller, the buyers are generally pleasantly surprised when they received it. Such acts of generosity and thoughtfulness are appreciated by customers and go towards building a closer relationship.

4.1.6 Authenticity

Closely related to honesty is the notion of not copying competitor’s product and claiming it as one’s own creation or by not violating the intellectual property rights of a trademark. Respondent PL was particularly disappointed with competitors who copied the product design of her brand right down to the smallest details and labelling it as another brand. Her brand has enjoyed pioneer status and good reputation in the local market for more than a decade.
She emphasized on being authentic and original in product offerings as an important principle in the conduct of her business. In her words: “I have an image to carry. I can’t copy people.”

Authenticity, when defined in terms of originality relates to concept of honesty (Napoli et al. 2014). Brand authenticity, in the field of product research, is central to the status of a brand and a firm’s reputation. Consumers use brand authenticity to differentiate between an original and an imitation. Brands with a strong history and heritage, such as the product sold by Respondent PL, adds to its authenticity (Napoli et al. 2014).

The authenticity of original contribution of online content in a website also leaves much to be desired. Plagiarism of information content available online is easy and may not be readily discovered by the originator, and thus the temptation to copy is great. Respondent MR describes how a large proportion of her online information content was plagiarised by a competitor:

“I went to take a look at the Facebook page and, yes – why I can tell that they copied from mine, is because I wrote every single book description myself. So I would know if it’s what I wrote. And then, the book titles, there are millions out there, it’s… it cannot be pure coincidence that she has about 90%. Plus the pricing, I came up with them from scratch, and they followed my pricing very closely or just maybe one dollar less, just to be a bit more competitive. Even the terms and conditions, that I got a lawyer friend of mine to draft it out, so it’s new, like it’s a legal document that was freshly drafted out so there’s no way that she could have copied it from somewhere else except from my site because it was word for word, except that they changed the name of the store.”

4.1.7 Responsibility, accountability

Respondent GT felt that owning up to mistakes made and honouring them for her customers is important. She cited a case where the price of a product was uploaded wrongly by a staff. Instead of the usual price, it was cheaper by a few dollars. The mistake was only discovered when a customer placed an online order. As a goodwill gesture and in demonstrating responsibility and accountability for the error, Respondent GT fulfilled the order at the cheaper price and at the same time communicated to the customer that it was a human error, so prices will be reverted back to the original thereafter.

Accountability is important in e-commerce transactions as consumers can hold companies liable for fraudulent practices (Kailar 1996). Research has shown that honouring online pricing mistakes can minimize the damage on its financial loss and reputation. Negative publicity generated on the web spreads wide and fast as geographic and time barriers are narrowed (Chi & Hung 2011). Morganosky and Cude (2000)’s practical advice to retailers is to honour advertised prices to reduce customer dissatisfaction from the negative experience.

Taken together, the moral virtues of fairness, integrity, justice, reciprocity, generosity, authenticity and accountability exhibited by the sellers contributes to a better sales environment, for customers, for employees and even for competitors. Personal characteristics and attitudes of micro e-business entrepreneurs plays a direct and instrumental role in their firm’s decision-making (Spence 1999). Moral virtues, as part of the entrepreneur’s personal characteristics, are therefore important in shaping the firm’s relationship with its stakeholders, particularly customers (Bull & Adam 2011). In an online shopping environment characterized by anonymity, spatial and temporal separation of sellers and buyers (Pavlou et al. 2007), moral virtues is not only relevant, but highly desirable.

Table 1 presents a summary of the moral virtues and corresponding examples identified in this study. The examples listed here are by no means exhaustive with reference to the online retail industry.
Moral Virtue | Examples of Corresponding Business Practices
--- | ---
1 Fairness | • Sell a high quality product and one that is appropriate for the target audience  
  • Do not over-charge; offer the most competitive price
2 Integrity, Truthfulness, Honesty | • Do not cheat  
  • Keep promises  
  • Stay true to company’s claims
3 Justice | • Do not bend for unreasonable customers who abuse employees
4 Reciprocity | • “Be fair to customers and customers will be fair to you”
5 Generosity | • Give little extras free-of-charge  
  • Replace lost mail packages for buyers even though it is not the seller’s fault
6 Authenticity | • Do not copy the design of competitor’s product  
  • Do not plagiarise information content from others
7 Responsibility, accountability | • Own up to and honour mistakes made by seller e.g. wrong but cheaper price displayed on website

Table 1. Moral virtues that influence e-business entrepreneurs

4.2 Confucian influences in Singapore E-business Practitioners

While the interview questions in this study do not explicitly mention about Confucianism, traces of the ethical belief can be found within the responses of the online sellers who are of ethnic Chinese decent.

First, the principle of reciprocity (shu) surfaced prominently as a few respondents echoed the Golden Rule from the Analects (Book XV, Number 23)– Do not do to other what you do not want them to do to you. For example:

“(When) you are being fair to a customer, your customer will be fair to you.” (Respondent GT)

Reciprocity (shu), to Confucius is the single most important guiding principle in a person’s life, including his business venture.

Second, grounded in the principle of reciprocity is the concept of guanxi, that is, the interpersonal relationships or connections involving social exchanges of mutual benefits or favours. In the case of Respondent GT, truthfulness is a necessity for business sustainability, and she shared: “If you want a long-lasting business with a long-lasting relationship, you have to be truthful” and “If you are fair, your good customers will return. I think that’s sustainability basically.”

Respondents MR and DI shared similar views: “Customer service is what brings the customer back”, and “happy customers come back”.

Respondent ML further added that satisfied customers would recommend new ones to her: “When I see my customers happy and they come back, and they introduce other customers.”

Respondent NL, who emphasized the importance of customer service to all her staff, commented: “Customer service is.. one thing we tell everybody who answers the phone to the delivery person. We try to make sure that’s really important and our customers feel that we really make an effort to ensure that they have a good experience with us.”

Third, righteousness (yi) was displayed when Respondent JH insisted on selling things that only she herself would use. As a certified rubber stamp carving artist, the seller refuses to sell any products that she considers as low quality, such as cheap rubber blocks that give out a
weird smell. Yi relates to differentiating the right from wrong and knowing the morally right thing to do.

Fourth, benevolence (ren) was exhibited in Respondent JH’s behaviour towards good customer service when the seller offered to replace a lost mail package even though it was not the seller’s fault. In doing so, the seller’s aim is to create feelings of satisfaction and happiness in the customer by providing a smooth online shopping experience. In the seller’s own words, “It is important that they are satisfied, that they have a good experience and they feel happy… so that they don’t feel like they have been cheated.” Benevolence is a foundational principle that comprises of moral goodness and acting with empathy for others in interpersonal relations (Woods and Lamond 2011).

There is evidence of some presence of Confucian values in the business practice of Singapore online sellers in this study, such as those described above, although the overall socio-ethical orientation of the sellers does not appear to reflect strongly the values of the Confucian tradition. Reciprocity (shu) and social relationship (guanxi) have appeared consistently in almost every respondent’s reply, while the principles of righteousness (yi) and benevolence (ren) is scarce. Reciprocity (shu) is one of the key concepts, along with harmony (he), hierarchy and paternalism, innovation and progress, in which ethnic Chinese business ideology is centered (Yen 2008). The influx of western influences due to globalization had since shifted the Chinese management style to a hybrid of meritocracy and guanxi (Yen 2008).

Confucianism was deemed to have lost its intuitional support in China, Hong Kong and Taiwan, according to Cheung and King (2004). Likewise in Singapore, there is hardly any association with official state ideology in the media in recent years, although its scant presence can still be found in academics such as the Confucius Institute within the Nanyang Technological University. As part of the Character and Citizenship Education programme, the primary and secondary schools in Singapore continue to teach values very similar to Confucianism. Examples of such values are (i) harmony by promoting social cohesion in a multi-cultural society, (ii) an active community life by supporting and contributing through community and nation-building activities and (iii) national and cultural identity by possessing a sense of responsibility and a shared commitment to the ideals of the nation (Ministry of Education 2014a, 2014c). Through compulsory education, school-going children are inculcated with values of shared commitment to the nation, community support and social harmony, which indirectly reflects the principles of the Shared Values. The majority of the participants in this study falls within the age range of 30 to 50 years old and grew up in Singapore (except one participant who has lived extensively in Australia), thus most of them would have presumably come in contact with Confucian teachings in different forms since the 1980s. Furthermore Confucian teachings has remained alive within the family and at the community level, argued Chan (2008). It an be assumed that most of the study participants have knowingly or unknowingly being instilled with Confucian values through their families, communities or formal education.

5 CONCLUSION

The study of e-business entrepreneurs shows that although business sustainability remains as the primary objective for the existence of the business, moral virtues such as integrity, reciprocity, authenticity, accountability, fairness to customers, and justice to staff are no less important, especially in an increasingly competitive online selling environment. While most of the moral virtues and ethical business principles identified above are applicable in the traditional context, they have become more important in e-commerce due to the unprecedented growth of fraudulent activities on the Internet (Schibrowsky et al. 2007).

The contributions of this study are mainly two-fold:
Consistent with earlier research prior to e-commerce, e.g. Murphy (1999); Solomon (1993), this study finds relevance of moral virtues in business practices. Seven moral virtues relevant to micro e-businesses are integrity, fairness, justice, reciprocity, generosity, authenticity and accountability. Each of the moral virtues is nested in business practices that e-practitioners could adopt.

This study demonstrates that Confucian ethics continues to play a role, albeit a small role at present, in influencing e-business ethics in a predominantly English-speaking Chinese community in Singapore.

The implications to online retailers are summarised as follows. First, for retailers selling common goods such as apparel and books, to differentiate among competitors on the Internet, it is important for them to sell high-quality products at competitive prices, without overcharging customers. Second, the advantage of being small is the ease in building a more personal relationship with the customer, which in turn promotes loyalty to the e-store. Sometimes the seller-buyer relationship is blurred as dyad turned into friendship. Third, trust on the Internet is crucial yet fragile and hence it is especially crucial for retailers to keep promises, thereby excising the principles of integrity, truthfulness and accountability to boost consumers’ confidence.

A limitation of the study is the relatively small sample size within a confined geographical area. Another limitation is the difficulty in determining ethicality in behaviour due to the possibility of social desirability bias (O'Fallon & Butterfield 2005). Since the purpose of the study is to uncover moral virtues of online sellers, interviewees may intentionally present themselves in the most favourable light when talking about their good business practices.

Future research could conduct a quantitative survey to find out the prevalence of Confucian ethical values in Singapore and assess the relevance in today’s contemporary business contexts. Still, other studies could replicate this research design in Confucian-influenced societies such as Taiwan, Hong Kong, South Korea and compare the differences in moral virtues in each of these societies.

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