

# Ethics of Retailers and Consumer Behavior in E-Commerce: Context of Developing Country With Roles of Trust and Commitment

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## ABSTRACT

In the era of the information-communication technology with the development of electronic commerce, consumers can buy almost everything anywhere and at any time. One of the greatest benefits of e-commerce has been the convenience and the vast choices which consumers get online. However, some serious issues exist that impede consumers from transaction online. These issues have attracted the attention of many marketing researchers in recent years. In this research, the authors focus on the impact of consumers' ethics perception of e-retailer on their purchase intention and satisfaction. The authors also try to clarify the roles of trust and commitment in the relationship of ethics on consumers purchase decision and satisfaction because of their importance in e-commerce but also the privation in the research of previous studies. The data collected from a survey of 390 online consumers in Vietnam. Results reveal that there are significant relationships between online retailers' ethics and consumers' purchase intention and satisfaction via the mediation of trust and commitment.

## KEYWORDS

Business Ethics, Commitment, Electronic Commerce, Purchase Intention, Retailer Ethics, Satisfaction, Trust, Vietnam

## 1. INTRODUCTION

Internet that is one of the most remarkable inventions of 20<sup>th</sup> century; it has been extensively applied in several fields in business and in our daily lives. The internet with over 3.4 billion users worldwide in 2016, compared to 2 billion in 2010, 1 billion in 2005 and 0.414 billion in 2000 (Internet world stats, 2016). In the developing countries, 31% of the population is online, compared with 77% in the developed ones (Internet world stats, 2016). E-commerce is one of the most important Internet applications (Kim, Ferrin, & Rao, 2009; Yang, Lin, Chandlrees, & Chao, 2009), as it has dramatically revolutionized the way we shop, where shopping online provides the unprecedented flexibility in terms of time and place. As the internet phenomenon brings about the greatest of conveniences, it also

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poses new challenges – the issue of ethics being one of most severe. Internet is a new environment for unethical behavior (Freestone & Mitchell, 2004). Ethical issues about Internet usage have provoked critical problems to consumers and created new issues for practitioners (Román & Cuestas, 2008). Un-ethical behavior of e-retailers has restrained consumers to transact online. As more and more e-retailers enter into e-commerce, and increasingly offer more alternatives to consumers, competition intensifies. Thus, the ability to retain consumers has become more important a success requirement than ever (Reichheld & Scheffer, 2000).

Marketers and/or e-retailers have to provide insights into how ethics relate to consumer behaviors, particularly how consumers perceive and evaluate the ethics of e-retailers and how to satisfy consumer expectations (Anderson & Srinivasan, 2003). Ethics is the study of acceptable criteria and rules that guide the practices of individuals and groups (McLaren, 2003), although to-date there is still debates about what standards should be used in marketing as moral standards (Sergio Roman, 2007).

In comparison to studies in conventional retailing, studies into ethics relating to e-retailing is less advanced. In recent years, more ethical issues have arisen in e-commerce; such as misleading/untruthful advertising, bad product quality, cheating, intrusion of privacy, information misuse, betrayal of trust, etc. Generally, it is believed that the main reason of these problems is the faceless interactions and the opportunism of some retailers. So additional research on the consumers' perception of ethics in an online environment is needed (Limbu, Wolf, & Lunsford, 2012), (Elbeltagi & Agag, 2016).

Up to now, some researchers have examined consumers' perception of e-retailers' ethics. Roman (2007) proposed a scale measuring the perception of online retailer's integrity and responsibility in dealing with consumers in a secure, confidential, fair, and honest manner. Other studies investigated the impact of perceived ethics on general internet expertise and word of mouth (Román & Cuestas, 2008) ; the ethical performance of shopping web sites' on consumer trust (Yang et al., 2009) ; on satisfaction and loyalty (Limbu, Wolf, & Lunsford, 2011), on purchase intention and revisit intention (Limbu et al., 2012). From the scale of Roman (2007), (Elbeltagi & Agag, 2016) proposed a new scale including four (4) constructs of Roman and two (2) new ones (services recovery and shared value) and tested the effect of them on satisfaction and repurchase intention.

Despite increasing expectations from customers, the ethics of e-retailer has not been adequately analyzed in marketing literature. Previous studies also indicated that trust is one of the most important key success factors in e-commerce (Fang et al., 2014; Chen & Dibb, 2010; Arman 2011; Kvasova, 2013). Other research specified the impact of commitment in building and maintaining a good relationship between consumers and retailers or vendors (Kozlenkova, Palmatier, Fang, Xiao & Huang, 2017), (Eastlick, Lotz & Warrington, 2006). As consumers' purchase intentions and satisfaction are important factors in e-commerce, these have attracted a lot of studies (Akbar & Parvez, 2009; Anderson & Srinivasan, 2003; Dimitriades, 2006; Limbu et al, 2012).

Almost all previous studies on CPEOR (Consumers' Perception of Ethics of Retailers) have been conducted in the context of developed countries (Elbeltagi & Agag, 2016) where the environment (of consumer income, shopping habits, legal systems, etc.) is different from those of developing countries. Vietnam is one of the developing countries having the economic growth rate which is the highest in the world in recent years (see the Appendix C). Vietnam is also a dynamic nation with more than 49 million users in 2016 in comparison with more than 94.4 million of population, the yearly penetration rate about 3.3% (see detail in the Appendix B). Concerning the e-commerce, 58% Internet users purchasing online, with 59% is female, and 37% are students. But e-commerce in Vietnam is still performing below expectation for many reasons, such as e-commerce legal system, the e-commerce infrastructure, maturity of the ethics of e-retailers which currently tend to lead consumers to distrust.

Hence, the purpose of this study is to develop and empirically test a framework that explains the following hypothesis in the context of Vietnam (a developing country with an early e-commerce environment): That, trust and commitment from e-retailers are essential enablers (or mediators) or the key measurements of e-retailers' ethics (adopting the Trust-Commitment theory). That, the key CPEOR (Consumers' Perception of Ethics of Retailers) components of security, privacy, non-deception and

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