

Chapter 46

Cyberethics of Business Social Networking

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ABSTRACT

*The digital technologies open a virtual world where making successful business over the Internet and especially on social networks imply unusual ethical dilemmas. This chapter will seek to handle this problem, characteristic of the information age, highlighting ethical challenges surrounding the participation in a new electronic dimension which quickly became ubiquitous. In the same line of the marketing model entitled “Marketing-mix”¹, a new mnemonical model is presented. This model will be designated as “Cyberethics²-mix”, and is composed by four elements, all of them having the initial letter “P”. These elements represent the following ethical issues that should be carefully taken into account when practicing business on the Internet: **P**roperty of intellectual rights over digitized contents; **P**recision of the content and data made available on the www³; **P**ossibility to access the on-line information flow; **P**rivacy of personal data on Internet networking /*

INTRODUCTION

A new digital paradigm has modified the best practices of the business world and this could be particularly true for the business practice that is made over digital social networks.

The production and distribution of bits instead of atoms allows the reduction (or even suppression) of the transaction costs that shaped the economic

fabric of industrial age, making connections a lot easier, facilitating the interpersonal collaboration and a networked economy. The utility of this network seems to be proportional to the number of its users. According to Metcalf (1995), this utility increases quadratically: “For general communication networks, in which users can freely interact with each other, it has become widely accepted that Metcalfe’s Law applies, and value is proportional to the square of the number of users” (Odlyzko & Tilly, 2006, p. 1). Even rejecting

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this so called “Metcalf’s Law”, arguing that this rule is a significant overestimate, Odlyzko & Tilly (2006) still agree that the value of a broadcast network is proportional to the number of users. In their own words, “we propose $n \log(n)$ as an alternate rule-of-thumb valuation of a general communication network of size n . (Odlyzko & Tilly, 2006, p. 4).

We think that the following image, proposed by Jarvis (2010), is useful for understanding the phenomenon of business webs in the information age. He sees the economic agents as being inserted “in a cloud of connections that lights up each time a new connection is created, so that the entire cloud grows more and becomes more dense, more luminous and more valuable”⁴ (p. 41).

We consider that such a economic environment will determine new business models. In a growing virtual world where digital networks and communities are getting bigger every day (e.g. Facebook⁵), there are several aspects that may influence the ethical direction of business practice in social networks. Wanting to contribute to clarify this subject, this chapter presents a mnemonic model entitled “Cyberethics-mix”, which comprehends four ethical dilemmas considered important to achieve best business practices on social networking in the Internet. This systematization’s main purpose is to facilitate the reflection on each one of the four elements of this model, namely observing which are the ethical implications in the following aspects: Property of intellectual rights (i), Precision or accuracy of content available on the www(ii), Possibility of access to on-line information (iii), Privacy of personal data on Internet networking (iv). For example, the “Precision” element reflects a problem that is being catalyzed by the proliferation of on-line “prosumers”⁶, i.e. the Internet users who are responsible for the production of an increasing part of the currently available digital content.

Finally, measures are suggested to resolve or diminish some ethical problems which are being aggravated by digital means.

THE NEW DIGITAL ECONOMY

The predictions for the new information age allows us to envision an economic environment substantially different from the one that ruled the industrial age, but the points of view on the meaning of these changes are sometimes opposed.

The forecasting spectre cannot be bigger, embracing so different scenarios as the prediction of self-organized monopolies digitally induced (Murphy, 2004), or the foresight of multiple business opportunities now within reach of a large number of entrepreneurs due to the reduction of entrance barriers implied in the new digital paradigm (Anderson, 2009).

Establishing one of the most worrisome scenarios, Murphy (2004) points out that this new digital economy entails a trend of monopolistic structures spontaneous creation, likely to endanger a traditionally positive economic balance and even dramatically compromise the future performance of the economic model consecrated by the industrial age. Due to five interrelated factors, pointed by this author, the individuals eagerness and economic organizations will stop to lead the economic system to a healthy market balance, translating into a relentless self-organization of undesirable monopolistic structures.

Economy of scale enhanced by the structure of costs: when the business costs structure has almost a complete absence of variable costs, gross margins increase exponentially with the sales volume. These generous “digital margins”, translate into economies of scale much larger than those registered in traditional businesses, which could result in industrial sectors dominated by a single company;

Pronounced learning curve in industries of technology and intensive knowledge: digital assets are easily duplicable and the marginal cost of each additional unit is very low (or virtually null) and for that reason the accumulation of output can be achieved more easily. However, insofar as the effect of learning and the experience curve play a

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