

## Managing the digital enterprise

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### MANAGING THE DIGITAL ENTERPRISE

*By Michael Rappa*

#### 15. ETHICS

Managing the delicate balance between commerce and the rights of the Internet community as a whole is an ongoing challenge facing the digital enterprise. The rapid growth and predominance of commerce on the Internet makes it easy to overlook its many other facets -- educational, social, creative, and artistic, to name a few. Indeed, to view the Web solely in commercial terms and to ignore its larger role in society is an oversight that can have unwelcome consequences.

So much of what we have discussed about the Internet has focused on its enormous commercial potential and the benefits that flow to consumers and businesses alike. We must also recognize how the power of the Internet can be abused. The early proliferation of unsolicited commercial e-mail -- commonly known as "spam" -- is just one example. The ease by which someone can send a message to millions of individuals is more of a curse than a blessing when used to send unwanted commercial solicitations. From clogging the network to clogging our mailboxes, spam when left uncontrolled has the potential of making the Internet a less hospitable environment in which to communicate.

As the Internet evolves technically, it evolves culturally. It is the culture of the web community that sets the boundary on what is viewed acceptable and unacceptable behavior. In the case of the latter, the ability for consumers to protest, to organize boycotts, or to simply take their business elsewhere has never been greater.

The Internet empowers individuals. Those who see injustice can act quickly and with great effect to shed light on it, and to register their disapproval. Such was the case of eToys, at one time the web's largest retailer of children's toys, now defunct. In its desire to reduce the confusion consumers might have had with an avant-garde art site named etoy, the management of eToys resorted to legal tactics to gain control over the domain name (which etoy had registered long before eToys). The toy company went so far as to sue the artist group and to gain a court injunction that closed down the etoy site under the threat of a huge financial penalty.

In hindsight, eToys' use of heavy-handed legal maneuvers, which may have succeeded in the days before the Internet, proved to be a public relations fiasco. A protest was launched on the artists' behalf. Web sites with names like EvilToy, ToyWar, and ViolentNation pilloried eToys and exposed the company's tactics. Server "sit-ins" were organized in which large numbers of protesters continuously surfed the eToy web site without any intention to do business, just simply to use up the company's server bandwidth. The protests, and the subsequent battering of eToys in the press, took its toll and the company dropped the lawsuit. But not before badly discrediting itself in many corners of the world, including in financial markets, where its stock price plummeted by 50 percent over the three months it pursued litigation.

The eToys debacle serves as a warning to digital managers who ignore or underestimate the power of social protest in a networked world. The power that a business now has to reach millions of consumers must be matched by a professional and ethical commitment to act responsibly.

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