

## **Ethical concern of online retailers on consumers' attitude in Bangladesh**

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### **Abstract**

*The Internet is a free marketplace for exchanging ideas, goods, and services. Online retailing in Bangladesh has become more emerging in recent years. Besides many prospects, it has a lot of ethical problems for consumers. This study mainly focuses on how ethical issues in online retailing influence consumers' attitudes toward online shopping and the consequences on buyers' behavior, especially on different gender groups. This article measures the four dimensions of ethical concern: security, privacy, reliability, and non-deception, of online retailing all over Bangladesh. A structured questionnaire was used to collect data from various locations nationwide. 250 respondents were surveyed and selected using a judgmental sampling technique per convenience sampling technique. The study is descriptive. Regression Analysis, Pearson Correlation, Cronbach's Alpha, and Independent Samples T-test were run in SPSS to analyze data. The result of the study found a strong impact of ethical concerns of the online retailing process on consumers' purchasing attitudes. However, it was found that ethical concern has more impact on female consumers' behaviors than male consumers.*

**Keywords:** Online Retailing, Security, Privacy, Reliability, Consumer Attitudes.

### **1. Introduction**

Traditional commerce has been drastically substituted by electronic commerce (e-commerce) with the current boom in internet use (Agag & Elbeltagi, 2014). The availability of computers and smartphones increased the opportunity to use the internet more frequently and conveniently (Miniwatts, 2018). Internet users increased to 3.58 billion in 2017 from 3.39 billion in the previous year (Miniwatts, 2018).

E-commerce is considered a new information technology trend (Saad, 2010). It is a significant trade channel that diminishes the distance between products and consumers (Lucian, R. and S. Farias, 2009). E-commerce delivers information to customers and allows retailers to target, position, and deliver goods to meet customers' needs (Dangi & Singh, 2010). It is a desirable and convenient business transaction method around the world.

As a developing country, Bangladesh is also emerging with internet and e-business. According to the e-commerce growth rate and user statistics in Bangladesh, the predicted rate of online retailing for 2015 to 2017 is higher by 78% than previously, and more and more are coming yearly. (Hossain, 2017).

The remarkable growth of online retailing presents ethical issues in the way internet signifies a new atmosphere for unethical deeds (Michell, 2004). Online business makes life easier and business faster. Even with the many benefits of online transactions, some ethical issues may drop the good image of online retailing.

#### **1.1 Research objective**

This study focuses on the consumers' attitudes regarding the ethical issues of online retailing in Bangladesh. The specific objectives of this study are:

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1. To explore the impact of online retailer's ethics on consumers' attitudes.
2. To find out which gender group is impacted more by online retailer's ethics.

## **1.2 Research hypothesis**

H1: The Ethical dilemma of online retailers has a negative relationship with Consumers' attitudes.

H2: There is a difference between the impacts of ethical concerns of online retailers on the consumers' attitudes of males and females.

## **2. Literature review**

### **2.1 Introduction and growth to e-commerce**

E-commerce has seen extensive growth in the last few decades of the available access to internet and telecommunication (Nardali, Nardal, & Sahin, 2011). The internet is a significant, influential, and unstoppable digital technology increasing rapidly worldwide (Frost, R., el-Ansary A., Strauss, 2003). E-commerce is using telecommunications and computers to facilitate the trade of goods and services (Nardali et al., 2011). E-commerce technology is considered the new trend of international business, which helps to diminish the remoteness between products and consumers (Farias, 2009). E-commerce creates a win-win situation for both buyer and seller, which is the core of its fundamental growth (Malhotra, 2014).

### **2.2 How e-commerce is replacing traditional business**

Traditional retailing is being defeated tremendously by e-commerce and is continuously increasing due to digital disruption. Consumers' shopping preferences and experiences have been transformed with the added convenience of one-click solutions. Over 5000 stores of the most significant traditional retail brands, such as J.C. Penney, RadioShack, Kmart, Macy's, and Sears, have been closed already in 2017, and another 1,000 stores are about to close in 2018 (Valustrat, 2018).

### **2.3 Ethical issues**

The remarkable development of online business creates more benefits for marketers and consumers. With lots of facility from e-commerce, customers may face problems while shopping online. According to (Christensen C. M., 2000), online retailers must satisfy four specific tasks: bringing the right product to the right place, price, and time. Customer privacy, security, and reliability of the products and services are also identified as ethical concerns (Adam, A.M., Aderet, 2007). Other findings accomplish that perceived online ethics comprises four dimensions: security, privacy, non-deception, and fulfillment (Grabner-Krater, 2013; Limbu, Wolf, & Lunsford, 2011; Román, 2010).

Ethical contraventions are more likely online than face-to-face transactions (Citera, M., 2005). With the growth of online retailing, consumers' concern regarding these moral issues is also increasing. Ethical issues have already been identified as the dark side of online retailing, which can hamper the growth of e-commerce (Bush, V. D., 2000). This study will try to explore some scales of ethical concern. In the study, we have selected security, privacy, non-deception, and reliability to analyze from a Bangladesh e-commerce perspective.

### **2.4 Ethical issue security**

Most studies suggested security as the most important factor of online ethics (Belanger, F., Hiller, J.S. and Smith, 2002; Chen, Z. and Shergill, 2005a). Ethical concern security can be categorized into financial and non-financial security (Janda, S., Trocchia, P.J. and Gwinner,

2002). Findings from the research conducted on 1009 USA consumers in 2005 indicated that one in four American consumers wouldn't shop online because of Internet security concerns (Roman, 2007). Consumers can feel unwilling due to perceived security and trust-related issues in online retailing (Gupta & Dubey, 2016). Consumers are more concerned about giving their financial and personal information to online retailers (Miyazaki & Fernandez, 2016).

### **2.5 Ethical issue privacy**

Privacy is another crucial issue in online retailing (Ann & Gilbert, 2015; Chen, Z. and Shergill, 2005b). Customers share their personal and financial data with the retailer for purchasing purposes and expect confidential behavior from them. Liu et al. (2005) explore that privacy strongly influence on whether an individual trusts an e-commerce business. This trust influences the consumer's behavioral intentions to purchase or revisit the site. When customers have positive attitudes about the company, they will give positive word of mouth to others (Lauer & Deng, 2007).

### **2.6 Ethical issue reliability**

Reliability is another essential dimension of ethics in the case of online purchasing (Wolfinbarger, M. and Gilly, 2003). The term reliability states the on-time and accurate delivery of online transactions, precise product representation, and proper technical functioning of the website (Zeithaml, V.A., Parasuraman, A. and Malhotra, 2002). In the case of online shopping, consumers cannot check the product before purchasing without seeing the specifications online. That's why the online retailer must deliver concrete information about the product on the website.

### **2.7 Ethical issue dishonesty**

Another critical issue of online retailing is non-deception or dishonesty. Deceptive practices happen when the online retailer generates an impression among consumers that is unlike what could be expected from the consumer. That impression or belief is literally false or perhaps misleading. Consumers must have faith in the retailer that they do not use deceptive or manipulative practices to convince them to purchase from the online offerings (Limbu et al., 2011). (Ingram, R., 2005) shows that deceptive practice in online retail company strategies impacts consumers' attitudes and behaviors in the marketplace.

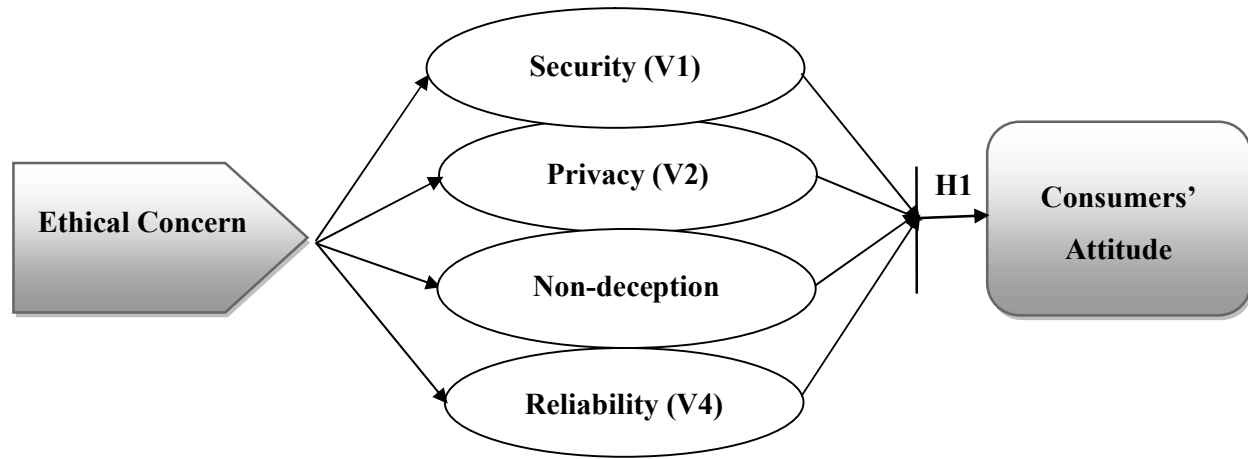
### **2.8 Online retailing in Bangladesh is increasing**

The internet did not thrive quickly after being introduced in Bangladesh in December 1993 (Ali, 2016). But now, 14.5 percent of the population in Bangladesh uses the internet. With the increase of internet users, online customers also increased tremendously. Many organizations in Bangladesh conduct business transactions, such as ordering, product introduction, and promotional activities online. The present condition of online business in Bangladesh is satisfactory despite some problems, which are improving deliberately (Ali, 2016). About 2 million users purchase products online, and the growth rate of online purchasers is 20 percent. 22 million people in Dhaka use social media, which is also a promising indicator of the growth of online businesses (Islam, 2017).

The research paper intended to explore whether ethical awareness of online retailers impacts consumers' attitudes, especially in gender base.

### 3. Conceptual framework

A conceptual framework for this research has been proposed based on existing literature.



### 4. Research methodology

#### 4.1 Nature of the study:

This study is mainly conducted descriptively. In this study, both primary and secondary data have been used. As secondary data sources, previous research reports, articles, news, books, other published documents, websites, etc have been used. Primary data has been collected from the structured questionnaire. The survey was conducted all over the country.

#### 4.2 Data collection and analysis:

This study interviewed 250 respondents from different age groups and genders through a structured questionnaire. Respondents were selected using a judgmental sampling technique following the convenience sampling technique. Pearson correlation and multiple regression analysis were used to analyze the data.

#### 4.3 Questionnaire design:

The whole questionnaire was divided into two sections. The first section was designed to collect respondents' demographic information. The second was to get information regarding respondents' attitudes towards different indicators of student engagement and their impact on student performance. A five-point Likert Scale for the second section ranged from "1= Strongly Disagree" to "5=Strongly Agree". The study posed 21 questions pertaining to the dependent and independent variables.

### 5. Data analysis, findings, and interpretation

This study used survey software, SPSS, to analyze the collected data.

#### 5.1 Analysis of reliability test

The collected data have been analyzed using SPSS. Cronbach's alpha was used to check the reliability of the collected data. Cronbach's alpha indicates overall reliability for a set of variables. Table 1 shows that the value of Cronbach's alpha is 0.903, which illustrates the high level of internal consistency for the scale of this sample.

## 5.2 Regression analysis and interpretation

A multiple regression analysis was conducted to test the research hypothesis. It predicts Consumers' Attitudes (dependent variable) with Ethical Dilemmas (independent variables like Security, Privacy, Non-deception, and reliability). The following table shows the model summary.

Table 2 shows that the value of the correlation coefficient,  $R$ , is 0.891, which means a positive relation exists between predicted variables and predictors. The  $R$  square value, also known as the coefficient of determination, is 0.794. That means the model fits the data appropriately as the dependent variable is explained 79.4% by independent variables. Therefore, it can be said that there is a relationship between respondent engagement and respondent performance.

Table 3 indicates that the statistical significance of the regression model is .000, which is less than 0.05. That means all the independent variables, such as security, privacy, non-deception, and reliability, can significantly predict the dependent variable, respondent performance. Therefore, H1 is verified.

## 5.3 Regression equation

Respondent reaction =  $-0.358 + (0.248 * \text{Security}) + (0.562 * \text{Privacy}) + (0.132 * \text{Non-deception}) + (0.131 * \text{Reliability})$

The value of the  $\beta$  coefficient from the above-mentioned coefficient Table 4 indicates how many units of the dependent variable increase or decrease for a single unit increase in each independent variable. Here, the "1" point change in security corresponds to the "0.248" unit change in consumers' attitude. Similarly, the "1" point change in privacy, non-deception, and reliability will correspond to a "0.562", "0.132", and "0.131" unit increase in consumers' attitudes. It is evident from the analysis that the respondents show the highest concern about privacy and security. Reliability and non-deception have received almost the same concerns from the respondents. All significant values of this study are less than 0.05 except reliability so the  $b$  coefficients for Privacy, Non-deception, and Reliability are statistically significant. Therefore, it can be said that H1 is accepted.

## 5.4 Pearson correlation

Pearson correlation was also conducted to check the correlation between the dependent and independent variables. Pearson correlation shows the degree of relationship between the dependent variable and independent variables in Table 5. The correlation output of this study illustrates sig. 0.000 for all the independent variables is less than 0.05, meaning there is a significant relationship between Consumers' attitudes and these indicators of ethical dilemmas. The Security, Privacy, Non-deception, and Reliability values are 0.727, 0.869, 0.662, and 0.669 respectively. That means consumers' attitude is highly correlated with security, non-deception, and reliability independent variables, as all values are more than 0.61, and privacy is perfectly correlated with values more than 0.81. Privacy is a substantial ethical issue, and marketers should find out the right way to reduce it.

## 5.5 Analysis and interpretation of independent samples t-test

A T-test was conducted to test H2-independent samples. Table 6 and Table 7 show the outputs of the Independent Samples T-test: The group means are statistically significant in this study because of sig values. (2 tailed) row are 0.014 and 0.010, which are less than 0.05. Therefore, there is a statistically significant difference in the mean of consumers' attitudes towards online retailers between male and female respondents. From the group statistics

table, we can see that ethical dilemma impact female consumers' attitudes more than males. Therefore, it can be said that H2 is accepted.

## 6. Conclusion

Online retailing intensely changed many traditional transaction modes and created radical changes in the economy. People are now improving their standard of living using internet. In Bangladesh, many organizations are introducing online payment systems such as debit cards, credit cards and the latest mobile payment (bKash, Upay, mCash, SureCash etc.) for making online transactions quickly.

This study shows a very high level of respondents' concern about the privacy of online shopping, and security is in the second position. Respondent also indicates concern about reliability and non-deception, which came after privacy and security concerns. These rising concerns about ethical behavior in online retailing can cause destruction, restrain internet retail growth, and discourage consumers from online purchase activity. Online marketers must tackle these ethical challenges related to dissatisfaction and distrust in online retailing to foster further growth (Limbu et al., 2011).

Additionally, the ethical concern of online retailers has more impact on the attitudes of female consumers than that of male consumers, whereas women consumers have compiled the more significant portion of total online shopping. Therefore, online retailers should pay more attention to female consumers to change the market scenario. The sample size was not large enough, and the study focused only on four ethical factors, which were identified as the limitations of this study.

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## Appendix

Table 1: Reliability Statistics	
Cronbach's Alpha	N of Items
.903	5

Table 2: Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891 <sup>a</sup>	.794	.790	.254
a. Predictors: (Constant), RL, ND, SC, PV				

Table 3: ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	48.443	4	12.111	187.931	.000 <sup>a</sup>
	Residual	12.566	195	.064		
	Total	61.010	199			
a. Predictors: (Constant), RL, ND, SC, PV						
b. Dependent Variable: Consumers' attitude						

Table 4: Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.358	.201		-1.778	.077
	SC	.248	.047	.238	5.241	.000
	PV	.562	.068	.571	8.229	.000
	ND	.132	.064	.096	2.058	.041
	RL	.131	.072	.091	1.827	.069
a. Dependent Variable: Consumers' attitude						

Table 5: Correlations						
		Consumers' attitude	SC	PV	ND	RL
Consumers' attitude	Pearson Correlation	1	.727**	.869**	.662**	.669**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	200	200	200	200	200
SC	Pearson Correlation	.727**	1	.689**	.552**	.473**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	200	200	200	200	200
PV	Pearson Correlation	.869**	.689**	1	.695**	.745**
	Sig. (2-tailed)	.000	.000		.000	.000



	N	200	200	200	200	200
ND	Pearson Correlation	.662**	.552**	.695**	1	.418**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	200	200	200	200	200
RL	Pearson Correlation	.669**	.473**	.745**	.418**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	200	200	200	200	200
**. Correlation is significant at the 0.01 level (2-tailed).						

**Table 6: Group Statistics**

	What is your gender?	N	Mean	Std. Deviation	Std. Error Mean
Do you think the Ethical dilemma of online retailers in Bangladesh has a negative relationship with Consumers' attitudes?	Male	80	3.53	.653	.073
	Female	120	3.81	.825	.075

**Table 7: Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Consumers' Attitude	Equal variances assumed	1.844	.176	-2.479	198	.014	-.272	.110	-.489	-.056
	Equal variances are not assumed.			-2.596	192.107	.010	-.272	.105	-.479	-.065