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Analysis Of Ethical Challenges In Customer Data Management In Small-Scale E-Commerce Msmes

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Abstract

The development of digital technology and e-commerce has provided great opportunities for Micro, Small, and Medium Enterprises (MSMEs) to expand their market reach and improve operational efficiency. However, behind these conveniences, various ethical challenges arise, particularly in customer data management. The collection of personal data through online forms, digital cashier applications, and marketplace platforms requires MSME players to act responsibly in accordance with the principles of business ethics and information technology ethics. This study aims to analyze ethical challenges in customer data management in small-scale e-commerce MSMEs, focusing on data privacy, information security, and compliance with business ethics principles. The research method used is descriptive qualitative with a literature study approach to relevant scientific journals, regulations, and official documents. The results of the study show that most MSMEs still have limitations in their understanding of digital ethics and customer data protection systems. These limitations have the potential to cause data leaks and reduce consumer trust. Therefore, it is necessary to increase awareness of digital business ethics, provide technology literacy training, and implement data protection standards in order to protect customer rights and ensure the sustainability of MSME businesses.

Key words: Business Ethics, Data Privacy, MSMEs, E-Commerce, Data Protection.

INTRODUCTION

Advances in information and communication technology have driven major transformations in the business world, including in the Micro, Small, and Medium Enterprises (MSME) sector. The use of e-commerce and digital platforms allows MSMEs to

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reach a wider market, increase transaction efficiency, and accelerate the exchange of information with consumers. This situation makes digital technology one of the key factors in improving the competitiveness of MSMEs in the era of globalization (Ningsi et al., 2025).

On the other hand, the use of digital technology also poses new challenges, particularly in relation to customer data management. Personal data such as names, phone numbers, addresses, and transaction information are important assets in digital business activities. However, not all MSME players have an adequate understanding of digital business ethics and the importance of customer data protection (Khairani Alawiyah Matondang et al., 2025). This has the potential to lead to ethical violations, such as data misuse, information leaks, and a lack of transparency in the use of customer data.

In the context of business ethics, customer data management must be carried out by prioritizing the principles of honesty, responsibility, and consumer rights protection. MSME players have a moral and legal obligation to maintain customer data confidentiality and use the data only for legitimate purposes (Yunus & Abdi, 2025). Therefore, it is important to conduct a study on ethical challenges in customer data management in small-scale e-commerce MSMEs (Muhammad Nur Abdi et al., 2023).

Advances in information and communication technology have brought significant changes to business practices, including in the micro, small, and medium enterprise (MSME) sector (Fauzan & Hendra, 2024). Digitalization enables MSMEs to utilize various e-commerce platforms, digital cashier applications, and social media as means of transaction and promotion. This digital transformation provides great opportunities for MSMEs to improve operational efficiency, expand market reach, and build closer relationships with customers (Ammar Firas Wafiq & Ersi Siswanto, 2024).

However, behind these benefits, new challenges arise related to business ethics and communication, particularly in customer data management (Citra Putrantri & Marlena, 2023). Customer data such as names, addresses, telephone numbers, and transaction histories are sensitive information that must be managed responsibly. In practice, many MSMEs do not yet have an adequate understanding of the importance of data protection and information technology ethics. This has the potential to lead to privacy violations, data misuse, and a decline in consumer trust (Rahmadania, 2020).

In the context of the Business Ethics and Communication course, the issue of customer data management is relevant to study because it reflects the moral responsibility of business actors in interacting with consumers (Christmas, 2025). Business ethics are not only related to economic profits, but also include fairness, honesty, transparency, and respect for consumer rights. Therefore, this mini research is important to understand how small-scale e-commerce MSMEs face ethical challenges in managing customer data.

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LITERATURE ANALYSIS AND METHODOLOGY

Business Ethics

Business ethics is a set of moral values and principles that serve as guidelines in conducting business activities. Business ethics emphasizes the importance of honesty, fairness, responsibility, and respect for the rights of others, including consumers (Ulya et al., 2024). In the context of digital business, business ethics plays an important role in regulating the behavior of business actors so as not to harm consumers, especially in the management of personal data (Surajiyo & Dhika, 2024).

Customer privacy and data protection

Customer data privacy is a consumer right that must be protected by businesses. Data protection includes efforts to maintain confidentiality, security, and use of data in accordance with agreed purposes (Hasibuan & Irwan Padli Nasution, 2023). In e-commerce practices, MSME players must ensure that customer data is not misused or accessed by unauthorized parties(Adelia Fitri et al., 2025).

SMEs and E-Commerce.

SMEs are a business sector that plays a strategic role in the national economy. The use of e-commerce provides opportunities for SMEs to grow, but also requires readiness in terms of ethics and information technology security (Kusnindar et al., 2023). Limited resources and digital literacy are often obstacles for SMEs in implementing adequate data protection systems (Albertus et al., 2025).

RESEARCH AND RESULTS

This study uses a qualitative descriptive method with a literature review approach. The data used is secondary data obtained from scientific journals, books, laws and regulations, and official documents related to business ethics, data protection, and e-commerce MSMEs (Njie & Asimiran, 2014). Data collection techniques were carried out through documentation and relevant literature searches. Data analysis was conducted descriptively by examining and comparing findings from various sources to draw conclusions (Neuman, 2011).

The results show that most small-scale e-commerce MSMEs still face ethical challenges in managing customer data. These challenges include a lack of understanding of digital business ethics, the absence of written policies on data protection, and limitations in information technology security systems. Many MSMEs collect customer data without providing clear information about the purpose and use of such data.

In addition, limited resources and digital literacy make MSMEs vulnerable to the risk of data leaks, whether due to technical errors or cyber attacks. This situation can lead to a

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decline in customer trust and damage the reputation of the business. Therefore, the implementation of digital business ethics and customer data protection is very important for the sustainability of e-commerce MSMEs.

1. Ethical Challenges in Customer Data Management for E-Commerce MSMEs

In e-commerce business practices, SMEs often collect customer data as part of the transaction and marketing process. This data includes personal identity, purchase history, and consumer preferences. Although this data has strategic value for business development, its management must take into account business ethics and consumer rights protection. The main challenge faced by SMEs is their limited understanding of digital ethics standards and data protection regulations.

Many SMEs do not yet have clear procedures regarding how customer data is collected, stored, and used. Data collection is often carried out without explicit consent from customers or without explanation of the purpose of using the data. This condition contradicts the principles of transparency and accountability in business ethics. In addition, weak information security systems increase the risk of data leaks that can harm customers and business actors themselves.

2. Ethical aspects of customer data management

Business ethics in customer data management emphasize the importance of business actors' moral responsibility towards consumers. MSME actors are required to maintain customer data confidentiality and not use such data outside of legitimate business interests. The principles of honesty and fairness must be the foundation of every data management activity, including digital promotion and marketing activities.

In addition, business ethics also require the protection of customer privacy rights. Customers have the right to know how their data is used and have the right to refuse or restrict the use of certain data. In this context, the application of business ethics not only serves as a moral obligation, but also as a strategy to build customer trust and loyalty.

Table 1. Types of Customer Data Commonly Collected by E-Commerce MSMEs

The table above shows that each type of customer data has the potential for ethical risks if not managed properly. Therefore, MSMEs need to understand that the more data they collect, the greater their ethical responsibilities.

Table 2. Comparison of MSME Data Management Practices

One example can be seen in an online MSME engaged in the sale of food products through social media and marketplaces. The MSME collects customer data such as names, phone numbers, and shipping addresses. However, customer data is stored manually without adequate security systems and is reused to send promotional messages without customer consent.

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As a result of these practices, several customers felt disturbed and filed complaints. In fact, there were cases of data misuse by irresponsible parties who gained access to the customer list. This incident resulted in a decline in customer trust and a decrease in the number of orders. This case study shows that negligence in implementing digital business ethics can cause reputational and financial losses for MSMEs.

Conversely, other SMEs that apply sound business ethics principles, such as requesting consent for data use and maintaining customer information security, tend to gain greater trust from consumers. Customers feel safe and comfortable when making transactions, thereby increasing loyalty and business continuity.

3. Ethical Data Management Implications for MSMEs

Ethical customer data management has positive implications for MSMEs, both legally and commercially. Legally, MSMEs can avoid penalties for data protection violations. Commercially, ethical practices can enhance business image and consumer trust.

In the long term, digital business ethics also contribute to the creation of a healthy and sustainable business ecosystem. MSMEs that are able to maintain customer trust will find it easier to grow and compete in an increasingly competitive digital market.

CONCLUSION AND RECOMMENDATIONS

Based on the results of the study, it can be concluded that small-scale e-commerce MSMEs face various ethical challenges in managing customer data, especially regarding data privacy and security. A lack of understanding of digital business ethics and limitations in data protection systems are the main factors that trigger these problems.

Customer data management is not only a technical issue, but also a matter of business ethics. Small-scale e-commerce MSMEs need to realize that customer trust is a key asset that must be maintained. By applying the principles of digital business ethics, MSMEs can minimize ethical risks, increase customer satisfaction, and maintain business sustainability in the digital era.

It is recommended that SMEs increase their awareness and understanding of digital business ethics through training and education. In addition, SMEs need to implement customer data protection policies and utilize information security technologies that are appropriate for their business capacity. The role of the government and regulators is also important in providing assistance and socialization related to data protection for SMEs.

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