



**Chapter IX**

**Social Issues in  
Electronic Commerce:  
Implications for  
Policy Makers**

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**ABSTRACT**

*The revolutionary development of network technologies launched electronic commerce as a global phenomenon. Consequently, the policy issues that arise from its use create new responsibilities for policy makers worldwide. Apart from the technical (e.g., fast and reliable networks) and regulatory (e.g., legal frameworks and standardization) challenges that need to be tackled, there are a number of social concerns that also need consideration. It is important for policy makers to see Internet use and electronic commerce as a social as well as a technical phenomenon. In this chapter we examine how social*

*concerns such as trust and digital democracy pertain to all levels of Internet and electronic commerce policy, posing dilemmas and influencing the construction of an effective and socially responsible strategy for electronic commerce.*

## INTRODUCTION

Policy implementation for electronic commerce is a complex process since policy makers, national governments in their majority, have to act in a fast-changing environment. They need to balance special national demands with international cooperation (Papazafeiropoulou & Pouloudi, 2000). One of the areas that policy makers have to tackle—dealing with barriers—has been reported in the adoption of electric commerce today. These barriers are mostly derived from factors such as lack of awareness about the opportunities offered by electronic commerce as well as lack of trust to network security. Additionally the current legislative framework, drawn before the advent of electronic commerce, is perceived as outdated, thus impeding the expansion of on-line transactions. Policy makers, therefore, find it increasingly critical to update commerce legislation (Owens, 1999; Shim et al., 2000; The White House, 1999) and take other measures to facilitate the uptake of electronic commerce.

As the need for appropriate policy measures that support the information society is increasing, it is important to prevent a predominantly technical, commercial or legal approach that neglects the broader social issues related to policy making. To this end, this chapter examines social issues related to electronic commerce policy making and is structured as follows. In the next section we present two fundamental social concerns that are related to policy making in electronic commerce: trust and digital democracy. We then discuss these concerns in light of different policy issues arising from the use of network technologies, and present their implications for policy making in electronic commerce. The chapter concludes with the importance of a holistic approach to policy making and suggestions for further research.

## SOCIAL CONCERNS

The introduction of technologies such as the Internet in everyday life has resulted in a debate about its relative merits and disadvantages. Some of the social concerns are illustrated in the study conducted by the Stanford Institute for the Quantitative Study for Society (SIQSS, 2000) concerning the social implications

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