# **Internet Privacy Issues**

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### WHAT IS INTERNET PRIVACY?

Businesses need to understand privacy conditions and implications to ensure they are in compliance with legal constraints and do not step on consumers' rights or trust. Personal identifiable information (PII) and data can have innate importance to an organization. Some organizations view certain privacy features as essential components of their products or services; for example, profile data is often used to tailor products specifically for their customers' likes and needs. PII can also be used for less honorable endeavors, such as identity theft, phishing, political sabotage, character annihilation, spamming and stalking.

One of the core issues of privacy is who actually owns the data-the holder of it, or the persons that the data is about? The answer depends on many criteria: the users' perspective, the environment in which that privacy is addressed, and how the data are collected and used. Privacy issues arise because every Internet transaction leaves an important artifact of every transaction the individual did when searching for information, shopping or banking. This audit trail has caused many people to be concerned that this data may be inappropriately used. The paradox is that many businesses are also concerned. They believe that government, in its haste to protect individuals' privacy, could interfere with the development of new services, technologies and the electronic marketplace.

It is important to state that the government's approach to the protection of personal privacy is neither equal nor universal. Some localities extend protection much further than others. In 1972, California amended its constitution to specifically include the construct of "a resident's inalienable right to privacy." Within the United States (U.S.), court decisions dealing with privacy have fairly closely upheld two principles (Freedman 1987):

- 1. The right to privacy is NOT an absolute. An individual's privacy has to be tempered with the needs of society.
- 2. The public's right to know is superior to the individual's right of privacy.

# VIOLATION OF PRIVACY AS AN UNACCEPTABLE BEHAVIOR

The Internet Activities Board (IAB) issued a Request for Comment (RFC-1087) in 1989 dealing with what they characterized as the proper use of Internet resources. Prominent on the IAB's list of what it considers as unethical and unacceptable Internet behavior is the act that "compromises the privacy of users." The reliable operation of the Internet and the responsible use of its resources are of common interest and concern for its users, operators and sponsors (Stevens, 2002).

Using the Internet to violate people's privacy by targeting them for abusive, corrosive comments or threats is not only unacceptable, but illegal. Privacy violations can do a lot more than just embarrass individuals. Information can be used in blackmail or otherwise coerce behavior. Institutions could use information to deny loans, insurance or jobs because of medical reasons, sexual orientation or religion. People could lose their jobs if their bosses were to discover private details of their personal life.

## ONLINE PRIVACY AND DATA COLLECTION

Online privacy concerns arise when PII is collected online without the consumers' consent or knowledge and is then disseminated without the individual's "blessing." Dhillon and Moores (2001) found that the

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top-five list of Internet privacy concerns include (a) personal information sold to others; (b) theft of personal data by a third party; (c) loss of personal files; (d) hacker's damage to personal data; and (e) spam. Cockcroft (2002) suggested the following top privacy concerns: (a) unauthorized secondary use; (b) civil liberties; (c) identity theft; (d) data profiling; and (e) unauthorized plugins. Online privacy is generally considered as the right to be left alone and the right to be free from unreasonable intrusions. By extrapolation, one can label telemarketers, mass advertisements, "spam," online "banner ads" and even commercials to be relating directly to privacy issues because of the solitude and intimacy dimension. Westin (1970) frames privacy into four dimensions:

- a. **Solitude:** the state of being alone away from outside interference.
- b. **Intimacy:** the state of privacy one wants to enjoy from the outside world.
- c. **Anonymity:** the state of being free of external surveillance.
- d. **Reserve:** the ability to control information about oneself.

While organizations can go the "extra mile" to safeguard data through the data collection, transmission and storage processes, this may not be sufficient to keep client content private. Some businesses use the collected user information for credit worthiness checks, mass customization, profiling, convenience, user tracking, logistics, location marketing and individualized services. The issue sometimes breaks down to whom has more rights to control the data:

- a. the organization that committed resources to collect and aggregate the data; or
- b. the people the data is about.

When information is collected, there is the matter of trust: Consumers have to decide if they trust the organization to use the data appropriately. The organization has to trust that the information they asked for represents the facts.

Violating privacy hurts everyone. If people no longer believe their data will be handled appropriately, there is less incentive for them to be honest. "Almost 95% of Web users have declined to provide personal information to Web sites at one time or another when asked" (Hoffman et al., 1999, p. 82). Of those individuals that do provide information, more than half of them have admitted to lying on collection forms and in interviews. Chen and Rea (2004) indicated that concern of unauthorized information use is highly related to passive reaction. Passive reaction is one type of privacy control, where one simply ignores data collection requests. Users tend to exercise another privacy control identity modification—when they are highly concerned about giving out personal information for any reason.

### ACTIVITIES THAT MAY VIOLATE PERSONAL PRIVACY

### **Cookies and Web-Bugs**

A cookie is a small amount of information that the Web server requests the user's browser to save on the user's machine. Cookies provide a method of creating persistent memory for an organization in the stateless environment of the native Internet. Organizations use cookies to collect information about the users and their online activities to "better serve" their clients, but some go beyond the honest use of cookies by involving third parties to also plant their cookies on the same Web page. The collected information about the users may be resold or linked to external databases to form a comprehensive profile of the users. Web-bugs (or clear images) allow for user tracking, but they can easily go unnoticed. Most browsers give the user an option to deny or allow cookies, but very few of them are capable of filtering out Web-bugs.

#### Spam

Any time users enter their e-mail address on a Web site, they run the risk of being added to an e-mail list. The e-mail address is often packaged and sold to merchants. In the end, users end up being bombarded with unwanted and often offensive e-mails. Spam is a pervasive problem in the wired world; automated technologies can send e-mails by the hundreds of thousands. Spam taxes Internet servers, annoys con4 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-

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