

# Chapter XIII

## Internet Users' Privacy Concerns and Beliefs About Government Surveillance: An Exploratory Study of Differences Between Italy and the United States

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### ABSTRACT

*The study examines differences in individual's privacy concerns and beliefs about government surveillance in Italy and the United States. By incorporating aspects of multiple cultural theories, we argue that for both countries, the user's decision to conduct e-commerce transactions on the Internet is influenced by privacy concerns, perceived need for government surveillance that would secure the Internet environment from fraud, crime and terrorism, and balancing concerns about government intrusion. An empirical model was tested using LISREL structural equation modeling and multigroup analysis. The results support the hypotheses with regard to direction and relative magnitude of the relationships. Italians exhibit lower Internet privacy concerns than individuals in the U.S., lower perceived need for government surveillance, and higher concerns about government intrusion. The relationships among the model constructs are also different across the two countries. Implications of the findings and directions for future work are discussed.*

## INTRODUCTION

Modern western societies, with their prevalent monitoring and profiling practices, have been characterized as surveillance societies (Gilliom, 2001; Lyon, 2001). Indeed, the collection and processing of personal data about individuals are ubiquitous phenomena. An unprecedented amount of information is being gathered and stored by both private corporations and government agencies for the purpose of profiling consumers and citizens. Acquiring more knowledge about consumer preferences and practices, and citizen behavior is useful for private companies to keep their competitive advantage, and for the government to prevent and detect security breaches, fraud and other crimes, as well as terrorist activities. Profiling improves a firm's capability to conduct targeted marketing campaigns and develop incentives that strengthen customer loyalty. It is also a strategy used by the government to ensure a safer environment. However, profiling also introduces certain threats to information privacy and intrudes into personal space.

Differences between individual countries' privacy regulations have emerged as among the ten most important issues that will impact the Internet in the first decade of the 21st century (Erbschloe, 2001). Both the United States and the European Union share the goal of providing privacy protection for their citizens (FTC, 2005; European Commission, 1995, 2002) while at the same time securing a safe workplace and environment.

The United States is an individualistic society in which privacy is highly valued as an expression and a safeguard of one's dignity and need for personal space (Cohen, 2000; Laufer & Wolfe, 1977; Rosen, 2000; Swire, 1999). In the U.S., privacy is a privilege and is a highly valued individual right (Etzioni, 1999; Lyon, 2001; Swire, 2003; Westin, 1975). However, MIS researchers have found that there are differences in information privacy concerns across countries (Bellman,

Johnson, Kobrin, & Lohse, 2004; Milberg, Smith, & Burke, 2000).

In Italy, legal precedent and government policy are shaped by the regulatory framework of the European Union. Whereas the United States uses an approach that relies on a mix of legislation, regulation, and self regulation, the European Union relies on comprehensive legislation that, for example, requires creation of government data protection agencies, registration of databases with those agencies, and in some instances, prior approval before personal data gathering and processing may begin (Bellman et al., 2004; Milberg et al., 2000). Examples of regulations in Italy are the Directive 95/46/EC of the European Parliament and the Council on the Protection of Individuals with regard to the collection and processing of personal data and on the free movement of such data (European Commission, 1995), and, specifically for e-commerce and electronic communications, the Directive on Privacy and Electronic Communications (European Commission, 2002).

Numerous public opinion polls in recent years have found that security issues and the associated necessity of enhanced surveillance are becoming increasingly important on both the North American (Swire & Steinfeld, 2002; Taylor with Harris Interactive, 2003) and European continents (Eurobarometer 61, 2004; 62, 2004a, b; 151, 2003; European Commission, 2005). According to numerous sources, both Italy and the U.S. are among the nations most subject to terrorist threats. For a list of news articles sampled from the Italian, U.S., and U.K. media (U.K. media as an example of a third party, English language media outlet) about terrorist threats to Italy, see Appendix A. These continuous threats have triggered recent government initiatives as necessary responses to protect citizens and increase security (BBC News, 2005; European Commission, 2001; Fusani, 2004; Hart, 2005; La Repubblica, 2001; Lichtblau, 2005; Markoff, 2005; McMahon, 2005). These initiatives enhance the surveillance authority of

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