

Chapter 94

A Comparative Study of Privacy Protection Practices in the US, Europe, and Asia

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ABSTRACT

This article describes how national and international companies in the US and Europe, as well as newly industrialized countries such as China and India, are striving to gain consumer trust by offering visible and meaningful Privacy Protection Policies (PPP) on their websites. This article deploys large sets of data and descriptive indicators to compare and contrast the extent of the visibility, specificity, and lucidity of privacy policies posted by interactive companies on the Internet. Examining about 2000 Interactive companies in the USA, Europe, and Asia provides a measure of divergent responses to the growing demand for privacy protection. The results of this comparative study should help interested readers from the business world, academics, and administrations get a grasp of the extent of efforts by international corporations to protect personal information privacy in an increasingly global economy.

INTRODUCTION

The combined effect of a global economy and the propagation of e-commerce has elevated the privacy and security issues to a worldwide platform. Online commercial transactions create and deploy an unprecedented amount of information about individuals. While the flow of information is essential for the growth of international commerce, its side effect; increased level of vulnerability and threats of breaching personal privacy, poses a real concern for individuals, the business community, and society (Birnhack, 2008).

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From a practical point of view when the business world is in constant transition and almost every business is going online; to stay competitive, it is increasingly important to gather data related to personal information including users' demographics, habits, preferences, and tastes. Businesses believe they can provide better services if they access personal information for better target prospects. But, as personal data become electronically available, the idea of who collects and crunches the most amounts of data becomes more critical. Personal information is collected, shared, exchanged, and often sold. The improper disclosure of critical personal information could have alarming consequences, the least of which is selling the information to the highest bidder in the market for marketing and selling purposes.

The purpose of this study is to build on the existing research while taking into account the practical side of privacy protection practices. The study is exploratory and offers a descriptive analysis allowing to compare and contrast the extent of fair treatment of consumers' personal information in the US, Europe, and Asia by interactive companies. To make a reasonable assessment of privacy protection practices in the target countries, it is essential that readers have a sense of the basic laws, regulations, directives, as well as the specific issues regarding how privacy is perceived and dealt with by different nations.

The study includes the United States. Since European countries within the EU have their own directives, it would have been impossible to investigate each and every country, hence three countries were used as examples. France, Britain, and Germany were chosen not only because they are important members of EU, but also due to the capabilities of the authors of this study to speak the languages. The two Asian countries; China and India were chosen because these two nations are becoming major players in the global economy. The authors were also interested to investigate the impact of company size, measured by the annual revenue, on the visibility and the extent of compliance with privacy policies.

The objectives of this study are threefold (1) to provide insight into how privacy policies are practiced in different parts of the world, (2) help constituencies from the business world, academics, and administrations view the differences regarding privacy protection policies and practices in a global economy, and (3) get a grasp of underlying issues in proper contexts. The organization of the paper is as follows: Next section provides background information, followed by an overview of information privacy protection from a global point of view. Definition and details of Fair Information Practice Principles (FIPPs) are described. The methodology, findings of this study and conclusions are presented. The article is concluded with citing of the limitation and suggestions for future research.

BACKGROUND

Assessing advantages and disadvantages of personal data collection and how different countries perceive and deal with information privacy have been topics of interest for researchers as well as e-commerce practitioners (Greenberg, Wong-On-Wing, & Lui, 2008; Schmidt et al., 2008; Susanto et al., 2013; Treiblmaier & Chong, 2011; Reay et al., 2009; Sumeeth et al., 2010; Totterdale, 2010; White et al., 2011; Srinivasan & Barker, 2012). Numerous studies have investigated privacy protection practices in the US (Caudill & Murphy, 2000; Milne & Culnan, 2002; Pavlou, 2003; Milne & Culnan, 2004; Ashrafi & Kuilboer, 2005). Fewer studies have examined European regulatory practices (Armstrong, 2004; Massamias, Ashrafi, Koehler, & Kuilboer, 2007; Singh & Hill, 2003; Warren & Dearnley, 2005).

Most recently, India and China have become significant players in the arena of global e-commerce. The rapid growth of the economy along with outsourcing and the development and expansion of inter-

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