



Chapter 3

Social Issues in Electronic Commerce: Implications for Policy Makers

Anastasia Papazafeiropoulou and Athanasia Pouloudi
Brunel University, United Kingdom

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 world-wide. 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 paper 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 and Pouloudi, 2000). One of the areas that policy makers have to tackle is dealing with barriers that have 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

Previously Published in the *Information Resources Management Journal*, vol.14, no.4, Copyright © 2001, Idea Group Publishing.

This chapter appears in the book, *Strategies for eCommerce Success* by Bijan Fazlollahi.
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commerce as well as lack of trust toward 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 Additionally the current legislative framework, drawn before the advent of electronic commerce, is perceived as outdated, thus impeding the expansion of on-line transactions.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 paper 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. In Section 3 we discuss these concerns in the light of different policy issues arising from the use of network technologies, and in Section 4 we present their implications for policy making in electronic commerce. The paper 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 of Internet use. The findings of the study indicate that the Internet is an “isolating technology” that could seriously damage the social fabric of communities as users interact physically with other people less. The social implications of the Internet can be witnessed in organizational processes, the nature of work, learning and education, innovation and competition, electronic democracy, privacy and surveillance (Dutton, 1996). This section considers the social concerns related to the use of Internet technologies by focusing on two of the most frequently discussed social issues in electronic commerce. These are *trust*, a social issue underlying the business use of the Internet, and *digital democracy*, a term underlying the use of Internet technology in the society as a whole. The following paragraphs consider each in detail.

Trust

Lack of trust in on-line transactions is one of the main reasons reported for the relatively low electronic commerce adoption today. Trust is a key issue and its

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