

## Chapter 4.8

# Online Privacy Protection in Japan: The Current Status and Practices

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### **ABSTRACT**

*This chapter explores the current status and practices of online privacy protection in Japan. Since the concept of privacy in Japan is different from that in western countries, the background of online privacy concepts and control mechanisms are discussed. The chapter then introduces Japan's Act on the Protection of Personal Information along with the privacy protection system in Japan. Following the discussion of the privacy law, Japan's privacy protection mechanisms to support and implement the new act are examined. To help companies make smooth adjustments and transitions, a four-stage privacy protection solution model is presented. Further, this chapter discusses two case studies to exemplify the problems and dilemmas encountered by two Japanese enterprises. The cases are analyzed and their implications are discussed. The chapter is concluded with future trends and research directions.*

### **INTRODUCTION**

In the past, privacy protection was not considered as necessary for business in Japan. Instead, the market determined how companies were to deal with consumer private information. However,

information technology (IT) has advanced rapidly and all business standards were changed to use electric files. Companies began to store tremendous amounts of information to a database rather than using paper-based file cabinets. IT has changed business structure but it has also exacerbated privacy problems, private data

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leaks, unauthorized data collection, and the loss of private data.

After more and more privacy-related problems were revealed by the media, consumers began to pay attention to the protection of their private information. As a result, the Japanese government established the *Act on the Protection of Personal Information* in 2005 to protect consumers and regulate companies' business activities associated with customers' private information (Yamazaki, 2005). After this law was launched, many companies exposed their weaknesses in their privacy protection system and unethical private data use. The role of privacy had begun to shift to the consumer side. When consumers decided to purchase or do business transactions online, they assumed that there would be a reliable system and trustworthy privacy protection (Tahara & Yokohari, 2005).

The organization of this chapter can be overviewed as follows. In the next section, the background of online privacy concepts and control mechanisms are discussed. The chapter then explores Japan's *Act on the Protection of Personal Information* along with the privacy protection system in Japan. Following the discussion of the privacy law, Japan's privacy protection mechanisms to support and implement the new act are discussed. To help companies make smooth adjustments and transitions, the authors present a four-stage privacy protection solution model. Further, this chapter discusses two case studies to exemplify the problems and dilemmas encountered by two Japanese enterprises. The cases are analyzed and their implications are discussed. The chapter is concluded with future trends and research directions.

## **BACKGROUND**

The concept of privacy in Japan is different from that in western countries. Japan is a country with a very high density of population. People are living right next to each other, and it seems like there

are no boundaries and there is no privacy. However, these are the characteristics of the Japanese people who indeed understand and respect privacy (Makoto et al., 2005). Even though there is only a thin wall between rooms, people can have privacy with "as if" behavior. For example, even though one person knows another's secret, he or she will act as if they do not know the secret (Mizutani, Dorsey, & Moor, 2004). It describes how Japanese people respect each other's boundaries and help keep secrets. It is also important to understand that the Japanese culture is group-based. Within the group, people respect each other and try to think and move in the same direction. Although they have their own minds and thoughts, they always consider how other people in the group think first, and then decide what to do, heavily depending on the group's opinions. Often people do not use eye or body contact as frequently as western people do because of the different perception of privacy they have in mind (Makoto et al., 2005).

However, the Internet has created a new environment for privacy. People can obtain, access, and manage enormous amounts of information without actual face-to-face interaction. People can express their opinions anonymously and they can act any way they like on the Internet. Anonymity has a major impact on the Japanese conception of privacy because people no longer have to depend on the group mind, since on the Internet information can be easily reached and individual thinking is promoted and encouraged. In other words, before the Internet was introduced, the group-based society had bound most people's behavior. However, after the Internet became everyone's platform, limitations from the group society were diminishing, which, on the other hand, advanced the concept of privacy protection in Japan (Mizutani et al., 2004).

Since information technology has been growing up rapidly and companies can manage and collect massive amount of private information, this traditional privacy protection has not been working as strongly as it once did. According to

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