Empirical Analysis of Software Piracy in Asia (Japan VS. Vietnam): An Exploratory Study

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ABSTRACT

The piracy rate in Asia Pacific region has been historically higher than the world average since the BSA global piracy study was first conducted in 2004 (BSA/IDC Global Software Piracy Study 2013). This study aims to identify which demographic factors affect software piracy in two Asian countries, Japan and Vietnam, which have drastically different piracy rates, economic development stages, income levels, and national cultures. The statistical analysis of data reveals that among various factors, country difference, education, and gender most significantly influence software piracy. In addition, this study offers recommendations on how to curb software piracy effectively.

Keywords: Copyright, Empirical Analysis, Intellectual Property Right, Japan, Software Piracy, Vietnam

DOI: 10.4018/IJISP.2014040103
INTRODUCTION

Software piracy, defined as the unauthorized use or illegal copying/distribution of copyrighted software without explicit permission from the copyright holder (BSA, 2012; Hinduza, 2008), threatens the long-term viability of the software industry by both discouraging development efforts and, more seriously, triggering international political disputes (Bagchi, Kirs, & Cerveny, 2006; Moores & Chang, 2006; Rawlinson & Luption, 2007). Specifically, software piracy strains the ability of technology companies to invest in new jobs and new technologies, harms local resellers and services firms, lowers government tax revenues, and increases the risk of cybercrime and security problems. The 2011 BSA/IDC Global Software Piracy Study projected that lowering software piracy by just 10 percent over four years would create nearly 500,000 new jobs and pump $140 billion into ailing economies. The piracy rate denotes the amount of software pirated as a percentage of the total software installed in each country (BSA, 2012; Mishra, Akman, & Yazici, 2006).

Computer software is one of the most common examples of intellectual property and is granted an ownership right called Intellectual Property Right (IPR) as well as legal protection, including copyrights and patents. Copyrights protect forms of expression such as written material and artistic work; patents protect ideas used for industrial products or processes (Shim & Taylor, 1989). Computer software piracy, a significant segment of the larger digital piracy phenomenon (Holsapple, Iyengar, & Rao, 2008), violates IPR and is considered a criminal act under copyright law in both China and the United States.

Software piracy has been a major concern for many advanced countries, especially for the United States, where approximately 75% of the world’s packaged software is currently produced (Schrank, 2003). A recent study (BSA Global Software Survey 2013) revealed that 43% of the software installed on PCs around the world was not properly licensed; the commercial value of those unlicensed installations (piracy) was $62.7 billion. The Asia-Pacific region showed the highest rate (62%) of unlicensed software use among all regions and accounted for $21 billion (over 33% of the worldwide commercial value loss) of financial loss.

There is an urgent need to investigate the contributing factors (independent variables) to software piracy in the Asia-Pacific region. The objective of this study is to investigate the factors affecting the software piracy in two Asian countries, Japan and Vietnam, where significant differences in piracy rates, economic situations, social environments, and cultures exist.

LITERATURE REVIEW

Software piracy behaviors have been studied for decades in various fields ranging from social science to business and information systems in attempts to both clarify its contributive elements and impact on business and economics,
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