Internet Privacy Policies of the Largest International Companies

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EXECUTIVE SUMMARY

This article is a review of Internet privacy policies of the world’s largest companies. The report begins with a background on the right to privacy and privacy issues arising out of Internet usage. Attempts to regulate Internet privacy and self-regulatory effectiveness also are reviewed. The methodology for this study is to update and extend Internet privacy analysis by analyzing Web sites of the largest international companies (Forbes International 100) for inclusion of fair information practices. In addition, a collection of consumer-centered practices is defined and studied. The general finding is that within Forbes International 100, fair information practices and consumer-centered privacy policies are not being followed closely. It is also found that large U.S. firms are more likely to publish a privacy policy on their Web site. Finally, if a large international firm does publish a privacy policy on its Web site, the level of compliance with fair information practices and consumer-centered policies is not significantly different between U.S. and non-U.S. firms. Implications of the study for researchers and practitioners are reviewed.

Keywords: e-commerce privacy; fair information practices; internet privacy; online privacy; privacy

INTRODUCTION

The growth in Internet usage and electronic commerce has resulted in an increased concern in the amount of information collected by corporate Web sites. Everyday, hundreds of millions of people throughout the world provide personal information on the Internet. Many personal data items are routinely submitted by and captured from users of corporate Web sites. The collection and use of this data have become the subject of controversy and is the primary motivation for this study. The retention of this information as well as its use both during and subsequent to initial transactions is the subject of numerous
studies by the government and other researchers. Inextricably bound to this issue is the concept of personal privacy as well as how and to what extent this exchange and use of information affects individuals’ privacy rights. On one hand, businesses and organizations can use the data to provide goods and services more efficiently to individuals. On the other hand, the collection and subsequent secondary use of the data can be viewed as a violation of individual privacy rights. The protections currently offered by most organizations are fair information practices (FIPs), first detailed by the Organisation for Economic Co-operation and Development (OECD) in 1980. FIPs are handled in the United States today via self-regulation with Federal Trade Commission (FTC) rules, which are expressed in an Internet privacy statement. European Union members are subject to specific regulations that generally include provisions similar to the FTC fair information practices, including Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December, 2000 (The European Parliament and the Council of the European Union, 2000). A detailed list of many other countries’ privacy regulations is available from Laurant (2003), and generally, all include fair information provisions. A review of Internet privacy statements and the protection provided by the top 100 organizations in the world, as measured by Forbes magazine, is the subject of this article (Forbes Inc., 2004).

LITERATURE REVIEW

Privacy

The right to privacy has had a long history but was first defined clearly in the United States in 1890 by Warren and Brandeis as “the right to be left alone.” Westin (1967) suggests that privacy in all cultures includes the need for seclusion and isolation but notes that there is a tendency to invade the privacy of others. Regulations are necessary to protect and maintain our right of privacy.

The right to privacy has a long history in Western culture but also was ratified as a worldwide principle by the United Nations in 1948. Specifically, Article 12 of the Universal Declaration of Human Rights states:

No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks. (United Nations General Assembly, 1948)

Against this backdrop of universal privacy rights has come the issue of personal data privacy in an era of massive data collection and retention.

Fair Information Practices

Privacy was recognized as a significant issue in international electronic commerce as early as 1980 by the Organization for Economic Co-operation and Development (OECD). Specifically, the OECD is an organization with 30 member nations and relationships with 70 other countries that promotes democratic government and the market economy (OECD, 2005).

The OECD plays a prominent role in fostering good governance in the public service and in corporate activity. It helps governments to ensure the responsiveness
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