



## **Chapter XI**

# **Online Information Privacy and Its Implications for E-Entrepreneurship and E-Business Ethics**

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## **Abstract**

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*This chapter reports the results of a national survey which investigated Australian Internet users' attitudes and behaviours toward online information privacy using a typology that combines specific demographic and attitudinal measurements with behavioural data. The chapter contains a comprehensive examination of the internal, external/environmental, and behavioural dimensions of information privacy, incorporating a profile of each of the typologies' categories along with a general profile of total respondents. The implications of the findings for e-entrepreneurship and e-business ethics also are discussed.*

## Introduction

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In the e-business world, owning consumer data is essential to the development of customer relationships. **Consumer knowledge** can lead to value-added product offerings and marketing communications if businesses know what their customers already like and might need, reducing costs (Dembeck, 1999) and improving sales. Ultimately, collecting **consumer data** can help organisations enhance the level and quality of service or product they provide, enabling them to make gains in terms of competitiveness and efficiency. However, there also is a potentially negative cost because this practice can raise information privacy concerns and may have legal, ethical, and strategic implications.

Information privacy has been defined as:

*the claim of individuals...to determine for themselves when, how, and to what extent information about them is communicated to others.* (Westin, 1967, p. 7)

Arguably, the Internet has had the biggest impact upon information privacy than any other technology. “As a place to eavesdrop, cyberspace is without peer in all of human history” (Wright, 1993). For instance, the Internet can facilitate the explicit or covert collection of consumer data using a variety of methods. Being a fully digital medium, a consumer’s lifestyle and profile can therefore be reduced to “bits and bytes” (Attaran, 2000), revealing a “digital persona” (Gindin, 1997) and presenting a variety of violations of social norms, one of which is invasion of information privacy. However, in its defence, the Internet also is an enabler of other privacy functions, such as physical privacy, through the states of solitude, and to some extent anonymity. Nevertheless, consumer online privacy concerns relating to the information practices of commercial entities are at an all-time high in public consciousness. Many consumers feel that their lives and personal preferences are being used and exchanged without their knowledge or consent, which has compromised the growth of e-commerce and inhibited consumer trust toward online business.

**Information privacy** is therefore now a core consideration of business policy, not only in order that organisations meet consumer ethical obligations or the legal requirements of Australian data protection legislation, but also because there are sound commercial reasons which indicate that fair information practices can be beneficial to business. In fact, it is commonly acknowledged that **consumer privacy** concerns have resulted in direct and indirect negative impacts on the commerciality of the Internet. For instance, Jupiter Communications indicated in

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