

## Chapter 74

# Responses to Online Privacy Risks

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### ABSTRACT

*The increasing use of the Internet and the development of more sophisticated data-mining and surveillance techniques have led to growing levels of public concern about online privacy. This chapter reviews the intellectual history and current knowledge of online privacy risks. It discusses some foundational studies of privacy research. This is followed by literature reviews of empirical studies of online privacy risks. Specifically, this chapter focuses on perceptual and behavioral responses to online privacy risks, such as online privacy concerns, risk perception and optimistic bias, and self-protection behavior. It concludes with implications and directions for future research.*

### INTRODUCTION

Despite the increasing use of the Internet and e-commerce, online privacy remains one of the major issues for Internet users. Several surveys have shown that the percentage of consumers claiming to be concerned about privacy has increased to more than 80%, compared with just over 30% in the 1970s (Dommeyer & Gross, 2003). Studies have also revealed that concerns

about online privacy have negative consequences and are the major reason for choosing not to use the Internet or engage in e-commerce (Metzger & Docter, 2003). The development of more sophisticated data-mining devices and increasing levels of surveillance reinforce the perception of risk and affect the way people relate to technology and organizations. Hence, an analysis of how Internet users view and respond to online privacy risks provides a means for researchers to improve their understanding of complex online behaviors in the information age.

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This chapter focuses on responses to online privacy risks. In general, online privacy is defined as an individual's ability to determine when, how, and to what extent personal information is disseminated to others in the virtual environment (Metzger, 2007). Online privacy is a complex and multifaceted issue, in that it focuses both on companies that seek to obtain and use personal information for marketing purposes (e.g., target advertising) and on more general entities, such as spammers, hackers, and universities, governments, and organizations, which collect personal information and monitor online behavior (Yao, Rice, & Wallis, 2007).

Risk has been defined as the things, forces, or circumstances that pose danger to people or to what they value, and is typically described in terms of the likelihood or probability of loss (or negative events) occurring (Bostrom & Lofstedt, 2003). In terms of online privacy, risks include unwanted information disclosure, unauthorized access to personal information, electronic surveillance and monitoring of online behavior, and misuse (e.g., unauthorized secondary use) of personal information collected online. Numerous studies have examined online privacy risks because risk reduction is considered to be a key in increasing people's engagement in online transactions and communications (Miyazaki & Fernandez, 2001). This chapter reviews the intellectual history and current knowledge of responses to online privacy risks.

## **OVERVIEW**

Westin (1967) laid out a framework for analyzing privacy in modern society by examining the nature and functions of privacy, and its social role in democratic society. Subsequent research has explored the dimensionality of privacy constructs (Burgoon, 1982; Parrot et al., 1989) as well as legal and ethical issues related to privacy (DeCew, 1997; Trukington & Allen, 1999). With the rapid

diffusion of online media, scholars have extended the scope of privacy research by examining perceptions and behaviors pertaining to online privacy risks (Cranor, Reagle, & Ackerman, 1999) and their impact on online behaviors (Milne, Rohm, & Bahl, 2004). Previous studies have explored responses to online privacy risks by (a) specifying the multidimensionality of privacy concerns or behaviors (Malhotra, Kim, & Agarwal, 2004; Smith, Milberg, & Burke, 1996), (b) identifying the antecedent factors that affect Internet users' perceptual and behavioral responses to online privacy risks (Cho, Rivera, & Lim, 2009; Yao et al., 2007), and (c) examining the impact of privacy concerns on online behaviors (Milne, Rohm, & Bahl, 2004; Sheehan & Moy, 1999).

## **KEY AREAS**

### **Foundational Studies on Privacy**

#### **Westin's Forms and Functions of Privacy (1967)**

Privacy is a central construct in Western philosophy and cultures. Early philosophers such as Aristotle, John Locke, and John Stuart Mill argued that a "right to privacy" is a fundamental value of democracy (DeCew, 1997; Turkington & Allen, 1999). According to Schoeman (1984), however, there was no major theoretical or philosophical discussion on the value of privacy until the late 1960s. Westin's *Privacy and Freedom* (1967) is one of the first theoretical studies on privacy. He refined the concept of privacy by specifying the forms (or how people control privacy) and the functions (or why privacy is needed) of privacy in modern society.

Westin's definition of privacy consists of four states—solitude, intimacy, anonymity, and reserve, and four functions—personal autonomy, emotional release, self-evaluation, and limited and confidential communication. Privacy states (or

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