



# FACEBOOK'S PRIVACY PRACTICES

Through the lens of compliance, integrity, and excellence

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# ABSTRACT

This paper analyzes **Facebook's privacy and data protection practices** to identify the risks and harms derived from its operations and to determine if:

1. it is fully **complying** with the legal framework,
2. if its internal policies are **integrity**-oriented, and
3. if its practice aims for **excellence** and contributes to human **flourishing**.

The paper provides a **virtue-ethics framework** for Facebook to become a trustworthy technological infrastructure that not only facilitates user communication but also empowers users to learn, work, consume media and more. By doing so, the company can actively play a role in promoting the common good and contribute to human flourishing.

**Keywords:** Ethics, Artificial Intelligence, Meta, Facebook, Privacy, Social Media



# INTRODUCTION

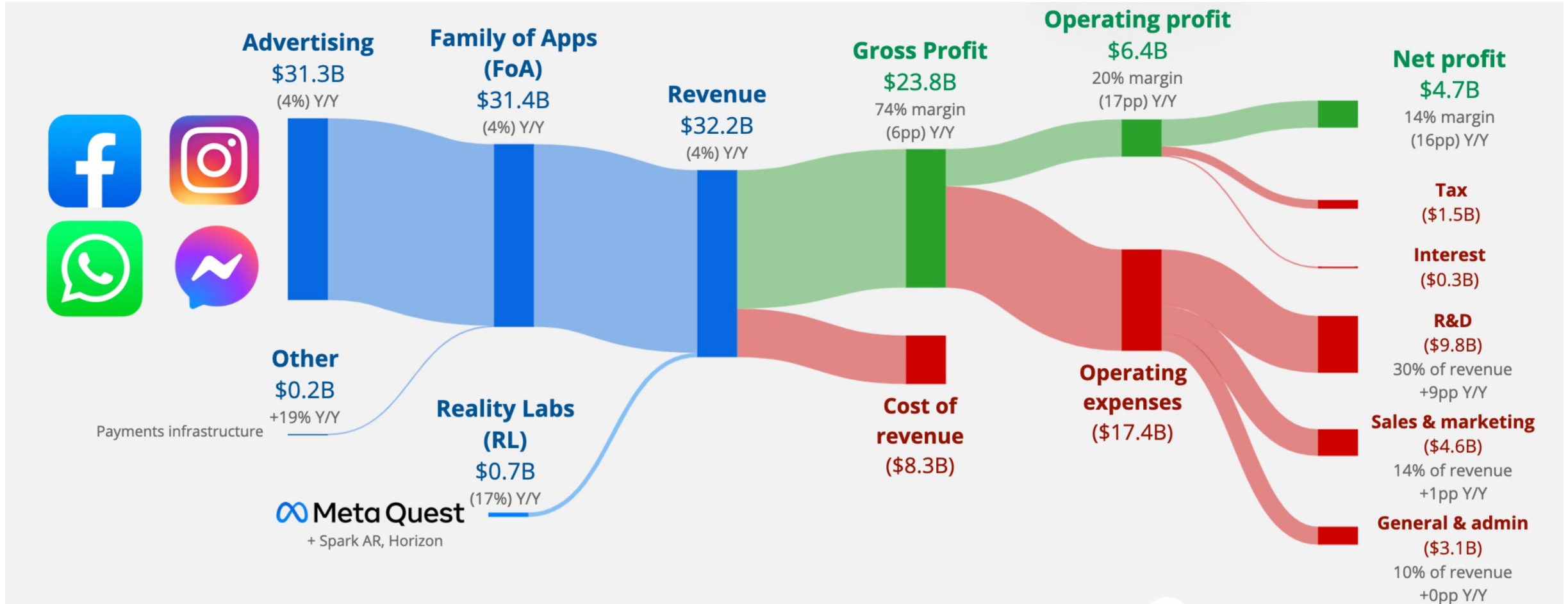
- ❑ Facebook has become **the most used social platform** in the world, with almost 3 billion monthly active users.
- ❑ Its business model relies on collecting and analyzing vast amounts of data, which is later used to offer its users a **personalized experience** and sell **personalized ads** to its customers.
- ❑ Every day Meta's family of apps users post:
  - ❑ 1 billion stories
  - ❑ 350 million photos
  - ❑ 55 million status updates created
  - ❑ 100 million hours of video content consumed daily

# A TRILLION-DOLLAR COMPANY





# 98% OF META'S REVENUE COMES FROM ADS



Meta Q4 FY22 Income Statement





# MOTIVATIONS

- ❑ Desire for recognition prompts individuals to **share their lives online**, potentially compromising their privacy.
- ❑ Facebook's data is used by **AI algorithms to predict users' behavior** and present them with personalized ads.
- ❑ There is a significant **incentive for the company to push users to sacrifice their privacy** to keep users connected for as long as possible for profit.
- ❑ Facebook's AI algorithms (speed, scale, adaptability) could use data in ways that can undermine **human dignity**.
- ❑ Facebook has been linked to several well-documented **harms** in recent years.

# ETHICAL CONCERNS



| Potential Harms                 | Description  | References   |
|---------------------------------|--|--|
| Unauthorized access             | Sharing personal details risks privacy through unauthorized access and misuse.   | Irish Data Protection Commission, 2022                         |
| Surveillance                    | Use of small data amounts to construct detailed profiles, enabling surveillance (government, employer, etc)                        | Zuboff, 2018; Nguyen, 2021                                     |
| Misinformation & Disinformation | Behavioral data helps in spreading targeted misinformation and disinformation.   | Guess, Nagler, Tucker, 2019; Sison et al., 2023                |
| Polarization                    | Personalized feeds can contribute to societal polarization by creating filter bubbles and echo chambers.                           | R. Levy, 202; Pariser, 2011                                    |
| Discrimination                  | AI-driven decisions can lead to discrimination through biased data interpretation.   | O'Neil, 2016   |
| Harassment                      | Personal data use can enable harassment both online and offline.   | Rauf, 2021; Rueckert, 2021                                     |
| Mental Health Issues            | Prolonged engagement and manipulated content can impact users' mental health.  | APA, 2023; US Surgeon General, 2023; Twenge, 2023; Haidt, 2024 |
| Manipulation                    | Algorithms may illegitimately influence and manipulate people's preferences (for political, commercial, and other ends)            | Wylie, 2019; Martin, 2022                                      |
| Power Asymmetries               | Data collection and usage perpetuate existing power asymmetries in society (surveillance, manipulation, accountability gaps, etc). | Vallor, 2016   |

# COMPLIANCE

- ❑ **Privacy** is recognized as a fundamental human right and is essential for the protection of individual **autonomy** and **dignity**.
- ❑ European Union legal framework: GDPR, DSA, DMA, AIA...
- ❑ United States legal framework:
  - ❑ Federal: PA1974, HIPAA, COPPA, GLBA
  - ❑ State: California (CPPA, CPRA), Colorado (CPA), Virginia (CDPA), Utah (UCPA), among others.
  - ❑ National Regulation coming...



# FINES AND SETTLEMENTS IMPOSED ON META

| Year | Product               | Country     | Fine in USD      | % of Annual Income | Issue related                  |
|------|-----------------------|-------------|------------------|--------------------|--------------------------------|
| 2011 | Facebook              | Germany     | \$ -             | 0.0000%            | Consent                        |
| 2011 | Facebook              | USA         | \$ -             | 0.0000%            | Users' data shared by Facebook |
| 2012 | Facebook              | USA         | \$ 9,500,000     | 4.1485%            | Consent                        |
| 2017 | Facebook/<br>Whatsapp | EU          | \$ 122,100,000   | 0.5522%            | Acquisitions                   |
| 2017 | Facebook              | Netherlands | \$ -             | 0.0000%            | Consent                        |
| 2017 | Whatsapp              | Italy       | \$ 3,240,000     | 0.0203%            | Users' data shared by Facebook |
| 2018 | Facebook              | UK          | \$ 643,000       | 0.0029%            | Cambridge Analytica            |
| 2018 | Facebook              | Belgium     | \$ -             | 0.0000%            | Consent                        |
| 2019 | Facebook              | USA         | \$ 5,000,000,000 | 27.0490%           | Cambridge Analytica            |
| 2019 | Facebook              | USA         | \$ 100,000,000   | 0.5410%            | Cambridge Analytica            |
| 2021 | Facebook/<br>Giphy    | UK          | \$ 69,690,000    | 0.1770%            | Acquisitions                   |
| 2021 | Meta                  | France      | \$ 67,950,000    | 0.1726%            | Dark Patterns                  |
| 2021 | Whatsapp              | Ireland     | \$ 265,500,000   | 0.6744%            | Users' data shared by Facebook |
| 2022 | Meta                  | USA         | \$ 725,000,000   | 3.1250%            | Cambridge Analytica            |
| 2022 | Instagram             | EU          | \$ 430,000,000   | 1.8534%            | Children's rights              |
| 2022 | Meta                  | Ireland     | \$ 18,647,300    | 0.0804%            | Data breach                    |
| 2022 | Meta                  | Ireland     | \$ 275,000,000   | 1.1853%            | Data breach                    |
| 2022 | Meta                  | Russia      | \$ 52,800        | 0.0002%            | Government censorship          |
| 2023 | Facebook              | Ireland     | \$ 220,500,000   | -                  | Override consent               |
| 2023 | Instagram             | Ireland     | \$ 189,000,000   | -                  | Override consent               |
| 2023 | Whatsapp              | Ireland     | \$ 5,940,000     | -                  | Override consent               |
| 2023 | Meta                  | Ireland     | \$ 1,320,000,000 | 5.6897%            | Data transfer from EU to US    |

# PENALTIES IMPOSED IN US & EU

| Issue related               | Fine or settlement in USD  |
|-----------------------------|----------------------------|
| Dark Patterns & Consent     | \$ 761,630,000.00          |
| Acquisitions                | \$ 191,790,000.00          |
| Cambridge Analytica         | \$ 5,825,643,000.00        |
| Children's rights           | \$ 430,000,000.00          |
| Data breach                 | \$ 293,647,300.00          |
| Data transfer from EU to US | \$ 1,320,000,000.00        |
| <b>TOTAL</b>                | <b>\$ 8,822,710,300.00</b> |

Penalties for infringing Data Protection regulations between 2004 and 2023

# COMPLIANCE

- ❑ **Meta has been imposed with fines** and non-financial settlements 22 times between 2011 and 2023
- ❑ The latest penalty imposed on Meta is \$1.2bn is **the largest ever for a GDPR violation**
- ❑ The Cambridge Analytica-related fine of \$5bn **the largest the FTC has imposed ever**

# COMPLIANCE

- ❑ The company has paid more than **\$8.8bn in penalties**
- ❑ **Facebook violations** of data protection regulations: systematic, repetitive, and continuous (EDPB Chair).
  - ❑ Between 2011 and 2021, Meta received three fines for sharing users' data without their consent, violating their own terms of use.



# INTEGRITY

- ❑ Meta has implemented various protective measures, some voluntarily and others mandated by regulatory bodies.
- ❑ Legal Compliance: Achieving full legal compliance does not cover all risks.
  - ❑ Mental Health Issues.
  - ❑ Misinformation and Biased Content.
  - ❑ Polarization and Manipulation: Efforts to influence user preferences and divisions.
  - ❑ Suppression of Dissent: Legal in autocratic regimes, freedom of speech.
- ❑ Necessity for Meta to go beyond mere regulatory compliance to effectively address all stakeholder needs (balance)

|                        | Stakeholder       | Interests   | Value Created  | Risks & Harms   |
|------------------------|-------------------|---|--|---|
| <b>Data processors</b> | Shareholders      | Financial performance and growth.   | 990% gain for early investors, upward stock value trend.   | Revenue impact due to privacy issues; stock value loss.   |
|                        | Advertisers       | Ads effectiveness, marketing ROI, data analytics, access to user base.  | Targeted ads; prominent ROI; hyper-segmentation, access to a large and diverse user base.                    | Loss of precision in targeted ads due to regulations and Apple ads boycott; Brand damage from associating with Facebook.  |
|                        | Employees         | Job security and career growth; compensation and benefits; ethical business practices.                                | Competitive compensation; comprehensive benefit pack.  | Ethical concerns related to privacy practices, massive layoffs  |
|                        | Governments       | Enforcing data protection and privacy regulations, data requests for criminal investigations, censor illegal content. | Complying with legal data requests and enforcing restrictions on illegal content.                            | Company's attempts to bypass regulations; misleading officials; deceptive practices, and public health issues.  |
|                        | Competitors       | Exposure; Ad revenue.   | Access to large audience base.   | Ad revenue erosion; defamation; and shadow banning.   |
| <b>Data subjects</b>   | Users             | Protecting privacy; data security; connecting with friends and acquaintances; and personalized experience.            | Cost-free communication platform; social connection; personalized experiences; and privacy control settings. | Dark patterns; Bypassing consent; predatory ads; teen's mental health issues; online harassment; echo chambers; filter bubbles; political manipulation; and unauthorized data access. |
|                        | Content Creators  | Protection of intellectual property rights; fair compensation for content; wider audience reach and engagement.       | Platform for content distribution; access to a large and diverse user base; opportunities for monetization.  | Copyright infringement and content piracy; "watchbait" & "clickbait"; misleading content.   |
|                        | Local Communities | Building community bonds; information dissemination; and supporting local businesses.                                 | Enhanced social connection; communication platform; and thriving local businesses.                           | Non-user data collection; polarization; manipulation of public opinion; online harassment; government surveillance; and exploitation of data by malicious actors.                     |

# INTEGRITY

- ❑ **Meta has found** difficulty in balancing interests among various stakeholders.
- ❑ **Stakeholder Analysis:**
  - ❑ **Value to Some:** Shareholders, advertisers, content creators, and employees benefit significantly.
  - ❑ **Harm to Others:** Users, governments, competitors, and local communities experience significant negative impacts.
- ❑ **Profitability Over Common Good:** Evidence suggests a consistent focus on profitability at the expense of broader societal good.
- ❑ **Neglect of Potential Harms:** Insufficient efforts to address harms caused by products.

# INTEGRITY & PUBLIC SCRUTINY

- ❑ Meta claims a commitment to conducting operations with integrity.
- ❑ Efforts to address issues are notable mainly when under public scrutiny.
- ❑ **Reactive vs. Proactive Integrity:** Actual behavior reveals a reactive integrity, dependent on public observation.
- ❑ **Behavioral Benchmark:** The standard for behavior should focus on potential improvements rather than merely avoiding worse outcomes.



# EXCELLENCE

## Excellence in privacy practices

- Cultivating and exercising virtues that are appropriate for the practice of maintaining a social media platform (data collection, storage/processing, use, and sharing).

## Important

- To overcome the potential negative impacts of AI on human autonomy and dignity.
- To contribute to human flourishing.

# EXCELLENCE: VIRTUE ETHICS FRAMEWORK

- 📘 **Practice:** as a socially established cooperative endeavor where participants aim for excellence as determined by the activity itself (MacIntyre, 2007).
- 📘 **Institution:** Practices require the support of institutions because, while practices themselves are concerned with internal goods, institutions pursue external goods —power, money, prestige— that are required for the practice to survive (Sinnicks, 2021).

# EXCELLENCE: VIRTUE ETHICS FRAMEWORK

**Internal Goods:** Derived from the activity itself. Contribute to excellence and the fulfillment of the activity.

- ❑ Examples include mastery of a craft, teamwork, and intellectual growth.

**External Goods:** Achieved as outcomes from engaging in an activity but not essential to the performance itself. Often measured by societal standards and can be possessed or taken by others.

- ❑ Examples include fame, money, power, and social status.

## Key Distinction:

- ❑ Internal goods are integral to the practice and improve the individual's and community's capabilities.
- ❑ External goods are incentives that may motivate participation but do not necessarily enhance personal or collective excellence in the practice (zero-sum fashion).

# EXCELLENCE: VIRTUE ETHICS FRAMEWORK

- 📘 **Practice:** Maintaining a technological platform for social interaction
- 📘 **Institution:** Meta Platforms Inc.
- 📘 **External Good:** Profits, Salaries.
- 📘 **Internal Good:** Global meaningful digital connections.

Establishing meaningful connections with others can significantly enhance understanding, empathy, and solidarity, thereby nurturing social trust (Putnam, 1995). Meaningfully connecting and trusting others is linked to increased levels of well-being and self-perceived happiness (Baek & Parkinson, 2022; Helliwell, 2006; Leung et al., 2011; Mariadhas, 2019; Rothstein, 2013; Sison, 2014).



# EXCELLENCE: VIRTUE ETHICS FRAMEWORK

| Virtue                  | Description   | Application  |
|-------------------------|---|--|
| <b>Justice</b>          | Fiduciary duty towards users, honesty, fairness, and transparency in Meta policies, conferring users control over data, implementing Privacy by Design                | Terms of Service, Privacy Policy & Community Standards, Consent and Control, Fair use of AI training data, Meta accountable for third parties use of data. |
| <b>Fortitude</b>        | Address security challenges when managing user data.  | Data breaches, AI training data, Intellectual property, AI regurgitation of personal data.   |
| <b>Moderation</b>       | Setting limits and moderating the pursuit for profits at any cost. Balancing stakeholders' interests Prioritizing internal goods over external (privacy over profits) | Optimizing harmful algorithms, restricting children under 13 (for real), releasing powerful AI models open source, mitigating AI hallucinations.           |
| <b>Practical Wisdom</b> | Ethical decision-making, that respect human autonomy and dignity  | Decision-making across the board, neutral news feeds, doomscrolling, designing new features, safety.   |

# CONCLUSION

- ❑ The scandals stemming from **privacy violations** have led to a **decline in trust** in the company.
- ❑ Meta has **caused harm to its shareholders** by affecting revenue and Market Cap.
- ❑ Meta's privacy practices have caused **harm to its users and society**.

# CONCLUSION

- ❑ We believe that Facebook has the potential to become a reliable technological infrastructure that facilitates social interaction (communication, education, work, leisure, shopping, media consumption, and more) while maintaining profitability.
- ❑ By embracing virtuous practices, Meta can become a virtuous organization and transform its products to contribute significantly to human flourishing.

A hand is shown holding a white business card. The card features the DCU Business School logo, contact information for Marco Tulio Daza, and a QR code. The background is white with a red vertical bar on the right side.

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