International Journal of Management Science Research, Vol.8, Issue 4, (Apr)
ISSN 2536-605X 2025
DOI: 10.53469/ijomsr.2025.08(04).02

Research on Consumer Data Sovereignty and Algorithmic Fairness

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Abstract: ***In the data-driven digital economy, the tension between consumer data sovereignty and algorithmic fairness has increasingly become a core governance issue. This paper systematically examines the legal empowerment pathways of data sovereignty, technical implementation schemes for algorithmic fairness, and the dynamic interplay between the two. The research demonstrates that the realization of data sovereignty requires transcending the limitations of the "informed-consent" framework, while algorithmic fairness necessitates shifting from the myth of technological neutrality to value-embedded design. The synergistic governance of both demands the construction of a novel trinity framework integrating rights, technology, and institutions. Future studies should focus on defining data property rights, fairness verification of explainable AI (XAI), and cultural conflicts in transnational platform regulation.***

Keywords: Data sovereignty; Algorithmic fairness; Personal information protection; Algorithmic discrimination; Data governance.

1. INTRODUCTION

In the technological wave of the 21st century, data capitalism is rising at an unprecedented pace. According to the latest forecast by International Data Corporation (IDC) in 2022, the global data economy is expected to reach $23 trillion by 2030, a figure that undoubtedly reveals the enormous potential and value of data as a new economic resource. In this context, platform enterprises leverage advanced data collection technologies and complex algorithmic decision-making mechanisms, gradually constructing a new power structure that not only transforms traditional business models but also profoundly influences the way society operates. However, with the booming development of data capitalism, issues of power imbalance are increasingly prominent. Consumers often find themselves in a weak position when it comes to their personal data, lacking sufficient control. Relevant studies indicate that only 13% of users actually read and understand privacy terms, meaning that the data rights of the majority are invisibly infringed upon. More severely, the black box operations of algorithms give rise to issues such as discriminatory pricing and employment exclusion, further exacerbating social inequalities. These problems not only harm the legitimate rights and interests of consumers but also pose a serious threat to social fairness and justice. Therefore, how to safeguard consumers' data rights and uphold social fairness and justice in the wave of data capitalism has become an urgent and important topic (Zuboff, 2019). This study holds profound significance at the theoretical level. The traditional framework of privacy theory primarily focuses on the confidentiality of personal information and the prevention of unauthorized disclosure. However, as the trend of data assetization becomes increasingly evident, personal data has become a crucial economic resource. In this context, the traditional privacy theory framework is no longer adequate to fully encompass the complexity and diversity of personal data rights protection. Therefore, this study aims to break through the traditional privacy theory framework and delve into the logic of rights reconstruction in the context of data assetization. At the practical level, this study is equally significant. With the in-depth implementation of the Personal Information Protection Law and the gradual establishment of the algorithm audit system, how to effectively protect personal data rights and ensure the fairness and transparency of algorithms has become a focal point of society. By deeply analyzing the logic of rights reconstruction in the context of data assetization, this study provides valuable decision-making support for the implementation of the Personal Information Protection Law. Furthermore, this study puts forward specific suggestions for the design of the algorithm audit system. By introducing advanced technical means and methods, such as machine learning and data mining, to conduct comprehensive and in-depth audits of algorithms, it ensures their compliance with laws, regulations, and ethical standards. This not only helps to enhance the fairness and transparency of algorithms but also strengthens public trust and acceptance of algorithmic decisions.

2. THEORETICAL FOUNDATIONS

2.1 Data Sovereignty

With advancements in technology and societal development, the concept of consumer data sovereignty has continuously evolved. Initially, consumer rights over personal data focused primarily on privacy protection, safeguarding against unauthorized access, misuse, or leakage of personal information. However, as the commercial value of personal data became increasingly prominent in the big data era, consumer demands expanded beyond privacy to encompass broader data property rights. In the European Union, the General Data Protection Regulation (GDPR) introduced new legal safeguards for consumer data sovereignty. A key innovation of GDPR is the "right to data portability", which empowers consumers to transfer their personal data between service providers. This provision not only enhances data mobility but also fosters competition and transparency in data markets. In contrast, California's California Consumer Privacy Act (CCPA) explores a "data propertization" approach, treating personal data as a form of property that consumers can sell or license for economic compensation (Hoofnagle et al., 2019).

The three dimensions of sovereignty realization include data control rights, data benefit rights, and data governance rights. Data control rights refer to consumers' rights to access, correct, delete, and otherwise manage their personal data, which constitute. the foundation and core of data sovereignty. Data benefit rights refer to consumers' entitlement to reasonable economic returns for their contributions of personal data, reflecting the value attribute of data as a resource. Data governance rights refer to consumers' right to participate in collective decision-making processes regarding data, having a say in how data is processed and used, which helps to uphold fairness and justice in data management.

2.2 Conceptual Framework of Algorithmic Fairness

Algorithmic fairness is a complex and multidimensional concept that encompasses various aspects such as statistical fairness, procedural fairness, and outcome fairness. Statistical fairness requires that algorithms have the same error rate when processing different groups, achieving equalized odds, thereby avoiding discriminatory impacts on different groups. Procedural fairness emphasizes the transparency and interpretability of the algorithmic decision-making process, by introducing explanatory models such as LIME (Local Interpretable Model-agnostic Explanations), so that the output results of the algorithm can be understood and accepted by users. Outcome fairness requires that algorithms reflect a social justice orientation in resource allocation, correcting potential historical biases against minority groups, thereby achieving fair distribution of resources. From a techno-social coupling perspective, algorithmic fairness is not merely a mathematical optimization problem; it also needs to incorporate power relations and value judgments. The design and use of algorithms are often influenced by multiple factors such as society, culture, and politics. Therefore, in the pursuit of algorithmic fairness, these factors need to be fully considered to ensure that the output results of algorithms not only conform to technical logic but also align with social ethics and values. As Noble (2018) pointed out, algorithmic fairness is a complex issue involving multiple fields such as technology, society, ethics, and requires interdisciplinary collaboration and joint efforts to promote its realization.

3. CONFLICTS AND SYNERGIES

3.1 Contradictions in the Data Collection Phase

At the data collection stage, tensions arise between privacy protection and data utility. Differential privacy enhances anonymity by adding noise to datasets but may reduce data quality, impairing model accuracy (Dwork et al., 2006). Additionally, fragmented user authorization across platforms—where users selectively share data—hinders the integrity of algorithmic training, limiting model generalizability.

3.2 Power Dynamics in Algorithmic Decision-Making

In the algorithmic decision-making stage, the conflicts and negotiations between data sovereignty and algorithmic fairness become more complex. Taking credit scoring algorithms as an example, users may request the deletion of negative financial data to uphold their data sovereignty. However, such deletion may weaken the accuracy of risk prediction, leading to biases in identifying high-risk users and triggering a trade-off between "fairness and efficiency." How to ensure the fairness and accuracy of algorithmic decisions while protecting users' data sovereignty becomes a key issue that needs to be balanced in the algorithmic decision-making stage. Personalized recommendation algorithms also face conflicts between data sovereignty and algorithmic fairness. Users may refuse profiling analysis to protect their privacy and data sovereignty. However, such excessive restrictions on data use may lead to homogenization of recommendation results, weakening cultural diversity, and thus triggering a fairness paradox. How to achieve diversity and fairness in personalized recommendations while respecting users' data sovereignty becomes an important issue that personalized recommendation algorithms need to address.

3.3 Synergistic Possibilities

Despite the conflicts and negotiations between data sovereignty and algorithmic fairness, the development of emerging technologies provides possibilities for their synergy. Federated learning, as a distributed machine learning framework, enables multi-party joint modeling while protecting data localization. This technology not only helps protect user privacy and data sovereignty but also improves the accuracy and performance of algorithmic models. Through federated learning, different institutions can jointly train models without sharing raw data, thereby achieving efficient data utilization and algorithm optimization (Kairouz et al., 2021). Blockchain-empowered data markets offer new solutions for the synergy between data sovereignty and algorithmic fairness. Smart contracts, as automatically executed rules for data use and revenue distribution mechanisms, ensure transparency and traceability of data in transactions. Through blockchain technology, users can more flexibly control their data and participate in revenue distribution in the data market. This technology not only helps protect users' data sovereignty but also promotes fair trading and effective utilization of data.

4. GOVERNANCE PRACTICES AND INSTITUTIONAL INNOVATIONS

4.1 Legal Regulatory Path

In the governance practice of data sovereignty and algorithmic fairness, the legal regulatory path plays a crucial role. The EU model, based on the General Data Protection Regulation (GDPR), has established a rights list model that emphasizes ex-ante compliance reviews to ensure that data processing activities are carried out on a legal, fair, and transparent basis. GDPR not only specifies requirements for the collection, processing, storage, and transmission of personal data but also grants users a series of rights, such as the right to data access, rectification, and erasure, thus providing strong legal protection for users. In China, in response to the governance issues of data sovereignty and algorithmic fairness, the country has adopted a coordinated regulatory approach through the Personal Information Protection Law and the Provisions on the Administration of Algorithm-Based Recommendation Services. This approach highlights scenario-based governance, formulating differentiated regulatory measures according to data processing needs in different scenarios. By clarifying the basic principles, behavioral norms, and legal responsibilities of algorithm-based recommendations, the Chinese government protects user privacy and data sovereignty while promoting the healthy development of algorithmic technologies.

4.2 Technical Governance Tools

In addition to the legal regulatory path, technical governance tools are also important means to achieve data sovereignty and algorithmic fairness. Algorithmic Impact Assessment (AIA) is a method for quantitatively assessing the risk of fairness in algorithmic systems. By analyzing the output results of algorithms, it evaluates the differences and discrimination among different groups, thereby revealing potential fairness risks of algorithms. For example, Canada's Algorithmic Impact Assessment framework provides a systematic method for assessing the fairness, transparency, and interpretability of algorithms. Fairness-by-design is an approach that embeds fairness constraints into the entire machine learning process. It requires full consideration of fairness requirements when designing, developing, and deploying machine learning models to ensure that the models are fair and non-discriminatory when processing different groups. The IBM AI Fairness 360 toolkit is a typical fairness-by-design tool that provides a series of algorithms and tools to assess and improve the fairness of machine learning models.

4.3 Social Co-Governance Mechanisms

In the governance process of data sovereignty and algorithmic fairness, social co-governance mechanisms also play an irreplaceable role. The citizen jury system is a way for public participation in algorithm audits. By inviting public representatives to participate in the algorithm audit process, it enhances the transparency and credibility of algorithmic decisions. For example, the Ada Lovelace Institute in the UK has promoted the application of the citizen jury system in algorithm audits, providing strong support for public participation in algorithm governance. Interdisciplinary ethics committees are another important social co-governance mechanism. By forming committees composed of experts from different fields, they conduct in-depth research and discussion on the ethical issues of algorithmic technologies and provide policy suggestions and guidance to governments and enterprises. For example, the Algorithm Justice League (AJL) established by the MIT Media Lab is a typical interdisciplinary ethics committee dedicated to promoting fairness, transparency, and interpretability of algorithmic technologies, providing important intellectual support for algorithm governance.

5. RESEARCH CHALLENGES AND FUTURE DIRECTIONS

5.1 Current Controversies

The field of data sovereignty and algorithmic fairness faces critical debates centered on data ownership delineation and fairness standard selection. Personal Data vs. Property Law: Traditional property law emphasizes rights to possess, use, profit from, and dispose of tangible assets. However, the intangible, replicable, and easily disseminated nature of personal data complicates its classification under property law frameworks. Enterprises invest substantial resources in data collection, processing, and analysis, yet how these investments translate into ownership rights remains unresolved. Prioritizes equal opportunities in algorithmic decision-making, ensuring all individuals face identical procedural conditions. Focuses on compensating disadvantaged groups for adverse algorithmic outcomes. Balancing these standards poses a significant challenge in algorithmic governance.

5.2 Emerging Frontiers

Future research must explore the following frontiers to advance data sovereignty and algorithmic fairness. With the rise of brain-computer interfaces (BCIs), defining sovereignty over neural data and preventing algorithmic manipulation are critical. Key issues include legal status of BCI data, privacy protection, and algorithmic ethics. The metaverse generates vast user behavioral data. Research should address digital identity authentication, cross-platform algorithmic interoperability, and privacy-preserving data-sharing mechanisms. Large language models (LLMs) and AI training processes generate substantial carbon footprints. Future studies must reconcile algorithmic performance with environmental justice, focusing on sustainable design, energy efficiency, and adaptive regulations.

6. CONCLUSION

This study explores the conflicts and synergies between consumer data sovereignty and algorithmic fairness in the context of data capitalism. With the rise of the data economy, platform enterprises leverage data to construct new power structures, yet issues of power imbalance have become prominent, resulting in compromised consumer data rights and exacerbated social injustices due to algorithmic discrimination. Traditional privacy theories are no longer adequate in addressing the trend of data assetization, necessitating a reconstruction of the rights framework. This research holds significant importance both theoretically and practically, providing decision-making support for the implementation of the Personal Information Protection Law and the design of algorithmic audit systems. Conflicts between data sovereignty and algorithmic fairness arise during data collection and decision-making stages, but emerging technologies such as federated learning and blockchain offer possibilities for their synergy. Legal regulation, technological governance, and social co-governance are key pathways in governance practice.

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