

Privacy Responsibility and Company Performance

A Qualitative Comparative Analysis

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Data and information have gained enormous importance in our so-called ‘Information Society’. Data are a valuable factor, and many companies derive a competitive advantage from data [1]. However, data collection by companies interferes with peoples’ privacy expectations. Privacy as the “right to be let alone” [2] or the “claim of individuals, groups and institutions to determine for themselves, when, how and to what extent information about them is communicated to others” [3] is loaded with various expectations towards the organizations, collecting, processing and storing data. Fulfilling peoples’ expectations towards respecting their privacy may increase trust and loyalty towards a company [4] and hence influences companies’ reputation. At the same time, it is quite challenging for companies to take into account peoples’ expectations, as it means collecting only those data which are necessary to fulfill a certain task [5, 6]. It is a fact that companies have an interest in collecting more data for various reasons, e.g. targeted marketing; for example, during a visit of a website [7-10] a lot of data is collected automatically and - even worse – submitted to third party providers. To overcome reluctance of customers to provide their data, privacy statements are provided on the websites. The disclosure of information about which data are collected and why can be voluntarily or required by law. Various laws and regulations on local or global level influence legal requirements of privacy statements. Hence, guidelines [11, 12] and tools [13] provide support to companies in developing legally-approved privacy statements. For example, the seven principles to realize privacy protection “include notice; choice; onward transfers to third parties; security; data integrity; access; and enforcement” [14]. The statements cover measures like cookies, encryption, anonymization and pseudonymization [15-18]. When done properly, companies’ privacy statements strengthen trustworthiness [19], increase customer loyalty [4], reduce uncertainty [20] and create a feeling of transparency and fairness [19, 21]. However, due to data breaches happening lately and increased privacy awareness of customers, pure legal and technological statements have been criticized in the media as being useless for both parties. Thus, companies have started to add statements of the responsibility for the collected data as a part of the increasingly widespread subscription to Corporate Social Responsibility (CSR) [22, 23]. While CSR commitment has become more common, it is not yet clear whether it actually “pays off” [24, 25]. There are research findings that suggest that CSR commitment ought to be advantageous. By adding information beyond the pure legal or technological measures, a company implicitly adopts responsibility [26]. Voluntary disclosure of reports or statements beyond legal and technological measures have also been identified as means to establish trust and loyalty [19, 27]. In addition, information disclosed via statements and reports is a first basis for making decisions like investments, partnerships or becoming a customer [28]. Underlying concepts for

voluntary disclosure have been found in agency theory, signaling theory, capital need theory and information asymmetry [29].

Research Aim, Research Design and Methodological Approach

In this research, we want to investigate if adopting privacy responsibility positively influences companies' reputation. To achieve this goal, we investigate privacy statements representing companies' approach to privacy towards the wider public. We assume a causal relationship between privacy responsibility, expressed in various statements and reports, and companies' reputation. We refer to privacy responsibility as the 'responsibility a company accepts and expresses for the protection of the data collected and stored by them'. We identify three topics in privacy statements and reports: (a) legal topic, represented by laws and regulations; (b) technical topics represented by security and data protection measures; and (c) responsibility topic, represented by the awareness and importance of privacy expressed in privacy statements and reports. Furthermore, we assume that there are latent structures in the documents that reveal more than only three topics. These topics are independent variables in our research having a causal relationship with company's reputation. We identified companies' reputation as the dependent variable. However, a clear understanding what reputation means is missing. Therefore, we ask: "Does privacy responsibility positively influence companies' reputation?"

We apply two different methods to answer the research questions. On one hand, we apply Latent Semantic Analysis (LSA) to analyze the documents and gain an understanding which of the independent variables are at hand. LSA allows investigating the latent structures in the documents as well as similarities between documents [30]. Thus, we reduce dimensions of text to reveal underlying structures without losing relevant information [31]. After describing the dependent variables, we apply qualitative comparative analysis (QCA) to analyze the causal relationship between the art and level of self-disclosure and the company's reputation. QCA is a set-based approach suited for the analysis of small to medium samples; essentially, QCA examines the combination of variables in data sets [32]. The data sample consists of privacy statements from companies' websites, responsibility reports from a specific database (Global Reporting Initiative) and reputation indicators. In a next step, we will collect the data and pre-process it. Decisions concerning the reputation indicator of companies are required. In parallel, we will develop hypotheses.

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