



The impact of disposition to privacy, website reputation and website familiarity on information privacy concerns



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ABSTRACT

This study examines the impact of disposition to privacy, perceived reputation of a website, and personal familiarity with the website on a person's privacy concerns about the website. It also analyzes the key attributes of disposition to privacy and its antecedents. Using a survey, the study finds the direct impact of disposition to privacy, website reputation, and personal familiarity on website-specific privacy concerns. The impact of privacy experience on disposition to privacy is also confirmed. The moderating effects of website reputation and personal familiarity on disposition to privacy are not supported, suggesting that the three antecedents exert their impact on privacy concerns independently. The study extends the information privacy literature through the analysis of the roles of contextual factors (reputation and familiarity) in the relationship between disposition to privacy and website-specific privacy concerns. It also moves forward studies on individual disposition to privacy, calling for more attention to this critical concept.

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1. Introduction

Privacy is an important social issue affecting all individuals, as the lack of privacy prevents people from disclosing themselves in social interactions. To date, scholars have studied privacy from different perspectives and have recognized approaches to protecting privacy [44,61,68]. In the e-commerce literature, research has focused on online information privacy from the consumer's perspective due to the impact of the Internet and the web on consumer information privacy. A large number of factors that influence consumer privacy concerns and behaviors have been studied [10,38,50,61]. Among those factors, disposition to privacy, representing a person's general "desire for privacy" [10,61], plays important roles in determining privacy behaviors on the Internet [55,69,70].

Despite the theoretical and practical importance of the concept [4,33,66], disposition to privacy has received limited attention in the e-commerce literature. Only a few studies examined its effect in the e-commerce domain [55,69,70], but little is known about how the effect may be influenced by contextual factors in a certain circumstance, such as on an e-commerce website. Fundamental to this issue is the recognition of the key attributes of disposition to privacy, which have remained elusive in the literature. Addressing these issues is critical to the development of knowledge in the area.

In this study, we examine the impact of disposition to privacy on website-specific privacy concerns under the influence of two

contextual factors: perceived reputation of a website and personal familiarity with the website. Specifically, we aim at answering three research questions. 1) *What is the nature of disposition to privacy, and how is it related to a person's privacy concerns about a website?* Due to the limited studies on disposition to privacy in the e-commerce literature, we conduct a review on several important theories in the sociological and psychological literature to clarify the concept. 2) *How do the contextual factors, such as the reputation of a website and personal familiarity with the website, influence the relationship between disposition to privacy and website-specific privacy concerns?* We notice that several contextual factors, such as the effectiveness of privacy policies and the effectiveness of industry self-regulation, were studied for their impact on website-specific privacy concerns [69]. Nevertheless, scholars show that the readability of privacy policies is declining due to the length of the policies and complexity in contents, and approximately half of the consumers in the United States do not have the education level needed to understand about half of the online privacy notices [47]. In addition, few consumers ever notice or read the policies [45,49]. Therefore, we investigate the influence of other contextual factors on information privacy to extend the literature. 3) *What are the antecedents to disposition to privacy?* We notice a paucity of empirical studies on the antecedents to disposition to privacy, so we explore several factors that may explain its development.

The structure of the paper is as follows. In Section 2, the literature review is presented, based on which disposition to privacy is examined and its impact on website-specific privacy concerns is explored. In Section 3, the research model is presented and the hypotheses are developed. Research method and data collection process are reported

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in Section 4, and data analysis and results are reported in Section 5. Finally, contributions, implications, and limitations of the study are discussed in Section 6.

2. Literature review

A number of theories were developed to explain individual disposition to privacy [4,33,43,66]. These theories suggest that disposition to privacy is the outcome of a person's social interactions with others that enables the person to achieve expected status such as personal autonomy or to deter unexpected status such as dehumanization [44]. A few studies in the e-commerce literature adopted this concept. For example, Yao et al. [70] found the impact of disposition to privacy on a person's privacy concerns about the Internet, and Xu et al. [69] found the impact of disposition to privacy on website-specific privacy concerns. A similar concept, need for privacy, was examined for its moderating effect in website use [55]. As studies on disposition to privacy are still limited in the e-commerce literature, efforts are needed to better understand this concept and to examine its effect on website use. We review several popular theories on privacy to learn this concept and to examine its impact on website-specific privacy concerns.

2.1. Disposition to privacy: Toward a conceptual clarity

As mentioned above, disposition to privacy stands for a person's general desire or need for privacy across contexts, which distinguishes it from other learned dispositions within certain contexts, such as situational privacy concerns [37,69]. In other words, disposition to privacy represents a person's general attitude toward privacy. This concept has been theorized from various perspectives that focused on different issues [4,61]. Of the many theories proposed, Westin's [65,66] and Altman's [3,4] theories are perhaps the most influential [43,44]. Lafer and Wolfe's theory [33] also provides a profound basis for e-commerce research [17,69]. We focus on these three theories in the review.

2.1.1. Westin's theory

Westin's theory [65,66] is particularly relevant to e-commerce research due to its emphasis on information privacy [43]. He defines privacy as the claim of individuals to determine for themselves when, how, and to what extent information about them is communicated to others [66]. He posits that people have a need for privacy that, in concert with the needs for disclosure such as socializing [25,66], helps them to adjust emotionally to daily life with others. The benefits or functions of privacy include emotional release (release from the tensions of social life), personal autonomy (desires to avoid being manipulated, dominated, or exposed by others), self-evaluation (integrating experience into meaningful patterns and exerting individuality), and limited and protected communication (setting interpersonal boundaries and sharing personal information with trusted others) [43,65]. From the e-commerce perspective, these privacy functions help reduce consumers' anxiety about the Internet and enhance their abilities to control information disclosure for expected outcomes.

Westin proposes four means (called *States*) to achieving privacy: solitude, intimacy, anonymity, and reserve. Solitude is being free from observation by others, a status also known as exclusion or withholding. Intimacy refers to small group seclusion for group members to achieve a close, relaxed, and frank relationship. Anonymity refers to freedom from identification and surveillance in public places, which is a key area of research in the e-commerce literature [55]. Finally, reserve is based on the desire to limit information disclosures to others, and it requires others to recognize and respect that desire. If such desire is violated by others through the process known as peer's disclosure [15], privacy is invaded. Of these means to privacy, anonymity and reserve have particular importance to e-commerce, as they relate to the collection and secondary use of personal information by e-commerce websites.

A well-known contribution of Westin and his colleagues is the classification of individuals into three categories based on their extent of privacy dispositions, including privacy fundamentalists, privacy unconcerned, and privacy pragmatists [66]. Privacy fundamentalists are high-privacy oriented individuals who reject consumer-benefit or societal-protection claims for data use and search legal-regulatory privacy measures. The privacy unconcerned belongs to the limited-privacy camp who would be ready to supply personal information to businesses and governments. Between these two camps are privacy pragmatists, who like the balanced-privacy position and make information disclosure decisions based on the privacy calculus [61]. Recognizing the distinct privacy dispositions of individuals help businesses to design appropriate privacy policies and incentive schemes to elicit information from customers [6,7,26,35].

Other aspects of Westin's theory are also noteworthy [4,43]. For example, he suggests that people seek a balance between openness (e.g., disclosure) and closeness (e.g., non-disclosure): to be with others and to be away from others at different times. He notes that too much or too little separation from others is an undesirable state of affairs, suggesting a non-monotonic, dialectic approach to privacy. This approach was followed by others in further theorization [4,52].

2.1.2. Altman's theory

Altman's theory [3,4] constitutes another important foundation for privacy research [43]. Similar to Westin, Altman conceptualizes privacy as a control mechanism, defining it as the selective control of access to the self or to one's group. This definition demands a multi-level research on privacy at and across individual and group levels [10]. The main propositions of Altman's theory include: units of analysis varying from individuals to groups, the dialectic nature of privacy, the non-monotonic nature of privacy, privacy as a boundary regulation process, and privacy as a bidirectional process [4]. In terms of the units of analysis, Altman suggests that privacy is an interpersonal event involving linkages between persons or groups. The solitude and anonymity states of privacy (see Westin's theory), for example, involve an individual seeking privacy from others, while the intimacy and reserve states involve a group of people seeking privacy from other people or groups. For the dialectic nature of privacy, Altman states that social interaction is a continuing dialectic between forces driving people to come together and to move apart, as there are times when people want to be alone and times when others are sought out. Therefore, privacy targets a momentary, ideal level of interpersonal contact, and "ideal" privacy is a position on the continuum between isolation and intrusion. The dialectic nature of privacy determines that it is non-monotonic: neither too much nor too little privacy is satisfactory, and people seek an optimal level of privacy in social interactions. In other words, even the privacy fundamentalists may choose to release personal information for certain benefits [26], and the privacy unconcerned may prefer certain degree of solitude or anonymity if necessary.

An important contribution of Altman's theory is the depiction of privacy as an interpersonal boundary control process. He suggests that privacy involves a temporal, dynamic process of control over interpersonal boundary that changes how open one is in response to changes in one's internal states (e.g., the need for solitude and exclusion) and external conditions (e.g., the need for anonymity and protected communication). This process helps one to pace the interactions with others [43]. Other studies extended the boundary control mechanism in various privacy contexts [33,52,53,69]. Altman also depicts the distinctions between desired and actual levels of privacy, suggesting that a balance is achieved when desired privacy matches actual privacy [4]. This differs from earlier privacy theories that over-emphasize solitude and exclusion, and it inspires further research on procedural fairness to protect privacy [17].

In addition, Altman summarizes several mechanisms for achieving desired privacy, such as verbal and nonverbal behaviors, environmental behaviors (e.g., the physical condition), and cultural norms and customs

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