## Journal 12

The "Sample Data Breach Notification" letter from Glasswasherparts.com can be analyzed through various economic theories to understand the company's response. One possible theory is cost-benefit analysis, where the company weighs the potential legal and reputational fallout of remaining silent against the cost of managing the breach and notifying customers. By choosing transparency, the company likely concluded that the long-term benefits of disclosure outweighed short-term expenses. Another relevant theory is information asymmetry, which refers to one party holding more information than the other. In this case, the company was aware of the breach long before customers were informed, creating a temporary imbalance that left customers exposed and unaware of potential risks.

From a social science perspective, the company's actions can be interpreted through social contract theory, which suggests that customers entrust companies with their personal information under the expectation that it will be protected. When a breach occurs, this trust is broken, and the company's credibility is called into question. Additionally, Situational Crisis Communication Theory (SCCT) is applicable, as it emphasizes the importance of a clear and timely response during a crisis. By issuing a formal notification and outlining support measures, the company is attempting to manage public perception, reduce reputational damage, and rebuild trust. Together, these theories highlight the ethical and strategic complexities of handling data breaches in both economic and social contexts.