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CYSE 201S
11/13/2024

Journal Entry 12

An organization's online platform was the victim of a cyberattack that led to the illegal access of customers' personal and financial data; the facts of this incident are detailed in the breach notification letter. The letter can be better understood by using two theories from economics and social science in the analysis.

Economic Theories:

Principal-Agent Theory: This theory draws attention to the dangers of outsourcing important functions (such as data security) to other parties, where conflicting interests could result in security breaches.

Market Failure and Information Asymmetry: Describes how customers are harmed by an imbalance that arises when companies do not disclose or secure risks associated with customer data.

Social Science Theories:

Considers the breach of trust between a company and its consumers as a breach of the social contract theory of the contract.

According to routine activity theory, we need stronger safeguards and more stringent supervision after examining the circumstances that enabled the violation to happen.

In a digital economy, strong procedures for protecting consumer data are crucial, and these theories highlight the interaction between financial incentives, social duties, and this need.