

# Consumer Privacy Concerns in Entrepreneurial Contexts: Evidence from an Online Experiment

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# MOTIVATION

- The increasing privacy concerns of consumers hinder online business from providing satisfactory products (van Doorn & Hoekstra, 2013; White et al., 2008; Wieringa et al., 2021; Xie et al., 2006).
- Challenge is more severe for start-ups (Bleier et al., 2020).
- Very little of empirical research has investigated whether consumers' privacy concerns differ between entrepreneurial or mature enterprises.



# THEORY

- Protection motivation theory (Rogers & Prentice-Dunn, 1997)
- We propose that consumers might have less trust in the declarations of privacy protection provided by entrepreneurial start-ups.
- Consumer participation enhances consumers' control and sense of empowerment over privacy protection (Wathieu et al., 2002)



# HYPOTHESES

**H1:** Consumers have more severe privacy concerns about the declarations of privacy protection from entrepreneurial start-ups.

**H2a:** Consumers' participation in privacy protection can mitigate their privacy concerns in entrepreneurial contexts.

**H2b:** The effect of decreasing the privacy concerns of consumers who participate in the process is more pronounced for entrepreneurial start-ups than for mature organizations.



# METHOD

- A 2 (entrepreneurial start-ups vs mature enterprises) x 2 (consumer participation in privacy protection: presence vs non-presence) between-experiment.
- Sample: 400 Chinese students who expressed their preliminary intentions to participate in our product trials. Then, we randomly distributed these 400 students into four groups, each with 100 participants. We sent different specific instructions to these students, and finally, we garnered 373 valid responses.

**Table 1** Instructions distributed to participants

	Nature of product provider	Privacy protection
Instruction 1	Mature organizations	Unilateral declaration
Instruction 2	Entrepreneurial start-ups	Unilateral declaration
Instruction 3	Mature organizations	Consumer participation
Instruction 4	Entrepreneurial start-ups	Consumer participation



# VARIABLES

- **DV:**

participants self-evaluate their privacy concerns under different treatments by asking them to give a number ranging from 1 to 5.

- **IV:**

organizational nature (mature organizations vs entrepreneurial start-ups) and privacy protection initiatives (unilateral declaration in privacy protection vs consumer participation in privacy protection) as our independent variables

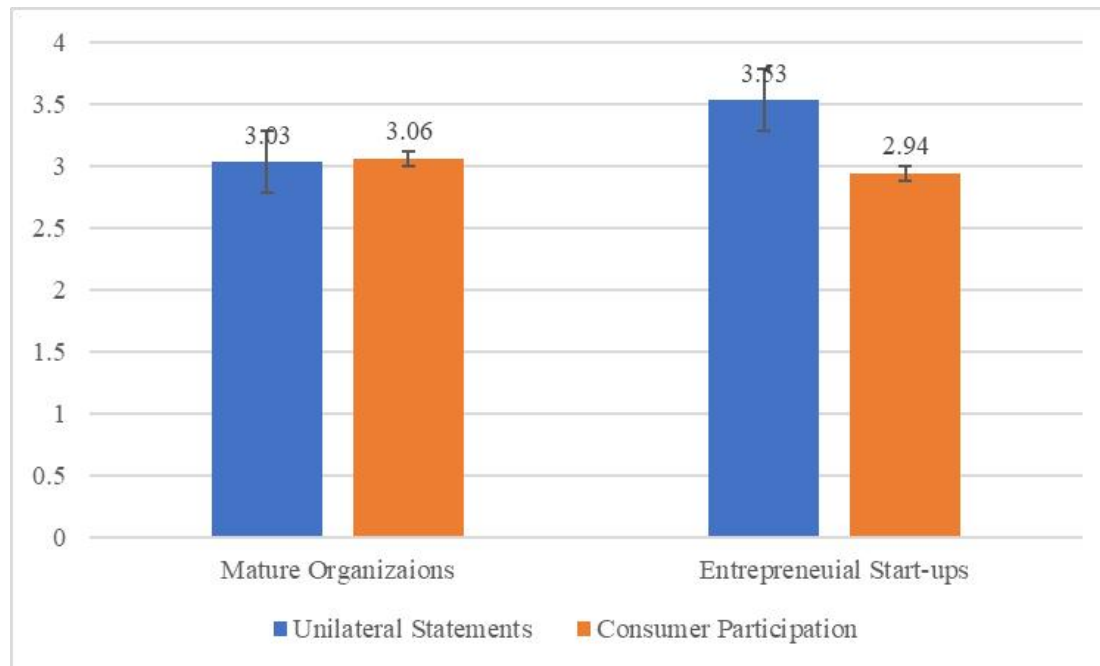


Variables	Age	Education Years	Female Ratio	Economics Ratio	Level of Privacy Concerns	Agreement Ratio
<b>Panel A:</b> Instructions with mature organizations and unilateral declarations						
Mean	20.63	14.05	39%	57%	3.03	27%
SD	2.08	0.81			1.35	
N	100	100	100	100		100
<b>Panel B:</b> Instructions with entrepreneurial startups and unilateral declarations						
Mean	20.55	14.02	50%	67%	3.53	14%
SD	1.97	0.83			1.31	
N	97	97	97	97		97
<b>Panel C:</b> Instructions with mature organizations and consumer participation						
Mean	20.78	14.07	56%	43%	3.06	42%
SD	1.73	0.82			1.4	
N	78	78	78	78		78
<b>Panel D:</b> Instructions with entrepreneurial startups and consumer participation						
Mean	21.18	14.01	59%	54%	2.94	70%
SD	1.88	0.79			1.35	
N	94					

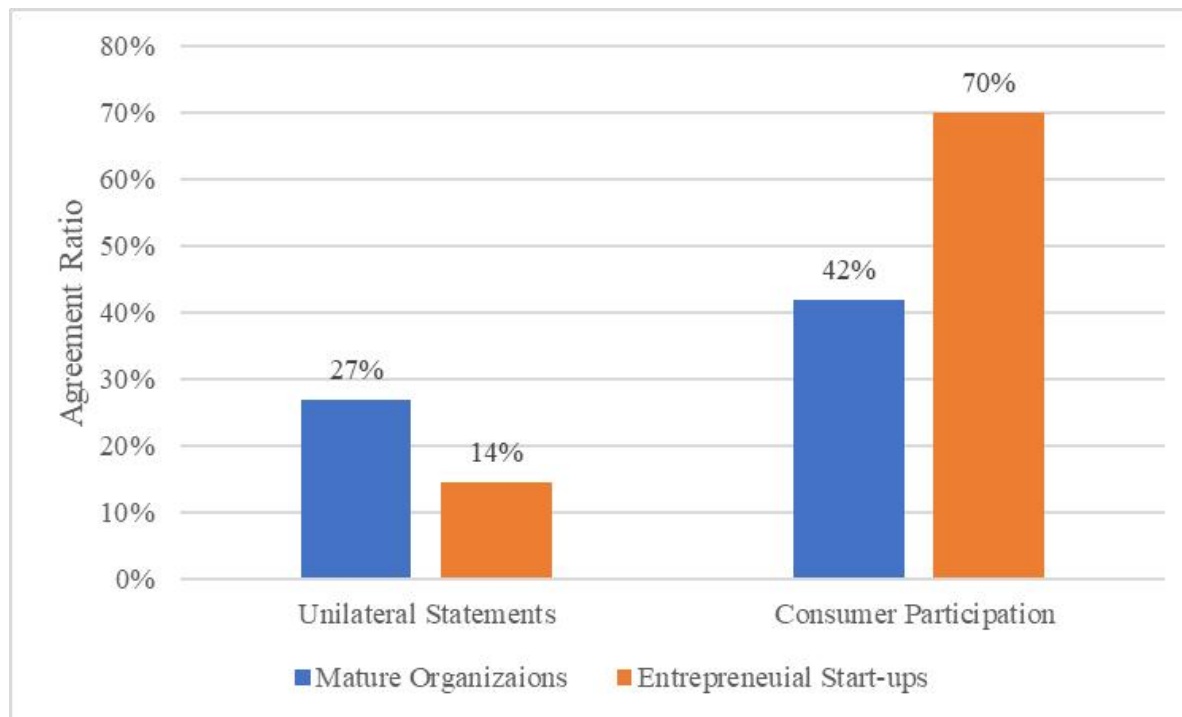




**Figure 1** Privacy concerns across different instructions



**Figure 2 Agreement ratios to continue product trials across different instructions**



## Regression Analysis

VARIABLES	(1) Agreement Ratio: Declaration Group	(2) Agreement Ratio: Entrepreneurial Start-ups Group	(3) Agreement Ratio: Pooled
Gender	0.345 (0.210)	0.336 (0.211)	0.203 (0.144)
Age	-0.00326 (0.0506)	0.0218 (0.0544)	-0.00215 (0.0374)
Education	-0.153 (0.128)	-0.00190 (0.129)	-0.0709 (0.0884)
Economics	-0.0744 (0.213)	0.129 (0.217)	0.130 (0.147)
Part		1.608*** (0.215)	0.405** (0.199)
Ent	-0.505** (0.214)		-0.500** (0.210)
Ent_x_Part			1.205*** (0.289)
Constant	1.502 (2.194)	-1.794 (2.220)	0.270 (1.560)
Observations	197	191	369



# DISCUSSIONS

## Contribution

- First, we contribute to the literature on consumers' privacy concerns
- enrich the literature on the intricacy between entrepreneurial start-ups and consumers.

## Limitation

- measure consumers' privacy concerns
- consumers' privacy concerns might be associated with many contextual factors.



# Thanks!

