

## PERSONAL DATA PROTECTION AS AN ELEMENT OF COMPETITIVE ADVANTAGE

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**Abstract:** The article presents results of research on the information flow between the client and the company, inside the company, and the problems encountered by both parties in the data exchange process. Also included are methods of securing information through unauthorized disclosure, disclosing ideas to other clients. The basis of the study was a survey directed to 75 customers ordering in the examined enterprise and a survey among 40 employees of that enterprise. The study was also based on an in-depth conversation with employees of the examined company employed at various levels. The survey shows that the clients and employees of the surveyed company are aware of the high value of information, and its security is considered one of the priorities. The survey clearly shows that customers praise data protection activities, they treat it as an element used to care for the interests of the customer, as a further environment of the product or service they purchase. However, there are often errors due to customer ignorance, communication problems, and lack of knowledge of employees. The study covered the importance of information in an enterprise as part of its competitive advantage, the reasons for investing in information protection, the occurrence of incidents, the degree of information security, and actions taken to protect information in an enterprise.

**Keywords:** personal data protection, competitive advantage, data management, information security

### 1. INTRODUCTION

It cannot be denied that the areas in which entrepreneurs can compete with each other today are drastically diminishing, giving the choice of competing in quality or price. Especially when we think about our own business in terms of the future. Price competition in the long term does not allow development, and even this development inhibits. To compete on the market, the products and services offered by enterprises must be at the highest possible level (Calder, 2005). Low-quality products and services are eliminated from the market - the customer values quality and, above all, uniqueness. In the era of digital services, online shopping, compulsory purchasing services,

"something more" is something that was once in the world of "analog" economy - standard, we are talking about customer privacy. Many employers are unaware of their obligation to protect the personal data of their clients and contractors and thus commit many deficiencies in this respect. This employer is even common among employers who have decided to run their business on the Internet. Not without reason, more and more often, apart from the standard regulations specifying the principles of operation and use of the services of such an online employer, the so-called privacy policies and cookies policy.

## **2. DATA PROTECTION**

Many entrepreneurs are unaware of their obligation to protect the personal data of their clients and contractors and thus commit many deficiencies in this respect. This phenomenon is even common among entrepreneurs who have decided to run their business on the Internet (Łunarski, et al., 2006). Not without reason, more and more often, apart from the standard regulations specifying the principles of operation and use of the services of such an online entrepreneur, the so-called privacy policies and cookies policy (Kolbusz, 2003).

Providing personal data to unauthorized persons, or processing data revealing racial, ethnic origin or political views, in accordance with the criminal provisions contained in the Personal Data Protection Act is an offense for which a fine or even imprisonment of up to 3 years may be imposed (Polaczek, 2006). This may be associated with difficulties in running a business, including control by the Personal Data Protection Inspector, which usually involves the need to provide explanations and interviews with company employees. Often, the devices and data carriers functioning in the enterprise are also secured (Axelrod et al., 2009).

In view of the above, this topic cannot be underestimated and the key issue is to determine what really should be understood by the term "personal data". Personal data, as indicated by law, is all information about an identified or identifiable natural person (Klonowski, 2004). It is therefore information on the basis of which the identity of a natural person can be directly or indirectly established. For example, they can be: an e-mail address containing the person's name, tax identification number, computer IP address or a note describing the characteristics of a specific person that allows him to be identified (Żywiłek, 2018).

Importantly, only personal data that is collected in data sets or ICT systems is protected, even if they were processed (i.e. collected, stored, processed, changed, shared, deleted, etc.) outside of the data set. To make it easier to understand the sense of the above sentence, as well as the general issues of personal data protection, it is also worth getting to know the definition of the data set and the ICT system, which repeatedly appear in the Act (Mottord and Whitman, 2008). Thus, a data set should be understood as a set of data ordered in such a way that specific data can be searched on the basis of a specific criterion (e.g. PESEL number or date of entering data in the set). In turn, the IT system is understood as a set of cooperating devices (computer), programs, information processing procedures and software tools used for data processing (Żywiłek, 2016).

## **3. COMPETITIVE ADVANTAGE**

A key circumstance cannot escape the entrepreneur's attention. The obligation to protect personal data at least at a minimum level, from a legal point of view, is

a standard. The legislator still requires what the client expects. This applies to all areas of business operations that may be neglected by competitors.

We can also use our knowledge of personal data protection regulations at the stage of designing our own products. The latest research shows that the biggest players market google, microsoft facebook know it, and most importantly, they use this knowledge with great care (Żywiołek, 2018).

For example, Microsoft's activities are part of this trend, which last year boasted that European personal data protection authorities have recognized that the standards of cloud computing contracts used by the Redmond giant meet the standards set by the European Commission (Tutton, 2010).

It is important, however, that Microsoft, due to the introduction of appropriate clauses in the contractual templates used, simply provided its customers with a product whose use for the processing of personal data will not pose a liability. Because of the essence of cloud services (Białas, 2007), allowing for facilitating operations on data by processing them in data centers located in many parts of the globe (including outside the European Economic Area), the alternative to introducing appropriate clauses to the template contracts used by Microsoft was the need to obtain appropriate permission to process cloud data by service recipients.

Therefore, Microsoft rightly decided that it would take advantage of the opportunity offered by legal regulations and, in a way, would free its clients. In short, he offered his clients a more competitive product (Colwill, 2009). Not only for the comfort associated with the lack of risk, quite severe, punishment for violation of law and loss of customers. Personal data protection can simply pay off. The customer wants his data to be protected (Łuczak and Tyburski, 2010).

#### **4. DATA PROTECTION AND BUILDING A COMPETITIVE ADVANTAGE**

It is worth noting that behind the success of each company are people: employees, clients and contractors. Ensuring the safety of the data they entrust to your company is a key aspect of building a trust-based relationship (Stewart, 2009). It is also the best recommendation Every company strives to to enter the era of competitive market, gaining a significant advantage, which is difficult to balance or destroy.

Employees of the surveyed enterprise and their clients participated in a similar survey on the security of personal data and their perception of this element as a competitive advantage. The respondents answered the question about the perception of personal data protection (Fig. 1).

The perception of data protection by different groups of respondents is varied, as shown in Figure 1. There is a noticeable increase in awareness over time, a significant increase was restored in 2018 after the implementation of the GDPR. A significant change occurred in the thinking and handling of data among customers.

When analyzing the protection of personal data, it is worth emphasizing what individual groups of respondents understand by this term (Fig. 2).

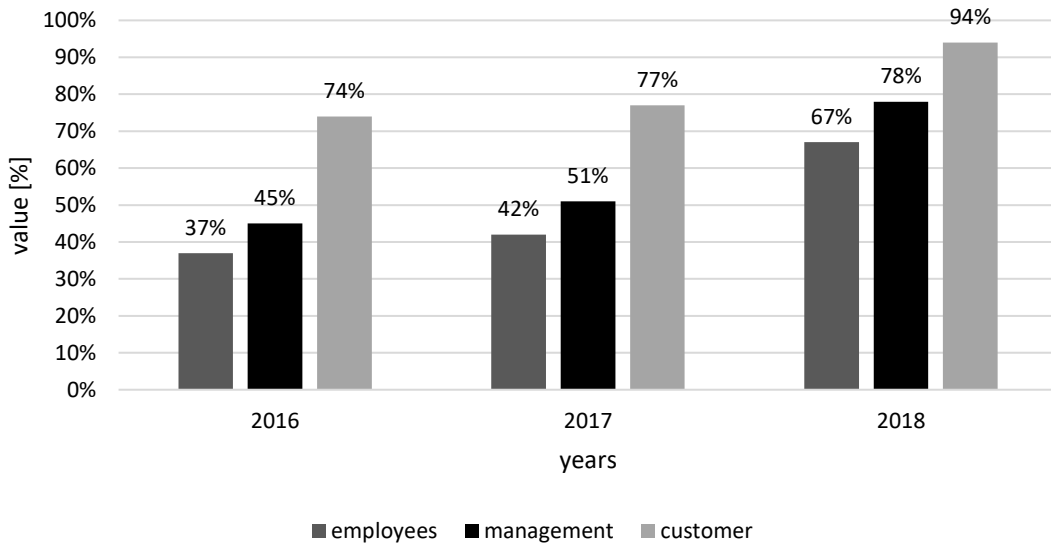


Fig. 1. The importance of data protection for individual groups of respondents

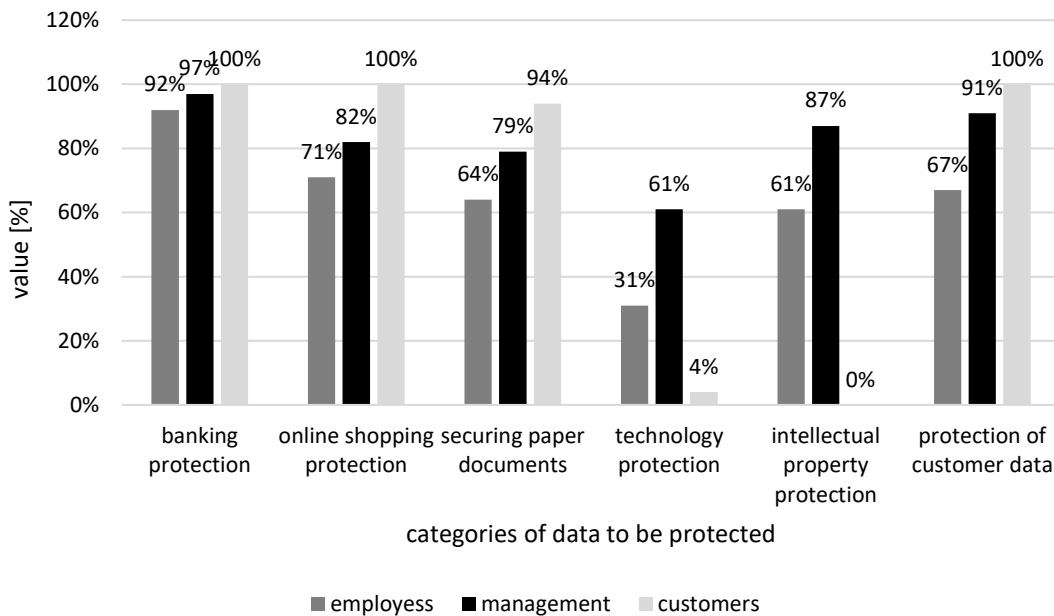


Fig. 2. Categories of data to be protected

Respondents see the need to protect online banking, probably in terms of their private banking without referring to the business. customers treat data provided during online shopping equally seriously, however, the employees of the surveyed company do not notice such weight data. Other categories of data, although protected against the enterprise, are not treated properly by employees, management and clients. Being aware of the importance of protected data, it should be checked whether the studied groups treat them as an element of competitive advantage. To investigate this relationship, the study groups were asked about the product environment in marketing terms (Fig. 3).

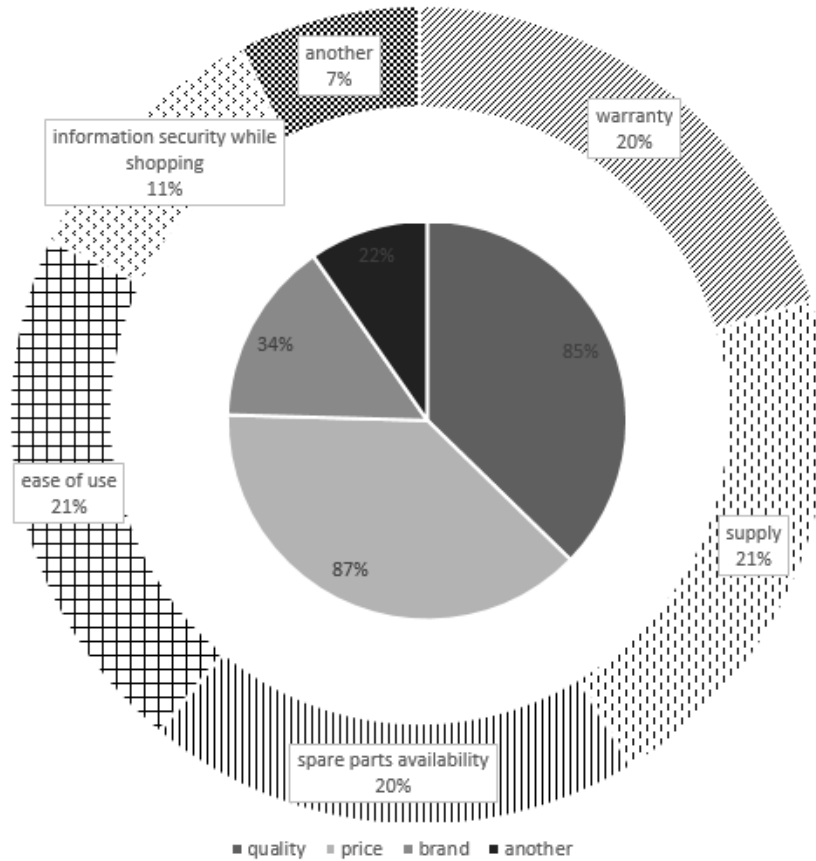


Fig. 3. Product marketing approach taking into account data protection

Product marketing approach shows what factors pay attention to customers when buying a real product, and what becomes an extended product for them. More and more people believe that their seller is obliged to protect their data not only as required by law, but so as to ensure their privacy and freedom of purchase. Another important element of the study was determining whether the protection of personal data may constitute an element of competitive advantage (Fig. 4).

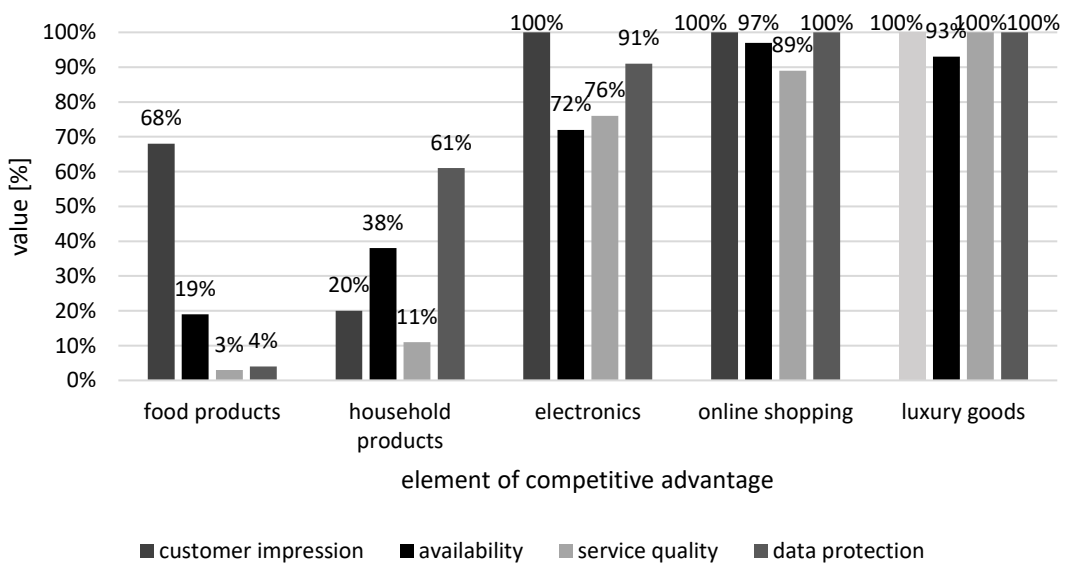


Fig. 4. Element of competitive advantage

Elements of competitive advantage were chosen by the respondents themselves, before they conducted the survey they had the opportunity to propose in the interviews elements used for the advantage. The survey also allowed the inclusion of other answers by providing the element that the survey did not suggest. These elements have been classified taking into account the distribution of goods that consumers buy. As the results of the study show, the sale of luxury goods requires the use of all elements of competitive advantage, online shopping has similar requirements, which obviously has the lowest requirements for food shopping.

The last stage of the survey conducted by the author in the analyzed company was the determination by buyers of the consequences or losses perceived by customers and sellers, as shown in the Figure 5.

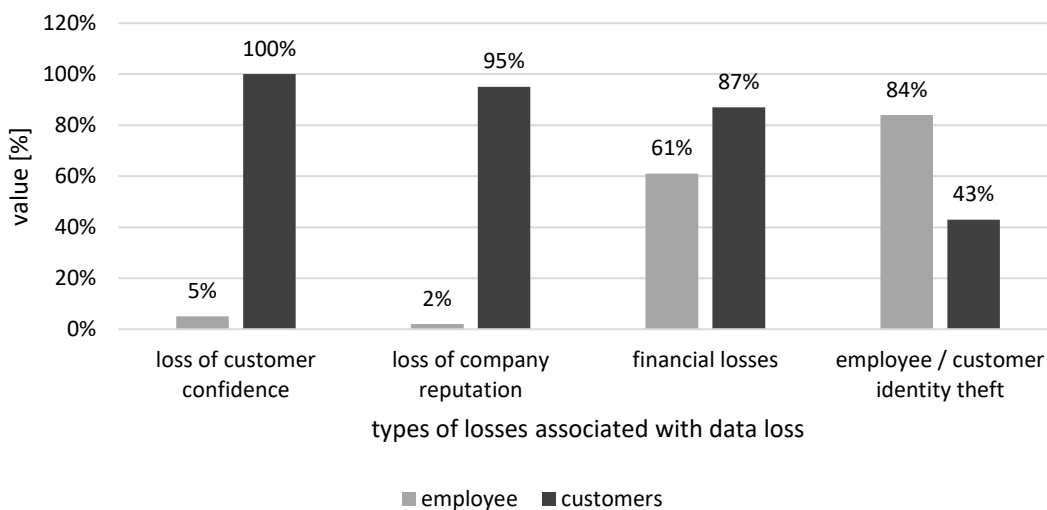


Fig. 5. Losses related to data loss

Data loss has not only financial consequences in the form of penalties awarded by state offices. Customers and sellers themselves are highly aware of the consequences of data loss for an enterprise. Nowadays, it is necessary to take care of customer privacy and data.

## 5. CONCLUSION

To sum up, ensuring personal data protection is one of the basic elements that should be taken care of by a person who wants to run a business in any form. It should be remembered that submitting the notification is not the good will of the entrepreneur but his statutory duty, the failure to comply with which may be sanctioned even in criminal proceedings.

As part of strategic analyzes, each company should design its own thoughtful configuration and select elements of competitive advantage. However, it must always be preceded by decisions regarding the selection of target customer segments. Effective delivery of benefits can only take place if it is designed for a customer with specific needs identified by the seller. Otherwise, we will offer everything to everyone the study shows that both sides of the sales process are afraid of losing data, but for various reasons. They also differ in the consequences of such data loss. According to the survey, entrepreneurs are not afraid of penalties imposed by offices and yet the company is lost due to the loss of clients. The next stage of research will be real cases of errors and omissions of employees and customers, which have become the

cause of data loss, I will analyze the consequences that have taken place for companies.

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