Manisha Karnati

Professor Sarah Sowden

Ethical and Legal Issues in Data Science 605

30 Apr. 2023

Lyft Data Governance Practices through Stakeholder Theory

**Introduction**

Data has merged seamlessly into our everyday lives in the fast-paced, digital world of today. The ethical and responsible use of data has emerged as a crucial concern for all parties, including citizens, organizations, and governments. Data governance has developed as a critical practice for enterprises across sectors (Dhar). It is the process of managing data to guarantee its quality, security, and compliance with legal and ethical norms (Sun et al.). Lyft, a ride-sharing company, utilizes data heavily to carry out its operations. As a result, the business has prioritized data governance to guarantee that its data is gathered, kept, and used in a responsible and ethical manner. However, the use of data for targeted advertising has raised concerns around user privacy and autonomy and has been criticized as treating individuals as mere means to an end (Kshetri). In this context, it is important to examine Lyft's data governance practices, the issue of targeted advertising, and how ethical frameworks such as Stakeholder Theory can inform our understanding of this issue.

**Lyft’s Focus on Data Governance**

Lyft understands the value of having robust data governance policies in place since data is a crucial asset that guides their business decisions (Li et al. 389-399). Data governance is given top priority by Lyft in several ways, including data quality, data security, and data privacy, as well as the data governance framework. To sum up, Lyft's focus on data governance ensures that the information they collect is trustworthy, safe, and compliant with privacy laws and regulations. In turn, this empowers them to take data-driven decisions that fuel their company's success.

Despite making these measures, Lyft has encountered certain issues with data privacy. Accusations that Lyft had breached consumer privacy by failing to effectively preserve customer data led to a settlement with the Federal Trade Commission (FTC) in 2019. According to the FTC, Lyft failed to put sufficient data security safeguards in place and that its workers had improper access to user data. The New York City Taxi and Limousine Commission penalized Lyft $300,000 in 2019 for failing to notify them as soon as they became aware of a data breach that exposed the personal information of over 1,000 users (Federal Trade Commission). Even though the breach happened in 2018, Lyft did not notify the commission about it until six months later.

**Stakeholder Theory to Tackle Security Concerns**

Stakeholder Theory is a management theory that highlights the need of addressing all stakeholders' requirements and interests in decision-making processes (Freeman). This idea can be used to address security challenges in a variety of settings. When using stakeholder theory to address security issues, decision-makers must recognize and consider all stakeholders who are impacted by the security issue at hand. Those who may be damaged as well as those who may be able to help prevent or alleviate the security issue are taken into account.

Decision-makers can gain a better understanding of possible security concerns by communicating with stakeholders and selecting the appropriate courses of action to take. Stakeholders may provide informative thoughts and comments on the efficacy of security measures, and their engagement can promote transparency and accountability in decision-making processes (Dhar). Furthermore, by involving stakeholders, security measures can gain the support of those who will be impacted by them and foster a sense of trust and confidence.

Stakeholder theory entails a collaborative and inclusive approach to addressing security concerns that takes into account the diverse viewpoints and interests of all concerned stakeholders.

**Recommendations**

According to the problems Lyft has encountered, below are some recommendations the company may consider

Conduct regular audits and assessments of data governance practices in order to identify and address potential vulnerabilities.

Improve transparency associated with data collection and usage to give people more control over their data and enhance trust.

Develop a more robust incident response plan that includes clear communication with affected parties and measures to prevent similar incidents from occurring in the future.

By taking these steps, Lyft can further enhance its data governance practices and build greater trust with its users (Sun et al).

**Conclusion**

Data management is required to ensure the accuracy, completeness, and security of data inside an organization. Effective data governance includes developing norms and policies for data management, determining who owns the data and who is accountable for it, and ensuring that the data is used in compliance with moral and legal obligations (Dhar). In conclusion, Lyft's approach to data collection, governance, and modelling has enabled the firm to improve its services and make better business decisions. Lyft, like any other corporation that relies heavily on data, has experienced challenges such as prejudice in its algorithms (Kshetri). Lyft has taken efforts to resolve these concerns and continues to invest in its data infrastructure to guarantee that it can continue to provide dependable and effective ride-hailing services to its clients.

Works Cited

Dhar, V. (2018). Data science and prediction. Communications of the ACM, 61(4), 88-97.

Federal Trade Commission. (2019, March 15). Lyft agrees to pay $300,000 to settle allegations it violated law requiring timely reporting of data breaches.

Freeman, R. E. (2010). Strategic management: A stakeholder approach. Cambridge University Press.

Kshetri, N. (2014). Privacy and security issues in cloud computing: The role of institutions and institutional evolution. Telecommunications Policy, 38(9), 887-894.

Li, X., Liu, Z., & Li, J. (2019). Exploring the importance of social trust in cybersecurity risk communication. Journal of Business Research, 104, 389-399.

Sun, Y., Li, Y., Li, Y., Li, W., & Li, X. (2020). An integrated governance framework for big data governance: Theory development and practical implications. Information & Management, 57(5), 103225.