

Transparency in business and society: introduction to the special issue

Antonino Vaccaro · Peter Madsen

Published online: 14 May 2009
© Springer Science+Business Media B.V. 2009

The last decade has witnessed an increasing use—and sometimes abuse—of the term “transparency” in very different contexts such as business, political affairs and education. It has rapidly become a key consideration in the question of whether or not organizational decision making is good decision making. Likewise, the concept of transparency has become an indispensable ingredient in social accountability and is considered necessary for preserving and guaranteeing ethical and fair processes that are carried out within the private, public and non-profit sectors. The centrality and importance of transparency was recently acknowledged, for example, by the new President of the US, Barack Obama, who published an important memorandum on the White House’s website titled “Transparency and Open Government.” This document says in part: “...my Administration is committed to creating an unprecedented level of openness in Government. We will work together to ensure the public trust and establish a system of transparency, public participation, and collaboration. Openness will strengthen our democracy and promote efficiency and effectiveness in Government...” (available online at: http://www.whitehouse.gov/the_press_office/Transparency_andOpenGovernment/).

At the same time, arguments on behalf of transparency in business are proliferating. In popular business books like *The Naked Corporation*, in newspaper or magazine articles

and in blogs around the Internet as well as in academic journals, one can find the idea of transparency being promoted as the road that businesses need to traverse if they are to become consumer friendly and successful. Even the business practitioner literature itself has recently been enhanced with articles and books that offer advice on how to implement transparency in human resource management and in corporate strategy. All of this activity involving the incorporation of transparency might be well summarized in the motto “Be transparent! and then you are a good citizen” (Capurro 2005).

But, what does organizational and corporate transparency really mean? Recent scholarly research suggests that the term corporate transparency is actually volatile and imprecise (Williams 2005), and, in several cases it is associated merely with standardized reporting (see e.g., Vaccaro and Madsen 2009). However, this particular conceptualization of transparency as a function of reporting is very limited in terms of current social understanding and societal expectations. It misses the mark in providing an accurate picture of the role and the scope of what transparency actual means in business and organizational practice.

This special issue analyzes the issue of corporate and organizational transparency and introduces a new definition of this concept that is dynamic and interactive. It is a collection of select papers originally presented in Lisbon, November 2007, during the “Information and Communication Technologies, Transparency and Social Responsibility Conference” organized by the Center for Ethics, Business and Economics (CEBE) at the School of Business and Economics of the Catholic University of Portugal and Carnegie Mellon University.

The idea underlying the conference—and consequently this special issue—was to create a *locus* of discussion where scholars and practitioners of two different disciplines,

A. Vaccaro (✉)
FCEE, Catholic University of Portugal, Lisbon, Portugal
e-mail: vaccaro@andrew.cmu.edu

A. Vaccaro
EPP, Carnegie Mellon University, Pittsburg, PA, USA

P. Madsen
Carnegie Mellon University, Pittsburg, PA, USA

computer ethics and business ethics, would analyze and debate the issue of transparency. We discovered during the conference that transparency is a key issue that creates connections between different applied ethics disciplines, such as business, computer and information ethics as well as the field of ethics in public administration and public policy. In this sense, it seems that transparency can play the role of a crossroad not only between different research fields, but also between civil society and academia.

This special issue is composed of six papers that are complementary in their approach to and in their perspectives on the analysis of various issues in transparency. The first paper, by Matteo Turilli and Luciano Floridi, investigates the ethics of information transparency in organizations. The authors argue that transparency is not just an ethical principle in itself, but a pre-ethical condition that can either enable or hinder other ethical practices or principles. The authors present a new definition of information transparency that takes into account the complexities of information production and the real differences between data and information. The paper also demonstrates that the implicit ethical considerations that are embedded in the practice of software design need to be fully disclosed by organizations in order to achieve an ethical standing and actually be seen as transparent.

The second paper, by Antonino Vaccaro and Peter Madsen, introduces and analyzes the concept of corporate “dynamic transparency.” In particular, it holds that dynamic transparency is a more desirable and more effective form of information disclosure than the more common “static transparency” where a firm’s information sharing is only one-way reporting, usually in response to government regulation. Three ethical arguments to justify the implementation of dynamic transparency by corporations and to urge them to do so are presented and the paper demonstrates that dynamic transparency augments and complements corporate stakeholder engagement and dialogue.

The third paper by Ronnie Cohen and Janine Hiller proposes a two-way collaborative model of corporate transparency. It is maintained that little attention has been paid to free speech limitations posed by the control of access to the Internet by private entities, enabling them to censor relevant content. Relying on the theories of deliberative democracy and discourse ethics, the paper proposes that corporate transparency policies should promote the possibility of stakeholders responding to and interacting with firms in order to correct and enrich public information. It is argued that both the access to information and the ability of any citizen to participate in the creation of new public knowledge are necessary activities in order for public welfare and social trust to flourish. The authors also hold that their understanding of a two-way collaborative model of corporate transparency is a new approach to effective stakeholder

engagement and in meeting corporate social responsibility standards such as those proposed at the international level by the guidelines of the European Green Paper on “Promoting a European Framework for Corporate Social Responsibility.”

The fourth paper by Adele Santana and Donna Wood analyzes important ethical issues in the informational processes employed by Wikipedia. The authors argue that although this free online encyclopedia uses transparent, open source editing and good governance procedures, it does not fully disclose important information such as the identity of contributors, editors, and administrators. The paper compares Wikipedia’s publication processes with those currently adopted and accepted in the academic community. Differences between these two processes are analyzed at the social, organizational and individual levels. According to Santana and Wood, the lack of transparency in Wikipedia’s processes compromises the overall validity of the knowledge that is produced and made available by it. Policy and managerial implications are also discussed in light of the analysis of these transparency problems plaguing Wikipedia.

The fifth paper by John Elia analyzes the ethics of corporate transparency by exploring stakeholder rights and expectations. He argues that the implementation and use of virtual technologies in support of information disclosure is morally unsatisfactory unless such disclosure is designed to address the informational requests and to respect the fundamental rights of all stakeholders. As a consequence, information disclosures made by a firm ought to be guided by a theory of stakeholder rights in order to take into account the fundamental needs and ethical expectations of a given firm’s various stakeholders. According to the author, this new model of corporate transparency which is based upon stakeholder rights should help to guarantee stakeholders’ expectations, and social justice, on the one hand, as well as corporate profit, on the other, by improving stakeholder trust. Thus, this paper can be taken as evidence that corporations can do well by doing good.

The last paper by Armando Menéndez Viso offers a brief but very interesting historical overview of the very idea of transparency in western philosophy and literature. It starts with the story of “The ring of Gyges” by Plato and ends with the novel *Nineteen Eighty-Four* by George Orwell. The main, and perhaps most compelling, argument, is that what is usually intended with corporate transparency, i.e. the disclosure of more detailed information about the activities of a firm, does not guarantee *real* organizational transparency. Indeed, the creation of documents and other reports may reflect just an artificial image of an organization, instead of allowing stakeholders to truly look at and analyze its activities.

It is impossible to thank all the people who contributed to the success of our conference and to the appearance of this special issue. We would like to express our gratitude to all

participants in our event, especially to those who completed all the specific details in the preparation of a paper for this issue. We would like to thank Deborah Johnson, General Chair of the conference, João César das Neves, Conference Co-Chair, João Seabra, President of CEBE, our host institution and Hugo Horta, Conference Organization Chair. We would like to acknowledge all our keynote speakers: W. Michael Hoffman, Jeroen van den Hoven, José Manuel Moreira, João Ribeiro da Costa, Ricardo Valadares, Tom Dodd, Nuno Brito, and David Shulenburg. We would finally thank our sponsors and in particular: the Portuguese Association of Christian Managers and Entrepreneurs (ACEGE), Fundação para a Ciência e a Tecnologia

(Portugal), Gulbenkian Foundation in Lisbon, Accenture Portugal, and Cylab (Carnegie Mellon University).

References

- Capurro, R. (2005). Privacy. An intercultural perspective. *Ethics and Information Technology*, 7(1), 37–47.
- Vaccaro, A. & Madsen, P. (2009). ICT and an NGO: Difficulties in attempting to be extremely transparent, forthcoming in ethics and information technology. doi:[10.1007/s10676-009-9180-3](https://doi.org/10.1007/s10676-009-9180-3) (online first).
- Williams, C. C. (2005). Trust diffusion: The effect of interpersonal trust on structure, function, and organizational transparency. *Business & Society*, 44(3), 357–368.