Transparency: Should It Be a Stand-Alone Governance Principle?

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Abstract

The topics of corporate governance and transparency are discussed in this article. In recent years, the term "transparency" has expanded its application beyond the realm of non-governmental and supranational institutions and into the fields of international relations, public policy, administrative literature, and non-profit organisations. In order to determine whether or not transparency should be used on its own, qualitative study was carried out. The findings were conceptualised via the lens of corporate governance. The research comes to the conclusion that transparency can be used as a standalone principle of governance and describes three different descriptions of the concept: transparency as a public value that is embraced by society to combat corruption; transparency being identical to open decision-making by governments and non-profit organisations; transparency as a complicated instrument for good governance in programmes, policies, organisations, and countries; and transparency as a synonym for openness. In the first definition, responsibility and openness are described as being interwoven. Second, there is a risk to one's privacy and secrecy when information is readily available. Third, those in positions of power need to be forthright, accountable, and productive in their work. It is not appropriate for the idea of transparency to be a property of corporate governance; rather, it should be founded on the function that transparency serves in corporate governance.

Keywords: Governance; Transparency; Principles; Stand-Alone

Introduction

Transparency in governance is important in today's modern democracies (Ngatikoh, Kumorotomo & Retnamdari, 2019). The statement made by Justice Brandeis that sunshine is the most effective disinfectant is one that many people would agree with when it comes to tackling issues of administrative corruption and inefficiency (Lee, 2017). In addition, many people believe that openness makes genuine public engagement possible (Ngatikoh, Kumorotomo & Retnamdari, 2019). However, although there appears to be a strong correlation between openness and effective government in modern democracies,
assumptions regarding administrative transparency have not been experimentally examined (Ngatikoh, Kumorotomo & Retnamdari, 2019); it would be especially beneficial to test the impacts of openness in developing democracies, particularly those in which norms of transparency have not yet taken root or have only done so slowly (Kemp, Owen & Lebre, 2020). Is it true that increased administrative openness creates the kinds of benefits that have been attributed to it in these situations? Is transparency possibly keeping the wheels turning in established democracies, but what good is grease when so many gears appear damaged or absent altogether?

The idea that transparency rather than obscurity is, all else being equal, a desirable attribute in markets, processes, and governance institutions, both private and public, is something that most law students are exposed to sooner or later throughout their study in the legal system. The notion that transparency is a more admirable trait than obscurity is the foundation for this philosophy (Kemp et al., 2020). However, what exactly do we mean when discussing transparency, and why is it considered a positive trait? The fundamental notion behind transparency is straightforward: everything runs more smoothly when procedures are made public (Kemp et al., 2020). Market functioning is improved when transactions are made public and conditions are available. The public and the participants in the judicial process need to be able to observe proceedings for them to be effective (Goldstein & Miller, 2016). Governments can function most efficiently when inputs to choices and the meetings in which decisions are made are open to the public (Ngatikoh, Kumorotomo & Retnamdari, 2019). This article offers a concise introduction to transparency by examining it in a few significant circumstances.

Openness to the scrutiny of others, the ability to see how business is performed, the degree to which information is made publicly accessible, knowledge about the players and actions of government as well as access to information about government and the process of making invisible things or the things that hidden visible or seen, all these are all components of transparency (Gupta, 2010). One definition of transparency is the availability and accessibility of knowledge and information, as well as openness to the gaze of others. Other definitions of transparency include availability and accessibility of knowledge and information, openness to the eye of others, and openness to the look of others. Although the relative significance of these two aspects differs from one definition of transparency to the next, transparency encompasses information, and making information available is an essential component of the idea (Ngatikoh, Kumorotomo & Retnamdari, 2019). For the most part, the making accessible component mandates that the person or organization possessing potentially confidential material must also be the one to divulge it.

Nonetheless, political players have a lot of reasons to oppose openness, even though it has been lauded as the fundamental component of good government. This is the case even though transparency has been hailed as essential (Billon, Lujala & Rastad, 2021). Moreover, over the last several decades, substantial research has been conducted (Kemp et al., 2020). As a result, the relevance of various diverse facets of governance has been brought to light. These aspects comprise accountability, autonomy, role clarity, role consistency, policy consistency, particularly concerning objectives, stakeholder participation and engagement, capacity for professionalism, and transparency (Kim & Moon, 2021).

The Reason for Conducting the Study

The problem of transparency and many other governance principles has always presented a barrier because they are all combined. Because of this, there is a situation where openness is not required, despite the importance that it should be assigned. This investigation's objective is to determine whether or not transparency, on its own, may have the desired effect, as opposed to the situation in which it is combined with many other guiding principles. The problem of transparency and many other governance principles has always presented a barrier because they are all connected. Because of this, there is a situation where openness is not required, despite the importance that it should be assigned. This
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Theoretical Foundations and Principles

The Theory of Principal-Agency

Within the most constrained of parameters, the primary goal of a company is to maximise its profits and, by extension, to increase the wealth of its shareholders. This is the primary purpose of a business. (Vagif, 2020). This has been the case throughout the majority of the course of the history of business. However, the degree to which the pursuit of wealth and riches is prioritised will be directly proportional to how society views something known as agency theory (Schillemans & Bjurstrøm, 2020). The concerns that need to be asked are who is accountable, who discharges responsibility, and what specific structure of connections and possible conflicts exist between principals and their agents (Schillemans & Bjurstrøm, 2020).

In the business world, the person interested in anything is referred to as the principal, whereas the officers of the company or the directors are called the agents (Schillemans & Bjurstrøm, 2020). Therefore, the degree to which boards of directors act in the interests of shareholders and in the pursuit of fiduciary interests, such as increasing wealth, will be determined by which of the seven views on corporate social responsibility is embraced. To put it another way, the degree to which boards of directors behave in the best interest of shareholders will be directly proportional to which of these viewpoints is chosen and accepted.

The Importance of the Stewardship Concept

It is generally acknowledged that stewards of the stakeholders and their interests should be responsible for protecting and promoting the rights of shareholders and other stakeholders related to the organization (Schillemans & Bjurstrøm, 2020). Other stakeholders include customers and employees. Therefore, in principle, agents should be held responsible and accountable for balancing the competing interests of various firm stakeholders (Schillemans & Bjurstrøm, 2020). This may be a challenging task.

Shareholder rights and the quest for wealth are highly important in traditional, clean capitalism. However, the current financial crisis and spectacular business failures like Enron and World Com would imply that even the narrower interests of owners may sometimes be forgotten or ignored, along with those of a much larger group of stakeholders, including the general public. This is because owners are vested in protecting their wealth and maximising their return on investment (Stout, 2020). The remark shows that even owners’ more specific interests are sometimes disregarded or disregarded altogether (Stout, 2020).

The Standard of Excellence in Corporate Governance

The King IV report listed attributes of good governance such as participation, the rule of law, transparency, responsiveness, consensus orientation, equality and inclusiveness, effectiveness and efficiency, and accountability (IODSA, 2016). This article takes a postmodernist approach to analyze the meaning of transparency and the evolution of that term throughout history. Organizations that are not governments, such as supranational ones, will be considered. The definition of transparency reveals three descriptions, transparency as a general value embraced by society to combat corruption, transparency as a synonym for open decision-making as practised by governments and non-profit organisations, and transparency as complex tools of good governance in programs and policies (Ananny & Crawford, 2018; Ngatikoh, Kumorotomo & Retnamdari, 2019). All of these descriptions are revealed in the definition of transparency. The concept of transparency refers to making it possible for individuals whose lives are impacted by administrative choices to get insight into the procedure that led to those decisions and the
facts and data that have emerged as a direct result of those decisions (Billon et al., 2021). Transparent governance is characterised by openness and transparency by government officials, with citizens being informed of the decisions made by those in authority (Gupta, 2010). Open and honest management must give citizens access to information about the policies and activities of their government (Marais, Quayle & Burns, 2017). In addition, citizens should clearly understand their organizational responsibilities and the certainty that their governments are run effectively and are free of pervasive corruption (Androniceanu, 2021).

Complete openness must be throughout the process to combat and eliminate corruption (Gupta, 2010). It is essential for local governments and the communities that they serve to have transparent governance because corruption, among other things, threatens good governance, causes resource misallocation, hinders public and private sector development, and distorts public policy (Marais, Quayle & Burns, 2017). Transparency in governance is critical for local governments and their communities. Corruption can only be controlled via a concerted effort by the government, the people of the country and the business community to ensure that the process in question is open and accountable (Kemp et al., 2020). Regarding the ideals and precepts utilized for ideological purposes, a great appreciation is shown for openness (Marais, Quayle & Burns, 2017). The following in-depth research indicates that openness has been excessively important in today's society. In addition, it is ideological (Marais, Quayle & Burns, 2017). The outcomes of studies conducted in the social sciences make it impossible to justify particular usages. Although transparency can play a limited part in the service the organisation provides, it cannot fulfil the tasks that its proponents have given to it because of this (Kemp et al., 2020). When assessing transparency, we shall see that it is necessary to consider several aspects (Billon et al., 2021). Must know a continuum consisting of the order of disutility and the order of utility as a measure of the cost of knowledge (Kemp et al., 2020). The greater the significance of the gap between the scores on both variables, the less meaningful the outcome is. Therefore, it is essential to be transparent.

These ratings need not be exceptionally high to have a major influence. This will, for the most part, reduce the degree to which the general public can rely on openness (Cordelia, Ngozi & Ebuka, 2020). According to the several definitions that are accessible, the concept of transparency refers to making it probable for members of the general public to acquire information on the functions and organizational structures of a certain business (Billon et al., 2021). It is common practice to connect transparency with openness and disclosure; nevertheless, the term can apply to each of these things independently (Marais, Quayle & Burns, 2017). At the very least, on the surface, transparency is frequently seen to be something good in public discourse (Hale, 2008). It is comparable to people's rights to privacy and expression (Ananny & Crawford, 2018; Kemp et al., 2020). Transparency is widely acknowledged as a fundamentally important value (Billon et al., 2021). A non-governmental group that encourages transparency in various nations on both the domestic and international levels is known as Transparency International (Kemp et al., 2020). Established in 1993 and garnered much praise, the firm is still growing and industrializing its operations.

In the context of the sciences, engineering, business, the humanities, and other fields of study and practice, the term transparency refers to doing one's activities in such a way that makes it simple for other people to see what one is doing (Billon et al., 2021). In addition, the term transparency implies openness, communication, and responsibility (Marais, Quayle & Burns, 2017). Therefore, companies, organizations, administrative structures, and communities try to be as open and honest as possible (Cordelia, Ngozi & Ebuka, 2020). For example, one kind of transparency may be illustrated by a cashier who, upon completing a point-of-sale transaction, not only provides the customer with a record of the things they have purchased in the form of a receipt but also counts out the client's change on the counter (Billon et al., 2021).
Within the realm of information security, transparency refers to something quite particular (Marais, Quayle & Burns, 2017). In the context of this discussion, it refers to the processes of security that have been developed to the point that they are intentionally undetected or disguised from the eyes of the general public. It involves hiding utilities and tools from the user that are not necessary for them to be aware of to carry out their task.

In the disciplines of governance, politics, software design, and business, the term transparency is used to characterize activities and strategies that significantly increase the openness of organizational processes and data (IODSA, 2016; Cordelia, Ngozi & Ebuka, 2020). The term also refers to data openness (Hale, 2008). At first, its use was conceived of as a strategy or an act that takes advantage of an abundance of networked information to access material previously kept secret by an organization, whether its workings or its results. The modern use of the phrase radical transparency corresponded with a rise in the public's utilization of information and communication technologies such as the Internet (IODSA, 2016).

**Political Transparency**

The decrease in people's faith in the government is a driving force behind changes in the style of New Public Management (Rieznik & Lee, 2021). These reforms are largely focused on boosting openness and public awareness by giving real information about the efficiency of various government institutions (Rieznik & Lee, 2021). Therefore, encouraging the implementation of principles of transparency and openness of information in public authorities is an effective way to minimise possible corruption manifestations over time (Rieznik & Lee, 2021). This can be accomplished by promoting openness of information and transparency in public authorities. Transparency is often seen as a key practical step that can be done to combat corruption, and it has also been suggested as a response to the rising mistrust that the general public has in the governing body (Rieznik & Lee, 2021). By raising awareness among the general public and deterring public workers from abusing their positions for personal benefit, transparency is an effective deterrent against corruption. In government finances and public economics, radical transparency has also been proposed as a potential solution (IODSA, 2016; Rieznik & Lee, 2021).

**The Aspects of Corporate Transparency**

As a philosophical concept, corporate transparency would entail the removal of all barriers to free and easy public access to information that is corporate, political, and personal and treating persons as corporations, including the creation of laws, rules, social connivance, and processes that facilitate and protect such an outcome (IODSA, 2016). Transparency can be described as a method of management in which, ideally, all decision-making would be done in public (IODSA, 2016). This strategy has the potential for new technology to show the environmental effect of purchased items, guiding customers to make decisions based on accurate information and encouraging businesses to alter their business methods.

In older approaches to public relations management, damage control often meant withholding information from the public. On the other hand, as Clive Thompson of Wired pointed out, the Internet has generated a force that works toward transparency: Therein is the intriguing contradiction. The reputation economy incentivises being more open rather than less available (Cordelia, Ngozi & Ebuka, 2020). Because internet criticism is impossible to avoid, the only way to have any impact on it is to participate in it. The only method to build favourable connections with yourself and, as a result, directly affect your Googleable reputation is to be transparent, open up, and provide engaging content regularly and often (Murata & Yohko, 2018). Putting out more evasion or PR puffery will not help because people will either ignore it and not link to it, or even worse, they will rip apart the spin and enshrine those critiques high in your Google list of life results. According to the opinions of Mark Zuckerberg, more openness should lead to a more tolerant society in which people finally come to terms with the fact that everybody occasionally engages in unsavoury or unpleasant behaviour (Murata & Yohko, 2018).
According to the findings of some recent studies, there are three key aspects of corporate transparency: information sharing, clarity, and accuracy. Therefore, when companies want to increase their level of transparency, they must improve the disclosure, clarity, and precision of their communications with various stakeholders (Kemp et al., 2020). For instance, decisions made by the board of directors to voluntarily share information about the company's environmental impact with environmental activists are examples of disclosure; decisions made by the board of directors to actively limit the use of technical terminology, fine print, or complicated mathematical notations in the company's correspondence with suppliers and customers are examples of clarity; and decisions made by the board of directors, not to bias, embellish, or otherwise distort known facts in the company's communications with investors are examples of accuracy. Therefore, the strategic management of transparency requires making deliberate disclosure, clarity, and accuracy changes to achieve the company's goals (Kemp et al., 2020).

There is also the concept of transparency in corporate governance when people talk about corporate transparency (Kemp et al., 2020). The normative idea of transparency, together with the open government legislation that is supposed to produce a transparent public system of governance, offers the moon a democratic and accountable state above all else, in addition to a peaceful, prosperous, and effective state (Cordelia, Ngozi & Ebuka, 2020). But transparency, in its capacity as the theoretical rationale for a set of legal orders, frustrates all parties impacted by its ambiguities and abstractions. This is because transparency is the theoretical justification for legal demands (Kemp et al., 2020). The involvement of the public with transparency in practice results in the denial of legitimate requests for important government information, as well as meetings of the government that take place behind closed doors. In the meantime, state officials are complaining about the tremendous expense of complying with transparency's extensive legal obligations (Kemp et al., 2020). They decry the severe impairment of decision-making processes resulting from complying with transparency's vast and forceful legal mandates (Kemp et al., 2020).

It is contended that the difficulties associated with establishing an open government are rooted in the notion of transparency itself, which does not consider the conflicts it hides (Cordelia, Ngozi & Ebuka, 2020). The uncomplicated acceptance of transparency as a foundation for normative and utilitarian purposes allows one to sidestep more challenging considerations. When is it most important to have transparency in administrative practices? In what manner should an organisation be held accountable to that standard? Because open government laws often function at extremely high levels of abstraction, they cannot satisfactorily address these issues. This is because these laws are founded on transparency. Consequently, they create extensive mandates for disclosure and ample power to exercise a state privilege of non-disclosure. Ultimately, they cannot provide an effective degree of administrative openness that is mutually acceptable to all parties (Cordelia, Ngozi & Ebuka, 2020).

The overly basic linear communication model causes problems with transparency theory. This model assumes that once information is liberated from the state that provides it, it will result in an educated and active public holding authorities responsible. Insofar as this model cannot effectively define the state, the information contained by the government, and the public, in addition to the communications process of which they are a part, it offers a poor basis for open government regulations.

**Democratic Process and Transparency**

Why should the procedures behind democratic decision-making be open to public scrutiny? This question can be answered in so many ways that it is difficult to know where to begin. However, it could start by differentiating between the answers that rely on consequentialist reasoning and those that appeal to the ideas about rights, fairness, or legitimacy. There are so many different answers to this question that it is difficult to know where to begin. The idea that secret procedures are more likely to allow for bribery
or other forms of governmental misconduct typically serves as the foundation for the consequentialist argument for increased government transparency. Confidential decision-making makes rent-seeking and soliciting bribes by public officials easier, which increases the likelihood of corruption (Androniceanu, 2021). Transparency makes bribery more difficult to accomplish and makes it possible to be discovered (Enste & Heldman, 2017). A regulatory process can be captured when it is dominated by the interests that should be regulated (Enste & Heldman, 2017). This is a term that comes from the word capture. If the process of drafting laws or administrative rules is done in secret, there is a larger chance that the flow of information will be unbalanced (Enste & Heldman, 2017).

The procedure that resulted in formulating the energy policy that the Bush administration implemented offered a useful illustration of the debates regarding the benefits and drawbacks of transparency in government (Enste & Heldman, 2017). The administration's energy strategy was formed via processes that were not transparent to the public (Enste & Heldman, 2017). Critics asserted that because of this secrecy, oil and coal interests could dominate the decision-making process, which was injurious to the interests of the general public (Enste & Heldman, 2017). The government supported the procedure, stating that public processes would have prevented the various interest groups' open and candid discussion of the issues. The administration defended the approach. Regardless of whether or not this line of reasoning was valid in light of the circumstances, it demonstrates an essential principle. There is a cost associated with government transparency. First, transparent procedures may be inefficient; something done in secret in a matter of minutes can take hours when it's done in public (Enste & Heldman, 2017). The decision-making process can be distorted when transparent processes force political players to cater to public opinion at the price of sound policy. Finally, the free flow of information may be hindered rather than facilitated by transparency; shunned truths may be discussed behind closed doors but side-stepped in the open air.

The argument for transparency in government does not have to be based on the consequences of a lack of transparency. It is also possible to argue that citizens have a right to meaningful participation in democratic self-government, necessitating a transparent government to protect that right (Enste & Heldman, 2017). Moreover, if public officials conduct their business behind closed doors, it will be more difficult for ordinary citizens to cast votes that carry any weight. These deontological foundations of the values of transparency are likely to have their roots in the theories of procedural justice and the role of democracy as a conception of the political equality of citizens (Billon et al., 2021). Additionally, it is possible that the concept of transparency inspired these theories.

**Methodology**

The literature evaluates and analyses the thinking process around the desire for transparency to be recognized as a standalone concept of governance. The study draws on this material. The argument, the aim, and the structure of the paper are all intertwined with and prompted by the transparency and continual discoveries made in the commission of inquiry into the state capture of South Africa, which is an example of the lack of transparency. The research uses a method grounded in the existing body of written material to compile and analyse data regarding the openness and effectiveness of the governments in South Africa. The article theoretically and conceptually appraises secondary data as the cornerstone of the publication’s strategy and framework to a considerable extent. To support the study's purpose, premise, and key argument, the article examines the perspectives of many different academics.

**Findings**

The findings of the research point to the conclusion that these meanings impact how members of the organization carry out their day-to-day activities and how policies are and will be developed. The
requirement of transparency is increasingly being made official by the public and is frequently required by law. Even though projects promoting transparency have their opponents, most of these detractors acknowledge the significance of at least some degree of governmental transparency, even when they voice worry that the costs of transparency may occasionally outweigh its advantages. Some people believe that the lack of openness in developing democracies, which are still gaining complete acceptance of transparency, is both the cause and the result of corruption (Androniceanu, 2021). Malicious actors can remain hidden, and political accountability can be reduced without transparency (Kim & Moon, 2021).

On the other hand, there may be explanations that are not as sinister, including scepticism regarding the lofty promises of transparency that may carry more weight in developing nations. When considering the myriad of other economic and social pressures typical of developing democracies, developing countries may wonder whether or not the costs of transparency initiatives are worth it. For example, investing in transparency causes a reduction in efficiency. It increases the cost of government operations in a country struggling with widespread hunger and disease, limited access to education and unreliable infrastructure. The investment in transparency may not seem worthwhile. Moreover, if increased transparency were to bring to light problems within the government, there is no guarantee that the government would address those problems. The problems uncovered by transparency would need to be discussed by leaders, politicians, prosecutors, police agencies, and courts; however, none of these things could be guaranteed in a state with fragile and sometimes corrupt institutions.

If the conventional assumptions about how transparency encourages nongovernmental actors do not embrace true in developing democracies, can transparency investments ever be justified? Without strong institutions and an active civil society, the potential for mismanagement and corruption that could be uncovered by increased transparency is higher (Androniceanu, 2021). However, the potential welfare compromises involved in allotting resources amongst transparency initiatives and other development programs are also higher in these circumstances. When calculating the benefits and drawbacks of transparency in developing democracies, intuition can only carry us so far in the evaluation process. Empirical evidence is necessary to comprehend the scope of transparency initiatives' influence. Finding a government agency willing to increase the level of transparency already in place and a government ready to make the increased level of transparency available randomly is a prerequisite. It is essential to differentiate between information disclosure and transparency, especially given their close relationship. A test of transparency involves examining the repercussions of exposing information about the government and the effects of such disclosures made by the government itself. Those who support government openness may aim to bolster the public's faith in its leaders, while detractors argue that the reverse may happen. Contrary to intuitive expectations, it is possible that undermining public trust in the government would result from providing the public with complete information about how the government operates (Cheng & Wu, 2021).

A body of research centred on the particular circumstances of developing democracies. While it does not question whether increased transparency is desirable to some extent, it does question whether increased transparency by itself is sufficient to assist in making governance better. Many developing democracies struggle with interconnected and endemic governance failures; these critics argue that transparency cannot significantly address these failures because it operates in isolation. Increased administrative transparency encourages public participation, and accountability results from increased public participation (Kim & Moon, 2021).

**Conclusion**

In conclusion, increased administrative transparency is anticipated to stimulate public participation. Transparency enables observation, which informs the necessity of action and boosts the
effectiveness of action, according to the arguments of many academics and legal experts. One of the primary reasons people urge transparency is to give the general public the means to hold the government responsible for its actions. In addition, many believe increased transparency will encourage greater public participation, resulting in greater official accountability (Kim & Moon, 2021).

References


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