Finn Janning
Wafa Khlif
Coral Ingley

The Illusion of Transparency in Corporate Governance

Does Transparency Help or Hinder True Ethical Conduct?

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The Illusion of Transparency in Corporate Governance

"This book offers a penetrating analysis of the sharp realties of the state of corporate governance.

The very principles we depend upon for assessing the quality of governance in corporations are deeply flawed. We rely on the principles of accountability, transparency and trust to guide our decision making. But at the heart of this process the concept of transparency only confirms the status quo. The meaning of transparency is overwhelmed by the prerogatives of the current norms and practices, and the deep-seated values of shareholder primacy underlying contemporary business.

The authors demand a more authentic and truthful approach to determining the purpose of the corporation and the resulting estimations of its performance."

—Professor Thomas Clarke, *University of Technology Sydney, Australia*

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Finn Janning
Barcelona, Spain

Coral Ingley
Auckland University of Technology
Auckland, New Zealand

Wafa Khlif
Accounting, Auditing and Control
TBS Business School
Barcelona, Spain

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Framing Transparency

In its 2018 advertisement for ABSOLUT Vodka[1] the opening statement is that "Around here we do things a little differently. Don't believe me? Let me show you". The portrayal is humorous but the message is serious: its aim is to portray the Swedish company as totally transparent about itself, its brand, and its product.

The story opens with a spokesman for the company (who is an actual employee) as narrator, seemingly standing naked ("nothing to hide") behind bales of straw in a newly mowed field in the open countryside. As he moves away we see that he is, indeed, wearing only work boots. Sitting on top of a large straw bale, pitchfork in hand, he proclaims that "Unlike other vodkas, we only use…", referring to locally grown ingredients in the product, "and we know each farmer by name." A farmer (supposedly one of the company's actual producers of the ingredients), similarly naked, joins the spokesman, with harvesting machinery seen working in the field in the background.

The story moves to the "famous purity" of Sweden's water used in the vodka, the spokesman now in a traditional wooden fishing boat on a local lake, with a (supposedly) actual local fisherman, also naked except for a life jacket, fishing line in hand.

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The story continues with the line: "Everybody at our distillery is a local commuter…" shown arriving at the factory on their bicycles – naked, of course, but for their helmets and work boots. The daily production volumes are stated: "… each [unit] needs to be flawless". Naked floor sweepers and other naked factory staff imply, visually, how the "VERY high standards" are met – the distilling process being a century-old legacy from the founder. Sustainability, "CO2 neutral distillation… No Waste", is also highlighted in this "nothing is hidden" proclamation of ABSOLUT transparency.

"But the most important ingredient" in the product "is our people" – portrayed by the 28 (actual, named) staff, all fully naked, male and female, playing musical instruments, dancing and clowning around in joyful and proud celebration of their company, its purity, its legacy, its clarity and its transparency – "everything the company stands for". The advertisement ends with the slogan "Create a better tomorrow, tonight. ABSOLUT".

The advertisement makes the point, with humour and not a little irony, that the company is 'Absolutely' trustworthy because of the lengths to which it is prepared to go (voluntarily, far beyond that mandated, and what other companies would dare, or even contemplate doing) to convince the public of their authenticity and accountability – all due to their 'full' transparency! The question is, though – are they not (perversely) a little immoral (in the eyes of some) in their public nudity? Many would find this degree of public exposure of nudity unacceptable, even unlawful in some jurisdictions. In their willingness to expose themselves (figuratively) to public scrutiny, moreover, are we really shown everything about the company, its product, its governance practices or its moral behaviour? In the end do we know only what they choose to disclose about themselves – just enough to convince us of their complete trustworthiness? Or is it a deception through double innuendo – the product itself is completely clear – visually transparent, yet potentially morally reprehensible.

Thus, in the ABSOLUT spoof we have, perhaps inadvertently, the full irony of the concept of transparency as a proxy for corporate, political and social morality.

The notion of transparency is promoted by the corporate world as a business priority, since it is presented as a central attribute for growth and financial performance. Several professional business journal titles and consultant blogs foster transparency as not only good ethics, but also – and foremost – as good business. The moral message is clear: being transparent equates with being morally good. Transparency as a moral imperative has emerged with concerns about corporate issues such as environmental pollution and degradation, financial performance, firm diversity, and treatment of workers. Such issues are gaining increasing attention from stakeholders both within and outside the management community (Christensen et al. 2014).

Public and regulatory responses to recent waves of corporate scandal, malfeasance and failure have pinpointed a lack of transparency in corporate decision making as lying at the heart of this systemic problem, where arcane board processes and opacity in decision making have led to poor board governance and have fostered unethical corporate behaviour. The solution has been apparently clear: full transparency as the regulatory antidote to "restore public trust" in the capital market system, based on the assumption that greater transparency will lead to, or at least underpin, higher standards of ethical behaviour and accountability by corporations, and, in the end, a better society.

In contemporary management and corporate governance literature, and in international corporate governance regulations, transparency appears as a key word. Seen as both part of the problem and the solution to the many issues faced by our modern society, transparency is a concept in corporate governance that has been widely adopted by academics and regulators as a crucial requirement in building and sustaining trust in the capital markets. Besides efficiency and effectiveness, trust is also typically conceptualised in the literature as a consequence of transparency. Many streams of literature, especially in the finance field, regard transparency as having positive consequences, such as increased trust and better corporate performance. Greater transparency is thus understood to coincide with good governance.

In this book, we contend that transparency can engender an organisational culture that does little to cultivate the characteristics of corporate morality. Rather, we assert that transparency, while desirable in itself, is not the tool to enhance corporate moral awareness and thereby direct business actions towards creating a better world. It is not our aim to address the negative consequences of transparency; instead we make a strong case for eliminating, at the outset, the concept with normative connotations as a moral motivator. This is needed, we believe, because the underlying thesis (in the corporate reporting context) is that being transparent is (morally) courageous, honourable and good, which is assumed in the wider literature to be an unquestionably positive concept (Oliver 2004). Yet considerable critique in a wide range of literature has pointed out the illusion of the concept as a stimulus for moral behaviour.

In the following chapters we explain our position on why the emphasis on transparency is problematic in corporate governance. We then present what we believe is actually called for when corporations are asked for greater, and full, transparency. Against a philosophical background we build on the idea of self-knowledge and the notions of full responsibility for developing true moral behaviour in corporations.

In ancient Greek philosophy ethics or ἔθος (*éthō)* was understood as a way of being, where self-knowledge was related to "the care of oneself" – so that both self-knowledge and self-care were ethically prioritised over the care for others (Foucault 1997). We define full responsibility as the capacity for self-knowledge, which is a multifaceted concept drawn from the philosophical, psychological and sociological disciplines. The concept of self-knowledge provides a basis for augmenting the legislated minimum standards of corporate governance with the generation of truly moral corporate behaviour, as desired and expected by any modern evolving society. We show how, through the development of self-knowledge and critical reflection as an ongoing practice, corporate boards can develop the moral fortitude and responsibility which society seeks from them, and which better equips them for dealing with the issues and growing complexity they face when confronted with the global environmental, social and economic realities for which they may otherwise be unprepared. In adopting such an approach boards are not overburdened with the requirement for yet more regulatory compliance, such as full transparency demands of them, in their governing role.

In L'Huillier's (2014) bibliometric research on definitions of corporate governance he stated that "a combination of a weak definitional base coupled with strong motivational forces have aided the development of competing theoretical perspectives of the meaning of corporate governance" (p. 300). Blair (1995, p. 3) summarized corporate governance as "The whole set of legal, cultural, and institutional arrangements that determine what publicly traded corporations can do, who controls them, how that control is exercised, and how the risks and returns from the activities they undertake are allocated". The Cadbury Commission's Report (1992) provides one of the most commonly cited definitions where "Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society" (Sir Adrian Cadbury, UK, Commission Report: Corporate Governance 1992[2]).

The OECD (1999) definition is also widely drawn upon as a definitional basis for corporate governance. The international organisation states that "a good corporate governance regime helps to assure that corporations use their capital efficiently. Good corporate governance helps, too, to ensure that corporations take into account the interests of a wide range of constituencies, as well as of the communities in which they operate, and that their boards are accountable to the company and to the shareholders. This, in turn, helps to assure that corporations operate for the benefit of society as a whole. It helps to maintain the confidence of investors, both foreign and domestic, and to attract more patient long term capital" (OECD 1999, p. 7).

These convergent and/or competing definitions derive from the competing interests around which the key areas in business revolve – capital, power and influence. While these definitions situate corporate governance and corporate responsibility within the wider social context, it is these main areas that determine what is disclosed and what remains undisclosed and why, as we shall show. If transparency is a cornerstone of corporate governance based on the assumption that greater corporate transparency fosters a better society, we strongly contest this view.

In this chapter we set the context for our arguments regarding transparency and what we consider is actually being sought from corporations. Having framed our position within the perspective of philosophical thought, we outline the basis of these arguments and develop them further in the chapters that follow. We position the concept of transparency as a norm that, within corporate governance, is promoted as a way of addressing the corporate misbehaviour that has led to the waves of corporate failure and loss of public trust in the capital market system. In the next section we posit that, as a widely accepted norm in the transparency and corporate governance literatures, it is presented as resulting in a range of beneficial outcomes where, in the corporate context it is promoted as a motivator of greater corporate rectitude. Thus the notion of transparency as a norm is not a neutral concept and, as such, aligns with the social conformity that characterises the hegemonic power of neoliberalism and its corollary in Western capitalism. Moreover, we show that corporate transparency purports to reveal a certain reality, as in accounting, which ostensibly presents a true and fair view of a corporation's financial performance. Yet even with the idea of full disclosure in corporate reporting, this reality is arguable since not everything is revealed. In the interests of strategic sensitivity or through manipulation of corporate data, a hidden, alternative reality may coexist with what is publicly revealed. In this way we see that control of information and the "right to know" rests not with the public but with the corporation. As a social norm, transparency is thus an instrument of capitalism that places control in the hands of corporations rather than society. Because it is also a capitalist tool for social compliance and conformity, the norm of transparency works surreptitiously and paradoxically to concentrate corporate power, capturing society in a torpid state of neoliberal homogeneity. This pervasive global societal sameness has intensified with the unfolding of the digital age of technology, beginning with the emergence of the so-called information era.

Transparency: A Neutral Concept?

According to the Merriam-Webster online dictionary transparency means "the quality or state of being transparent", or "something transparent." Transparency, therefore, refers to a quality or a state of being as well as an object. For example, transparency allows people who are outside the corporation to "see through it", where the metaphoric "black box" of the corporation is not only illuminated, but also glass-like. It suggests the capacity to see behind closed doors (Roberts 2009). Therefore, a transparent corporation is one where nothing material is hidden; that is, all is exposed and out in the open. Combining the two definitions: "state of being" and "something transparent" illustrates the concept as being both prescriptive and descriptive. Roberts (2009, p. 958) states that in practical terms the effects of transparency depend on how it changes what goes on behind closed doors, where its "positive and arguably essential function … is to counter the negative potentials …", serving as an "… 'antidote' to secrecy". A glass can be described literally as being transparent, since it can be looked through. As a metaphor, where "a clean glass is better than a dirty one", transparency becomes prescriptive; when accepted, it becomes normative as a structuring frame for accountability. The difficulty with the idea of transparency in management, generally, and in corporate governance in particular, is that the concept does not refer to a capacity to 'see through' but, rather, to "the objects or activities made visible or legible by means of such material devices of various sorts, for example, acts and instruments of disclosure" (Hansen et al. 2015, p. 119). In these fields of management and corporate governance, transparency is confined within its normative meaning.

The modern demand for transparency has ancient roots in Greek language and practice (Hood 2006). The idea has emerged as a strong reaction to, and is seen as, a panacea for the global credibility crisis, not only in business, but also in science, politics and in every human activity. Hood (2006) explains the increased attention being paid to transparency as a response to perceived abuse of power, especially in the political arena. In politics, Kosack and Fung (2014) state that transparency has evolved from "an end in itself" to a real "tool resolving increasingly practical concerns of governance and government performance." (p. 65). To these authors transparency is closely related to information. Regarding the flow of information, Heald (2006) distinguishes between different directions and varieties of transparency, in which he identifies four types of directional transparency: upward and downward transparency; and outwards and inwards transparency. Three varieties of transparency are also identified: event and process transparency; transparency in retrospect versus transparency in real time; and nominal versus effective transparency. The timing of the introduction of transparency and the habitat of transparency are also considerations. According to Heald, questions of whether transparency is good or bad cannot be answered without taking these constructs into account. He cautions, however, against the danger of over-exposure which he claims narrows the analysis to the question of 'more or less' transparency when the real question he believes concerns the directions and varieties of transparency.

In the managerial literature there are various definitions of transparency where it is used in relation to strategy, leadership, organisational culture or governance. In an in-depth review of literature on organisational transparency, Schnackenberg and Tomlinson (2016) showed that a useful definition of the concept must be at the same time broad, theoretically, but also specific enough to meaningfully inform management practice. They showed that most definitions of transparency in this context call for information disclosure (data, forecasts, prices, quotes, decisions, or reports about assets) and/or openness. Schnackenberg and Tomlinson found that one perceived feature of transparency is the importance of information quality but that there is both considerable conceptual variation in empirical studies and disagreement on what is meant by information quality. They argued that, from a social perspective, asking for greater transparency can enhance corporate consistency as a norm, which is beneficial in that it can regulate social behaviour. This is argued as being already the case in governance from a political perspective (Hall and Taylor 1996).

Albu and Flyverbom (2019) view organisational transparency not as a static concept but as a dynamic and sometimes paradoxical phenomenon. From their analysis of transparency literature, they found that research which maps outcomes of transparency focuses mainly on positive information structures and trust. The main rationale is that transparency efforts make trustworthy information available to produce clarity, insight, and effectiveness, and to eliminate what is dark and secret. Achieving transparency is understood as a matter of developing the right principles and practices to eliminate secrecy. In this regard, transparency is widely presented "as an end state or as a solution to organizational problems" (Flyverbom and Albu 2017, p.1). It is noteworthy that all of the above attempts to define transparency focus on the concept as related to information.

> Results and data from the 2013 TINYpulse Employee Engagement Survey showed that transparency is the number one factor contributing to employee happiness.

In corporate governance, the concept of transparency has generated considerable public debate, raising important issues about responsibility and accountability. Among both practitioners and academics (especially in the finance discipline), some consider transparency as a fast track to superior performance in companies. If transparency is presented as the tool for building the confidence needed in a company's decision-making and management processes, the idea is that, supposedly, "outsiders" can be reassured on its capacity for being responsible and also to be accountable on demand.

Similarly, there is a tendency when making things visible in transparency, to caste them in as positive a light as possible – rarely are dirty secrets, embarrassing facts or questionable activities exposed. There is a deep belief in society that secrecy is "bad" and so transparency "can effectively steer individual and collective behaviour towards … holding elected or appointed public officers accountable, and making business processes more efficient, responsible and environmentally sustainable, purportedly to the benefit of society at large" (Hansen et al. 2015, p. 118–119).

Reality and Transparency

Given that being transparent is socially desirable, and that more transparency is seemingly better, how realistic is it to expect full transparency from corporations? Many psychologists and philosophers consider that individuals lack complete knowledge about reality, whether in the past, present, or what may occur in the future. As French existentialist philosopher, Beauvoir (1962) wrote regarding the gap between language and reality, words as symbols are reductive and therefore limited in expressing fully a perceived, actual, or imagined experience. "Reality extends beyond anything that can be said about it" she submitted; "that instead of reducing it to symbols capable of verbal expression, we should face it as it is – full of ambiguities, baffling, and impenetrable" (p. 173). Beauvoir further posited that "the most important aspect of reality – it's here-and-now presence – always eludes [words]" (p. 44). Thus, the idea of reality extends beyond the limitations of language: it is an elusive concept and, for that reason, it is likely to be more obscure than transparent. Reality cannot be translated into language without being reduced, at best, to simplistic symbols. Similarly, Sigmund Freud (1856–1939) said that "the ego is not master in its own house". He was referring to what has been termed in psychoanalysis as *parapraxis*, relating to the forces at work in the human mind. It occurs when what is revealed, perhaps in error, is believed to be linked to the unconscious mind, such as when a person makes a Freudian slip. Psychologist Jacque Lacan (1901–1981) believed that unconscious desire forms the central concern of psychoanalysis, the aim of which during analysis is for the individual to recognise his or her unconscious desire and in so doing, uncover the truth about their desire which is articulated through speech. Since an individual can never know for certain what it is that they desire, the subject, according to Lacan, is both formed and divided by it. In this sense, desire is an impulse toward an object (of desire) – the means or the ends – imagined as leading to a reality which seems to be a possible source of happiness or satisfaction. It is an urge or earnest longing for attaining some object or goal and is felt as an inner stirring, an impulse to action. As Deleuze and Guattari (1983, p. 27) interpret from their reading of Lacan, "desire is not bolstered by needs, but rather the contrary; needs are derived from desire." Because an individual's desire is never fulfilled, new needs and new motives are constantly created.

Unlike desire, transparency assumes that individuals know what they want and why; however, while this assumption might be comfortable it is also reductive. It relates to a distinction made by another French philosopher, Henri Bergson (1859–1941) (see Hardt 1995), where transparency can be seen as a moral process guided by two rules: resemblance and limitation. Transparency resembles what is already known, which is therefore also its limitation. It eliminates the difference between the possible and the real when it suggests that the image of reality is already included in the possible. When a corporation "must" comply with, for example, full disclosure the assumption is that it "can" do so. In contrast, the vital dissemblances in life address the differences between the potential and the actual, where the potential is real, but not yet actualized. Bergson also made a distinction between the actual and the potential, where the process of actualisation becomes a creative process. The actualisation process is a way of surfacing unknown potentials that are latent until they become real. This process is related to French philosopher Badiou's truth processes that require a committed engagement to, or focus on, a specific situation. We will return to Badiou's ideas in Chap. 5.

The dilemma is whether any individual can be fully transparent when there are hidden (unconscious) aspects which remain concealed, even from the individual themselves. For most people, becoming more conscious is an ongoing process of maturing that requires reflection and contemplation. This process takes place when an individual encounters challenges to, and questions, their existing beliefs and knowledge and, thereby, gains a new understanding of a particular reality. As the Danish existentialist Søren Kierkegaard (1813–1855) said, "life can only be understood backwards; but it must be lived forwards". Consciousness or knowledge about oneself comes with exploring and experimenting with life's potentials, which are real but, in the latent sense, not yet actualised. So how can this idea of incomplete self-knowledge be understood in relation to corporate transparency?

Accounting is a relevant illustration of the inadequacy of the transparency concept in the business world, where the firm's real position is reduced to that of numbers and signs (profitable or not, solvent or not, and other proxy indicators of so-called financial health). At the same time many aspects relating to corporate performance, despite demands for full disclosure remain undisclosed and, thus, in the dark. Numbers show how well a business is doing financially but do not illustrate how it earned its profit. From an accounting perspective transparency focuses on *what* a corporation is doing, while neglecting the moral aspect of *how* and *why* it does what it does. In a sense its life is understood backwards (through financial reporting), as Kierkegaard noted. As with reality, it is only what has already happened in the business that can be transparent and made known – as such, transparency is from this perspective a concept based on the reported results of actions taken in the past and has nothing to say about the firm's actual accountability or future motivations or intentions.

Accounting is not accountability and the ambivalence of transparency: https://vimeo.com/13285814

The triumph of hierarchical accountability is in the interest of capital accumulation – made possible through the use of accounting information and the rise of large multinational organisations. The greater the accumula-

> tion, the more it allows and makes possible a much more serious political "accountability deficit". (Prof. John Roberts, APIRA 2010 (Accessed May 17 2019))

Furthermore, in transparency the past in a report is seen as static, unchanged, frozen. In reality, this is not so: the process of actualisation that takes place in the present moment can both alter the past and reveal possibilities for a new future. To recall or reflect on something does not comprise looking for an object in a drawer; rather, it is to actualise potential. This process of actualisation is creative, to which we relate with questioning the status quo as a form of philosophical thinking.

Modern Society: Sharing Information

Transparency is considered a "foundational myth of modernity" (Christensen and Cornelissen 2015). As a normative concept, it can be linked with the changes that society has undergone since this period of modernity comprising the latter part of the twentieth century. A central link between transparency and these changes is the advent of the information era which reached its zenith with digital information sharing as epitomised by social media.

The Polish sociologist Zygmunt Bauman (2000) characterized modernity as the surveillance society, referring to Jeremy Bentham's "panopticon" (all-seeing), where the lives of many are constantly monitored by a few and there is a sense of exposure in the face of authority. The term describes today's regimes of in/visibility and is characterised by information data-flows, mutating surveillance agencies and, accordingly, the targeting and sorting of everyone. Lyon (2010) uses the term *liquid surveillance* in connecting Bauman's work with surveillance studies in political science. Bauman's contextualisation of movements of modern society showed that from the 1970s onwards, no longer is it "just" individuals' physical whereabouts that are monitored in the digital society, but also how consumers interact through digitally captured data. Bauman (2000, p. 85) refers to the Norwegian sociologist Thomas Matthiesen's concept of "synopticon" where "the tables have been reversed, and it is now the many who watch the few." Bauman saw this as suggestive of the way surveillance has metamorphosed from the panopticon, in an age of television saturation and consumerism (Lyon 2010: 326). Where Bentham's panopticon was the end of privacy, today many make their private life public as a way of being seen. Lyon (2010) offers the view that liquidity is a useful way of conceptualising contemporary surveillance because, importantly, it does not keep its shape but morphs and mutates, flowing, spreading and changing as it evolves both globally and locally through the technologic of IT. He expounds on the idea that in social media sites such as Facebook, "friends" are fluid and surveillance is multifaceted. According to Lyon, the security-related reliance of liquid surveillance on citizen tip-offs and anti-terror hotlines sees everything from identity theft to no-fly lists as problems of individual biography by data-handling organisations rather than as institutional responsibilities. As Bauman asserted, power is evaporating from the nation state into the electronically facilitated "space of [data] flows".

In the corporate world a similar change has manifested. The management theorist Peter Drucker (2015) described the Industrial Revolution (roughly from the 1750–1880) as a period where knowledge was related to tools, processes and production. In addition, Marx described how this often caused alienation among the workforce, who found it difficult to "see themselves" in the production process. The strategic advantages in this period were related to scale and scope (Chandler 1994). From the late eighteenth century until the Second World War, knowledge, according to Drucker, was related to productivity, focusing on how best to organize labour to finish a task in the shortest possible time. Management practices emerged as part of this strategic quest for advantage, with Taylorism introducing what Drucker labelled the management revolution and led to the managerialist model of the twentieth century. A feature of Taylorism was monitoring many through simple means, which exemplified Bentham's panopticon. Through surveillance of the workforce, it became possible for managers to predict what each employee should be capable of.

The management revolution also saw the emergence of the knowledge economy which has characterised the period since the Second World War, with the inclusion of both tangible and intangible elements to optimise the workforce. These elements comprise what is termed the corporate religion and includes cultural studies, psychology, cognitive science and spirituality. During this period, knowledge has moved from "being" to "doing", emphasising the need for constant performance improvement and knowledge-based achievement. This resembles Matthiesen's synoptican where everything has tended to become a public matter, as in the public's right to know – and hence the importance of transparency.

Bauman's social analyses highlighted the performance of individuals on the open stage of social media, competing for each other's attention in order to gain prestige, status, "likes" or "followers". Transparency is related to this urge, as when people willingly share all intimacies to gain attention, often orientating themselves toward clear objectives or ideals. Many ethical challenges are posed by the surveillance society as it becomes an increasingly embedded and invisible contemporary reality. Bauman's work provides a basis for understanding the ethical dilemmas of contemporary surveillance where he comments little on the rights of autonomous individuals to their civil liberties and such like, but focuses instead on how technologically-mediated organisations suffuse and influence everyday life. Lyon (2010) highlights the profound relevance of this for an ethics of surveillance. He states that transnational technology corporations sell identification, monitoring, screening, and data-processing systems, unselfconsciously labelled as technical solutions for calculable risks, even while these corporations continue to conceal the real problems that cry for the "solution" or at least ethical care. Lyon notes (along with others, such as Zuboff 2018) that in the surveillance sphere those solutions for a world of risk are heavily dependent on data-mining. It is here, he says, that the self is even more vulnerable to technological intervention at a distance. Again the larger context and the real moral choices are side-lined. Lyon and Zuboff reason that technology tends to view the world, including especially that of individuals, as a collection of fragments – Deleuze's "dividual". Bauman says that the disassembly and reassembly are continuous and have become self-propelling so that the moral self is the most evident and prominent among technology's victims. This technology-induced fragmentarity conceals both the organic interconnectedness of the created surveillance order and the disassembly of the moral self, bringing about the growth of the risk society based on a lack of trust. As we will show, societal trust – or rather its lack – lies at the centre of demands for (full) transparency.

> In a digitalized world, segments like social class, gender or race seem to carry less significance in comparison to debt and credit. "A man is no longer a man confined [e.g. in prison, as in the discipline society] but a man in debt [i.e. to capitalism]" (Deleuze 1995, p. 181). In a capitalist society, since individuals are free to do whatever they choose, they are no longer limited in their choices but are only guilty of their own eventual lack of success due to passivity, inertia or self-doubt. This "debt", according to the German philosopher Walter Benjamin's argument, is not only financial but also moral. In this subtle way, capitalism has succeeded in gaining complete control over society.

To modern society, the norm of transparency has meaning because it purports to give access to information about, and hence to understand, a particular reality. This promise is, however, illusory especially in the context of corporate disclosure where corporate reporting and disclosure does not necessarily lead to a full understanding of a corporation's purpose and intent, its real financial position, or its corporate performance. Ultimately, corporations retain the power over whether or not they reveal the truth about their actions, their true position, or their corporate agenda. The myth of transparency as a social norm persists because it is accepted by a society which regards the idea as unquestionably a moral good.

The Shift from Discipline to Control

Deleuze (1995) is the thinker who most explicitly addressed the progression from what Foucault (1991) saw as a disciplinary society in the eighteenth and nineteenth centuries that peaked at the beginning of the twentieth century, to what it gave way to. Deleuze (1995) labelled this shift as a society of control, transforming rapidly from a discipline society after the Second World War. One way of presenting this transformation is through the 'body' and 'mind' distinction that characterises a discipline society, whereas a control society focuses more on the mind. In panopticon surveillance, few are watching many, whereas in synopticon surveillance, many are watching few; in a control society many are watching (or monitoring) themselves.

Foucault's discipline society is epitomised in organised modulation of behaviour in closed institutional systems such as schools, work places, hospitals, or prisons, where bodies and minds are not considered holistically but are separated and confined in these institutions by how they function and what they are intended to achieve. In the discipline society control is group-based.

In a control society, Deleuze points to individual minds or psyches that are controlled through unconscious social conditioning. In a discipline society, individuals know when and how they are being restrained in "sites of confinement" (that is, in place and time), whereas the control society is exploitative in the name of freedom (Han 2018). Such "exploitation" is exemplified by individuals who contribute unpaid reviews or evaluations through social media. This form of peer influence functions as a marketing mechanism that conditions consumers' purchasing behaviour. Through social media individuals in the control society openly and freely share information about themselves but, in so doing, expose themselves to subtler, and potentially insidious, forms of exploitation and (social) control (Zuboff 2018). Here, exposure and control are thus directly proportional: the more that is revealed, the greater the control over the individual. Yet, following Deleuze's reasoning, the problem is not whether an external agent uses or misuses this openness; it is instead how individuals retain autonomy over their actions.

For example, the economic arena experienced a shift from discipline by global centres such as the IMF and the World Bank to financial market control. Similarly, and for accounting requirements, transparency also shifted from what Mehrpouya and Salles-Djelic (2019) named "liberal transparency" (for competition and public accounting) during the 1950s to 1970s, to what they termed "neoliberal transparency" (the rise of a new financial architecture) which emerged in the 1980s and has prevailed to the present time.

To further illustrate the discipline versus control society concept, the education system provides another significant example. In a discipline society education was traditionally provided by certain institutions, typically offered at a specific location in space and time as well as in particular stage of the individual's life: primary school, secondary school, university. Education today separates time and space in the sense that education is no longer limited to physical institutions but is offered almost everywhere by a vast array of providers, in various forms, delivered at a range of locations through various media and, for many people, involves lifelong learning. It is the beginning of the never-ending treadmill of capitalism's demand for ever greater performance and achievement where individuals often neglect to think about meaningfulness in how and why they live their lives as they do. A sense of purpose and meaningfulness are increasingly confirmed by scientific research as implicated in individual health and wellbeing.

Where, in a discipline society, control is recognised and resisted through mass strikes, demonstrations, protests, or acts of sabotage, in a control society mind control is exercised in a subtle manner, individually, through constant communication and surveillance, which is often not recognised as such. Foucault's discipline society operates by enclosure or containment and constraint: individuals are anonymous, known only by their social groups or categories (youth, elderly, pensioners, workers, employers, patients, prisoners, inmates, consumers, politicians, tourists, and so on). Where the discipline society focuses on monitoring of groups, Deleuze's control society functions with what may appear to be openness and freedom but is, in reality, a subtle means of individual control through instantaneous and constant communication and, thus, exposure.

In his book *The Search*, Battelle (2006) discusses Google's AdWords practice, where retailers pay Google to link certain keyword search terms to their business name. For example, when a consumer searches for a book, Google will most likely lead that consumer to Amazon. The consumers are not scanning through or looking for what is available in the marketplace, but are merely being "guided" in their search. The information received by the consumer is controlled by, in this case, algorithms linked to the booksellers' power structure. Knowledge, however, comes from experience, such as when a consumer reads a range of different books to familiarise her- or himself with different authors and genres. In a digital world, information is instantaneous, so that the consumer may not be given time to reflect on, or even notice that the choice of what they buy is already decided for them, much less extend their real knowledge gained from the possibility of reading more widely.

Google reduces the complexity of what is available when it presents consumers with specific products chosen by algorithms based on what they have previously viewed or purchased. The search engine reduces information to make it easier for the consumer to make decisions about what to buy. As attributed to Benjamin Franklin: "time is money", in the sense of time efficiency and speediness. Irrespective of consumer convenience in obtaining more of the same, far from promoting diversity and pluralism, the Internet is a powerful homogenizing and standardizing tool. Thus, it presents a moral problem for several reasons. First, humans are not infallible. If the item the consumer purchased based on the algorithmic suggestion was unsuitable, for how long will he or she be presented with the same kind of item? Second, consensus is not the same as truth. Many consumers "liking" a particular item does not make it a "good" or "quality" item, and thus discernment is diminished. Third, the search mechanism does not nurture imagination since it reduces all diverging possibilities. Moreover, it conceals the real value of the search tool which serves Google's interests: data accumulation that can be sold by Google to its clients who are not the consumers but the advertisers and others with an interest in what Zuboff (2018) terms "behavioural surplus" for predictive purposes.

Transparency as we have argued aims at sharing as much data as possible as quickly as possible. Furthermore, it illustrates how concepts like information and knowledge are used interchangeably (such as with our book purchase example, discussed above). Transparency, as data (or Zuboff's behavioural surplus), tends to view human activities as abstract, ignoring the interconnectedness of individuals' economy, time and daily lives. Because transparency has become a hegemonic ideal people tend not to question the reasons for their choices.

Control and the Neoliberal Society

In a control society, Deleuze writes (p. 180) that "the key thing is no longer a signature or a number but a code: codes are passwords …" whereas discipline societies are ruled by precepts. But passwords to what, exactly? Freedom? The digital language of control comprises codes indicating the granting or refusal of access to certain information. In the control society (or the surveillance society, as discussed above), no longer is it about the duality of a group or the masses and the individual. Monbiot (2019) is perceptive in averring that the freedom promised by neoliberalism turns out to be freedom *for* capital, gained at the expense of human liberty. Questions about what is important, valuable, or even sacred diminish when everything is measured within a capitalistic context. In the quest to gain more (prestige, status or power), one's outlook on the world and one's place in it can lack the balance or meaningfulness that comes from cultivating insight into one's own needs, desires and wants.

> Technological development, in particular, has influenced individuals, society and the relationship between them. The change in communication channels and means of transport contributes to social changes like knowledge sharing, experiences and immigration. Technology has made it possible to communicate across time zones and national borders and move in the world faster and cheaper. As the pace of life has increased this acceleration has also been reflected in the education system. Today business schools and universities are not just competing on knowledge, but rather, who can deliver a master's degree or MBA the fastest. Schooling in a neoliberal society is replaced by continuing education and exams are replaced by continuous assessment, which is the most certain way of turning education into a business.

The problem is not whether people should continue to improve themselves in an ongoing quest for a life worth living. Rather, it is that living a better life does not necessarily cohere with the ideals and norms of neoliberalism. As George Monbiot (2019) writes in *The Guardian*[3] of the neoliberal economic ideology that underpins the control society, "The bureaucratic quantification of public administration goes far beyond any attempt at [capitalist] … efficacy. It has become an end in itself. Its perversities affect all public services. Schools teach to the test, depriving children of a rounded and useful education". Monbiot observes that the result is, perversely, a high level of inefficiency due to destruction of staff morale, and the loss of skilled people whose training is costly but who resign or retire early because of the misery caused by the system. He points out that the leakage of talent is a far greater waste than the inefficiencies this system claims to address.

What is communicated in a world of open and freely shared information exposes individuals unwittingly to exploitation. Instead of organizing or disciplining people through physical and visual means of institutional or juridical power, the power in a control society is invisible and insidious.

> "The concept of transparency was thematic in neoliberal reform prescriptions in the wake of the 1997–98 Asian financial crisis, featuring heavily among PWC's ideas about the building of institutions to support sustainable market systems in that region and elsewhere.
>
> What do neoliberals mean by 'transparency'? In all cases, transparency has political implications in that it entails curbing discretionary powers over information availability (Florini 2000). But how does this relate to political liberalism and the distribution of power? Whose interests are being advanced through the different forms of transparency prescribed by neoliberals? And what does neoliberal transparency reform mean for authoritarian political regimes?"
>
> Neoliberalism and transparency: political versus economic liberalism. (https://www.researchgate.net/publication/43980702_Neoliberalism_and_transparency_political_versus_economic_liberalism (Accessed Mar 19 2019))

The problem with the social paradigm shift from discipline to control is that individuals voluntarily permit the exploitation of their data by holding a false belief of being free to choose how they wish to live their lives and what information about their lives they choose to share on social media platforms. As Zuboff (2018) warns of data collection and extraction through computer-mediated transactions, "we are not the users, we are being used". Self-reflection or critical analysis typically does not occur, for either individuals or corporations, because such choices and actions follow a socially agreed norm which is blindly inherited and mindlessly passed on (Taskale 2016). In so doing, society fails to recognise that it operates under the dogma of capitalism. In this way a herd mentality, or what organizational theorists call "groupthink" is generated (and epitomised by the Google and Apple examples above), which leads to resistance to critique and self-evaluation. Nietzsche (1844–1900) said with reference to a meaningful life that "He who has a 'why' to live for can bear almost any 'how'". Simply being transparent reveals little about purpose and meaningfulness, unless transparency *per se* is assumed to make life meaningful. The World Health Organization (WHO) estimates that 300 million, or almost five percent of the global population suffers from depression, and up to 40 percent of the Western workforce is stressed. Such statistics point to a crisis of meaningfulness in the lives of individuals across large swathes of society. At the same time, there has never been greater individual, corporate or societal transparency.

It is difficult to avoid this epidemic because, as Han declares, under neoliberalism society has become narcissistic. Individuals like to imagine themselves idealistically for others to envy and emulate and in so doing they become consumers. Han writes that "Shopping presupposes no discourse. Consumers buy what they wish, following personal inclination. "Like" is their motto. They are not *citizens*. Responsibility for the community defines citizens. Consumers lack responsibility, above all" (2017a, p. 69). The result of this narcissistic development is well-known: stress, burnout and depression. In *The Agony of Eros* (2017b, p. 3) Han identifies "Depression is a narcissistic malady. It derives from overwrought, pathologically distorted self-reference. The narcissistic-depressive subject has exhausted itself and worn itself down". He contends that "…violence, which is integral to the neoliberal system, no longer destroys the individual from without. It does it from within by causing depression or cancer."

The Homogeneity of the Transparency Society

In his book *The Transparent Society* (1992, p. 8), the Italian philosopher Gianni Vattimo stated that "all things are reduced to the level of pure presences that can be measured, manipulated, replaced and therefore easily dominated and organized—and in the end, man, his interiority and historicity are all reduced to the same level." In this statement Vattimo underscores the danger of encapsulating human complexities within simple and fixed categories. To do so would help only to identify superficial and already known human characteristics and personal traits, while at the same time erasing all the distinctive, deeper layers of human lives. This is an interesting observation in relation to the societal shift away from the discipline society where individuals were assigned to fixed categories. Zuboff (2018) shows that escaping being grouped into the social categories of the discipline society through the freedom of psychological individuality is also an illusion. This, she argues, is because computer-mediated data commodification and control by powerful corporations effectively exiles persons from their own behaviour while producing new market categories, to which they are assigned, through behavioural prediction and modification.

In his book also titled *The Transparent Society*, Han (2015, p. 2) reached the same reductive conclusion that "the society of transparency is an *inferno of the same*", where people not only exploit themselves under voluntary slavery (to a capitalist ideal), they are also fearful and intolerant of difference. He believes that while people feel like individuals, this is another illusion: they want to be different because everything is the same. A prime example is that of street fashion: jeans are an ubiquitous uniform worn by people of all ages and genders across all seasons, pervasive in apparel stores globally and differentiated only by what consumers choose to wear on the upper half of their bodies. In this way, the consumer is dictated to by the fashion norm where, ironically, the idea of choice is also illusory. What emerges is radical conformism where people accept the idea of living like everyone else. In other words, transparency ultimately leads to homogeneity: the loss of social richness and a risk of blind conformity with social norms. Han views the unexamined rhetoric of transparency as a conceptual tool of capitalism and a corollary of neoliberalism, and thus it is intrinsically tied to increased productivity. The predictability and sameness, of which Vattimo and Han speak, reduces and smooths out everything risky, chaotic, turbulent, or different in the quest for corporate legitimacy (DiMaggio and Powell 1991).

In the corporate context, this isomorphism is evident where attention is diminished to acknowledging only what can be measured, where what is measurable – for the same reason – becomes important, prioritised and managed. Such societal homogeneity reflects a desire for everything to be sanitised and orderly. Han detects this same kind of clean "sleekness" or smoothness in *Saving Beauty* (2018), as expressed in artist Jeff Koons' sculptures of his banal subjects in popular culture, the design of iPhones, and the desire for clean smoothness in the removal of body hair in Brazilian waxing. Roberts (2009, p. 967) speaks of this homogenisation, morality and self-defensiveness in corporate reporting where inasmuch "as we identify with images [of transparency] we grasp the self not as vulnerable but as enclosed, ideally with shiny surfaces which can be defended and protected from others." In his analysis and commentary Roberts (*ibid.*) expands further on the idea of ethics and transparency, observing that where the motivation is to follow norms of prescriptive value it is less due to a desire to do good than by a terrorised fear of punishment and its injurious effects (to the ego, or in the corporate context, to reputation). In this instance, morality, he posits, is self-absorbed, narcissistic, preoccupied with the protection and projection of an image of self. Yet Han also warns of the insatiable appetite whetted by transparency for uncovering and disclosure, promoting a society of nakedness or shamelessness that verges on pornographic, as in the opening story of ABSOLUT, so that the sense of life becomes infected with performance and display. Similarly, Løgstrup (1956, p. 26) argued that social conventions reduce trust in, and care for, other people because simple exposure requires of individuals only that they "play the role of spectator."

The spectator role is clearly exemplified by individuals' interaction with digital media, which is problematic on an existential level for two reasons. First, in providing a medium for entertainment and enjoyment it promotes a strong dependency and a form of narcissism (as discussed above). The preoccupation with pleasure-seeking and self-obsession both reduce social involvement and responsibility. Second, when access to the world is increasingly virtual through a screen the ability for individuals to experience the real world with their entire sensory apparatus is reduced. As Beauvoir argued regarding the gap between words and reality, when screens come to be believed as reflecting reality, it is easy to believe that if, for example, a search for a specific location in Google's Street View of the "world" does not find it, then in "reality" it does not exist.

In problematizing society's desire for transparency, Vattimo's and Han's concern can be contrasted to David Heald (2006, p. 25), who writes that "transparency as a physical construction carries symbolic power, quite apart from its metaphorical use in discourse, about the ways in which government, business and public affairs should be conducted." The symbolic power of transparency implies that human beings or corporations are invulnerable, that is, they are not forced to question their operations because, apparently, they have nothing to hide. As Roberts (2009, p. 963) has argued, it involves a process of decoupling from reality – a radical abstraction from context – "where transparency is managed so as to project the appearance of control externally whilst leaving actual operational efficiency untouched." Transparency becomes like putting on a uniform, suggesting that simply by wearing the uniform, the wearer cannot be questioned about how they carry out their profession. The notion of being transparent in the decision-making process has become a moral imperative, not only in business corporations, but also in politics where "transparency has become a virtual stand-in for democracy" (Christensen and Cheney 2015, p. 70).

A society of control has lost what Han (2018) identified as a fear of difference and what the French philosopher George Bataille addressed more radically through the concept of heterology, which is "the science of the heterogeneous" or "what is completely other." The heterogeneous category in Bataille's science of the heterogeneous includes not only the sacred elements, whether social or asocial, but also the arousing elements of erotic life and generally speaking all objects of disgust. Bataille aimed to shed light on what is seen as useless, unmanageable, or the unproductive expenditure of life. His "science" moves between the sacred, or clean, and the profane, or unclean – the latter usually being targeted for censorship due also to conceptualisations developed from the need to idealise. Bataille included in the profane (unclean, or taboo), social attitudes toward waste, eroticism, personal insecurities, doubts, people with disabilities, unemployed, immigrants – and in some societies, also women and homosexuals. This science of heterodoxy, according to Bataille, has the advantage of being opposed to every possible kind of orthodoxy, which underlies social conformity.

The transparent society can be seen as a homogenising mind game as viewed through the key words of contemporary management, such as motivation, commitment, initiative, and growth. Not only does contemporary management motivate its workforce to develop physical (technical) skills, but their minds and psyches are also captured through programs of training and self-development. Transparency is thus part of a so-called positivity mindset, where all problems are seen as challenges which individuals can meet by becoming better, faster, and smarter, in the name of greater productivity. When transparency controls as a form of power that is sustained – or even created – by voluntary submission to it (as Han and Zuboff have observed), there is difficulty in accepting failures, or limitations in the face of a hegemonic discourse which states that there are no limits, that all failures are merely learning points. Taken to the extreme, it becomes difficult to accept one's life as it is and find satisfaction or meaning from what one has, since one could (and therefore should) aspire to more.

Returning to Han (2018) regarding his connection between the smooth surface encasing an iPhone and the objects in Jeff Koons' art, moral reasoning represents the opposite. Unlike the impermeable surface of an iPhone, life is much more uneven and vulnerable to its vagaries. As such, a different kind of commitment is required to grasp the multiplicity of life than that shown by Apple's consumers when they participate in the company's training courses. Smoothness is also related to swiftness and effortlessness – as in transparency where it concerns efficiency and supposed ready ease of access to credible information. Instead of addressing doubt and insecurities about issues concerning aspects of life, a corporation can appear transparent like a Jeff Koons sculpture – slick, shiny, superficially "clean" and "above board" and thus invulnerable to accusations of "crimes" of commission or omission. Nothing is at stake in a transparent form of communication that often aims at flattering pleasantries, while ignoring more difficult topics, or as in Roberts (2009, p. 963), "Realities are knowingly eclipsed." Transparency in this form also touches upon the question of freedom and autonomy, which has always been, but is increasingly, regarded as an ethical problem. If an individual is to obtain self-knowledge, he or she requires freedom of mind to evaluate what might represent the better, more honourable or exemplary understanding of their latent desires (Foucault 1997). Hägglund (2019) showed that freedom is related to both the individual and collective life that is essentially finite: people's shared vulnerability. As he writes (p. 26), "The only ability that can be exploited or alienated—and the only one that can be liberated—is our ability to own the question of what to do with our time". Roberts (2009) writes that in part because it encourages self-defensiveness or assertiveness, transparency produces a fictional belief in the self as an autonomous entity and it is this which gives it power over us. Under transparency, Hägglund says, defensiveness or assertiveness manifests in ways that mitigate against learning and thought.

The following case highlights the problems of what is concealed or distorted in the name of transparency. Transparency policies were declared by both corporations in the case, yet the ultimate deception occurred despite the policy declarations – or even perhaps because of them. The case draws attention to the fallacy of reliance on transparency as the *sole* form of accountability in corporate governance. In considering this case, and the arguments put forward by Zuboff (2019) and others such as Loveluck (2015) regarding transparency in the digital context, which we discuss at greater length in Chap. 5, we might well ask, as does Roberts (2009, p. 963), "Why then do we continue to invest ever more heavily in both the rhetoric and mechanisms of transparency in the full knowledge of its practical impossibility and consequent distortions?"

Case Example: *Cambridge Analytica*

Cambridge Analytica Ltd. (CA) was a British political consulting firm which combined data mining, data brokerage, and data analysis with strategic communication during the electoral processes. It was started in 2013 as an offshoot of the SCL Group. SCL had worked as a defence contractor for governments and militaries around the world, then branched into elections in developing countries, and, only in its final iteration, entered western politics. On 1st May 2018 the company and its parent company filed for insolvency and closed operations in the course of the Facebook–Cambridge Analytica data scandal, although related firms still exist.

An internet search in March 2019[4] showed the following from the company's website which claimed that "We believe that we should all have more control over our data and there should be more control over how and when it is used." The company further declares under the heading *Cambridge Analytica uses data fairly, transparently, and securely,* that "We use data fairly and *transparently*: We only receive or use data that has been obtained legally and fairly, with the explicit consent of individuals; We only use it for its intended purpose (as defined by consent)…"

Facebook, similarly, pledges in their *Facebook Transparency Report*[5] that "We're committed to making Facebook a place that's open and authentic, while safeguarding people's private data and keeping our platform safer for everyone. We publish regular reports to give our community visibility into how we enforce policies, respond to data requests and protect intellectual property…".

The following outlines events based on excerpts from reportage published in the Guardian press.

"In the US in March 2018, the story of how whistle-blower Christopher Wylie had built media mogul Steve Bannon's "psychological warfare tool" by harvesting millions of people's Facebook profiles had erupted across every news channel. Questions rained in on Cambridge Analytica, Facebook, and its boss, Mark Zuckerberg, including the most insistent – where was he?" Facebook's share price had plunged $30bn in the first two hours of trading. By the end of the week it was more than $100bn. Subsequent scandals over ongoing privacy issues have seen the share price continue to sink even further.

The most amazing thing about the Facebook crisis with Cambridge Analytica is how long it took people to care about how their data was being used. The facts had been in the public domain for more than two years, ever since the first report was published in the Guardian in December 2015. The Guardian first reported the story in December 2015, covering most of what emerged in the news in 2018. But Facebook had simply chosen to ignore them.

In 2014, Cambridge University lecturer Aleksandr Kogan formed UK company, Global Science Research (GSR), developed a Facebook app involving a personality questionnaire, got Facebook users to use the app through a personal profile quiz, and in the process gathered their personal Facebook details and that of all of their friends. This was allowed by Facebook.

Within months, Kogan claimed he had a massive pool of data on more than 40 million Americans. The Facebook data was used to create personality profiles based on five personality traits developed from the quiz data. Kogan then began working with UK company, Strategic Communications Laboratories (SCL), on a "large research project" to analyse US Facebook users. Kogan impermissibly shared the Facebook data that GSR had gathered with SCL and its US subsidiary, Cambridge Analytica. Financed by Republican financier, Robert Mercer, Cambridge Analytica performed targeted analysis using the Facebook data to help shape campaign messages. The company's mission was to further hone the grassroots, digital profiling developed by the Obama campaign.

Facebook claimed it was "carefully investigating the situation" and stated that misuse of Facebook information "is a direct violation of our policies and we will take swift action against companies that do, including banning those companies from Facebook and requiring them to destroy improperly collected data." The story died from the media. Then, two years later, in March 2017, The Intercept published an article headlined, "Facebook Failed to Protect 30 million Users From Having Their Data Harvested by Trump Campaign Affiliate." It contained much of the same information as

The Guardian article but went a step further. It began describing to readers how the Facebook data could be used for predictive purposes. It noted that a 2013 study by three of Kogan's Cambridge colleagues, "showed that [Facebook] likes alone could predict race with 95 percent accuracy and political party with 85 percent accuracy". Dan Gillmore, director of Arizona State University's Knight Centre, noted in the article, "It's reasonable to believe that sooner or later, we're going to see widespread manipulation of people's decision-making, including in elections, in ways that are more widespread and granular, but even less detectable than today."

Again, readers and regulators failed to respond. So, what was it about the March 2018 articles in The New York Times and London Observer – which covered much of the same ground as the Guardian and Intercept stories – that triggered the scandal? The articles did reveal more information about Robert and Rebekah Mercer's and Steve Bannon's involvement and the Trump campaign's use of Cambridge Analytica's data collected from Facebook users. Most importantly, however, the articles provided details on what data was collected and how it was analysed and used to help Trump win the presidency.

The affair raged for months. Cambridge Analytica rode it out, initially, but finally called in the administrators in May. In April Facebook admitted that it wasn't 50 million users who had had their profiles mined, as earlier reported, it was actually 87 million users. Zuckerberg was hauled before US congress. In October the Information Commissioner's Office fined Facebook its maximum possible penalty – £500,000 (US$665,000) (which Facebook is appealing against).

Facebook is facing ongoing probes around the world into alleged privacy violations revealed in 2018 stemming from its relationship with Cambridge Analytica. An investigation by the US Justice Department has broadened to include a federal grand jury in New York, Bloomberg News was told. The New York Times reported that the grand jury has subpoenaed records from at least two smartphone makers and other electronic devices that had partnerships with Facebook. A Federal Trade Commission task force will also look into possible anticompetitive conduct by Facebook, Google and other technology companies and Facebook's privacy practices are being probed by several state attorneys general. "We've provided public testimony, answered questions, and pledged that we will continue to do so," Facebook said.

Partly in reaction to the pressure Facebook has been under to change how it handles user privacy, rein in fake news and monitor offensive or violent content, Zuckerberg recently announced a pivot in product development to focus on private, ephemeral and encrypted communication, a striking change for a company that built its business on open sharing. In growing numbers, consumers, lawmakers and investors are asking whether the company is doing more harm than good. The complaints are growing louder that Facebook has done a poor job of safeguarding data or protecting users from the spread of hate speech, disinformation and live footage of violent events. Maybe, pundits were wondering aloud, it's time for regulators and politicians to step in.

The problem is that while the tech companies have been called to account, they haven't actually been held accountable. Zuckerberg has repeatedly refused to comply with parliamentary summons, including an international committee of nine parliaments, to answer questions about Facebook's role in the Cambridge Analytica scandal. Jason Kint, the Washington-based chief executive of the trade association Digital Content Next, and a tech industry expert, describes Facebook's refusal to answer parliament's questions about its role in the scandal as "the greatest cover-up in the history of the internet". He has followed the fallout in minute detail, and all the subsequent parliamentary and congressional hearings, waiting for answers that never came.

The story was initially about how a company was able to use and abuse our personal information to target us in ways we can't even see, let alone understand. But the scandal that followed seems to reveal something far more shocking: that Facebook is not just bigger than any nation state on Earth, with 1.74 billion users, and plays a pivotal role in their elections, but that it's completely out of control. "This may be the first time in history where a company literally controlled by one person appears to be unaccountable to anyone anywhere on Earth," says Kint.

Sourced from:

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2

Transparency: A Moral Concept

Valdovinos (2018, p. 654) noted that “as transparency manages to bypass critical examination, the term becomes a source of tacit social consensus”. Some philosophers suggest that transparency influences private lives in subtle ways, for example, in the number of people who are encouraged to openly share all aspects of their lives on social media (Han 2018). However, as noted in our case on Cambridge Analytica in the previous chapter, data sharing is currently generating a “privacy” backlash, a response to which is the EU’s far-reaching General Data Protection Rights (GDPR) 2018 legislation. Other legislative attempts to stem the tide of privacy breaches are certain to follow and are equally likely to be too little too late, according to Zuboff (2018), in the face of the data corporations’ power and ability to ignore or circumvent such laws.

As discussed in Chap. 1, transparency can also be seen as part of today’s “positivity mindset” related to positive thinking, personal development and life coaching. If transparency is to act as a moral motivator individuals and organisations would need to be fully conscious of their feelings, thoughts and actions so as to evaluate whether they cohere and reflect authentically their truth, or are a consequence of being unconsciously seduced into feeling and thinking a particular way. In a society where transparency is widely

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seen as a norm, it is not only an imperative for the corporation to *be* transparent but also, by implication, that the organisation *can* be transparent. This view has undergone a subtle shift in expectation, from Max Weber's view who, in the nineteenth century equated transparency with moral goodness as part of the Protestant work ethic, to that of Walter Benjamin who, in the early twentieth century, associated it with the cult of capitalism.

While individuals may believe their behaviour is moral because they are being transparent, others may simply play along so as to be seen to be transparent. Thus it is impossible to know what others really think and feel, and whether their actions truly reflect their beliefs about what is morally good. It is common knowledge that in presenting themselves in social media a person may or may not represent their life as it actually is – what is shown to the world may be an idealised version of themselves. The concept of presenting a "selfie" can be compared with what Iris Murdoch (1971, p. 51) terms "un-selfing" as a requirement for developing moral reasoning. Murdoch stated that "In the moral life the enemy is the fat, relentless ego." Moral reasoning is a slow and thorough process where the ego must first be overcome, which is difficult because as discussed in Chap. 1, individuals live in a narcissistic culture, as defined by Han (2015). Self-knowledge and self-care, therefore, is not an ego-trip or part of a personality cult; on the contrary, it emphasises that everything in life is constantly undergoing change and that no "self" is ever completely finished. In short, self-knowledge is tightly interconnected with the self-knowledge of others. For this reason it is ethically important that difficult topics are not deliberately avoided in the quest to smooth everything so as to portray only the positive. It is by addressing critical issues and obstacles that ethical maturity is developed.

Transparency and the Cult of Capitalism

The idea of finding transparency attractive and desirable thus has its roots in religion, culminating in the Protestant work ethic, which Weber saw as embedded in the rise of Western, market-driven capitalism, and what he termed the rational-legal nation-state. The religious idea, as Weber suggests, is that being transparent evokes the spectre of an all-seeing God from whom no thought or deed is hidden. Weber drew parallels (but not direct causality) between Christianity (notably Calvinism) and capitalism. Calvinists present a radical understanding of predestination in their belief that God has predetermined who is going to be saved. Stemming from this widespread belief system which has permeated Protestantism in some form, the lack of individual knowledge of one's possible salvation has caused many to suffer from doubt, insecurity, loneliness, and perpetual wondering "Am I one of the worthy few?". In Weber's view, the so-called Protestant work ethic was the Calvinists' way of keeping such negative, troubling thoughts and feelings at bay through the virtue of work. The implication, according to Weber, is that laziness, or a dislike for work, is synonymous with exclusion from God's plan for individual salvation. This illustrates how a higher power or authority (visible or invisible) can establish a substantial level of social control over individuals and discipline a society through the dominance of a particular belief system. Calvinists are known to be open and transparent about how hard they work and how much money they earn, because capitalist success is believed to signify likely salvation and earn God's favour. Weber saw the notion of transparency as being a way of ensuring that God (and/or other people) notice an individual's virtuousness, their moral uprightness and, thus, their righteousness. Transparency, according to this view, is understood as a cult of repentance, in the sense that an individual who fails to live up to these ideals is judged a "sinner", and, therefore, ineligible for salvation. According to Roberts (2009) part of its enduring allure is that it seems to offer the user a kind of God-like omniscience while simultaneously subjecting him or her to such a terrifying scrutiny, albeit actualised nowadays through the mundane mechanisms of organisational transparency. For Weber, capitalism was a way to secure access to paradise, transparency being its manifestation.

In contrast to Weber, Benjamin suggested in his essay *Capitalism as Religion* (1921) that "one must see capitalism as a religion." Where Weber saw religion as the condition for capitalism, Benjamin claimed that capitalism *is* a religious phenomenon. His arguments can be explained, thus:

1. Capitalism is "a pure religious cult" built on blame rather on repentance. In other words, capitalism is the practice that guides individuals' lives; everything has meaning in relation to capitalism's objectives,

including how corporations, societies, and private lives are governed. Those who might critically question capitalism will be blamed or marginalised for their lack of belief in this system. For example, the objective of a corporation is, unquestionably, to make a profit, but "how" and "why" it does so is not questioned because of the widely-held belief in the principle of the discipline of the market.

2. Capitalism is pervasive: "there is no ordinary day" or weekday – it is open 24/7. Everything is capitalised (or monetised) as part of the cult. This highlights the hegemony of the system which brings every aspect of human life within its materialistic, commercialised ambit. All aspects of life converge "naturally" to serve the cult and ensure its continuity. Consider the commercialism of religious or sacred festivities such as Christmas, Easter, Mother's and Father's Days, or the imperative for companies to continuously innovate to serve the exponent of business growth.
3. Capitalism creates a sense of guilt if an individual is not constantly working at bettering themselves in all aspects of their professional and personal life. This aspirational, competitive need to outperform others, or the market, sets up a culture of blame where individuals judge themselves, or others, as failures for underperforming according to the system's norm of continuous growth. Ponder the growth of the fitness industry and the advent of gyms, fitness classes and weight-loss diets.

According to Benjamin's thinking, capitalism is no longer an external ideal to reach, but the system within which individuals are already active. The system of capitalism is, in its self, virtuous. As explained by Adam Smith, capitalism is a system of rules that are finely tuned to produce certain beneficial outcomes even if the participants themselves have no interest in the condition of society as a whole. On this basis, embracing the idea of transparency is a way of showing loyalty to the system. Similar to Weber, Benjamin emphasised a connection between economic debt, moral duty, and religious guilt. This thinking purports that, as a kind of Calvinistic norm, transparency requires everything about one's actions to be shared, thereby demonstrating assiduousness and effort and, thus, deserving of wealth and social approbation. Transparency is necessary if such guilt and blame for idleness, accusations of breach of duty (earning social deprecation), or reprobation for disloyalty to the system are to be avoided. Irrespective of these less-encouraging conceptualisations of transparency, the general understanding of the notion is overtly positive. Calls are made, generally uncritically, for greater transparency when problems emerge. “The more transparent, the better” seems to be the mantra.

In his dystopian novel *The Circle*, Eggers (2013) describes a company named “The Circle” that believes transparency is a moral good. Several quotes from the work serve as illustrations of this belief. The protagonist, Mae, expounds that “We all have the right to know everything we can”; “We all collectively own the accumulated knowledge of the world”; and “Secrets are lies, sharing is caring, privacy is theft.” Three claims are made in the book:

1. At the epistemological level everything must (and, therefore, can) be discovered or known.
2. At the existential level it is morally good to know (everything) because absence of knowledge leads to loneliness and fear (of the unknown).
3. At the political level it is morally good to share (everything) because secrets conceal lies.

In this context, transparency is conceptualised as operating on all three levels. It is regarded as socially the right thing (a moral good) because it is “good” for everyone – individuals, corporations, and society as a whole. According to this thinking those who are not completely transparent about everything are regarded as immoral; therefore, such individuals are always guilty. Valdovinos (2018, p. 654) expressed this conceptualisation concisely in positing “that the proliferation of contemporary discourses favouring transparency has become one of the fundamental vehicles for the legitimation of neoliberal hegemony, due to transparency’s own conceptual structure—a formula with a particularly sharp capacity for translating structures of power into structures of feeling”.

Transparency as a Norm

When transparency functions as a norm, the company is expected to demonstrate the purity of their intentions regarding their decisions and actions (as with ABSOLUT) and, thus, it becomes a moral norm. As an ideal, it is better to be transparent than not, yet being transparent is not necessarily the same as being an honest, virtuous, or just corporate citizen. Nevertheless, the expectation is that greater transparency will lead to a better future for society (Holzner and Holzner 2006). As framed by Henriques (2007), transparency is essential for organisations to be successful. Transparency is also presented within corporate governance as a moral solution to recent financial crises and scandals, as argued by Cuoma et al. (2016, p. 222): "Therefore scholars, public opinion, and politicians have invited legislators and the financial community to reinforce both regulations (hard law) and governance codes (soft law) in order to increase transparency and accountability".

The transparency concept thereby constrains companies within a set of obligations or, in philosophical terms, moral categories, that lead to predictable behaviours. Moral categories are social artefacts (Wallace 1988) which, in the corporate context may include avoiding harm to, and gaining benefits for, one's own organisation; enlightened self-interest; conforming to industry norms and practices and to existing laws and regulations; recognising wider societal obligations; upholding universal principles (Sridhar and Camburn 1993). However, transparency can lead to less agility when, for example, a corporation faces new challenges in the global environment for which there may not exist a precedent (Janning 2015), that require new, innovative solutions. If employees can work anywhere at any time, should this be encouraged? Would such a policy cause stress among employees who prefer a more traditional time-schedule? If a company, by outsourcing certain parts of its production to other countries might, in doing so, benefit from less strict moral rules and guidelines, should it accept these as a way of gaining a strategic advantage over its local competitors? Should a corporation hire more transgender, disabled persons, or women simply to achieve a diversity balance if it risks impacting negatively on corporate performance?

The debate and recent about-turn in US policy on transgender military policy has in April 2019, overturned that of the Obama administration introduced in 2016. NBC News reported that where the previous administration told transgender individuals that they could serve openly and have access to gender-affirming medical and psychological care, the Trump administration has reversed the course. The Supreme Court has ruled that the military could enforce the policy on transgender service members, claiming that the military "cannot be burdened with the tremendous medical costs and disruption that transgender [realignment] in the military would entail".

According to CBS News, the new regulation keeps transgender troops from serving the nation's military openly and also blocks all use of Defence Department and other federal resources to fund sex reassignment surgical procedures for such individuals. The Defense Department allows people to serve if they retain their biological sex and estimate that almost 15,000 individuals could potentially be impacted by the policy. Under the policy any person who has been diagnosed with gender dysphoria and has not received treatment will still be eligible to join. If they have been diagnosed and received treatment they will not be allowed to join. All transgender soldiers currently serving will be allowed to stay in uniform, regardless of whether they received medical treatment.

This policy reversal is likely to have significant implications for what is revealed and what remains hidden in the context of the US military administration and its service employees, contrary to the former openness and acceptance of gender diversity as a policy of non-discrimination. For the US Military, this represents the kind of corporate moral dilemma alluded to hypothetically in the discussion above. It is also an example of the kind of challenge faced by corporations in the face of social change where, in this instance, political leadership forces retrograde policy changes on a corporation which if it complies, may cause it to act against its own sense of corporate morality and its moral values. Under this type of challenge is there any room at all for the organisation to be agile and break out of the constraints of legislative and regulatory requirements, if they are seen by the organisation to be draconian and morally inappropriate? To be openly transparent under the changed law would likely have the consequence of discouraging people from joining the military. As O'Neill (2002, p. 73) avers, "Perverse incentives are nevertheless 'real incentives' and the pursuit of an ever more complete transparency has, as its unintended consequence, the creation of a 'culture of suspicion, low morale and professional cynicism…likely to encourage the evasions, hypocrisies, and half-truths that we usually refer to as 'political correctness' but which might more forthrightly be called either 'self-censorship' or 'deception'."

Being transparent, as with any other tool in modern corporations, requires a balance between benefits and cost to the organisation because significant resources are expended in the reporting process. We thus contend that since economic decisions are among other potential motivators, it is doubtful whether transparency can be seen as synonymous with acting on a moral basis. We are not suggesting that moral categories should not apply; however, transparency and the "desire for clarity, insight, and participation are often counteracted by new types of opacity" (Christensen and Cheney 2015, p. 72). Zuboff (2018) argues that in the case of the digital giants, this is increasingly the case. Therefore, when transparency is equated with morally good behaviour, the likelihood increases for deceptive, less innovative and, thus, ineffective behaviour from firms. It means also that less transparent companies will be regarded as guilty and morally questionable irrespective of whatever "good" business practices and outcome they may adopt. Consequently, these players will focus on fitting in with accepted moral norms instead of cultivating an attentive, committed and engaged style of management. In its ambivalence, transparency potentially constraints companies in a paradoxical deadlock. More than a simply a social norm, transparency in society has become a dominant norm (Mehrpouya and Salles-Djelic 2019).

The Dilemma of Transparency as a Moral Motivator

To act with moral integrity requires both a set of values to which a corporation should, or must, accordingly adhere, and a set of consequences which mean that the corporation is punishable because it has a conscience and is, therefore, conscious of its actions. Nevertheless, as philosophers such as Moore (1903) have argued, it is difficult to define what is morally good, or as Mackie (1990, p. 15) writes, "There are no objective values" that can be universally applied across every society. This leaves us with a classical ethical dilemma where "values are in conflict" (Treviño and Nelson 2007), namely, the dilemma of transparency as a moral motivator. For example, should individuals share their knowledge if it serves no improvement but instead causes pain and suffering? When is being honest *not* recommendable? As Murdoch (1971, p. 76) declared, while no ideal exists *per se*, a "moral philosophy is the examination of the most important of all human activities." She stated that two things are required for such examination: it "should be realistic" and "it should commend a worthy ideal." A worthy ideal should be based on a qualified thesis about good conduct and how to achieve it, while being a thesis that under new evidence is constantly revised and improved. Murdoch asks "How can we make ourselves [morally] better?" By this she means questioning how individuals might collectively live a life worth living while difference is respected. This process should not be confused with neoliberalism's constant demand for self-improvement; on the contrary, Murdoch (p. 87) avers that knowledge of reality is gained by paying attention, to seeing the world as it is in the midst of becoming, rather than how one might wish it to be.

> Transparent Enough to Hide Behind, By Sarah Boxer Dec. 19, 1998
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> "Some cosmologists call the earliest glimpse of the universe "the moment of transparency."" "Transparency does seem to be an ideal in all sorts of ways at the moment," and it might have something to do with "our confessional culture," said the literary critic Peter Brooks. "People don't think they exist unless they have something to confess.
>
> Is transparency next in the procession of moral terms?" (https://www.nytimes.com/1998/12/19/arts/transparent-enough-to-hide-behind.html (Accessed May 20 2019))

The thesis that transparency leads to better corporate behaviour is not supported by empirical evidence. Studies show, for example, that even when corporations are transparent about the "'excessive' executive salaries" they pay their CEOs, this openness does not lead to a fair or equitable distribution of wealth. These salaries have been shown to escalate further as the competitive market for talent and corporate financial performance drives other corporations to benchmark their executive remuneration against these disclosures. This problem is not only related to for-profit organisations, since the same debate arose when orchestra conductors in the US where asked to disclose their salaries, which also led to their salary escalation.

This corporate behaviour represents a transition from what Lasch (1991) labelled a culture of narcissism, to what Deci (1996) termed a culture that has lost itself because it wants to look good in the eyes of the others, as discussed in Chap. 1. Psychologists have long known that comparison does not enhance self-worth or self-respect, which instead are improved through self-discipline, self-control, and self-knowledge (Baumeister et al. 2013). In the same way, the value in being transparent is not for the benefit of looking good for others to see; instead, the gaze is turned to oneself. Furthermore, if corporate disclosure requires only what others will see, then corporations are motivated to disclose only what aligns, and does not conflict, with stakeholders' and/or shareholders' interests. Thus a crucial part of moral development is neglected which can come from the way that conflicting values and norms are debated. Consequently, transparency may hinder such free and open debate about problematic and/or complex issues and dilemmas. For instance, if a corporation wants to address a culture of domination and inequality, then evaluation of all of its actions should be according to analysis based on this aim. The evaluation should discuss what, how and why the corporation does what it does within the boundaries of what is realistic (Murdoch 1971). Such a reflection would aim to surface uncertainties, doubts, and limitations so that the corporation might gain insight into root causes of such behaviour and lead to possibilities for addressing them.

Moral Goodness and Truth

Since ancient Greek times Western philosophy has been a quest for self-knowledge and avoidance of self-deception. An enduring issue concerns discerning the difference between what is known as truth and deception. Questions such as "Who am I?", "What am I doing and why?" offer the possibility of critical self-examination, which is also a moral examination. Similarly, if a corporation does not know what it is becoming, in relation to what it states it is doing and why, it deceives itself with claims and beliefs that are not aligned with its actions. In this way, transparency leads to a "moral split" (Strandberg 2015, pp. 50–51), where morality is neither objective nor subjective, internal nor external, but is located between these dichotomies often in ways where it can be difficult to distinguish one from the other. If morality was only either objective or subjective then there would be no reason for possible self-deception. Whether a company conforms to, or avoids being transparent, the norm of transparency is what guides its action. Instead of clinging to a certain ideal or identity like ABSOLUT ("We are transparent"), we propose that moral reasoning addresses this split or rupture (Badiou's term, discussed further, later in this chapter) by turning the corporation's attention toward what it might become. It can do so by considering in what way(s) it is affected (positively and negatively) by external norms, trends, ideals and ideologies and how it can move beyond these toward developing true morality.

The challenge for transparency as moral norm is that self-knowledge is not unidimensional, or a single state of being: it is a dynamic process combining internal and external forces or influences. Deleuze and Guattari (1987, p. 7) use the concept of a rhizome to describe the world, which "ceaselessly establishes connections between semiotic chains, organisations of power, and circumstances relative to the arts, science, and social struggle." A rhizome is a plant without seeds and has only a stem. It reproduces itself when a part breaks off, connects with another fruitful or productive part and regrows. Some rhizomes are also called creeping rootstalks, having a horizontal underground plant stem capable of producing the shoot and root systems of a new plant, enabling the plant to survive underground in unfavourable conditions. Its modified stems allow the rhizome to propagate vegetatively or asexually. Each new plant is different from its forbear. Deleuze and Guattari use this concept to illustrate that the world consists of interconnected, dynamic singularities that are changeable depending on individuals' actions.

Traditionally, Western philosophical thinking is viewed as "arborescent" or branching, like a tree (as opposed to rhizome theory), suggesting metaphorically that new ideas or innovations are "seeded". In philosophy an arborescent theory is marked by insistence on totalising principles, binary thinking and dualism. A seed represents a perfect idea in a Platonic sense, where there exists one true idea of what is good, just, or beautiful. Descartes supports this image in *Principles of Philosophy* (1983, IXb, p. 14), when he writes "that the whole of philosophy is like a tree whose roots are metaphysics, whose trunk is physics, and whose branches, emerging from the trunk, are all of the other sciences, which may be reduced to the three principal ones, namely, medicine, mechanics, and morality." Similar to Plato, Descartes states that "by morality I understand the highest and most perfect morality, which presupposes a complete knowledge of the other sciences and its ultimate degree of wisdom." The morally good, in this view, is also what is true, right and beautiful in Plato's world. Our critique of the use of transparency as a moral norm aligns with the anti-Platonic movement in philosophy that began with Nietzsche, who criticized the idea that a universal master-plan or blueprint exists for how things should, ought or must be. Following normative ideals can, according to Nietzsche (1974, p. 80), "develop unconditional self-confidence on the basis of some ultimate and indisputable commandment", which turns people and corporations into "servants and instruments" of the blueprint. Similarly, Løgstrup (1956) averred that a blind and unquestionable belief in ideals or norms creates "carelessness" or inattention and makes our lives "empty" since the matter (i.e. an ideal or norm) is always a given, beforehand. Roberts (2009, p. 967) stated that "By 'knowing in advance' transparency refuses to recognise the potential for its own fallibility, whilst fearing to question the ideals it advertises we collude in transparency's ignorance."

The aim of this critique is not to substitute one ideal (that of Plato) with another (that of transparency), or create grounds for a kind of moral nihilism, to borrow Butler's (2005) term. Rather, because laws and regulations cannot absolve individuals from responsibility, the aim is to reassert that taking responsibility rests with autonomous individuals and corporations. For this reason, it is more helpful to view the world as rhizomic, a mixture of things, ideas, trends, norms stemming from different institutions, popular culture, science and social culture, than as arborescent. In gender studies, the rhizome concept helps to explicate the concept of "woman" (or "man") not as some fixed and unchangeable idea (role, or group identity), but rather, that gender identity is a social construct that can be conceptualised along a multidimensional gender continuum. When transparency functions as an ideological norm, it resembles arborescent thinking. By questioning the foundation of the idea, the application of a rhizomatic theoretic perspective using critical thinking acknowledges differences. This shift from a universal and unchangeable faculty of knowledge, is exemplified in American pragmatism which emphasises norms as "social artefacts" (Wallace 1988) that are revised and change according to new experience, evidence and knowledge. Social and legal sanctions against behaviours such as divorce, abortion, homosexuality, and even gender, for example, have diminished, if not removed, in many societies since the mid-twentieth century (albeit, as in the box example above, the US Military faces new challenges regarding the broader direction of social change). Likewise, the educational system and corporate workforce motivational practices in many societies have changed substantially over this time. Such changes are prompted by research findings that are instrumental in generating new knowledge capable of influencing and changing existing mores and accepted precepts (as introduced in our discussion of reality and dynamism in Chap. 1).

When transparency becomes a norm it aims to generate morally good behaviour through compliance with regulatory mandates, so that moral reasoning is reduced to a question of (Weber's) rational-legality. Doing the right thing sits in the space between serving a company's own interest, as is enshrined in most Western company law, and that of society. Yet, it is worth challenging legal limitations, not with disregard or disrespect for them, but rather, to debate whether a more appropriate course of action is possible.

Transparency focuses on actions, whereas morality focuses not only on actions, but also on the intent and consequences of those actions. This raises difficult questions that need to be addressed from a corporate moral perspective if corporations are to develop as entities with a moral conscience. For example, it might be legal to contaminate the environment within a certain accepted limit, yet would it be moral to do so, if it is possible to avoid such contamination? Moral reasoning requires that individuals reflect on their actions and consider the reasons for, as well as the potential outcomes of, their actions. Simply being transparent implies that because there is openness this alone must be good, that is, righteous. Morally, however, this does not go far enough – ethical behaviour and moral integrity require more than simply being open about what one does. Referring to our hypothetical pollution example above, a company's action of disclosing its compliance with environmental contamination limits is acting rationally, both legally and economically, in the interests of the company, but it is not acting morally if the contamination can be avoided altogether. With the exception of sociopathic behaviour, the possible lack of knowledge of alternatives (besides not engaging in the activity in the first instance) to the contamination in this example becomes a moral problem because the self-deception (about being transparent) leads to remorse or guilt once uncovered – that is, if the contamination can be avoided (at an economically viable cost to the company). In such instances, ignorance is neither a legal, nor a moral, defence.

The problem is that transparency invites sharing only what is already accepted as morally good. As such, transparency focuses on superficial attributes such as status, prestige, image and reputation, so as to meet a social expectation. In a society that emphasises transparency the objective of being transparent is not the attainment of wisdom gained from insight about contributing to and building a better quality of environmental and social life now and in the future. On the contrary, in an age of social media and digital data, measuring and gaining as many "followers" and "likes" as possible is counted as a transparent – and thus, a more important – indicator of social approval. The risk in focusing on what can be measured and, therefore, shared is that what is measured becomes the objective that is paid attention and strived for. If a corporation only can be transparent about what can be measured, then it also becomes attractive only to aim at or express what can be measured. "Matters prove transparent when they shed all negativity, when they are smoothed out and levelled, when they do not resist being integrated into smooth streams of capital, communication, and information. Actions prove transparent when they are made operational—subordinate to a calculable, steerable, and controllable process" (Han 2015, p. 1). As Roberts (2009) contended, transparency becomes accountability by turning measures into targets – a device that sets ideal levels of attainment – thereby involving processes of abstraction and de-contextualisation that merely conceal the real workings of the organisation. From this perspective, he argued, transparency masks the complexity of organisational reality and reduces it to a few simple indicators.

This reasoning does not imply that societal or regulatory requirements or demands on corporations should not apply; rather, that transparency is a shift from fundamental trust to control. In the words of Løgstrup

(1956), "If one did good by him- or herself, it [would be] unnecessary to demand anything." He then adds that "no one is more thoughtless than he who makes a point of applying once-delivered directions ... Everything can be carried out mechanical[ly]; all that is needed is a purely technical calculation" (quoted from Bauman 1993, p. 79). Moral demands and responsibility emerge between trying solely to flatter or converge with the other – that is, balancing egoism and altruism, inclination and duty – and a reflection on one's actions and values, as to the extent to which they cohere or align.

Ethics: The Limit of What Is Known

Ethics is a risky business because there is a lack of certainty about what is the right thing to do. The challenge in all ethical thinking is the concept of "good". Because life is experienced as dynamic and transitional, thereby changing knowledge and thus norms, what represents "good" cannot be defined as something transcendent and unchangeable, so that ethics then becomes a way of relating to life. According to Badiou (2001), an ethical decision must always concern what cannot be known. Ethics occupies a place between a current level of self-knowledge and self-deception (the "moral split"). On both a corporate and a societal level ethics addresses the limits of what is known and accordingly, people, corporations and societies tend to remain in their comfort zones. Political science and psychology have shown that it is both easy and convenient to create an enemy or out-group to confirm not just one's own identity, but also to justify one's goodness or righteousness. Badiou declared that, similarly, it is easier to establish consensus on what is evil than what is good. His claim that being transparent is good would consider secrecy of any kind as bad, including secrecy of information that is concealed for a valid reason, such as national security, or protection from danger or harm.

What represents "being good" in relation to corporate transparency is uncertain since, hypothetically, a corporation could be transparent about ethical matters such as sexual harassment, salary gaps, and discrimination in hiring practices, whilst also intentionally engaging in pollution. If transparency alone is regarded as good, then it serves more as a corporate confessional than as a mark of moral maturity.

As such, transparency should be a crucial step towards a higher ideal, although this also is problematic: more is known than can be told (Polanyi 2009), so that realistically not everything can be revealed even if this was desirable. Badiou observed that it can be more convenient to establish ethical consensus based on the *status quo*. Instead of starting from a negative base, he proposed that the ideological, or transcendent, ethical framework be rejected in favour of remaining open to "the singularity of situations." This approach avoids moral judgement of others who are not in the in-group.

Ethics, therefore, is not about promoting the *status quo* through an acceptance of others where difference is merely tolerated. Rather than being a homogenising force, the ethical aim is to advance the capability of organizing, that is, to live with differences instead of reducing or eliminating them. Badiou does not see diversity, or "otherness", as referring to differences in social segmentation and discrimination on that basis, such as gender, sexual orientation, race, ethnicity, age, or religion. He is dismissive of a shallow morality that respects difference so long as it is compatible with the Western capitalist identity. Badiou is critical of the reductive notion that people of the same gender, race, or age, for example, share the same group identity or cultural consciousness. He contends that the moral agent is responsible only in relation to the particular situation or experience, and not some pre-defined and pre-determined moral law.

Badiou speaks further of domains, or events, that as they occur, bring to light possibilities that were latent or even unthinkable, and present new innovative potentials. His axiom is that instead of respecting (paying attention to) differences, there needs to be recognition of sameness, since everything is infinitely different to everything else. The sameness[1] can be seen where various differences intersect in an open network of relations. Badiou's ethic is similar in this respect to that of his contemporary, Deleuze (2004, p. 169), who stated that "What is really immoral is the use of moral notions like just or unjust, merit or fault. What does it mean then to will the event?" It means that a person or a corporation does not merely do what is appropriate based on some ideal, but rather, they act on the basis of a proper understanding of the specific situation. Such an ethic neither spares nor preserves established values; instead it creates values.

It would be perverse to suggest that social discrimination, for example, is not morally wrong, or should be tolerated. Such notions can emphatically be rejected as ignorant and lacking in empirical verification. What is important for our discussion of transparency in Badiou's and Deleuze's ethics is an ongoing willingness to test current norms and ideals, and to challenge them so as to revise or improve them where needed. In this way, norms are not protected for the sake of the norm, or followed mindlessly: through such a process more appropriate norms might be revealed. In simply posing ethical questions the ground is prepared for an alternative value-creation. According to Deleuze *(ibid.):* "Either ethics makes no sense at all, or this is what it means and has nothing else to say: not to be unworthy of what happens to us." To become worthy means that rather than acting according to a given ideal, paying attention instead to, and therein gaining an understanding of, the specific circumstances in a given situation. In practice, ethics means not prejudging situations according to predefined, simplistic categories of good and bad but, instead, considering each situation on its own merits which cannot be reduced to mere cause and effect. In this way, new knowledge and hence new discoveries can change perceptions of the past and offer new avenues for action.

As Badiou proclaimed, there is no single overarching ethic or ethical norm: there is only the "ethic of multiple singularities". Deleuze (2002) saw the ethical challenge, in a world with no transcendent values, or abstract moral norms, as being to transform the Platonic question: "What is good?" into the Nietzschean question: "Which one is good?" For corporations, instead of suggesting that transparency is good *per se*, is it better to ask which is more ethical: being transparent or facing their responsibility as social actors; avoiding doing harm and contributing to making the world a better place. Not only can this question be directed to corporations as to their moral goodness, but also to the particular situations as to whether or not the decisions made are ethical.

To Badiou, what takes place in decision making might confront a corporation with holes, gaps or blind spots in the norms comprising institutional knowledge. He encourages taking a step out of the smooth comfort zone into the unknown in order to challenge accepted thinking and envisage what might also be possible. To act morally it is therefore important not to judge any given situation beforehand, because from it, one might learn something new. He was critical of the facile, arguing against ethics that simply presumes a vague foundation on which judgments about singular situations are made. Badiou's idea of "truths" has nothing to do with opinions, such as the view that people who share everything must have nothing to hide; rather, he defines truth as a "rupture" in knowledge – for truths to emerge there must be an encounter with the unknown. "To enter into the composition of a subject of truth can only be something that happens to you", he explained (p. 51). In his philosophical worldview, Badiou saw day-to-day situations as coherent structures of knowledge formed by everything a person knows, but where reality is vaster – there is much that is simply not known and it is these knowledge "voids" in situations that can rupture the known, rendering it vulnerable to challenge. He terms these ruptures as "events", which are encountered as moments that dispute or awaken an unarticulated kind of inner knowing. It is from these events that this "new knowledge", or hitherto unknown possibilities, can emerge and, which may, in the process, bring about change. "The only ethics" he states, "is of processes of truth, of the labour that brings some truths into the world" (p. 28).

Transparency and Ethical Issues

Badiou outlined an alternative ethic where a person (or a corporation) does not submit to an abstract rule of law, nor fight against some metaphysical evil. "On the contrary", he posits, "it strives, through its own fidelity to truths, to ward off Evil – that Evil which it recognizes as the underside, or dark side, of these very truths" (p. 91). Badiou asks that attention be paid to the specific situation, without rushing to judgment, but rather to deliberate on what actually takes place and, in that sense, ethics becomes the opposite of opinions. It is not about confirming what is already believed or assumed to be right; rather it is to care, scrutinise, even embrace what is difficult to accept, given the comfort gained from adhering to the certainty of an ideal.

What is transpiring at a particular time and place might contradict everything a person hitherto has assumed about life. Badiou further expounds that entering the composition of a subject of truth is an encounter. Drawing on Levinas, Roberts (2009, p. 967) concurs, saying that ethical reasoning is "grounded… and simply assigned in the vulnerability of the encounter with the face of the other. Ethics in this sense is not a norm to be followed but an encounter." It is in these extraordinary moments that it is possible to learn something new. In that sense the philosophical approach becomes ethical when it constructs a space for thought, or a temporary basis from where "different subjective types, expressed by the singular truths of its time, coexist. But this coexistence is not a unification – that is why it is impossible to speak of *one* ethic" (*ibid,* p. 28), because each situation has its own specifics.

Different subjective types, each expressing its truth or particularities of a given time and place, represent the kinds of moral dilemmas that arise for corporations: issues regarding animal testing in the quest for a cure for cancer, for instance; labour practices in a corporation's supply chain; genetic modification of living organisms including humans; or quandaries of high financial returns in the face of estrangement and alienation of the workforce – to name but a few. Thus, as with the case example of ABSOLUT in Chap. 1, the question is whether transparency about a corporation's actions tells us anything about its moral intentions. For such a moral evaluation two points are pertinent. First, the set of moral categories, or rules and obligations, against which to judge intentions should be known and clear to all. Second, it must be possible to evaluate impartially the actions of the corporation. Neither of these criteria are presently established everywhere. This is because the moral baseline is culturally embedded and is, as noted earlier, not the same in all countries or regions (Mackie 1990). What may be morally acceptable in one culture may be morally and socially abhorrent in another. Further, stakeholders are the evaluators of a corporation's actions and outcomes, in which they have a stake, and are therefore not impartial in their judgments.

The challenge of cultural relativism

James Rachels. https://rintintin.colorado.edu/~vancecd/phil1100/Rachels1.pdf (13 Mar 2019).

> Darius, a king of ancient Persia, was intrigued by the variety of cultures he encountered in his travels. He had found, for example, that the Callatians (a tribe of Indians) customarily ate the bodies of their dead fathers. The Greeks, of course, did not do that. The Greeks practiced cremation and regarded the funeral pyre as the natural and fitting way to dispose of the dead. Darius thought that a sophisticated understanding of the world must include an appreciation of such differences between cultures. One day, to teach this lesson, he summoned some Greeks who happened to be present at his court and asked them what it would take to eat the bodies of their dead fathers. They were shocked, as Darius knew they would be, and replied that no amount of money could persuade them to do such a thing. Then Darius called in some Callatians and, while the Greeks listened, asked them what it would take to burn their dead fathers' bodies. The Callatians were horrified and told Darius not even to mention such a dreadful thing.
>
> This story, recounted by Herodotus in his *History* illustrates a recurring theme in the literature of social science: Different cultures have different moral codes.

In the context of business and corporate governance, except where clear limits (albeit as minimum standards) are established in law, it may be difficult to know what is the best course of action ahead of making a decision. Furthermore, what is legal in a situation may not be moral, and vice versa, neither of which might have universal applicability. Ethics or moral reasoning is an ongoing experimentation or testing the limits of the current knowledge of how to deal with given situations. It is a qualified way of approaching what takes place (as we will exemplify in Chap. 5) that questions not only the truth of one's established knowledge, but also that which is often taken for granted. The German philosopher Peter Slojterdijk (2011, p. 10) asked "could one not hold the view that life is a constant *a posteriori* testing of our knowledge about the space from which everything emanates?" What we propose is that corporations create such a "space" where different options, possibilities, or innovative solutions can emerge – a space of reflection and questioning whether norms are passively and unthinkingly accepted and complied with. From this deliberative space possibilities can be explored for dealing with the challenges that each specific situation presents.

Transparency as a moral motivator for a corporation is driven by exogenous influences. We have argued that when it is regarded as a moral virtue, potentially everything should be shared, which is impossible because, as Beauvoir and Badiou remind us, not everything is, or even can be, known, nor can everything be shared. The process of knowing a corporation's limitations – or of it becoming conscious of its intentions – requires the corporation to take a critical look at its own practices and procedures. With reference to Beauvoir and the limitations of language, the question is whether everything can be expressed in language clearly and accurately enough in corporate reporting to be understood by stakeholders in the corporation's external environment. If an organisation attempts to address issues in certain areas with a language that is not meaningful for the external world then either such issues are silenced because they are difficult to share, or they are reduced in a way which simplifies and therefore minimises the issues themselves. This leads to the question: does transparency encourage "easier" decisions, that is, decisions that are not placed in difficult grey zones of morality?

The following case for this chapter describes the mission and work of a European non-government organisation (NGO) utilising transparency as a mechanism to foster the development of civil society activism and advance democracy. While creditable in its efforts, the words of Tsoukas (1997, p. 833) seem especially relevant in this case: "The more information we have about the world, the more we distance ourselves from what is going on and the less able we become in comprehending its entire complexity. Information becomes a surrogate for the world – what is actually going on tends to be equated with what the relevant indicators (or images) say is going on." While transparency is an important check on local collusion and, as such, is an essential source of confidence for stakeholders, as a sole mechanism it is, at best, a supplement to more context-specific accountability. Because it involves a simplistic abstraction and de-contextualisation from complexity it undermines trust as it seeks to create it, encourages deception as it pursues complete visibility, promotes blame avoidance and transforms organisational purpose into the mere management (or spin) of performance indicators (Roberts 2009).

Case Example: *Access Info Europe*

Access Info Europe (AIE) is a human rights NGO established in Madrid in 2006, funded by public and private donors, and dedicated to promoting and protecting the right of access to information. The organisation promotes transparency as a pillar of an ideal socio-political democracy. Access Info Europe's aim is that the right of access to information contributes to more open, participatory, just, and equal societies. They envision in Europe an empowered and informed citizenry which makes use of and defends the right of access to information. Their vision is also that there is full recognition of the public's right to information as a fundamental human right by all relevant national and international bodies.

To this end Access Info Europe runs a range of projects designed to leverage the public right to information in order to increase participation and accountability, to defend human rights, and to advance democracy. For greater transparency of public decision making, the organisation focuses on a range of thematic areas including human rights (extraordinary rendition, policing of protests, detention and control of migrants), spending of public funds, company registers, media ownership transparency, and environmental issues. Control of lobbying is another strategic priority for Access Info Europe, aimed at through campaigns for stronger standards and new laws, as well as by obtaining information on lobbying activities.

The organisation's activities include a mix of research and monitoring, standard-setting, law reform campaigns, and strategic litigation. Access Info Europe also provides support and training for civil society and journalists. The organisation claims to have contributed to developing civil society activism on transparency in Europe, building a network of national organisations dedicated to securing increased transparency in practice. The types of information they request from target entities can include documents of all kinds, electronic and non-electronic, handwritten notes from meetings, emails and so on.

Sourced from:

Access Info Europe: Defending and Promoting the Right of Access to Information in Europe. Available at: https://www.access-info.org/

Transparency is not a pillar of democracy and does not lead to a more better, moral and equal society. Why is this so?

Note

1. This "sameness" does not refer to Han's homogenous "hell of the same" or Battialle's reactive science of the heterogeneous. Rather, the idea is more closely related to the notion of "truth processes" stressing that we all come into being in the same way, regardless our differences.

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3

Transparency Is (Full) Disclosure in Corporate Governance

In various codes and regulations, transparency appears as one of the four pillars in corporate governance, together with accountability, responsibility and fairness. As such, both international and local institutions advocate transparency and sometimes impose it as representing clear evidence of good corporate governance practice.

It is assumed that being morally good by being transparent correlates with being trustworthy (Schnackenberg and Tomlinson 2016). Baume and Papadopoulos (2018) counter this widely held view, stating that while there is growing enthusiasm for transparency in public affairs and discourses idealising its value, and it is part of the rhetoric used by advocates of "good governance", there is little justification for this fervour. The view that transparency underpins legitimacy and that it has virtuous effects is qualified by criticisms in scholarly work which emphasise the possible costs and perverse effects of the search for transparency, or that it may fail to deliver the expected benefits. What, then, is actually desired to encourage greater trust and responsibility? Is greater trust what is really being sought through calls for, and a fixation on, transparency?

In this chapter, we attempt to unravel the considerable confusion that clearly exists around such concepts – for which transparency seems to act

F. Janning et al., *The Illusion of Transparency in Corporate Governance*,
https://doi.org/10.1007/978-3-030-35780-1_3

as a proxy – in the quest to understand what is really required for better moral behaviour from organisations. We explore transparency in the context of moral obligation, as part of the corporate obligation of fiduciary duty. The moral problem emerges when corporations are motivated only to fit the expected social norms of disclosure that treat transparency as a way of endeavouring to increase systemic trust by meeting minimal standards set by laws and rules. Baume and Papadopoulos (2018) argue that the causal relationship between transparency and moralisation should not be posited in overly mechanistic terms: transparency is not a sufficient condition for moralisation which necessitates other prerequisites. In this way, corporate decisions and actions simply are legitimated rather than scrutinized (Christensen and Cornelissen 2015). Instead of merely confirming that being transparent is what a corporation ought to do, a closer scrutiny might provoke questions such as "What might also be possible?" – "What else can be done?" – "What might be done instead?" In this chapter we show that calling for honesty and trust is neither the same as – nor is it aligned, philosophically, with – calling for transparency.

Transparency in Principles and Codes of "Good" Governance Practice

While the quest for transparency emerged in political discourse in the late eighteenth century, the current widespread use of transparency is linked to, and grounded in, an economics literature (as part of agency theory and a game-theoretic logic) that is concerned with lowering transaction costs, improving market information and increasing organisational efficiency (Albu and Flyverbom 2019; Baume and Papadopoulos 2018). Schnackenberg and Tomlinson (2016) observed that transparency is often invoked as a balm for corporate malfeasance through its presumed ability to restore stakeholder trust in the firm and in the financial market system. In this way, transparency is seen as the answer because it lifts the veil of corporate secrecy (Albu and Flyverbom 2019). Baume and Papadopoulos noted that in the research and debate on the causes of, and remedies for, corruption the purifying power of transparency is a well-established assumption.

Transparency is valued as a fundamentally positive feature of relationships because the disclosure of information is believed to facilitate (systemic) trust (Albu and Flyverbom 2019), although this represents a narrow focus on information and quality. Transparency is also considered a standard for achieving systemic trust since it is said to open professional practices to public scrutiny. Transparency norms and regulations are enforced by transnational bodies (e.g., the EU Non-Financial Reporting Directive, 2013) and in e-government.

ECB drama highlights the central bank transparency dilemma

Michael McMahon, The Conversation, 6 June 2014

When the European Central Bank sent markets reeling yesterday with moves designed to stimulate growth, the 24 people who made that decision could remain comfortable that their exact arguments and misgivings expressed prior to the final decision would be shielded from public view. The broader trend though is to bring the workings of monetary policy out of the shadows, and that means a tricky job to balance a quest for transparency at central banks with a desire for frank and open discussion.

Mario Draghi, ECB President, has spoken of the desirability of "a richer communication about the rationale behind the decisions that the governing council takes". Moreover, in April, the Bank of England announced that they would conduct a review of the costs and benefits of releasing transcripts of the MPC meetings… But it is harder than you might think to work out what the best disclosure policy might be. The Bank of England review will look at what the effects might be of greater transparency. In particular, given that deliberation takes up the vast majority of such committees' time, it is important to ask what the effect of greater transparency might be on how the committee members talk amongst themselves.

The main negative effect is that transparency will induce conformity amongst members and lead to a stifled, and potentially useless, debate… Fed chairman, Alan Greenspan, said of how the release of transcripts would affect the FOMC meeting: *I fear in such a situation the public record would be a sterile set of bland pronouncements scarcely capturing the necessary debates which are required of monetary policymaking.*

…Both the European banks will have to structure the deliberation process in way which maximises the discipline effect which increases the information at hand while minimising the conformity effect which can deaden debate. (https://theconversation.com/ecb-drama-highlights-the-central-bank-transparency-dilemma-27351 (Accessed June 4 2019))

In business ethics, transparency is defined as an informational mechanism necessary for trust, justice, and prudence. The idea of transparency controls corporations as a form of power that is created and sustained by their voluntary submission to it. By being transparent, even when this is (mistakenly) based on the notion that more (i.e. full disclosure/transparency) is better (Schnackenberg and Tomlinson 2016; Christensen and Cheney 2015), individuals and corporations may believe that they are doing good morally, although it is impossible to know what people or corporations really think, feel and do, or what the corporations or their stakeholders really want.

Fung (2014, p. 72) stated that transparency "is taking on a new meaning of more comprehensive and proactive disclosures instead of the release of corporate governance details or policies, which it is doing in a 'reactive' fashion" (as in the Access Info Europe case at the end of Chap. 2). This type of disclosure is reactive in the sense that what is possible, morally, to improve on is limited by what the corporation's current reality is regarding its performance. This is epitomised by the auditors' certification of what represents a "true and fair view" – a version of "reality" that is established on the basis of what is already known and measurable according to agreed standard practices. In the previous chapter we introduced Deleuze and Guattari's (1987) rhizome concept as an alternative to the arborescent thinking that assumes a universal, fixed blueprint of how things should be. Instead of following an illusory blueprint which is closed to new possibilities and thus is self-limiting, we suggest that the concept of fairness be related to how auditors approach a world of differences. As Badiou (2002) emphasised, instead of believing in the existence of one universal and unchangeable truth, ethical examination circles around the "unnameable": the latent, tacit, or innate – that which is real although not yet articulated or actualised. "To determine the unnameable point of a particular type of truth-process is a difficult task for (philosophical) thought", writes Badiou (p. 86), such that there are no grounds for sermonising and prescription. That is why humility in approach to what takes place matters, so that hubris and narcissism has no place in corporate leadership.

Transparency, leading to full disclosure as both action and behaviour, is understood in corporate governance as establishing standards of corporate ethics to deter unscrupulous corporate practices while preserving a fair business environment. Many practitioners, and some academics, especially in finance, use the terms "disclosure" and "transparency" interchangeably.

In the G20/OECD Principles of Corporate Governance (2014), Chap. 5 on "Disclosure and transparency" explicitly states in its preamble (p. 37) that "The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company".[1] When regulators require greater transparency from corporations they are seeking, through more disclosure, greater honesty and trustworthiness in corporations, to build confidence and integrity in the capital markets. These are concepts that we elaborate on in the next chapter.

Transparency Is Disclosure

In corporate governance literature, numerous studies view disclosure (of information) as a key dimension of transparency (e.g., Bushman et al. 2004; Finel and Lord 1999; Madhavan et al. 2005; Nicolaou and McKnight 2006; Pagano and Roell 1996). The relationship between transparency and information is better grasped by reference to the opposite of transparency: opacity, which is defined as "the state of being hard to understand, not clear or lucid. When information is not clear or hidden, it is not trusted" (Borgia 2005, p. 22). Borgia declared that transparency leads to an endless cycle of information needs: "the more we know, the more we demand to know, the more there seems to be to disclose" (*ibid.*).

Several works define disclosure as the perception that relevant information is received in a timely manner (e.g., Bloomfield and O'Hara 1999; Williams 2008), or providing a fast, easy, and inexpensive means of obtaining feedback (Borgia 2005). Specifically, transparency is associated with the need for stakeholders to have access to quality information to optimise their decisions (Braendle and Noll 2005) and is linked to voluntary disclosure. Fabrizio and Kim (2017) found in the US context that financial intermediaries give better ratings to firms with voluntary disclosure of high quality information, especially for environmental outcomes. While this finding concurs with those of some studies (e.g. Griffin and Sun 2013; Arsov and Bucevska 2017), it contradicts others.

Shedding more light on the black box: the new auditor's report, Prof. Dr. rer. pol. Thomas Berndt, Disclose, Issue 1, 2017, PWC

"Sunlight is said to be the best of disinfectants. The belief that light – in other words transparency – is the best protection for participants in the capital markets has been one of the guiding principles of regulators for over a hundred years. Transparency is supposed to provide a better basis for investment decisions, discourage creative accounting practices and generally improve the functioning of the financial markets. In past years, this has prompted much more stringent requirements regarding the scope and detail of the information stock-exchange-listed companies have to disclose in their financial reporting." (https://disclose.pwc.ch/25/media/pdf/pwc_disclose_1701_e.pdf (Accessed May 25 2019))

The economist Herbert Simon (1971) noted that when information becomes abundant, attention becomes the scarce resource. In an information-rich world, the wealth of information means a dearth of something else: a scarcity of whatever it is that information consumes – namely, the attention of its recipients. Hence a wealth of information creates a poverty of attention and a need to allocate that attention efficiently among the overabundance of information sources that might consume it.[2]

The question is whether being transparent is the best way of interpreting the information stimuli with which individuals are constantly bombarded. When stakeholders (and the public in general) are inundated with information it risks being ignored as merely "noise" when what is required is relevant information – about the company's performance. With the explosion in information technology the basic but underdeveloped capacity of paying attention to what is important is under pressure from information overload, which in the business context is likely to lead to a reduction in decision quality. Overload conditions are more likely to result in poorer, more impulsive or hasty decisions by executives and stakeholders alike, based on the information at hand rather than informed decisions for which time is needed to gather and process the necessary information.

Transparency based on information is associated with speediness and smoothness. Haste is closely tied to general inattention to what is happening and whether individuals learn from previous experiences or disregard them. In contrast, a desire for greater transparency implies a desire for increased consistency, attentiveness, and clarity of information exchanged between two parties (Pagano and Roell 1996). Schnackenberg and Tomlinson (2016) argued that transparency represents the intentionality of a company to share information perceived to be of relevance and quality by all receivers. Transparency is considered as a critical element of knowledge sharing (Schnackenberg and Tomlinson 2016). Farvaque et al. (2011) observed that while regulators encourage heavy disclosure academics warn of the likely high cost it imposes on a company. Farvaque et al. contended further that "disclosure can reduce actors' incentives to look for information about the firm, and therefore can lead to an illusion of (potentially destabilizing) knowledge" (p. 5).

Sharing information is not the same as sharing knowledge, which is based on experience and takes time to develop. Knowledge building results from a process where received information is questioned and tested for its veracity and usefulness. Contiguously, there has been extensive debate in knowledge management theory as to how to make tacit knowledge more explicit, and therefore shareable (see Polanyi 2009; Nonaka 1994). To make what is tacit explicit, or to transform information into knowledge, time is needed. Nonetheless, the issue is whether transparency based on information, alone, however explicit it may be, is sufficient for generating true knowledge upon which to assess a corporation's moral intent and trustworthiness.

In Chap. 2 knowledge was explained as leading to understanding where, through a questioning approach to what is taken for granted, new transformative possibilities can emerge as pathways for behavioural change. If this space for thought or reflection is denied or non-existent, what remains is Han's (2018) terror of the same. He states that "In that hell of sameness, humans are nothing but remote-controlled puppets" (p. 9). As we have argued, the norm of transparency contrives in this way to place power not in the hands of stakeholders who wish to assess a corporation's trustworthiness. Instead power is concentrated and retained, whether in the hands of international organisations with their standards, or of the corporation itself according to what it chooses to disclose.

> Reports on the Observance of Standards and Codes. The World Bank.
>
> "Standards and codes are benchmarks of good practices. The Report on the Observance of Standards and Codes (ROSC) initiative was launched in 1999 as a prominent component of efforts to strengthen the international financial architecture. The initiative aims at promoting greater financial stability, both domestically and internationally, through the development, dissemination, adoption, and implementation of international standards and codes. The ROSC initiative is administered by the World Bank and International Monetary Fund (IMF), which have recognized international standards in 12 policy areas. The World Bank focuses on three of these: Accounting and Auditing; Corporate Governance; Insolvency and Creditor Rights. The 12 policy areas fall under one of three broader groups – policy transparency, financial sector regulation and supervision, and market infrastructure:
>
> 1) Policy Transparency
>
> Standards in these areas have been developed by the IMF

- Data Dissemination
- Fiscal Policy Transparency
- Monetary and Financial Policy Transparency." (http://www.worldbank.org/en/programs/rosc (Accessed Apr 29 2019))

Han's homogeneity leads to a metaphorical mute blindness in the face of a homogenised society where difference and diversity are removed. Similar to Tsoukas (1997), referred to at the end of the previous chapter, Han (2015, p. 8) further notes that "Transparency and truth are not identical. Truth is a negative force insofar as it presents and asserts *itself* by declaring *all else* false… Hyper-communication and hyper-information attest to the lack of truth – indeed to a lack of being. More information, or more communication, does not eliminate the fundamental absence of clarity for the whole. If anything, it heightens it" (p. 8). Tsoukas referred to this absence of clarity and lack of being as an inability to comprehend the complexity of the 'world' and what is going on. Thus we argue that transparency does not lead to better decisions based on interpreting information and that, alone, it does not produce true knowledge about, and hence understanding of, a corporation's intent and trustworthiness. Instead, as Borgia (2005) and Han (2015), have argued, transparency leads to the endless cycle of information needs which are more likely to lead to greater opacity.

The "New" Transparency

Bandsuch et al. (2008) concur that no single element [such as transparency] is sufficient to meet all the goals or ensure all the benefits of effective corporate governance. They argue that when principle-centred leadership, transparency, stakeholder voice, and ethical culture are practiced simultaneously such that they are mutually reinforcing and are integrated into the various policies and practices of corporate governance, the resulting synergy has the potential to maximise the benefits of corporate governance. These benefits include the rebuilding of lost stakeholder trust in business, and avoiding actions that create the risk of additional damage to that trust. Bandsuch et al. posit that principle-centred leaders foster a trustful environment that facilitates transparency, both internal and external to the firm. In this way, transparency engenders (systemic) trust, reinforcing the ethical governance of the firm and the two are thus mutually reinforcing. They see transparency as a catalyst, strengthening the demand for greater openness and disclosure: it is not a programme or process but a dynamic imperative that moves transparency beyond the narrow, traditional realm of financial disclosure into the larger context of stakeholder communication and the interaction between corporate management and constituencies beyond the shareholder and prospective investor. As such, they say, this reinforces the ethics of the organisation. Bandsuch et al. term this approach the "new transparency".

Fernandez Feijo et al. (2014) claim that corporate social responsibility (CSR) reporting leads to a transparent image and reinforces the relationship between investors and the company. They found that pressure from some groups of stakeholders increases the quality of transparency of the reports. Doorey (2011) highlighted Nike and Levis-Strauss as "good examples" of those that play a central role in fostering supply chain transparency by disclosing lists of their suppliers. Graafland et al. (2004, p. 137) stated that "the CSR of a company will only be correctly perceived by the public if its social and environmental value creation is transparent". Thus, the increasing demands for disclosure in all types of organisational reports (annual financial reports, CSR, sustainability, and suchlike) reflect stakeholder expectations for a certain level of transparency (Dickson and Eckman 2008; Frostenson et al. 2011; Halter et al. 2009). Such disclosure underscores what Han (2015) regarded as being akin to pornography in a transparent society, where only by exhibiting everything can the value of transparency be shown. Accordingly, transparency can become a narcissistic exercise for corporations that fall in love with their reputational image. Parsons (2019) analyses "transparency reports" in "promoting change in firm and government behaviour" (p. 103). He concludes that these reports may become more comparable to each other over time, adjusting ultimately to a standard. This specific standard or norm will generally result from a crisis (usually local) that has led the government or industry to adopt it. Parsons also notes that such norms are random regarding the results they have on firms' behaviour, such results being neither consistent nor convergent.

Regardless of the extent to which examples of "good" corporate behaviour might motivate better behaviour in others, isomorphism may lead to pressure on corporations to share information for the sake of being seen to be transparent. The "good" examples might also be offset by actions that are to the contrary. A hypothetical example could be that of a corporation which might suggest car-sharing for its employees, thereby demonstrating good behaviour in lowering pollution. However, if the work done by the corporation is questionable regarding employment practices or the products produced, then what of the exemplary non-pollution behaviour? Or a corporation might provide all of its employees with a bicycle to use as transport to and from work, but the good represented by a clean form of transportation might by negated if additional commuting time means that more hours are spent away from family. Examples such as this, while hypothetical, nevertheless represent real potential situations where deliberative thought is required to consider all possible consequences so as to ensure an appropriate outcome for truly moral behaviour.

In the field of CSR, transparency is predominantly conceptualised as strategic information disclosure that generates organisational legitimacy and eliminates corruption. Leadership studies similarly link transparency to trust among followers. Management practitioners advocate transparency as a tool for reputation management and a way to demonstrate trustworthiness (Albu and Flyverbom 2019). However, with these conceptualisations a moral problem arises concerning what can be shared openly if, ontologically, what is not being shared is seemingly non-existent. As we contended earlier, if full transparency is about sharing everything openly, then anything not shared either cannot exist, or it is not completely transparent and is therefore secret (Christensen and Cornelissen 2015). Hence such ontological and epistemological questions touch upon the morality of disclosure and non-disclosure where the act of being transparent can be seen as the corporation's capacity to live up to stakeholders' expectations. While developing this capacity may seem undeniably desirable, living up to stakeholders' expectations may, perversely, minimize critical scrutiny of, or maximise opportunism relating to, the corporation's practices and what corporate secrets are sanctioned and/or unsanctioned (Schnackenberg and Tomlinson 2016). Further, transparency in the leadership context, for example, might raise the issue of whether a workforce wants transparent leaders or, instead, leaders who operate with a clear purpose, who are capable of creating a culture worth belonging to, in a work situation that to the employees makes sense. These leadership attributes might not contradict the value of transparency: while such employees may want transparency in their corporations, they attribute greater importance to their leaders acting in a meaningful and responsible way according the values and projects with which they as employees can align.

Whistleblowing. the new transparency?

Five years after historic NSA leaks, whistleblower tells the Guardian he has no regrets

> Edward Snowden has no regrets five years on from leaking the biggest cache of top-secret documents in history. He is wanted by the US. He is in exile in Russia. But he is satisfied with the way his revelations of mass surveillance have rocked governments, intelligence agencies and major internet companies. The most important change, he said, was public awareness. "The government and the corporate sector preyed on our ignorance. But now we know. People are aware now. People are still powerless to stop it but we are trying. The revelations made the fight more even." (https://www.theguardian.com/us-news/2018/jun/04/edward-snowden-people-still-powerless-but-aware (Accessed May 29 2019))

Information, Communication and Power

As cited earlier, Schnackenberg and Tomlinson (2016) observed that in the context of disclosure most conceptualizations of transparency involve intentionally shared information. The idea of sharing information assumes implicitly that the same views and understanding of the world are universally held. Cultural studies have shown that this is a naïve assumption, as noted by Mackie (1990), so that avoiding potential misunderstandings that might affect the corporate image, reputation, or brand value is problematic. Consequently, corporations are pressured – through the moral imperative of transparency – to communicate in a simple way where all complexity is reduced so as to provide the information in an accessible form. Luhmann (1999) showed in his theory of systems that each social system (i.e. juridical, economic, political, and so on) communicates by reducing complexity, for example, by using simple dichotomies such as right versus wrong, powerful versus powerless. These reductions can easily lead instead to misunderstandings – especially when the reductions disclose crucial information which is distorted due to differences between the receiver's and the sender's perceptions and interpretations. Such misunderstandings can perpetuate, according to Luhmann, until the information ultimately can be presented in an understandable way, which often happens in relation to strategic concerns such as time and cost. For this reason, Luhmann places trust as an element in the communicative process because, as we argued in Chap. 2, neither the sender nor the receiver can have complete knowledge about everything. Trust becomes crucial when the amount of information grows; however, this is not blind trust but a flexible confidence in the other. When transparency is the norm, trust is minimized for both the sender and the receiver; the sender is not trusted because of the call for transparency and, similarly, the receiver is not trusted to understand information that diverges from the receiver's expectations.

Transparency is also viewed as a social process involving communication and mediation rather than focusing solely on the transmission of information. This perspective is useful in thinking about what happens when organisations disclose information. It can be seen as a process that includes components of subjects that are involved in politically motivated interpretations and enactments of transparency, material objects at work in transparency projects that actively mediate and manage the resulting visibilities, and settings which are the loci of transparency projects such as transnational institutions or virtual networked organisations. These components, each complex in themselves, are indicated from research to be entangled in socio-material practices able to modify whatever they seek to make visible or transparent. Transparency is thus theorised as a social process with generative capacities, producing new relationships, understandings and phenomena by virtue of being an assemblage of normativity that mobilises actors to respond in certain ways. Thus, consistent with Beauvoir, theorising transparency as a flow of plentiful and timely information is criticised as being too simplistic and may provide only a partial understanding of the phenomenon.

It is also important to distinguish between more versus better information, as well as to acknowledge that information typically is distributed asymmetrically (Braendle and Noll 2005). Useful information, as defined by Bateson (1979, p. 5) "is a difference that makes a difference", where the question is not quantity, but relevance and value. Furthermore, knowledge is part of a power-relationship that defines the terms under which it is shared, with whom, in what form, and for what reason. Knowledge is embedded in such power-structures, whether between managers and employees, or the corporation and its stakeholders. Because information, and potentially, knowledge is conveyed through transparency, it thus also operates under the mantle of power.

Loveluck (2015, p. V) attested that "a considerable amount of research has already been directed at understanding the rationale of the information and communication society. Its sometimes distant origins have been explored extensively in order to uncover an underlying ideology, doxa, utopia – a 'religion' even." In much the same way as the concept of transparency has been promoted, these analyses have drawn attention to the non-critical and doctrinal way in which information and communication are presented as providing solutions for improving social organisation. Attention has thus been drawn to implicit or explicit political dimensions of the information society, or "information capitalism", according to Loveluck, who contended "that these discourses and representations are firmly associated with "neo-liberalism"…which emerged prior to the Second World War but truly gained momentum during the liberal-conservative revolutions of the late 1970s" (*ibid.*). He argued further that "from this perspective, the development of information and communication technologies has, above all, served economic policies of market deregulation, privatization of public services, and the growth of finance and free trade" (*ibid.*).

> Seeing like the market; exploring the mutual rise of transparency and accounting in transnational economic and market governance
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> Mehrpouya, A., Salles-Djelic, M-L. (2019). *Accounting, Organizations and Society*.
>
> "The shift to transparency in global governance has been shown to have been heavily influenced by the rise of various private actors including the Big Four accounting firms as powerful global actors (Suddaby et al. 2007)… Such reliance on transparency in the name of various publics (increasingly imagined as investors) and their imagined actorhoods, has led to the side-lining and weakening of state-led regulation of economic actors." (Merino and Neimark 1982)

Loveluck asserted in his paper regarding the advent of hackers concerning the debate surrounding intellectual property and protection of privacy of information, that one of their main maxims "is that the obfuscation of private communications, together with transparency of information of public interest (including private enterprises), is the only way to rebalance power between the government (or monopolistic companies working in collusion with it) and individuals – in accordance with the motto: "privacy for the weak and transparency for the powerful"·" (p. XV). This is demonstrated in the worthy but illusory efforts of Access Info Europe (Chap. 2 case example). For this reason information capitalism represents not only surveillance of the citizens but also transforms them into passive consumers with "likeable" or "good" behaviours that serves to concentrate ever-growing power in the hands of the technology giants like Google.

Information may manipulate, knowledge may emancipate. The power associated with information is mainly derived from the consideration of information and knowledge as being interchangeable in the common use. Information as power has unique qualities: it can generated at very low cost (it costs nothing to move it around), it is an infinite resource, and has extended usefulness. Disclosure empowers the company to produce a favourable corporate image against which it will be publicly judged or evaluated, even if at the same time it conceals a "hidden shame".

Disclosure and Self-Judgment

Sartre expressed shame as an inability to be true to oneself, or as being inauthentic. Viewing oneself as powerless to act according to one's own free will brings a sense of bad faith. Shame, in this sense, is the impossibility of being honest or acting in accordance with one's own values. This can be illustrated by a hypothetical example where a medical doctor is forced by a rigid time-management protocol to see a specific number of patients per day, regardless of their problems or illnesses. The doctor may be transparent about reaching his or her objectives but feel ashamed (in Sartre's sense) or guilty about not living up to the Hippocratic ideals of the medical profession where each particular patient or situation should be treated with proper care but where to do so might contravene the imposed managerial performance objectives.

Transparency in this instance might prevent an important debate about professionalism and what is required to deliver a good service. Similarly, shame in Sartre's sense may occur when a corporation is forced to make decisions based on regulatory guidelines that it may not see as relevant to, or appropriate for, their business but which it cannot afford to breach (Janning 2015). For example, companies in chocolate industries are forced to use a certain detergent to clean their machinery even though they know that its use could ultimately be harmful for human beings. Here, transparency – acting (inauthentically) according to what makes sense economically and following industry rules – is more important than acting truly (authentically).

A project developed by Volans and the Global Reporting Initiative

The transparent economy: Six tigers stalk the global recovery—and how to tame them

"What is the future for sustainability—sometimes called 'non-' or 'extra-financial'—reporting? This is the question addressed in The Transparent Economy, the product of a project developed by Volans and the Global Reporting Initiative (GRI). The task: to begin looking out to the year 2020, analysing the trends that will drive or constrain greater transparency and accountability. The study included an online survey of the GRI community, focusing on seven major trends—subsequently boiled down to the TIGERS agenda (*Traceability, Integrated Reporting, Government Leadership, Environmental Boundaries, Rating and Ranking, and Shadow Economies*). Recommendations are made for business, financial institutions, governments and individuals." (https://www.globalreporting.org/resourcelibrary/Explorations_TheTransparentEconomy.pdf (Accessed May 26 2019))

Shame can be seen as the other side of transparency. It is easy to say "privacy for the weak and transparency for the powerful" (as cited above from Loveluck). The weak, in today's achievement society are those who lack prestige, status and power, those who do not hold the so-called "right" values, according to current social morals. The weak can also include people without work, those who smoke tobacco, drink or suffer from excess weight; it can be those who break down due to the pressure of today's society, although those who return from stress or burnout often are considered heroes (Janning 2017a). Only the so-called strong can afford to be transparent. This is especially so since there is no shame in being inauthentic. This notion concords with neoliberalism where status and prestige are easily identified and related to economic power.

The core of the problem with transparency, therefore, is as Deleuze (2002, p. 35) argued in saying that we "have opposed knowledge of life in order to judge life, in order to make it something blameworthy, responsible or erroneous." Instead of being committed to, and engaged in, the challenges and possibilities presented by each situation, as Badiou proposed, life (or the particular situation) is evaluated according to transcendental ideals regarding a sphere outside of life (e.g. Plato's world of ideas). As averred by Badiou, ethical decision-making concerns the limits of our current knowledge and, as such, the possibilities for addressing moral dilemmas are constrained. It is for this reason that corporations can act responsibly in that they *respond* to what is actually occurring rather than merely complying with certain ideals. A corporation that cannot be held to account as responsible for its own actions *according to its own conscience* (rather than to some externally imposed ideal) cannot be regarded as ethical.

Transparency places greater emphasis on judging, or evaluating existing organisational processes than on assessment of (self-)learning processes based on what actually takes place when corporations make decisions. Since no corporation can be (fully) transparent about everything, it will lend itself constantly to negative judgment as being not sufficiently transparent, especially when matters come to light at a later time which are judged negatively by society. Examples abound where corporations have found themselves on the wrong side of responsible decision making, resulting in scandals and tragedies usually relating to avoidable harm; such as the James Hardie and Johnson & Johnson (J&J) asbestos cases and the claims for compensation for sufferers of mesothelioma; Union Carbide and the Bhopal disaster in India; BP and the Deepwater Horizon oil spill in the Gulf of Mexico; or the Chinese infant milk tragedy where milk formula was laced with melamine; and many more. The social need for increased transparency clearly reflects a social lack of confidence in, or mistrust of, companies because of their irresponsible behaviour driven by the capitalist cult of profit maximisation. Paradoxically, society, or more specifically, stakeholders, through regulators, expect corporations to act responsibly by following particular social guidelines, rather than being judges of their own behaviour.

Viewed in existential terms, a corporation might conform in an outwardly transparent way to a particular corporate image according to the wishes and expectations of dominant stakeholders, rather than align with the intention of transparency for its own sake. Thus, the corporation shifts its responsibility for its actions away from itself and onto another – the stakeholders – according to the moral baseline defined by that other, rather than taking that responsibility upon itself. This does not necessarily imply irresponsible corporate behaviour: most social moral baselines make good sense. However, as we have argued in this chapter, such moral baselines are built on past experience, vary geographically, and are seldom judged by an impartial third party. These baselines are also subject to power struggles and dominant thinking, generating moral codes and practices established and agreed to by activist lobby groups or stakeholders who have a specific interest in the company's performance outcomes.

We advocate viewing attention (as discussed earlier in this chapter in relation to Badiou and Simon) as more than a scarce resource: it can be developed so as to build a capacity for deepening and enriching experience. Corporations become morally more conscious by enrolling themselves into moral reasoning and ethical questioning. This can take place in what Aristotle referred to in *Ethics*, as "noble leisure"; what Han (2015) philosophised as the time of "non-doing," or "a peace time"; or what Deleuze and Guattari (1994) called "intervening-time". The concept of "non-doing" also resembles elements of mindfulness in that there is no need for constant action, allowing things to unfold at their own pace, to adjust to the rhythm of life (Janning 2017b). Such a space can be the antidote to the obsession with transparency in our current control society, where people and corporations – often unconsciously – are coerced into participating in continuous, ongoing, positive communication.

The following case study illustrates the problem with transparency when there is a semblance of openness about a corporation's decisions and performance, yet all is not what it seems. In this case the publicly listed company met the regulatory requirements for disclosure and reporting so that over its history investors supposedly had an informed view of the performance of their investment. However, the true position was concealed over many years. In this case questions arise regarding board competence and intellectual honesty, as well as issues of responsibility and accountability, which were not averted by – or may even have been exacerbated by – a full disclosure regime. It is a case in which Sartre's shame and guilt is exemplified by the board of directors chaired by a former prime minister whose high status and public profile may have fended off questions that could otherwise have been asked about competence and capability as a director and board leader, in favour of the prestige and reputational value such a person could be thought to bestow on a corporation. The major questions, however, are whose real interests in this instance ultimately were served: the board of directors, employees who lost their jobs, sub-contractors whose businesses were jeopardised or that failed as a consequence, the community that would benefit from the completed construction projects, the investors, or wider society? And to what extent has a transparency regime facilitated corporate trustworthiness? This latter question is the focus of the discussion in the next chapter.

Case Example: ***The Demise of Mainzeal: Anatomy of a Corporate Downfall***

This story is the anatomy of the collapse of a New Zealand publicly listed construction company. Notable in this widely publicised High Court case is the statement by the former prime minister who chaired the board that there was openness between the company and its parent – but this was patently unsupported by any legal formality – so much for transparency! As one headline stated, it is a big deal when a former prime minister is found guilty by the High Court.

At the time of its demise, Mainzeal was held by Richina Global Real Estate which was part of Richina Inc., an independent and closely held New Zealand-headquartered Asia Pacific holding company. Mainzeal Property and Construction Ltd. was one of New Zealand's leading property and construction companies until being placed into receivership and then into liquidation in February 2013, owing creditors $110 million.

Mainzeal had been involved in delivering US$7.5 billion of construction projects across New Zealand and employed more than 500 people. The company was founded in 1968 as a branch of Mainline Corporation Ltd., an Australian company, to develop harbour-front land in downtown Auckland, New Zealand, as part of Mainline-Dillingham-Fletcher. Mainline Contractors Pty Ltd. was established from this base and in 1969, became Mainline Corporation of New Zealand, a publicly listed New Zealand company, adopting the name Mainzeal Corporation Ltd. in 1975. In 2006 Mainzeal experienced some financial setbacks, posting large losses associated mainly with three large apartment developments in Auckland and a 12,200-seat Arena. However, the losses on these projects were recovered, with Mainzeal's pre-tax earnings reaching a US$1.6 million surplus compared to a US$2.8 million loss in the previous year. Following the Christchurch earthquake in 2010 Mainzeal was appointed by insurance company, Vero, as their preferred partner in a joint venture, in their efforts to rebuild Canterbury. In 2011 Mainzeal expanded its services to include facilities management and entered the residential market with a division called Mainzeal Living.

The Richina holding company was created when Mainzeal acquired (and subsequently sold) a New Zealand leather business. In 1996 it changed its name to Richina Pacific (retaining the Mainzeal name for its construction unit) and began investing in China, where its owners saw major business opportunities. Richina Pacific delisted from NZX in January 2009 and went into provisional liquidation in 2013, handing over its financial statements to the Companies Registrar for the financial years leading up to its demise. The financial reporting obligations of the Mainzeal and Richina group of companies, were murky due to various amalgamations and restructures leading up to its ultimate collapse. The registrar decided the only entity in the group obliged to file financial statements was Richina Pacific, which arose because the company was an issuer. It was initially registered as a local company, but later relocated to Bermuda, moving to the overseas company register.

Mainzeal, it turned out, had been propped up like a sad puppet, taking advantage of clients' cash before it paid it out to workers, kept afloat when really it should have collapsed years before it did, in 2013. But few people knew the full extent of its problems, at least not until issues were laid bare on 1 March 2019 when the 178-page High Court decision was released. It told a story of withheld money, a lame business, leaky buildings, broken promises, false hopes and all-round corporate ineptitude which resulted in the Court making a $36 million ruling for reckless trading against four of the company's five directors.

The judge described how the company, once said to have been New Zealand's third largest construction company, traded while insolvent for several years. It had an annual turnover of $270 m–$380 m, and used that cash flow from clients to its advantage before handing it to subcontractors.

The judge said Mainzeal was milked by parent Richina Pacific to buy lucrative assets in China, and told it would be supported, but was given little cash to back that up. By 2009 Mainzeal had loaned Richina $42 m, meaning the company was insolvent and had been since 2005.

"At the heart of the plaintiff's reckless trading claims," the judge said of the action brought by the liquidators against the directors, "is the allegation the company was insolvent as a consequence of the Richina Pacific group extracting considerable funds from Mainzeal for investment in China. Mainzeal nevertheless continued trading in an insolvent state for years." The ruling referred to the Mainzeal directors being told by the Richina group about how the money would flow one day. "Directors relied on promises from the Richina Pacific group that financial support would be provided when needed."

A new director appointed to the Mainzeal board a year before its collapse raised questions early on, but Dame Jenny Shipley (the former prime minister) and the other directors rejected allegations that the company was insolvent, or that they had acted unreasonably in relying on Richina's support for the company to stay afloat. Yet those directors had nothing in writing—no contracts giving guarantees, nothing formal or legally binding. What were they thinking? The new director joined the board only in 2012, a year before the collapse, and "almost immediately … identified the significant underlying issues," the judge said. Without Chinese support, the director realised, Mainzeal would go under and it needed a significant cash injection—specifically, $20 m as preference share capital or subordinated debt.

From Richina Pacific's side, stringent Chinese foreign exchange restrictions limited Richina's ability to fulfil its promises. So how did Mainzeal limp on? Belief in the Richina promise and a quirk in the New Zealand construction sector which allowed Mainzeal to use a rich cash flow. Time was on its side. Then, time ran out.

Mainzeal's clients paid it for work by the subcontractors and the company retained that cash to keep itself afloat, "effectively using this money as its working capital", in the words of the judgment. At the same time Richina Pacific was using Mainzeal as its own cash cow, "extracting more funds for the benefit of the group from Mainzeal than was recorded in the audited annual accounts", the decision said. "Richina Pacific had extracted considerable funds from Mainzeal. This had been done to help secure assets of considerable value in China," the judge said. These transactions were completed via loans which were recorded as assets on Mainzeal's books.

But at times, Richina was also generous. For example, the judge noted how a developer could not complete a commercial block in the Capital City, Wellington, so Richina paid $37.4 m to Mainzeal so it could finish the project, then sell it at a profit. The money was returned to Richina in the form of loans. Richina also supported Mainzeal by guaranteeing money for construction bonds so it could win work, and sometimes it even put up the entire bond, the judge said.

Mainzeal's demise could be traced back to 2004 and 2005, when capital was extracted from the company for Richina Pacific to buy assets in China, including the Shanghai Leather company, today worth more than US$700 m ($1 billion). In 2005, Mainzeal recorded a significant operating loss of $12.1 m, and although it was profitable in 2006 due to the sale of a major completed construction project, it lost money in subsequent years. In 2009, former Prime Minister Shipley resigned from the Richina board but kept her Mainzeal directorship. That same year, the judge noted, the company was insolvent, with negative equity of $44.8 m.

By 2012, Mainzeal had building weather-tightness liability provisions to address, at a crippling $21.8 m. But the company had another monster in its midst called the Siemens contract, where payments were withheld for work under dispute. During 2012, Mainzeal experienced cash flow problems, mainly due to issues with Siemens, the company contracted to upgrade the country's electricity link between the North and South Islands. That upgrade required work at each end of the link and Mainzeal won the job. The company's PwC auditor told the court of his "considerable concerns" about Mainzeal and how he lost confidence relying on Richina's assurances. The auditor was grateful when PwC lost the company as an audit client. Shipley knew of PwC's scrutiny and acknowledged there was "no question that Mainzeal was reliant on its parent in balance sheet terms". Richina was "open and clear with Mainzeal directors", she said, and spoke in the Court of their support. But there was an absence of relevant letters of support from any Richina entity for the benefit of Mainzeal, and due to a restructuring, Mainzeal was no longer a wholly owned subsidiary of Richina Pacific. The ex-Mainzeal chief executive and fellow director was also unconcerned about balance sheet solvency at the time, "because Mainzeal always had the cash flow to pay its debts".

The ruling by the High Court of $36 million against three of the four Mainzeal directors and the director of Richina Pacific is the highest amount awarded in New Zealand for reckless trading.

Sourced from:

"Mainzeal: Anatomy of a corporate downfall" Anne Gibson, NZ Herald, 1 Mar 2019. https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12208241 (Accessed 15 Mar 2019).

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"The Mainzeal collapse and what could've been done differently" Duncan Cotterill, https://duncancotterill.com/publications/the-mainzeal-collapse-and-what-couldve-been-done-differently (Accessed 15 Mar 2019).

Notes

1. OECD (2014), G20/OECD Principles of Corporate Governance, OECD Publishing, Paris, https://doi.org/10.1787/9789264236882-en

2. We do not regard attention solely as a resource: it is also closely related to experience, i.e., a way of attending reality, "an engagement" or "way of being". Attention is often coupled with awareness understood as "a complementary form of intelligence" where "we can hold our thoughts in awareness", which "gives us an entirely new perspective on them and their content" (Kabat-Zinn 2013, p. xxxv).

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4

Transparency a Paradoxical Proxy for Trust?

Both regulators and academics insist on the capacity of transparency to reduce business risk by increasing conformance with corporate governance guidelines, through greater disclosure and reporting. We have contended that while outwardly desirable, transparency – as demonstrated through regulatory compliance – can hinder both trust and responsibility. In this way, transparency risks being merely a box-ticking exercise, as is demonstrated by successive, ongoing waves of corporate misconduct and governance failure. The problem is an excessive emphasis on what transparency is expected to, and can actually, do as an aid to building trust and responsibility.

Corporations may be more inclined to be transparent about what stakeholders would like to hear while tactically concealing or avoiding more complicated issues, perhaps as a deliberate strategic tool (Schnackenberg and Tomlinson 2016). For example, Gagalyuk (2017) found that some Ukrainian agro-holdings benefit substantially from establishing "effective corporate governance mechanisms for regulatory transparency and providing more evidence that they contribute positively to corporate social responsibility and rural development"

F. Janning et al., *The Illusion of Transparency in Corporate Governance*,
https://doi.org/10.1007/978-3-030-35780-1_4

(p. 257). Gagalyuk noted that if these large corporate farms aim to be listed on international financial markets transparency is required to "preserve access to international equity markets and to reduce uncertainty that arises from imperfect local input markets" (p. 257). This approach is intended to ameliorate investor concerns about high levels of uncertainty associated with, or complicit with weak governance regimes in such countries. They need to decide under which conditions it is safe to invest in an industry characterised by severe exposure to social pressures and imperfect conditions in factor markets. Transparency and disclosure in these instances only provides information relating to what investors want to know. Thus, full transparency in the corporate context is elusive, encouraging strategic ploys which are not guided by rectitude but are concerned more with perpetuating an image.

> The year of critical (transparency) thinking, Rohan Creasey, April 19, 2018
>
> "There can be no disputing that it's been a big couple of years for "transparency" in our industry. The subject first made headlines in 2016 with the US Association of National Advertisers voting it word of the year. Since then, it has continued to dominate the ad tech narrative. Marc Pritchard of the world's biggest advertiser, Procter & Gamble, began 2017 by making a clarion call at the IAB Leadership Summit for transparency across what it called the "crappy media supply chain". And in February at the 2018 Leadership Summit, Unilever's CMO Keith Weed reiterated the need for brand marketers, agencies and technology partners to work together to establish trust at all points along the media supply chain.
>
> Clearly, in some quarters there is still much work to be done before the issue recedes. However, for those companies that have put their house in order, the continued focus on transparency offers opportunity and competitive advantage." (https://rubiconproject.com/insights/thought-leadership/the-year-of-critical-transparency-thinking/ (Accessed May 1 2019))

Even if organizations adopt voluntary disclosure (Braendle and Noll 2005), they will tend to respond primarily to moral pressure in protecting their reputation and image in comparison with competitors rather than focusing on being trustworthy. While such a stance may not be negative, *per se*, to submit blindly to social norms under moral pressure is not progressive in the sense that over time, as we have argued earlier, new moral guidelines may be needed. Such a response illustrates both a lack of public trust – because of the need for greater transparency, and controlled rather than responsible behaviour – since corporations are not encouraged to reflect on their intentions in relation to their actions. We have also argued earlier that if a corporation follows the rules not out of moral principle but for the sake of complying with the rule, it will not cultivate the kind of moral behaviour that enables it to deal more responsibly with new challenges in the global environment. Thus, we have contended, to regard transparency as a moral virtue may paradoxically make the corporation more vulnerable in the face of such unexpected challenges, for which previous decision frames may not be relevant.

We have posited in the previous chapters that transparency as a corporate idealisation can weaken the development of a more nuanced sense of what is morally fair and responsible behaviour. How, then, is morality linked to responsibility? As a hypothetical example, what level of responsibility is demonstrated by a company that buys its raw material from a "clean" (that is, ethical) provider, while knowing that the provider's supplier is a heavy environmental polluter? How does transparency in such instances hinder corporations in being accountable for their actions? As we have also averred, if a corporation is driven *only* by exogenously-generated demands for transparency, then it cannot be said to be responsible for its actions according to its own conscience.

It may be argued that intentions are relatively unimportant as long as corporations are seen to act as required. The problem, however, is to develop morally responsible behaviour: it is socially important that a corporation is trusted to act responsibly and be consciously accountable. This requires reflection by the corporation about its intentions and the extent to which these are known and self-acknowledged, or are hidden, and deceptive. It is through such a process of deliberation that corporations can mature morally and, perhaps, be able also to confront such impediments to their moral development as weaker areas of legislation that require only compliance with minimum standards.

Does Transparency Drive Trust?

Audi et al. (2016) selected from an analysis of previous research 21 "trust" words which they found were related to: integrity (i.e. ethics, honesty); competence (i.e. accountability, responsibilities); consistency (i.e. fairness); loyalty (i.e. respect); or openness (i.e. transparency). They associated these five trust components with moral values. Audi et al. argue, along with others, that having a higher level of trust in a company will potentially lower or even eliminate the costs of monitoring by directors or external auditors, where contracts provide the scaffolding on which trust is built. They link transparency with trust only through word associations in relation to control mechanisms such as audit, in organisations. Audi et al. do not attempt to address the question of how the two concepts may be associated. However, they do find a link, empirically, between trust and risk: the ethical side of the link concerns the need not to abuse trust by taking unreasonable risks that trust often makes possible; related is that risk-taking is essential for most kinds of innovation. From their study Audi et al. confirmed that a culture of organisational trust leads to a higher risk tolerance which leads to higher risk taking, i.e. trust involves risk.

Schnackenberg and Tomlinson (2016) argue that greater transparency (i.e. greater disclosure, clarity, and accuracy of information) will facilitate higher stakeholder trust in the organisation because, for a trustor, trust reflects a willingness to be vulnerable to a trustee based on confident positive expectations (shaped by information quality) of the trustee's intentions (internal) and behaviours. On the basis of their review of such literature, Schnackenberg and Tomlinson posit that transparency is an antecedent to stakeholder trust, of which perceived trustworthiness is a close determinant (i.e. plays a central role in determining trust). Schnackenberg and Tomlinson evaluate trustworthiness along three dimensions: ability, benevolence and integrity. Ability is the group of skills, competencies and characteristics that enable a party to have influence within some specific domain.[1] Benevolence relates to the extent to which a trustee is believed to want to do good by the trustor, aside from an egocentric profit motive i.e. doing what is in the client's/beneficiary's best interests. Integrity refers to the trustor's perception that the trustee adheres to a set of principles that the trustor finds acceptable. Pirson and Malhotra (2011) assumed transparency to be a dimension of trustworthiness. However, based on Pirson and Malhotra's findings, Schnackenberg and Tomlinson (2016) surmised that there is no (direct) effect of transparency on trust when simultaneously accounting for these three dimensions (ability, benevolence and integrity). Schnackenberg and Tomlinson argue that transparency perceptions are used in determining trustworthiness perceptions. With the basis of transparency being information quality and sharing, they contend, along with other researchers, that insofar as perceivers believe that organisations possess the capacity to shape and share information with varying degrees of quality, the perception of information quality from an organisation should facilitate evaluations of the organisation's trustworthiness (i.e. that information-sharing practices can precede the development of trustworthiness perceptions). Therefore, transparency is shown to be an antecedent, rather than a dimension of trustworthiness.

> *To trust each other again, we need to become more equal.* Larry Elliot (25/10/2018).
>
> Transparency can increase the mistrust with opening to the light the gap between rich and poor, especially that this gap has been widening for decades, driving a climate of mistrust that harms us all. Nations in which people trust each other have stronger institutions, are more open, have less corruption, grow faster and are nicer places to live". Faith in politicians and corporations has been drastically chipped away for years. "What's more", according to Uslaner and Brown, "people's trust in one other rests on a foundation of economic equality. When resources are distributed inequitably, people at the top and bottom will not see each other as facing a shared fate. Therefore, they will have less reason to trust people of different backgrounds." (https://www.theguardian.com/commentisfree/2018/oct/25/trust-equal-gap-rich-poor-inequality (25/10/2018))

Schnackenberg and Tomlinson (2016) note a lack of theoretically grounded consensus on the transparency construct and attempt to determine the impact of each dimension of transparency as a multidimensional construct (as stated by Baume and Papadopoulos 2018) on organisational trustworthiness and stakeholder trust in the firm. Schnackenberg and Tomlinson also note that while organisational behaviour researchers have explored transparency in the context of organisational trust development, there is little convergence on the fundamental meaning of transparency in existing literature. Further, empirical examination shows mixed evidence as to how transparency actually influences trust. For example, while Rawlins (2008) found compelling evidence of a positive relationship between organisational transparency and stakeholder trust, Pirson and Malhotra (2011) found only marginal support for such a relationship.

Baume and Papadopoulos (2018) show that recent evidence-based research raises doubt about the ability of transparency to attain its goals and that this dispels hopes that it can operate as an 'antiseptic' ("Sunlight is the best disinfectant", attributed to Brandeis 1913; and as commented by Berndt in the inset in Chap. 1) for preserving public interest. The provision of light is theorised metaphorically as being what enables observation and allows for the evaluation of the inner workings of the organisation through access to information (Albu and Flyverbom 2019). The general view is that excessively high expectations have been placed on transparency. Baume and Papadopoulos (2018) argue that transparency does not protect investing stakeholders from malfeasance. They contend further that transparency may nurture distrust as a perverse effect and may lead to uncertainty rather than trust.

Thus we can clarify that trust is about (trustees') expectations of future actions/behaviour, while transparency is about (trustors') past actions/behaviour – thus there is a difference in temporality (see Schoorman et al. 2007). Are the two constructs – transparency and trust – linked by trustworthiness? The link may exist where trustworthiness is built on (trustees') perceptions of (trustors') actions/behaviour, which are judged and perceived (by trustees) to be trustworthy (Schnackenberg and Tomlinson 2016). Such actions/behaviour could be demonstrated by trustors from being transparent, resulting in the expectation that (by building confidence, consistency, reliability) future actions/behaviours by trustors can also be trusted by trustees. However, this conceptualisation fails to address the obverse where trustworthiness, and hence trust, as a dynamic concept (Albu and Flyverbom 2019), may not result from transparency. Such a situation could arise where actions/behaviour are perceived, or found, to be misaligned with information disclosed in response to demands for transparency, as in the Mainzeal case study at the end of the previous chapter.

Transparency, in reality, eliminates the fundamental trust, which Løgstrup (1956) believed to be the cohesion of all societies and a fundamental part of life. It is this basic or elementary part of life that the call for transparency undermines. What is not conveyed in claims made for transparency leading to greater trust is the extent to which the concept of trust has changed over time. As with the Mainzeal case the credentials of the corporation's board members could have been expected to function as a proxy indicator of the directors' ability, benevolence (or good faith), and integrity (Schnackenberg and Tomlinson 2016), given their respective experience, professional qualifications, personal image and previous success. Regrettably, this confidence or trust was misplaced. "It is a characteristic of human life that we mutually trust each other. Initially we believe one another's word… initially we trust one another … To trust, however, is to deliver oneself over into the hands on another" (Løgstrup 1956, pp. 8–9).

In contrast, transparency eliminates the intimate human relationship where we are responsible for the other's life, and vice versa, by eliminating the basic trust that binds people together. In a teleological sense "What makes the moral self is the urge to do, not the knowledge of what is to be done; the unfulfilled task, not the duty correctly performed," (Bauman 1993, p. 80). Similar to Badiou, Bauman indicated that the ethical examination begins when the limits of knowledge are confronted. It is also here that the individual (or the corporation) becomes creative and inventive to explore (or imagine) whether other actions are possible. However, as Bauman (p. 80) stated with regard to true moral dilemmas, "this uncertainty with no exit is precisely the foundation of morality"; when moral frameworks do not provide a ready answer to a particular situation, that is when it is necessary to re-examine what might be the right thing to do. That is why Badiou says to "keep going!" as an ethical maxim, because as he emphasises, the resolution of the moral dilemma in each situation needs to be considered on its own merits.

Transparency, Trust and Trustworthiness as a Legal Construct

The idea of transparency as a regulatory requirement for (full) disclosure in reporting for publicly listed companies is, as we noted in Chap. 1, associated with the agency view of corporate governance as encapsulated in company law. Blair and Stout (2001, p. 5) in elaborating trust, trustworthiness and the behavioural foundations of (Anglo/US) corporate law concede that "market incentives and legal sanctions can reduce agency costs (…) to some extent. But markets and law work best when the situation is open and transparent and opportunistic behaviour can be detected and punished." They emphasise that "trust can work even when the situation is opaque". Trust can exist without transparency. Blair and Stout point out that trust is central to business firms but that, as such, it is more than market incentives, enforceable contracts and other external constraints on opportunism within firms.

Agency problems are an endemic problem associated with doing business in corporate form. No combination of legal rules and market forces can bring agency costs in firms to zero. Negotiating contracts, monitoring agents, and enforcing legal rights are all costly activities and such efforts usually cannot eliminate all opportunities for an agent to shirk or steal. Thus, Blair and Stout reason that opportunistic behaviour in one form or another is an unavoidable – and indeed the paramount – problem in doing business in the corporate form. The information requirements are too high and the business environment too complex, opaque and uncertain to eliminate such behaviour completely. As such, the stage is set for understanding the importance of trust as a basic element of society, and there is reason to believe that trust plays an important role in the success of many business firms.

> TEDx, Onora O'Neill[2]: What we don't understand about trust (https://www.youtube.com/watch?v=1PNX6M_dVsk)
>
> The widely believed standards (clichés) people have about trust: 1/ a claim: there is a decline of trust in our society; 2/ an aim: we should have more trust; 3/ a task: we should rebuild trust. The three (claim, aim and task) are misconceived. She describes why "we need to think much less

about trust and learn about the attitude of trust detected and mis-detected by opinion polls, much more about being trustworthy and how you give people adequate, useful, and simple evidence that you are trustworthy".

Fiduciary relationships lie at the heart of modern corporate law which is based on the notion of trust. One view is that owing a fiduciary duty means that it is a type of standard form contract for governing relationships among corporate officers, directors and shareholders (according to the shareholder primacy perspective) with the legal requirement that the fiduciary acts for the exclusive benefit of the beneficiary. A fiduciary is expected to act in the beneficiary's best interest even when – and especially when – the beneficiary cannot monitor or control the fiduciary's behaviour. In fact, according to Blair and Stout, this seems to be exactly when fiduciary relationships are most likely to be created. Indeed, the term fiduciary has as its root the Latin word "*fidere*", which means "to trust". The key to a successful fiduciary relationship, they state, lies in framing both economic and social conditions so as to encourage the fiduciary to make a psychological commitment to further the beneficiary's welfare rather than their own. For example, by making directors and officers who violate their duty of loyalty to the firm liable for damages, the law encourages trustworthy behaviour in corporate fiduciaries by reducing the expected gains from malfeasance (thus reducing the fiduciary's cost of behaving trustworthily). Blair and Stout aver that at the same time the duty of loyalty unambiguously signals that the fiduciary relationship is a social context which calls for other-regarding behaviour, where the fiduciary is discouraged from even contemplating their own interest, banning unauthorised gains even when the beneficiary would not be harmed by such (Blair and Stout 2001).

In further arguing their case, Blair and Stout (2001) contended that it is easy to assume that the threat of the law (external control) is sufficient to rein in misbehaviour in all circumstances, and to conclude that external incentives cause trusting and trustworthy behaviour. Among their findings based on extensive review of empirical evidence, trust was found, however, to be a socially contingent behaviour, moderated by considerations of personal cost and dependent on individuals' perceptions of others' expectations. In social dilemma experiments (as in prisoner's' dilemma games, i.e. game theory), motivations for cooperation are found to often be consistent both with internalised trust and with external incentives, meaning that the incidence of cooperation is far higher than can possibly be explained by external incentives alone. At the same time, studies show, counterintuitively, that cooperation reduces over time.

Trust in others is shown to be closely correlated to trustworthiness. According to Blair and Stout (2001) this is likely to be explained by projection: "high trustors" not only expect others to cooperate but are more likely to cooperate (than to defect), themselves, whereas those who score low on trusting others are themselves more likely to lie, cheat and steal and are less likely to cooperate in social dilemma games. People who are untrustworthy expect others to be like themselves (i.e. untrustworthy) and behave accordingly, according to Blair and Stout, while conversely, people who are trustworthy assume that others are trustworthy also and are therefore safe to trust.

The Cost of Trust

Blair and Stout further show that as co-operators in social dilemma games learn that others are defecting, they become increasingly willing also to defect. However, one of the most consistent findings in the social dilemma literature is that players are more likely to cooperate with each other if they are instructed to do so by an authority. In research that they analysed, formal instructions to cooperate were found to have raised base rates by as much as 40 percent in such studies, while formal instructions to compete decreased cooperation rates by as much as 33 percentage points. This finding appears to hold, irrespective of economic payoffs. The explanation Blair and Stout offer is that people's willingness to trust appears to be downward sloping: as the cost of trust in a social dilemma rises, cooperation rates decline. When the cost of honour becomes too high people refuse to pay for it. Trust behaviour seems especially likely to occur (and lead to clear social gains) in situations where a corporate participant's trustworthy behaviour would create disproportionate gain (e.g. profit, shareholder or stakeholder value creation), or conversely, where malfeasance would inflict disproportionate harm (fraud and company collapse, e.g. Enron; Barings Bank and illegal financial derivative trading; and various other major scandals).

These findings suggest that trust is potentially fragile. Where social dilemma games show quick convergence on equilibrium outcomes of either cooperation or defection by most players, a small change in initial conditions can shift the situation from one behavioural extreme to the other. The potential fragility of trust, Blair and Stout explain, is heightened by the possibility that the social conditions favouring trust are easier to destroy than to create. Rhetoric (of contract) alone, they say, cannot support trust (although language can promote trust), but rhetoric (of contract) alone can undermine it (language can erode trust) among corporate participants. Employing the rhetoric of contract can imply that trustworthy behaviour is not important, not common, and not expected. "The most effective way to constrain welfare-reducing, opportunistic behaviour may not be by changing individuals' external rewards and punishments, but instead by changing their internal preferences and encouraging the emergence of their cooperative, other-regarding 'personality'" (Blair and Stout 2001, p. 45). This view is consistent with the arguments we have presented as put forward by Badiou, Simon, and others in the previous chapters regarding the need for corporations to make a deliberative space for generating true, other-regarding, moral behaviour. Blair and Stout's position is also noteworthy given that it emanates from a legal perspective regarding systemic trust, the link between transparency and trust in the corporate context, as proposed by Schnackenberg and Tomlinson (2016), and that it has implications for the role of regulatory requirements, such as transparency, in influencing corporate behaviour.

The relationship between transparency and other visibility practices can be seen as a set of (dis)enabling conditions investigated by an emerging stream of research that charts the intertwined relationship between openness, closure, darkness, and opacity. The distinction between transparency and secrecy is problematized by showing that in both organisational and regulatory settings the two are often entangled. Thus transparency can have detrimental effects on governance even when combined with other forms of regulation because transparency exists in enmeshed relationship with secrecy. From this perspective transparency may paradoxically become a structure of the veil itself rather than working to unveil organisational truths. For example, a corporation may appear (through reporting and disclosure) to be playing a tactical game according to the stakeholder's wishes, whilst maintaining a hidden agenda (Bubandt and Willerslev 2015). This problem is captured by the agency perspective in corporate governance concerning issues such as controlling for managerial opportunism, moral hazard, and satisfying multiple stakeholders who have a plurality of potentially conflicting interests.

Research also focuses on outcomes and consequences of transparency including uncertainties, paradoxes and unintended, surprising, or negative consequences introduced by transparency practices in organisations. Such studies in this emerging research stream emphasise complex sensemaking and framing functions of communication and argue that making information available and accessible can also undermine trust. For instance, where transparency fails to address norms required for successful communicative acts it generates distrust. Some research also draws attention to further challenges by arguing that global measures for increasing information flows and eliminating corruption may be biased toward a largely Western business-oriented viewpoint that acts to underpin the neoliberal extension of business-friendly market capitalism throughout the world. (Bandsuch et al. 2008)

Onora O'Neill

Lecture 4: Trust and Transparency: Transparency may not improve trust, and may even add to the ways in which the public can be deceived. (https://www.immagic.com/eLibrary/ARCHIVES/GENERAL/BBC_UK/B020000O.pdf (Accessed May 29 2019))

The diagnosis of a crisis of trust may be obscure: we are not sure whether there is a crisis of trust. But we are all agreed about the remedy. It lies in prevention and sanctions. Government, institutions and professionals should be made more accountable. And in the last two decades, the quest for greater accountability has penetrated all our lives like great draughts of Heineken's, reaching parts that supposedly less developed forms of accountability did not reach. For those of us in the public sector the new accountability takes the form of detailed control. An unending stream of new legislation and regulation, memoranda and instructions, guidance and

> advice floods into public sector institutions. Many of you will have looked into the vast database of documents on the Department of Health website, with a mixture of despair and disbelief. Central planning may have failed in the former Soviet Union but it is alive and well in Britain today. The new accountability culture aims at ever more perfect administrative control of institutional and professional life (p. 12). (www.bbc.co.uk/radio4/reith2002/ 27 May 2006)

Transparency Is Control and Not Trust

Deleuze advised "… to make something exist, and not to judge. If it is so distasteful to judge, this is not because everything is of equal value, but on the contrary because everything that is of value can only create and distinguish itself by defying judgment" (p. 135). This means that, in Deleuze's deliberative space, instead of reacting according to situations from a fixed set of norms, best practices, or externally-imposed expectations, companies have the courage to think about and explore new ways of responding to such situations. They are free, then, to be open about ethical challenges for which they may have no preconceived answers and to share their vulnerability in making difficult but deliberated decisions based on what they judge to be the right thing to do, given that they are morally trustworthy. How, then, may the non-judgmental approach be understood? A non-judgmental approach does not imply that corporations should not judge certain actions as being wrong; rather it means that they should not prejudge a particular situation.

We have posited that when an organisation is forced to be transparent, this can be viewed as a form of external control over how the organisation operates, through conformance with existing norms and guidelines. If there are no transcendent norms by which all of the organisation's decisions can be judged – for example in terms of making visible the process of justification for the organisation's actions – then Deleuze would refer to this as a process of adopting a creative and experimental approach to what is happening in any unprecedented situation. The process of justification not only provides "insight into the reasons behind the actions of a market actor", as Dublink (2007, p. 305) writes, but also assesses the present in terms of the conditions for other (potentially superior) possibilities.

Deleuze presents the possibility of exploring not only what an organisation should or ought to do, but also what may be possible in regard to how it can choose to act. A focus on transparency that is too rigid hinders the possibility of more radical openness. When being transparent justifies one's actions, it becomes "an indirect instrument of control… The instrument does not directly induce market actors to behave [in a morally responsible way]. It only asks for clarity. [Market participants and] other stakeholders can use this clarity to make their own choices with regard to the corporation in question" (Dublink 2007, p. 305).

In the next chapter we extend to the corporate context Badiou's and other philosophers' ideas about moral self-development presented in these chapters, with suggestions for building on various applications that have been put forward that relate to establishing the "quiet" deliberative space for questioning taken-for-granted norms such as transparency. In so doing corporations may, in generating trust through displaying consistently appropriate behaviour and thereby practicing truly moral corporate responsibility, be properly accountable to stakeholders.

The two cases which follow exemplify what Strathern (2000) asked in seeking to puncture the illusion of transparency: "what does visibility conceal?" These cases highlight the semblance of trustworthiness that transparency seems to imply, counter-posed by the misalignment of their actions with their espoused ethical values and the information they choose to disclose about the safety and trustworthiness of their products. Actions such as these underscore the arguments in this chapter that show as misplaced the belief in the idea that transparency acts as a proxy for, and facilitates, moral behaviour and achieves trust. The cases also demonstrate the perverseness of transparency when it acts as a defence for a corporation to avoid all possibility of blame through adopting 'presentational' strategies that attempt to 'spin' a corporation's way out of trouble, or through 'policy' strategies that apply low or no blame options (Hood 2007).

Case Examples: *The Case of Johnson & Johnson*

"For 125 years", states Johnson & Johnson (J&J) on their corporate website, "our mission has been to create the gentlest baby products in the world. Products so mild, they can be used for every age and stage of a baby's life. That's our standard of gentle." The company further states that "JOHNSON's baby products are rigorously and repeatedly evaluated, to meet or exceed the top regulatory standards in the world. Our 5-Step Safety Assurance Process ensures the safety and quality of the baby care products we make."

Under their promise of pioneering safety and science in baby care ("for over 125 years, now and forever"), the company asserts that the values that guide their decision-making are spelled out in their Credo. "Put simply", they say, "Our Credo challenges us to put the needs and well-being of the people we serve first." Being "transparent", according to J&J "means that we are clear, honest and open about our environmental programs and performance. We published our first corporate environmental report in 1993 because we believed, and still do, that transparency is important to our stakeholders."

So why, then, would the company risk breaching the trust of its consumer stakeholders when challenged over concerns about a link between asbestos in its iconic baby powder product and ovarian cancer?

In February 2016 J&J responded to these concerns by women about long term use of talcum powder by posting a fact sheet on its website about Baby Powder to try and reassure customers that the product is safe, after it was ordered to pay more than £50 million to one claimant who subsequently died of the cancer. At that time the court heard that "People were using something they thought was perfectly safe, and it isn't. At least give people the choice. J&J didn't give people a choice." Among the most painful revelations was that in the 1990s, even as the company acknowledged concerns in the health community, it considered increasing its marketing efforts to black and Hispanic women, who were already buying the product in high numbers. "It was really clear they were hiding something."

By then, more than 1200 lawsuits concerning cancer linked to talc products had been filed in the US. But J&J has said that research papers since the 1990s have shown that talc is safe. "With over 100 years of use, few ingredients have the same demonstrated performance, mildness and safety profile as cosmetic talc," the company has claimed, further stating that it is approved as safe for use in cosmetic and personal care products by the European Union, Canada and many other countries around the world, among them Argentina, Brazil, China, India, Israel, South Africa, Turkey and Indonesia. J&J cites the US Centre for Disease Control (CDC), which identifies potential risk factors for many diseases, as not having identified talc as a cancer risk factor.

In July 2018 the company was ordered to pay out £3.6 billion to 22 women on the basis of the asbestos link with mesothelioma. However, the pay-out amounts to just 6.17 per cent of the firm's £58.35 billion annual revenue. The verdict came as the company fought some 9000 legal cases involving its signature baby powder. By December 2018 11,700 plaintiffs were claiming that the company's talc caused their cancers, amidst allegations that J&J knew for decades there was cancer-causing asbestos in its talcum powder, but failed to warn buyers about the risks despite concerns raised by the American Cancer Society in 1999. Documents have recently been released by the courts claiming that as early as 1957 and 1958 consulting labs found asbestos in the "silky and soft skin" product made with talcum powder.

Previously confidential documents including reports, memos and other confidential reports relating to a successfully defended J&J lawsuit in 1999 show that from 1971 to the early 2000s, the company's executives, mine managers, doctors and lawyers were aware that raw talc and finished powders sometimes tested positive for small amounts of asbestos. However, J&J denied that its products ever contained asbestos and insisted that they do not cause cancer. Further reports by the company and outside labs showed similar findings through the early 2000s. The company is also said to have commissioned and paid for studies conducted on its Baby Powder franchise and hired a ghost writer to redraft an article that presented the findings in a journal. The company said that "any suggestion that J&J knew or hid information about the safety of talc is false". The product has remained on supermarket and pharmacy shelves.

The July 2018 pay-out is not the first ruling against the company in relation to the cancer charge. So far, J&J has been ordered to pay out around £4.1billion to people who claim baby powder gave them cancer but, so far, it has not paid out on any ruling and continues to pursue appeals against the rulings.

Between the years 2013 and end of 2016 the company had spent more than $5 billion to resolve legal claims over its drugs and medical devices. In 2013, J&J agreed to pay $2.2 billion to settle criminal and civil probes into claims that it illegally marketed Risperdal, an antipsychotic drug, to children and the elderly; two other medicines were included in the settlement. It was one of the largest health fraud penalties in US history. The company also agreed to pay some $2.8 billion to resolve lawsuits about its artificial hips and $120 million for faulty vaginal-mesh inserts. In its 2015 annual report, J&J stated that more than 75,000 people had filed product liability claims, and that didn't include the talc powder cases.

Forty-five years ago, British researchers analysed 13 ovarian tumours and found talc particles "deeply embedded" in 10. Their study, published in 1971, was the first to raise the possibility that talcum powder could pose a risk. In 1982 a study published in the journal *Cancer* by Daniel Cramer, an epidemiologist at Brigham & Women's Hospital, Boston, showed the first statistical link between talc use and cancer. Soon after, Cramer received a call from Bruce Semple, an executive at J&J and the two met in Boston. In a

2011 court filing Cramer, then a paid expert and witness for the plaintiffs, recounted that at that meeting "Dr Semple spent his time trying to convince me that talc use was a harmless habit, while I spent my time trying to persuade him to consider the possibility that my study could be correct and that women should be advised of this potential risk of talc." Cramer thought it was pride of ownership rather than a question of money – Baby Powder is a signature product for J&J.

In the 1990s Alfred Wehner, a toxicologist, worked as an outside consultant for J&J. His official role was to help evaluate the research on ovarian cancer and talc and advise the company on its response; unofficially, he was its scold. Wehner was on J&J's side, but he was concerned that a cosmetics trade group (partly funded by the company) was misrepresenting the scientific case for talc. In 1997 Wehner began a letter to J&J's manager of toxicology, with "A true friend is not he who beguiles you with flattery but he who discloses to you your mistakes before your enemies discover them". He described statements on talc research from the group as inept, misleading, and outright false. Referring to a statement a few years earlier, he wrote: "At that time there had been about 9 studies (more by now) published in the open literature that did show a statistically significant association between hygienic talc use and ovarian cancer. Anybody who denies this risk that the talc industry [faces] will be perceived by the public like it perceives the cigarette industry: denying the obvious in the face of all evidence to the contrary." Wehner wanted the trade group to argue that the studies' biological significance was questionable.

Cosmetic talc is supplied to J&J by Imery, formerly known as Luzenac. The company primarily sells the mineral for industrial purposes and cosmetic talc is not a large part of its business. But until 2006, Imery also fought any suggestion that talc could be a potential carcinogen. In the late 1990s, according to a Luzenac memo introduced at the trial, executives visited the head of epidemiology at the University of California at Irvine for advice on how "to stop the rumor about ovarian cancer." One suggestion made was to get "two or three experts from the club" to make the scientific case. While "the club" could refer to independent scientists Luzenac had worked with before, lawyers for the plaintiffs argued for a more sinister interpretation—that these were scientists who would respond to industry pressure. They also suggested that Luzenac and J&J exerted influence over a government group. In 2000 scientists with the National Toxicology Program (NTP), part of the US Department of Health and Human Services, voted 13–2 to list talc, used perennially, as a possible human carcinogen, but the companies persuaded the NTP to defer an official decision on the status of talc. A Luzenac executive wrote to a colleague afterward: "We, the talc industry, dodged a bullet in December, based entirely over the confusion of the definition issue." He was referring to ambiguity over the composition of the talc studied because, until the early 1970s, some powder contained naturally occurring asbestos fibres. He also discussed a coming NTP review, saying, "Time to come up with more confusion!" In 2006, the WHO cancer agency, IARC, declared that perineal use of cosmetic-grade talc was possibly carcinogenic. It cited "a modest, but unusually consistent, excess in risk" and also noted that bias in the studies could not be ruled out. Publicly, Luzenac and J&J tried to diminish the significance of the designation; red meat and coffee are also included in this group of possible carcinogens. Before the 2006 year ended, however, Luzenac stopped backing studies to prove talc's safety; the cosmetic companies had cut funding because of the growing number of studies showing an association with ovarian cancer and they wanted to stem the tide of negative sentiment. More important, Luzenac added a warning on the safety data sheet included with the 2000-pound bags of talc it delivers to J&J, stating that perineal use of the powder is a possible risk factor for ovarian cancer.

In its designation as a cosmetic, J&J's Baby Powder does not require Food and Drug Administration (FDA) approval under the 1938 Food, Drug, and Cosmetic Act. The law is laid out in a 345-page document; only two pages are devoted to the safety of cosmetics. Congress is considering updating the law to give the FDA more authority to regulate such products. As stated by Stacy Malkan, co-founder of the Campaign for Safe Cosmetics, "It shouldn't be up to consumer groups or jurors to try to make decisions about toxic products." The changes are supported by J&J and many other big companies.

J&J does have a warning on Baby Powder, cautioning against inhalation. The label also notes that the powder is for external use only. Under pressure from consumers, activists, and impending California safety regulations, J&J has removed various so-called chemicals of concern from its baby products in the past few years. In 2013, a company spokesperson explained the shift, saying that "We've been complying with evidence of the science that ensures safety. Now we have to go beyond science and be responsive to our consumers, because it's really about their peace of mind." If J&J applies this same thinking to Baby Powder, it has an alternative: It already sells Baby Powder made from corn-starch for about the same price. No study shows that corn-starch poses any potential risks; the American Cancer Society has been suggesting since 1999 that women consider it if they want to use genital powder. Some of J&J's competitors, including Gold Bond, California Baby, and Burt's Bees, sell baby powder made of corn-starch only.

However, J&J says it will continue to defend the safety of talc, and does so on its website. In a section explaining its policies about ingredients, the company addresses concerns over formaldehyde, parabens, phthalates, and triclosan—chemicals with damaged reputations, and worse. In every case, J&J states that the chemicals haven't been proven harmful or that they were used in small enough amounts to be safe, but the company [voluntarily] decided to remove them from its products anyway. "We understand that from your perspective, government regulations may not be your only consideration when it comes to the personal-care products you and your family use," it says about parabens. For phthalates, the company says it recognises that "the best way to keep your confidence was not to use it at all."

The question is: why not apply that same standard to talc? J&J says it listens when consumers raise concerns about ingredients, while insisting that "few ingredients have the same demonstrated performance, mildness and safety profile as cosmetic talc."

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The Case of Nestlé

When it comes to trust, few consumer products inspire the sentiments of vulnerably and the need for care and safety as those intended for babies – and when that trust is breached, these products are among those inspiring the greatest public outrage and sense of betrayal. The perpetrators are most often the usual suspects: large, globally dominant corporations and, too often, it transpires that they have kept hidden, sometimes for many years, what they have known about their unsafe products. In this regard the Nestlé infant formula scandals come to mind.

The outrage began in the 1970s, when social rights groups began bringing the industry's exploitative practices into the spotlight. An exposé on Nestlé's marketing practices in 1973 titled "Babies Mean Business", described how the company persuaded third world mothers to feed their babies milk formula, which is less healthy and more expensive than breast milk. But it was "The Baby Killer," a booklet published in 1974 by London's War On Want organisation, that exposed the baby formula industry. The allegations led to hearings in the US Senate and the WHO, resulting in a new set of marketing rules. Yet infant formula remains a $11.5-billion-and-growing market.

In poverty-stricken cities in Asia, Africa and Latin America, "babies are dying because their mothers bottle feed them with Western-style infant milk," alleged War on Want. Nestlé was described as accomplishing this in three ways: creating a need where none existed; convincing consumers the products were indispensable; linking products with the most desirable and unattainable concepts (good parenting; healthier babies)—then giving a sample.

At the same time, the benefits of breastfeeding were being brought to light. Still, third world women yearned for Westernization. Poor women longed to move from a rural to an urban way of life, which led them to abandon breastfeeding and in turn primed them for marketing. War on Want observed that "As the social position of women changes and they go out to earn a wage … looking at the breast as a cosmetic sex symbol rather than a source of nourishment reinforces the trend." New mothers everywhere received promotional material for formula.

Besides handing out pamphlets and samples to new mothers, companies hired "sales girls in nurses' uniforms (sometimes qualified, sometimes not)" to drop by their homes unannounced and sell them on baby formula, according to War on Want. The pitch implied that starting proprietary baby milk from birth would avoid "unnecessary problems" and this undermined women's confidence in breastfeeding. Playing into undernourished women's fear of harming their new-born was a "confidence trick," said War on Want. When these women felt fear, pain or sadness, their milk would dry up as a result. Hospitals were also accused of pushing mothers to use formula. This worked on two levels: In exchange for handing out "discharge packs" of formula, hospitals received free goods like formula and baby bottles. "The most insidious of these is a free architectural service to hospitals which are building or renovating facilities for new-born care," wrote the authors of the paper. "Beyond that", the paper stated, "baby milk companies spend untold millions of dollars subsidizing office furnishings, research projects, gifts, conferences, publications and travel junkets of the medical profession."

Meanwhile in the Third World, women tried to save money by diluting the formula. The milk powder had to be reconstituted with water, but Third World mothers didn't understand that over-diluting it—especially with contaminated water—could "prevent a child from absorbing the nutrients in food and lead to malnutrition," said War on Want. A New York Times' article on the scandal said one Jamaican family's income "averaged only $7 a week," leading the mother to dilute the water with as much as three times the recommended amount of water so she could feed two children. As a result, millions of babies died from malnutrition.

Nestlé was not about to take these allegations lying down and sued the publisher of the paper for libel, winning the suit in 1976, but with a caveat: the judge urged them to "modify its publicity methods fundamentally." Time Magazine declared this a "moral victory" for consumers. The bad publicity sparked a global boycott of Nestlé. The Infant Formula Action Coalition launched a boycott in the US, protesting against Nestlé, which soon spread to France, Finland and Norway and countless other countries. The boycott was suspended in 1984, but resurfaced in the late 1980s when Ireland, Australia, Mexico, Sweden and the UK adopted it.

In 1978, Senator Edward Kennedy held a series of US Senate Hearings on the industry's unethical marketing practices. International meetings with the WHO, UNICEF and The International Baby Food Action Network followed. By 1981, the 34th World Health Assembly had adopted Resolution WHA34.22, which includes the International Code of Marketing Breast-Milk Substitutes. The strict code explained the costs of using the formula, banning the promotion of baby milk products as being in any way comparable to breastmilk. It set out rules for how baby formula should be promoted worldwide, whereby companies may not: promote products in hospitals, shops or to the general public; give free samples to mothers; give gifts to health workers or mothers; give misleading information. Social rights groups say baby food companies still don't comply.

To this day, Nestlé is scrutinized by citizens and NGOs worldwide. Publications such as IBFAN's "Breaking the Rules, Stretching The Rules," outline violations ranging from displaying posters showing healthy bottle-fed babies in hospital rooms to giving doctors promotional prescription pads. But whether countries abide by the code is hard to track. While the code may be law in some places, often enforcement is weak. "It has yet to be decided whether the code is law and how to enforce it in a systemized way." Celebrities joined the breastfeeding cause in the 1990s.

Today, breastfeeding and formula remain a hot topic. Recently, New York City (NYC) Mayor Bloomberg launched Latch On, a NYC initiative which aims to do away with formula in hospitals. In February 2018 a report released in the media accused Nestlé of violating ethical marketing codes and manipulating customers with misleading nutritional claims about its baby milk formulas. A new report by the Changing Markets Foundation has found that Nestlé marketed its infant milk formulas as "closest to", "inspired by" and "following the example of" human breast milk in several countries, despite a prohibition by the WHO. The study, which analysed over 70 Nestlé baby milk products in 40 countries, also found that Nestlé often ignored its own nutritional advice in its advertising.

In South Africa, the firm used sucrose in infant milk formulas, while marketing its Brazilian and Hong Kong formulas as being free of sucrose "for baby's good health". In Hong Kong, it promoted its baby milk powders as healthier – because they were free from vanilla flavourings – even as it sold other vanilla-flavoured formulas elsewhere in the territory.

Nestlé is the global market leader for infant milk products with a market share of close to a quarter. It has been dogged by the advertising issue since the 1974 report sparked the worldwide boycott. The company insists that it follows the 1981 WHO code "as implemented by national governments". But the new report finds that it touted products in the US such as Gerber Good Start Gentle powder as "our closest to breastmilk", and sold its Beba Optipro 1 powder in Switzerland as "following the example of breastmilk". Similar Nestlé products in Hong Kong and Spain were advertised as being "inspired by human milk", and having "an identical structure" to breastmilk. The company claims to "market these products in a responsible way at all times, and the claims made on our products are based on sound scientific evidence." Some academics, though, have highlighted the way language used by corporates to promote infant milk formulas can sometimes mislead consumers about this. Describing a product as "closer to breastmilk" is not the same as saying it is close to breastmilk – which cannot yet be replicated in a lab.

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Notes

1. Schoorman et al. (2007) regard ability as an antecedent rather than a dimension of trust. However, they agree with these three components as factors which contribute to trust in an organization.
2. "Onora O'Neill combines writing on political philosophy and ethics with a range of public activities. She was Principal of Newnham College, Cambridge from 1992–2006, President of the British Academy from 2005–9, chaired the Nuffield Foundation from 1998–2010, and has been a crossbench member of the House of Lords since 2000 (Baroness O'Neill of Bengarve). She has chaired the UK's Equality and Human Rights Commission from 2012–16 and served on of the Medical Research Council and the Banking Standards Board until 2018. In 2017, she was awarded the Holberg Prize and the Berggruen Prize for Philosophy and Culture. She lectures and writes on justice and ethics, accountability and trust, justice and borders, as well as on the future of universities, the quality of legislation and the ethics of communication". https://www.thebritishacademy.ac.uk/fellows/onora-oneill-FBA (Accessed May 08 2019).

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5

Transparency: A False Solution to a Real Problem

In the preceding chapters we have shown that transparency is part of a hegemonic capitalist system which is difficult, if not impossible, to question objectively from another position. So pervasive is the ideology of capitalism that any alternative economic system is seen to be unworkable in the context of modernity. In practice, this means that corporate governance as an activity is part of a reality (i.e. capitalism) that is inescapable. Such is the omnipresence of capitalism that society is, in effect, enslaved to it and thus controlled by it without being aware of the extent to which that occurs. In the end, as in the Travis Tritt lyrics, "it's all about the money".

Because transparency is a fundamental part of this hegemonic system, it is pertinent that it be examined and challenged regarding its true value in building a sustainable twenty-first century society, especially at the corporate governance level. Being transparent about an environmentally or socially bad practice can, paradoxically, entrench instead of eliminate it, as in our example in Chap. 2 of the practice of overpaying CEOs, with the boards' agreement.

Socrates is attributed with saying that "The unexamined life is not worth living". This was intended to challenge individuals on the

F. Janning et al., *The Illusion of Transparency in Corporate Governance*,
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consistency of their personal values with their actions, and the extent to which they cared deeply about justice, or claimed to do so for outward social approval. The Socratic practice of examining and surfacing what an individual has denied or ignored bears some resemblance to the method of critical reflexivity found increasingly in organizational and management studies (Corner and Pio 2017; Pritchard and Whiting 2012). This method involves questioning embedded organizational and managerial cognitive structures in order to stimulate change. It is a process of questioning critically, the taken-for-granted assumptions and values, mindsets, and tacit mental models of reality which influence and shape interactions in social contexts and the individual's (or organisation's) place in that reality (Cunliffe 2009; Grey 2004; Raber Hedberg 2009; Reynolds and Vince 2004; Roglio and Light 2009). This examination often involves elements of unlearning and creative imagination.

Digitalisation and Control

We explained in Chap. 1 how, in a control society individuals are distanced from their actions, having lost the ability to question critically why they act as they do. Such questioning would require reflection and analysis and an acknowledgement that not everything is transparent, since, as we have also explained in Chap. 1, individuals may act from unconscious desires and do not always know, *a priori,* why they do the things they do. Often seemingly routine matters are enacted automatically, unconsciously, in the self-perpetuating isomorphism theorised by neo-institutionalists for organisations. This underpins the acknowledgement that some decisions in corporations may be difficult because they may violate certain commonly-held values or social norms which constitute an interpretation of what is judged good or bad. Examples of such difficult decisions could be closing down the company email system after business hours to avoid work-life imbalance, or shortening the working week for the same pay, either of which might violate the business value of maximising profit.

Critical perspective: a balanced life or a life worth living?

At one large company in New Zealand some employees no longer work on Fridays; others don't work on Wednesdays, but everyone is paid a full-time salary. Perpetual Guardian, a statutory trust company with 240 employees, first tested a four-day work week in early 2018, collaborating with academic researchers to study the impact on its business. After an eight-week-long trial lower levels of stress, greater job satisfaction, stronger commitment to work, and a better sense of work-life balance were reported by employees. Just as significantly, productivity levels increased by 20 percent, despite the reduced hours worked. In November 2018 the company made the bold move to make the changes a permanent option for its full-time employees.

After reading research about average productivity levels, the company's founder noticed employees struggling to maintain work-life balance. One UK survey suggests that British workers are productive for less than three hours a day. By giving staff an extra day off work, the founder theorised, they may be better able to manage the other demands in their lives, which could be distracting them in the office. Employees were more motivated and committed to their work because they were included in planning the experiment and played a major role in designing how the four-day week would be managed so as not to negatively impact productivity. They were tasked with creating their own plans to design the four-day week and to maintain and measure productivity. Meetings were shortened or cut and people were less inclined to browse the internet. At the end of trial, employees said they felt more empowered, stimulated and satisfied by their jobs than beforehand. According to one executive in the company "it's real flexibility, not buzzword flexibility". Other companies, including multinational corporations, have approached Perpetual Guardian to learn more about the transition as they consider making similar changes.

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"Four-day week: trial finds lower stress and increased productivity" Robert Booth Tue 19 Feb 2019

https://www.theguardian.com/money/2019/feb/19/four-day-week-trial-study-finds-lower-stress-but-no-cut-in-output (Accessed 16 Apr 2019).

Firms do not see, reflect on, or analyse what it is that they are doing when such actions seem to be according to socially agreed norms (such as complying with disclosure requirements, having employees work excessively long hours, or maintaining (or not) unnecessarily long workweeks 'because it is the norm'). Moreover, executives may be unwilling to openly question their corporation's cognitive frames of reference because it may expose their own doubts (and inability to live up to the ideals of transparency – Butler's (2005) moral narcissism) about certain ideas in the face of such norms. In failing to apply a critical mind to their actions firms neglect the fact that they operate within the controlling, homogenising mindset and framework of capitalism. The problem, writes Deleuze (1995, p. 129), "is no longer getting people to express themselves, but providing little gaps of solitude and silence in which they might eventually find something to say. Repressive forces don't stop people from expressing themselves, but rather force them to express themselves."

Balancing "We" and "Me": The Best Collaborative Spaces Also Support Solitude

Christine Congdon, Donna Flynn, Melanie Redman, *Harvard Business Review*, Oct 2014.

"The open office has a lot of critics these days. But it remains the dominant form of workplace design for a reason: it can foster collaboration, promote learning, and nurture a strong culture. It's the right idea; unfortunately, it's often poorly executed—even as a way to support collaboration… Our research now suggests that once again, people feel a pressing need for more privacy, not only to do heads-down work but to cope with the intensity of how work happens today.

The open plan is just one of the culprits assaulting our privacy. The increased focus on collaborative work means we're rarely alone, and the ubiquity of mobile devices means we're always accessible… Meanwhile, people are finding it harder to control who has access to their personal information, at work and elsewhere. In fact, 74% of the people we surveyed said they're more concerned about their privacy now than they were 10 years ago.

…we need to rethink our basic assumptions about privacy. At Steelcase, we believe that privacy has two distinct dimensions: information control (make conscious decisions about how we manage our personal information and act on those decisions vigilantly), and stimulation control (it governs the ability to focus attention).

While privacy means different things in different cultures, our study showed that workplace satisfaction and engagement are deeply connected to a sense of control over one's environment…

Personal Strategies for Privacy: Strategic anonymity, Selective exposure, Entrusted confidence, Intentional shielding, Purposeful solitude…" (https://hbr.org/2014/10/balancing-we-and-me-the-best-collaborative-spaces-also-support-solitude (Accessed 16 Mar 2019))

Freedom is the opposite of constraint or compulsion; however, in a control society the behavioural, communicative and emotional ideals work as restrictions compelling people to express themselves in ways that are already accepted by the majority. For corporations, what can be openly shared might not be the same as what actually needs to be addressed. For example, social media like Facebook and Twitter invite people to "like", making it attractive for corporations to post messages that are "like"-able, yet what the corporation may need to address might be controversial (and thus not "likeable"). Avoiding such issues does not generally make them disappear. Transparency on affirmative action in equal opportunity employment could be misleading where a corporation discloses statistics showing a majority of female employees. Such statistics alone would not indicate whether the corporation serves a predominantly female market, in which case it may be appropriate to have mainly female staff, or if men have been excluded from employment in that organisation on a meritocracy or discriminatory basis. Nursing and secretarial work have in the past had to face such issues on the basis of equal opportunity laws and positive discrimination debates. The debates continue on this issue which, relevant to the governance context, applies particularly to board diversity where the debate revolves around gender statistics, revealing nothing about the mindsets that underpin the decisions at the top of corporations beyond an apparent lack of progress toward attaining gender balance or wider diversity.

In the previous chapters we have discussed the relationship between transparency and capitalism in a control society. In further explaining this relationship we may use the metaphor of a train which does not stop and never reaches a final destination. Its passengers embark on a journey they never leave because with capitalism there is no aspirational destination or "arrival point"; passengers cannot stop along the way and step into a world that is not capitalized in some form: so long as they remain on the train they are compelled to travel forward, yet no matter how far they travel there are always more wants ahead to be attained. The metaphor was captured in the French post-apocalyptic comic *Le Transperceneige* (1982) and its film adaptation *Snowpiercer* (2014) as critiques of necrofuturist visions of the future. Necrofuturism proposes a future doomed to continue modern capitalism's unsustainable and immoral practices in the face of those practices becoming increasingly destructive and self-defeating. The film opens the mind to new possibilities for alternative futures as it depicts necrocapitalism as a deliberately constructed phenomenon rather than a natural law, reminding the viewer that building this world of unhappiness was a choice and prompting the recognition that other sorts of worlds might be built instead (Canavan 2014).

In a digital world, the metaphorical train is travelling faster – it has become a high-speed train in the face of rapidly emerging technology. According to Accenture's 2019 Technology Trends report, 94 percent of the 6600 business executives who participated in its survey said that the pace of technology innovation in their organisations has accelerated markedly over the past three years. In what Accenture terms the "post-digital" world, the coming era will be characterised by massive pressure as customers, employees and society make their demands known. In this transformative post-digital era each customer, employee and business will have their own reality, creating not only exceptional capabilities but also enormous expectations. Organisations will need to deliver not just personalised, but also individualised experiences to meet digitally mature (and sometimes opposing) expectations.

Efficient communication requires flexible data content delivery solutions and a globally accepted technical standard for data exchange

Rita Ogun-Clijmans and Maciej Piechocki

"Digitalisation of financial reporting is finding its way into the financial markets. With the availability of "interactive data" in the EDGAR system of the US SEC and the latest announcements of the European Commission in regard to the renewal of the Transparency Directive, it is obvious that regulators and standard-setters regard XBRL (eXtensible business reporting language) as the solution for adding value to the dissemination of financial information." (https://rsw.beck.de/rsw/upload/IRZ/irz_2014_01-3.pdf (Accessed Jun 1 2019))

As we have noted in our example of Google in Chap. 1, digital technology, through algorithms and the collection of enormous data volumes (Big Data) as behavioural surplus to sell to advertisers and to build deep machine learning (Zuboff 2018), facilitates the reduction of decision complexity in the face of overwhelming choice and information. This process creates the illusion that through increasingly distributed knowledge everything is universally "accessible" and "understandable". "Big Data has the ability to turn people into puppets (Han 2016), "… [and] generates knowledge that enables ruling power. And it is Big Data that makes it possible to access and manipulate the human psyche without the affected person being aware of it. Big Data essentially spells the end of free will" (Hendricks and Vestergaard 2019, p. 134).

We have argued that while the simplification of data makes it easier for people to quickly orientate themselves in their searches it also reduces their imaginative capacity to visualise other possibilities and, thereby, stimulate new ways of thinking. Thus, people and corporations are hindered by the restriction and control imposed by the data reduction process in making free and autonomous decisions. Freedom does not mean the end of doubt, insecurity and uncertainty; on the contrary, it is because nothing is certain, secure, or predictable that individuals should be free to make the best possible decisions regarding the obstacles presented by a particular situation. In the corporate context the freedom to imagine, and the agency to create alternatives is hindered by blind adherence to social norms, by the ambiguity that accompanies such conformity to an ideal. This ambiguity is explained by Althusser (1971) as both a free subjectivity, where the individual may create and initiate initiatives and be responsible for her or his own actions, and also a subjected being who, in submitting to a higher authority (or norm), relinquishes all freedom except that of freely accepting his or her submission to that authority or norm.

The promise of post-digital transformation may be in fostering human imaginative visualisation in what Accenture has termed Human+ that speaks of effective human-machine cooperation. In this transformative, immersive world, intelligent machines will be there to provide insights to use in judgments in decision-making and to support humans in carrying out complex tasks, based on what has been successful in the past. Such examples include digital twinning, with applications that include, for example, diagnostic and experimental medical treatments that can be personalised to individual patients according to the indications derived from their digital "twin"; or immersive experiences in extended reality where individuals will create their own interactive movies at home and "travel" into the movie itself as participants. However, being able to duplicate past experiences is, of course, also the limitation of the machines. With a machine the output – even, and especially, intelligent machine learning – depends on the original (human) input, whereas in human beings, more creative and unpredictable transformations can emerge.

In the same report on post-digital technological impacts, Accenture emphasises the importance of trust which businesses must earn from consumers and retain, not only individually, but also with reference to the entire business ecosystem as trustworthy defenders of cybersecurity. With the technology-enabled possibilities comes new ambiguity and complexity, along with key challenges that companies must address. Transparency is emphasised, and the creation of an open dialogue is suggested to ensure clarity about what data is collected and how it is being used. The report warns that by transforming themselves to run on data, businesses have created a new kind of vulnerability: that of inaccurate, manipulated, and biased data that leads to corrupted business insights and skewed decisions, with a major impact on society – as seen in our Chap. 1 case example of Cambridge Analytica and Facebook. Perhaps the greater risk, however, lies in what Accenture does not specifically name, but which it obliquely highlights and which we have explicated throughout this volume: the increasing homogenising and entrapment of digitalisation. The emerging human+ world does not free society from the cult of capitalism but further embeds it: the focus is on extracting and utilising untapped talent, productivity demands are expected to escalate in an era of "high employee velocity and constantly shifting skills needs, [with] training and continuous learning more important than ever". This will exemplify Han's "*inferno of the same*", only more so – as in the Google example, intensified and driven by the total interconnectedness wrought by the Internet of Things (IoT) and the paradox of reductive simplification to counter exponentially increasing complexity.

In her book, *The Age of Surveillance Capitalism*, Zuboff (2018) warns of this reality, in explaining how the new capitalism is transformed in "surveillance capitalism" afforded by the power of digital technology's tremendous capacities to stock, analyse and correlate collected data which, as noted earlier, she terms behavioural surplus. This data capture is harvested to serve the needs of the digital giants' clients – third parties – as increasingly accurate predictive tools for analysing, categorising, surveilling, and ultimately, controlling human behaviour.

We have referred to the term, surveillance capitalism, in the previous chapters in relation to Deleuze's control society. Surveillance capitalism was a term invented around 2001 and coined by Harvard Scholar, Zuboff, in 2014 where it refers to the solution to the economic emergency of the global financial crisis (GFC) in the face of potentially catastrophic loss of investor confidence and, accordingly, the heightened demand for corporate transparency. Zuboff 2018 provides a detailed examination of the unprecedented power of the new information capitalism and the quest by powerful corporations to predict and control behaviour. "Surveillance capitalism," she writes (p. 14), "unilaterally claims human experience as free raw material for translation into behavioural data. Although some of these data are applied to service improvement, the rest are declared as a proprietary behavioural surplus, fed into advanced manufacturing processes known as 'machine intelligence', and fabricated into prediction products that anticipate what you will do now, soon, and later. Finally, these prediction products are traded in a new kind of marketplace that I call behavioral futures markets. Surveillance capitalists have grown immensely wealthy from these trading operations, for many companies are willing to lay bets on our future behaviour." Data is a very lucrative business since people now share intentionally and unrestrictedly their personal information online and, by extension, forfeit their privacy. Zuboff contends that "surveillance capitalists march under the flag of freedom of speech as the justification for unobstructed technological "progress"" (p. 106). Big Data is not used merely for surveillance but, rather, for controlling human behaviour. This surveillance and control creates hidden or manipulative restriction, as when the decisions individuals make, supposedly with complete freedom, are actually being manipulated, as we have intimated with reference to the Google and Apple examples in Chap. 1 and elsewhere. Transparency and surveillance controls how individuals live their lives and, to an even greater extent, how corporations make their decisions. Surveillance is a form a "disciplination", which makes it more likely to predict future behaviour, and therefore gain more power or control. Thus, Zuboff asks (p. 11) "Can the digital future be our home?", "Master or slave?", and warns that principles of self-determination might be forfeited due to ignorance, learned helplessness, inattention, inconvenience, habituation, or drift (*ibid.*).

These questions are related to our earlier illustration of the smoothness of a society of control, where "like"-ability is influential in product and service choices and much more. Ethically questionable behaviour will continue as long as rewards outweigh the probability of detection and punishment. Through surveillance, corporations, politicians or other third parties can monitor what consumers or citizens like to hear. Increasingly, surveillance data is being used in this way to influence not only consumer behaviour and their purchase decisions, but also to influence citizens' voting behaviour, driven by corporations and with the willing collaboration of the polity. Zuboff (2018) warns that the demise of Cambridge Analytica is unlikely to see the end of data corporations selling personal data to third parties without individuals' permission or knowledge, despite privacy laws, and transparency disclosures. To the contrary – she argues – because to restrict or outlaw this exponentially lucrative market potential represents an existential threat to surveillance capitalists. Based on Canadian research conducted by scholars at the Monk School of Global Affairs at the University of Toronto, Zuboff highlights findings relating to behind-the-scenes- practices of more than 200 diabetes apps showing that privacy policies essentially do not matter. "In other words", she says, "privacy policies are more aptly referred to as *surveillance policies*" (p. 238). Further, she contends that "…well-meaning guidelines overlook the inconvenient truth that transparency and privacy represent friction for surveillance capitalists in much the same way that improving working conditions… represented friction for the early industrial capitalists. It took targeted laws to change working conditions back then, not suggestions" (p. 237). Zuboff and others increasingly are drawing attention to the darker side of this corrupted form of capitalism and warning of its subterfuge, into which consumers and citizens are subsumed into a world of unwitting surveillance through the Internet of Things. Zuboff's message is "that surveillance capitalism's new instruments will render the entire world's actions and conditions as behavioural flows. Each rendered bit [of data] is liberated from its life in the social, no longer inconveniently encumbered by moral reasoning, politics, social norms, rights, values, relationships, feelings, contexts, and situations" (p. 202). She cites Langdon Winner as a worthy guide in "… reminding us that an unquestioning acceptance of technology has become a feature of modern life", quoting him thus (pp. 216–217): "The changes and disruptions that an evolving technology repeatedly caused in modern life were accepted as given or inevitable simply because no one bothered to ask whether there were other possibilities." Where alternatives are not offered and taken-for-granted "custom and practice" is not questioned as to relevance and appropriateness, then transparency, smoothness, likeability and ongoing surveillance may give way to totalitarianism rather than greater openness and democracy.

In *The Origins of Totalitarianism*, Arendt (2017, p. 598) writes: "It is in the very nature of totalitarian regimes to demand unlimited power. Such power can only be secured if literally all men [sic], without a single exception, are reliably dominated in every aspect of their life." Zuboff (2018) points out that the distinguishing feature of surveillance capitalism is the pervasive control of society which, through massive data capture and analytics, is no longer in the hands of legitimate governments, but in the hands of private corporations. Such corporations are powerful because they control the infrastructure that increasingly determines how individuals and society as a whole live their digital lives. This infrastructure, as Zuboff shows, provides the platforms for digital data capture which is increasingly embedded in devices that permeate the lives of individuals almost imperceptibly. These devices include not only smart phones, but also smart-home digital assistants, TVs, car consoles, biometric wearables and even children's toys, imbued with machine learning for interactive, supposedly educative, benefits that are able to transmit and thereby highly disaggregate personal data which is then sold to third parties. This is transparency turned against itself from a social perspective. These corporations gain more than financial dominance: they acquire existential, educational and political power, not only by controlling what individuals can or cannot say or do, but also in limiting the possibilities of freedom of expression, where opinions, ideas or images that might diverge from the ideals of these organizations are controlled. Moreover, surveillance and the control it yields are self-perpetuating. However, the greatest obstacles for all totalitarian regimes are the critical, unpredictable, innovative, creative and spontaneous voices that cannot be controlled. From Arendt's perspective it is the capacity to think philosophically, which is to say, the will to pay attention to what is occurring, to not follow norms blindly, and to question what is taken for granted that brings freedom (from enmeshment in the uber-control of surveillance capitalism).

It is difficult to deviate from being transparent when it is ubiquitous as a social norm. More concerning is the general lack of awareness of, and resistance to, the subtle controlling power of the transparency norm and the pervasiveness of the information capitalist system. Google, Apple, Facebook, Microsoft and Amazon remain the major players despite the evidence of misuse of information, as shown in the Cambridge Analytica example and others to which we have referred in Chap. 1.

> Facebook's 'transparency' efforts hide key reasons for showing ads.
>
> Oana Goga, The Conversation, 15 May 2019
>
> Facebook's advertising platform was not built to help social media users understand who was targeting them with messages, or why. It is an extremely powerful system, which lets advertisers target specific users according to a detailed range of attributes. For example, in 2017, there were 3100 people in Facebook's database who lived in Idaho, were in long-distance relationships and were thinking about buying a minivan.
>
> That ability to microtarget specific messages at very particular groups of people can, however, let dishonest advertisers discriminate against minority groups or spread politically divisive misinformation.

> Governments and advocates in the U.S. and Europe, as well as elsewhere around the globe, have been pushing Facebook to make the inner workings of its advertising system clearer to the public.
>
> But as Congress continues to review ideas, it's not yet clear how best to make these systems more transparent. It's not even obvious what information people most need to know about how they are targeted with ads. I am part of a team of researchers investigating where risks come from in social media advertising platforms, and what transparency practices would reduce them. (https://theconversation.com/facebooks-transparency-efforts-hide-key-reasons-for-showing-ads-115790 (Accessed May 25 2019))

Others such as Samsung and Google's Chinese equivalent, Baidu, along with tech companies whose names are not widely known are also emerging global players in the digital space that may be even more impervious to demands for transparency and moral behaviour. Furthermore, the notion that Big Data is neutral neglects the fact that it generates new social classes and new forms of hegemony built on deliberate "automation" of humans. Unlearning becomes more than urgent, since transparency is greater than information and data. Transparency is, as discerned by Mehrpouya and Salles-Djelic (2019), a highly consequential "intellectual technology" (p. 28).

Learning and Responsibility

The idea of "unlearning" introduced above is related to what Argyris and Schon (1978) named, respectively, single-loop and double-loop learning. The authors' theory positioned organisational learning on an immaturity/maturity continuum and focused on the effects of learning and communication on employee motivation, accountability and empowerment which, in combination, have either positive or negative impacts on the business. They state that single loop learning, which solves problems based on presenting symptoms, delivers superficial solutions and fails to address the real issues that result in personnel ineffectiveness. In contrast, double-loop learning questions underlying assumptions so that the root cause of an issue may be uncovered and addressed. The theory also posits that open communication, normally viewed positively within an organisation, can hinder learning and progress. If organisational communication is based on defensiveness, or denial regarding core problems, and leads to inability to face and deal with difficult issues, this can create refusal by employees to examine their own attitudes, acknowledge their possible contribution to the problem and the negative attitudes which may foster it. Along the immaturity/maturity continuum, the theory states that for successful employee empowerment, managers will provide employees with opportunities for personal growth and encourage their movement along the continuum toward greater maturity through double-loop learning. Ultimately, the theory states, mature and responsible workers will increase productivity levels.

There are, however, several problems with the concept of reflection and double-loop learning, which relates to the notion of what constitutes reality: whether it is given, ordered and static, or dynamic, constantly transforming to become something else. Instead of this mechanical view of reality, it is shown by the advancements in science and technology to be an act of creative expansion where no order is absolutely fixed. From a pragmatic perspective corporations, researchers, and other agents constantly share, challenge, debate, and discuss new ideas and approaches to dealing with various aspects of organisational reality which, once widely adopted, become institutionalised as norms, transparency being one such approach among many. As we have noted in Chap. 2, changes in societal attitudes, beliefs and values that emerge from evidence resulting from scientific research and inventions also affect norms. Therefore, we not only suggest that the corporation should reflect on its intentions, assumptions and moral baseline, but also see learning as a process of "becoming" – in the Deleuzian sense – more truly responsible.

"Becoming" is thus an open-ended and ongoing developmental process where new ideas, practices, norms and values are generated, which occurs when heterogenous things are connected and become something else. With this process, "The fact is that the beginning always begins in-between," write Deleuze and Guattari (1987, p. 329) and, similarly, becoming is always located in the middle of what was, is now, and what will be. Learning, seen through the lens of "becoming" or the perspective of the rhizome is at the conjunction which carries enough force to shake and uproot (or as Badiou termed it, to rupture) the verb 'to be'. It relates to such questions as "where are you going?"; "where are you coming from?"; "where are you heading to?" [in life]. These [questions] are totally useless questions", write Deleuze and Guattari (*ibid.,* p. 25). Instead, they suggest that more productive questions are: how does it work?; how do these interactions and relationships work between you and me? Becoming, therefore, is not a linear process of development because that would require a prescribed pattern to follow. Rather, learning is related to the approach taken to what is taking place. In the organisational context this could be learning, for example, what is appropriate in each emerging situation rather than developing general technical skills, when needing to address the types of obstacles with which corporations are faced. What we are advocating is not operations and productivity-focused, mechanistic methods for implementing at the functional level; instead, the reflexivity and deliberative space we propose concerns the social moral obligations that an interconnected society – of which corporations are a part – must take responsibility for, as corporate citizens, if the human impact on the global environmental ecosystem is to be properly stewarded. This kind of reflexivity goes beyond double-loop learning, or CSR initiatives and sustainability reporting, although these activities can help to build and support the kind of moral development we speak of in this book. We believe that this is the true, "authentic" responsibility that both regulators and society truly seek.

Responsibility, therefore, does not in this sense refer to an already established ideal or identity; rather, it is an explorative approach to acting responsibly. Instead of reducing complexity, as portrayed in Han's homogeneous inferno of the same, the questioning approach we propose maintains complexity, which increases the possible alternatives for acting. For example, if a corporation believes they are "doing good", this belief can easily become self-reinforcing and entrenched, so that it is accepted as an unquestionable position. As such, the company will hardly be motivated to challenge or change situations because this belief is closely associated with transparency. Energy will be spent on being transparent to justify and maintain the image of doing good, rather on questioning whether what they are doing aligns with that belief. We propose that a more responsible approach fosters an ongoing debate, discussion and re-articulation of the ways in which corporations may *also* respond morally to situations with which they are confronted. Paraphrasing Deleuze (2002), it is not a matter of asking “What is a responsible decision based on accepted ways of responding in such a situation?” Rather, the question is “Which decision is responsible as the most appropriate response to this particular situation?” By focusing on the particular situation – not necessarily to replicate it, but to consider the emergent issues and aspects of it – allows a responsible corporation that pays careful attention to what is actually happening in the instance, to understand and respond to the changing conditions in the situation from what is ceasing to be and what is coming into being. We are referring here to norms that are shifting as society evolves; for instance, norms such as workplace attitudes toward equal pay or parental leave. A responsible decision would generate and debate a range of options for addressing the situation. Instead of adopting a one-size-suits-all, homogenizing norm that establishes a certain identity, a responsible decision is based on deliberation of, and selection from among, an array of multiple options and their possible outcomes.

Could knowing how much your coworker earns help close the gender pay gap?

Nancy Modesitt, The Conversation, 1 May 2016

“President Obama has taken action to increase pay transparency among federal contractors. The Equal Employment Opportunity Commission, which enforces laws prohibiting employment discrimination, recently issued a regulation requiring large companies to disclose aggregate salary information in their annual informational filing… Currently, in the United States, women earn approximately 21 percent less than men…Women make about 81 cents for every dollar men earn, based on the median salary data. That’s a lot better than back in the ‘60s but little changed in recent years.

Different companies have taken varying approaches to this. For example, Whole Foods allows workers to check their colleagues’ salaries, while social media scheduler Buffer publicly discloses the formula it uses to determine employees’ salaries… The common link in these approaches is not pay transparency but recognition of a gap between men’s and women’s pay and a commitment to close it. Thus, pay transparency can assist in

> pushing companies toward recognition of a problem, but it isn't an essential component to eliminating it.
>
> …One downside to pay transparency is the effect on employee morale… transparency has the opposite effect, encouraging retention, because employees tend to think they're more underpaid than they actually are…
>
> Putting this all together, pay transparency in and of itself doesn't necessarily help close the gender pay gap. It creates opportunities for employers to reconsider their current compensation systems but doesn't mean they'll necessarily do anything about it. So while pay transparency is a good idea, on its own it probably won't be able to eliminate the persistent pay disparities between men and women. (https://theconversation.com/could-knowing-how-much-your-coworker-earns-help-close-the-gender-pay-gap-58570 (Accessed May 23 2019))

Deleuze and Guattari view a responsible decision as being rhizomatic, where everything takes place in the middle in the sense that reiteratively it connects, breaks off, then reconnects with something or someone else. In practice this means that corporations question and problematize, rather than propose and implement rapid solutions. This approach is contrary to much decision making dogma which, in the name of efficiency and efficacy in a hypercompetitive world, promotes and reveres swift decision making ability. In some situations, of course, a rapid decision may be the best course of action, but here we are pondering ethical dilemmas and more sticky problems which are better served from this deliberative space where multiple possibilities may have the time and attention necessary to arrive at a properly considered course of action.

To go even further and embrace the "ambiguities" and "impenetrable" reality (Beauvoir 1962) that corporations operate within, we have drawn from philosophy to suggest the usefulness of the ideas of both inward- and outward-looking responsibility. We have said that this kind of self-knowledge requires both internal as well as external reflexivity. In philosophical terms, self-knowledge is achieved through both looking inward, which involves introspection, and looking outward, which requires mental transparency or consciousness. Introspection, or inner observation, involves inwardly directed attention which yields awareness of a mental state, as well as "looking through" the (transparent, or conscious) mental state, directly to the state of the "world" which that mental state represents. Known as the transparency view, this perspective promotes the idea that inner states of mind are influenced by the external environment in forming beliefs and perceptual knowledge.

In existentialism, an individual is seen as responsible for his or her actions, and being accountable to others, through their intentionality. According to this view, what matters is not the social moral values, but solely whether an individual is capable of being held liable (accountable) for his or her actions – representing inward-looking responsibility. Existentialist philosophers like Kierkegaard, Sartre and de Beauvoir do not make the individual the yardstick of all things. On the contrary, their stance is that there is also an acceptance and confirmation that other people – like themselves – are free. As de Beauvoir (2015, p. 78) writes in *The Ethics of Ambiguity*: "To will oneself free is also to will others free." In other words, the values of a corporation's decision-making are only valuable if the decision adds value to the lives of others. Responsibility emerges when a corporation is capable of both looking inwardly as well as outwardly. Typically, in a business context, outward-looking responsibility is where a corporation has an intention: its decision-making process is directed towards actions for which it is responsible and will be held accountable. Such actions refer to the set of moral norms which are imposed externally on the firm. Thus, unlike the intentionality of deontological ethical theory which refers to specific duty-based moral norms, the intentionality of existentialism refers to the individual living authentically, that is, respecting the value of others. Responsibility, therefore, can be seen as a relational and an attributional concept, as well as inward- and outward-looking. It is this more complete understanding of responsibility that transparency hampers.

"Do We Know What We Are Doing?"

In a business context, transparency is believed to encourage responsibility. However, as we have argued, to the extent that this occurs, it is limited to what is philosophically termed outward-looking responsibility. With outward-looking responsibility, a corporation has a responsible intention, reflected in its fiduciary duty and its decision-making process directed towards actions for which it is judged and will be held to account. Nevertheless, those actions refer only to the set of moral norms which are imposed externally on the firm by stakeholders and society, and generally are the consequence of economic trade-offs.

As in our opening story about ABSOLUT Vodka, the call for corporate transparency leads to being seen to be (outwardly) as (fully) transparent as possible, thus meeting external expectations while neglecting or ignoring issues that may be more difficult to share, measure, evaluate or disclose (Argyris 1991; Roberts 2009). This problem was intimated in our question which we posed in Chap. 1, about what ABSOLUT might conceal from the public about their product and themselves, and how they wrestle, if at all, with the social problems associated with alcohol – a social "bad" that may be seen to contradict any social "good" they may promote about themselves. We have also seen this problem in our chapter cases, such as J&J, and Nestle, where responsible companies could have disclosed the mixed and inconclusive research on the harmful effects of their products, instead of deliberately, or otherwise, choosing denial and concealment of information that could have saved lives if made publicly available. Viewed in this way, such research findings could not be regarded as other than material, which is a determinant of the requirement for continuous and full disclosure. In the end, as we have quoted, it's all about the money (as in the Travis Tritt lyrics) or the relentless imperative of hyper-capitalism (Zuboff 2019), at the expense of the public's trust and corporate reputation. So we return to our initial question which asked whether transparency alleviates these moral dilemmas. The answer, we have argued along with others, is in the negative: transparency hinders corporations' reflective development even if, outwardly, they appear to be responsible.

The Transparency Trap

Ethan Bernstein, *Harvard Business Review*, 2014.

"Transparency" is a watchword in management these days, and it's easy to understand why. After all, if people conduct their work in plain view, won't they be more open and accountable? Won't they flag and fix problems more easily, and share information and their good ideas more freely?

> …through rigorous field research and experiments, and observations by embedded researchers, I learned that it's not that simple. My findings, which complement various studies on open workspaces… suggest that more-transparent environments are not always better…
>
> Even when everyone involved had only the best of intentions, being observed distorted behavior instead of improving it… If all this seems vaguely Orwellian, so did some of the activities I saw in leading companies where intense visibility and tracking were making things worse, not better. For instance, at one of the world's largest mobile phone factories, which is in China and is owned by a global contract manufacturer, the workers on one line were hiding process *improvements* they had made—not just from managers but from their peers on other lines. Why? Because, as one experienced worker explained, "it's most efficient to hide it now and discuss it later. Everyone is happy: they see what they expect to see, and we meet our targets." …Irreverence increases our willingness to test how we do things and to deviate from the norm. But total transparency heightens the risk that our irreverence will come back to haunt us—and thus has a chilling effect on experimentation." (https://hbr.org/2014/10/the-transparency-trap (Accessed 17 Feb 2019))

Since transparency is not the solution to what we (and others, e.g. Roberts 2009) have contended is the real problem it is intended to address: public mistrust and the need for corporations to become truly responsible (both inwardly and outwardly in their moral behaviour), and if critical thinking may instead be the answer, then it is pertinent to explore further how corporations might better understand and develop such an approach. One consideration is the different responses companies might have to issues and challenges they face. As we have said above, businesses are conditioned to think in terms of rapid response to gain an advantage in hyper-competitive markets – agility is the contemporary mantra for the digital world where the velocity of change requires instant decision making. This competitive reality appears to leave no room for critical thinking. However, decisions made at speed and under enormous performance pressure may at best deliver sub-optimal solutions and at worst, detrimental, or possibly harmful, outcomes – as highlighted in the chapter case studies in the previous chapters.

A possibility may lie, however, in what is understood psychologically and philosophically as a gap between stimuli and response. Frankl (2004) described this gap in *Man's Search for Meaning* as a space wherein lies the power to choose the response and, accordingly, the potential for moral growth and freedom. All aspects of life are full of stimuli that individuals interpret, endeavour to make sense of, and to which they can choose whether or not, and how, to respond. When individuals react instinctively – as to much of the stimuli to which they are exposed – their actions, based on fear, guilt or desire, are automatic: they react unthinkingly and are effectively on autopilot. When individuals react in this way, they perpetuate more of the same because they do so without reflection and from force of habit (Zuboff 2018).

Thus the imperative for corporate transparency in disclosure of information cannot be assumed to lead to considered responses ahead of action, since many corporate decisions are, of necessity, made without the deliberative time that needs to be taken to reflect in the space between decision stimuli and response. Yet returning to the philosophical argument, it is possible to respond to stimuli from a quieter, more considered and thus more stable position. As Frankl argued, decisions do not need to be merely reactive: responses may instead be chosen and acted on with thoughtfulness.

Taking the Time for the Board to Ask the "Right" Questions

Our claim in this book is that transparency leads neither to corporate self-knowledge, nor to an empathic and compassionate relationship with stakeholders and the wider world of which corporations are inextricably a part. This is because transparency directs attention only to the product or actions that the corporation has taken or is taking, rather than paying attention to the ongoing decision process itself, the real motivations driving decisions, and the learning that can come from this self-examination and reflection, thereby opening the way to building trusting, open relationships with its network of stakeholders.

It is not especially remarkable that corporations have good intentions and want to do the right thing morally and sustainably – on the contrary, it is both obvious and admirable. More remarkable, however, is it that not only corporations, but also society in general, believe that being transparent equates with being "good", that is, virtuous. Traditionally, moral reasoning in the corporate context is reduced to questions about what the corporation produces, for example, weapons, alcohol or tobacco, as is focused on by socially responsible investing (SRI), also known as values-based or ethical investing. Not only do SRI investors choose investment options based on this type of negative screening (by avoiding companies whose values, products and practices do not fit SRIs' social and moral values, an extreme form of which is divestment of assets in those companies); today rather than simply avoiding companies they also positively screen to include in their portfolios companies with desirable characteristics. Some SRI investors, often mutual funds companies, use positive screening to support underserved communities in areas such as mortgages or small business credit. Nevertheless, a corporation producing organic food or yoga mats – or helping underserved communities, admirable as this may be – does not necessarily operate ethically. What we encourage is a more fundamental moral discussion about how corporations work, that is, beyond a focus on equity investments.

As is beginning to happen with some leading edge organisations, such discussion could consider openly the dilemmas they face. To some extent, shareholder activism has initiated this process. Some forms of shareholder activism attempt to positively influence corporate behaviour in the belief that the cooperative efforts of social investors can spur corporations to proceed along a more socially and environmentally responsible path. Such efforts may include initiating conversations with corporate management on issues of concern, together with submitting and voting proxy resolutions. Labour practices, discrimination, marketing methods, and CEO remuneration are among issues often questioned by shareholder activists in the belief that changes in these areas will improve corporate financial performance over time, thereby enhancing the wellbeing of shareholders, customers, employees, suppliers and communities.

While these efforts are creditable, corporations that respond positively to such questions are, again, doing so from an outward-looking perspective – they are not themselves initiating and openly participating in these debates based on an inward-looking sense of responsibility as we have presented it. For example, if a company uses child labour, it could open a debate on social welfare in that supplier's country where it is normalised and what could be done to alleviate social suffering; what role might the company play in such actions to impact, positively, labour practices; whether laws should be universal; whether the company feels forced to use cheap labour to compete in global markets in the face of fake products, and theft of intellectual property; or to what extent are corporations urged to go beyond the minimum standards set by laws in being responsible corporate citizens. Corporate-initiated debates of this nature would take CSR initiatives substantially further than the SRI positive screening initiatives referred to above. It is precisely this kind of corporate conscience that is courageous enough to demonstrate taking true responsibility as an active process of maturing, that we wish to encourage. The very word "con-science", as Arendt (1978, p. 5) tells us, refers "to know with and by [one's]self, the kind of knowledge that is actualized in every thinking process".

Instead of relying solely on the norm of transparency, or suggesting a new set of norms which would simply create an even heavier burden of corporate compliance, we propose a philosophical and more affirmative approach to corporate governance, especially through a new consideration of the board. An effective board has been defined as one that understands the key roles required of it and has the capability to execute those roles in a way that facilitates the achievement of organisational objectives (Nicholson and Kiel, 2004). Rather than seeing the board's role in an organisation as a single function, Ingley et al. (2017) and others argue for a portfolio of roles (Demb and Neubauer 1992) which involve monitoring and control, guidance and support, involvement in strategy formulation and oversight, and arbitration and moderation roles. The portfolio notion promotes the idea that each board selects the combination of control, service, strategy (Demb and Neubauer 1992; Zahra and Pearce 1989) and mediation roles (Blair and Stout 2001) that are consistent with its circumstances (Bonn and Pettigrew 2009; Van Ees et al. 2009). The particular combination of roles employed by the board will also determine the relative emphasis placed on each governance dimension (i.e. regulatory conformance/compliance and organisational performance) and, accordingly, the board's role most appropriate to the firm's situation (Hillman et al. 2000; Pfeffer 1972).

However, the portfolio perspective is merely instrumental if boards are not challenged to embrace questioning and imaginative responses to the situations with which they are faced. The seminal work of Huse (2007) has shown that board effectiveness and value creation are the results of interactions between owners, managers, board members and other actors. Huse crafted a systematic framework based on a contingency perspective, a behavioural theory of the firm, and an evolutionary approach to board governance. Strongly dynamic, the framework provides conceptual tools to understand the role of boards in corporate governance and how boards should be structured in order to maximize value creation. We posit that holistic value creation can only be strived for when boards are willing to learn, to critically question, and consider the relevance and appropriateness of concepts – such as transparency – as ethical practices.

Left in the dark: Why transparency isn't always best for institutionalizing corporate responsibility

Haack and Schoeneborn (2015) challenge conventional views that promote a coercive approach focused on the strict enforcement of transparency and accountability as most effective for institutionalizing corporate responsibility practices. They discuss the beneficial effect of the freedom from scrutiny which provides space for decision makers to experiment with new CR practices and consider how to implement them. (http://wp.unil.ch/hecimpact/left-in-the-dark-why-transparency-isnt-always-best-for-institutionalizing-corporate-responsibility/ (Accessed June 10 2019))

As we have argued, norms, including that of transparency, constitute an interpretation of what is judged to be "good" or "bad", and it is this mental framing or habituated way of thinking that we have questioned. By emphasizing critical thinking, we advocate that boards re-frame such norms and look both inside themselves and outside the organisation at externally driven expectations. This contemplative, deliberative maturity needs to emerge from a deep understanding where, in an interdependent world and, for the good of all, now and in the future, we depend on one another. This practice is where responsibility begins. Boards will learn how to govern and unlearn how to manage or pilot the firm, by asking questions such as "how well do we know our actors' needs?"; or "Do we know if our actions are having an impact?"; and suchlike.

In critical reflexivity, evaluation presumes an already given and accepted set of values and norms but, as Deleuze (2002) postulated, a more useful approach to critical thinking is where values presuppose evaluations. By paying careful attention to the particulars of a certain situation while avoiding prejudgments based on already given values and norms, new values can emerge or re-evaluations of existing norms can be made. The philosophically-based approach that we suggest begins with problem identification or problem creation, such as acknowledging an issue that cannot be ignored, or that presents a perspective that changes what has gone before. Philosophical thinking, therefore, becomes a practice of problematization.

Problematization for Learning and Unlearning

Philosophy problematizes according to three precepts (Deleuze 2002). The first precept deals with the freedom that lies in the power to decide what is the problem, why it is a problem and for whom. The second precept is to avoid the illusion of thinking that a problem presents with a ready-made solution that needs only to be located. The third precept states that problems are related to time. It is because human time is finite that decisions need to be questioned and strengthened since one's use of time is not only – in principle – a free and autonomous decision: it also denotes what one believes to be of importance.

For the first precept, the problem is not only that full transparency as a practice creates "guilt" (in philosophical terms) (Roberts 2009), or the fear of being found wanting based on what is not disclosed (as in the Nestle and J&J cases). Transparency is consistent with the norms of the neoliberal capitalist achievement society, where greater productivity and performance is the overarching aim. The imperative to do better, faster, smarter, militates against living in the moment because a goal-driven life is lived in the future, striving to reach yet another goal.

This endless treadmill leads to stress and burnout, which is implicated in physical and psychological health problems, as noted in Chap. 1 regarding the WHO estimates and with reference to Han (2017a, b). Transparency produces permanent guilt when an ideal cannot be attained. As we have discussed, transparency has a propensity for corporations to avoid acknowledging and addressing the deeper, more intractable moral issues, ethical dilemmas, and challenges that define them today.

Regarding the second precept, we have argued that what is paid attention to is also what is prioritised. Transparency, as we have posited, is a dichotomous term: a person or corporation is either transparent or they are not; at the same time a corporation can be both responsible and irresponsible while being transparent.

The third precept emphasizes the existence of critical thinking between an infinite past and future where there is only a finite amount of time in which individuals can participate. According to Kierkegaard (1849), "If a person does not do what is right at the very second he [sic] knows it—then knowing simmers down." The urge to act becomes less compelling with the passing of time, as with the person who finds a wallet containing a large sum of money, left by mistake in a public place and knows that the right thing to do is to take it to the nearest police station; but if they are diverted from this path by other necessary priorities, hours or days may pass until the easiest thing for the finder to do is simply to keep the wallet and the money, justifying it as serendipity. To act responsibly is to persist in the will to follow through on what is right, even if or when it contradicts self-interest. This is, indeed, the essence of trust in the corporate context, both in relational and legal terms, which underpins the fiduciary responsibility of boards of directors.

In *Coldness and Cruelty*, Deleuze (1999) illustrated pedagogically how a problem could be understood as something created or invented. By combining literature and psychiatry – reading *Sade* and *Masoch*, respectively – Deleuze outlined a *symptomatological* method anchored by three concepts. The first concept is *symptomatology* which focuses on the symptoms or signs of a current situation; the second concept, *etiology*, explores the causes for the emergence of these symptoms or signs; and the third concept is the proposed *treatment*. This methodology illustrates the philosophical process of problematization, as well as that of critical thinking and reflection, which we propose instead of focusing solely on transparency, as a basis for true responsibility.

Transparency is a symptom of a time that has fallen into moral dissolution – some would say depravity – where greed and egoism seem more prevalent than kindness and compassion. The consequence, as we and others have observed, is the lack of trust between people, towards democratic institutions, and politicians, in response to which, as Roberts (2009) has noted, with every failure of governance there is a heavier investment in transparency as the remedy. Deleuze (2000, p. 173) speaks about a need of establishing a belief in this world, and not higher ideals or norms, stating that "We need an ethic or a faith which makes fools laugh; it is not a need to believe something else, but a need to believe in this world, of which fools are a part". This belief is cultivated by a commitment to engaging with and caring about the relationships between all human beings and the world we live in. As Roberts (2009, p. 969) stated regarding the limits of corporate transparency, "Accountability is… as a vital social practice – an exercise of care… a compassion in relation to self and others, and an ongoing necessity as a social practice through which to insist upon and discover the nature of our responsibility to and for each other."

In Conclusion

We have claimed, in this and preceding chapters, that in governance regulations and corporate guidelines transparency is proposed as a solution to a false problem. We contend that the problem is false because it acts as a corporate norm intended to restore lost trust through encouraging higher standards of moral behaviour. We, and others (e.g. Blair and Stout 2001) have argued that because this is driven by laws and rules which establish minimum standards, it is unlikely to lead to the kind of corporate behaviour as intended: truly moral behaviour does not result from legalistic compliance with such demands. Moreover, legalistic compliance with demands for disclosure in the name of transparency distracts from focusing on what is important for a sustainable future. For example, how will future generations view a polluted planet overseen by a culture of increasing domination by a powerful few over a society where equality, respect and trust are diminishing phenomena, a society that is at the same time obsessed with being open about everything? As Birchall (2011, p. 8) wrote, transparency is "not a thing in itself … it's nothing at all, merely the absence of concealment." Transparency, thus, is an example of a misguided response – or as Roberts (2009) put it, a widely shared belief in an impossible fantasy – to a poorly understood problem. The problem is not that society cannot see the problem and the need to address it, but rather, the problem concerns eliciting truly responsible behaviour through improving corporate governance practices.

Corporate governance, and especially boards, must move from redirecting the privileges and protections embodied in the modern corporation to the exclusive benefit of an implicit coalition of market value-oriented shareholders and managers, while the risks to all other actors, interests and timeframes are relegated to the status of "externalities" (Veldman 2018). In her book *Eichmann in Jerusalem: A report on the Banality of Evil*, Arendt (2006) queried the sense in which the German Nazi leader, Adolf Eichmann, thought he was not guilty. Eichmann was not conscience-torn over his role in the atrocities of the Nazi regime because he simply carried out orders from a higher authority. "He did his duty, as he told the police and the court over and over again; he not only obeyed orders, he also obeyed the law" (p. 135). Thus, what Arendt refers to as the banality of evil is a result of individuals not taking responsibility for their decisions and actions – they simply (unthinkingly, perhaps) do what they are instructed to do. They blindly follow one ideal or norm, something, which we – through the work of Badiou and Løgstrup – have associated with unethical behaviour or, in their terminology, evil. In the Eichmann case, his attitude of no questions asked, no doubts, no uncertainty might not be surprising, but this same human tendency played out in the infamous Milgram experiment (conducted in 1965) on obedience to authority. Even more recently, Blair and Stout (2001) highlighted the extensive evidence from social dilemma experiments showing consistently that participants are markedly more likely to cooperate with each other when instructed explicitly to do so by a "higher authority". Arendt states that in the Eichmann case it "was precisely this lack of imagination" – the incapacity for imagining that other actions or forms of behaviour were possible which caused evil to emerge. “Still”, Arendt writes, “he was not stupid. It was sheer thoughtlessness – something by no means identical with stupidity – that predisposed him to become one the greatest criminals of that period” (p. 287).

While the Eichmann example is extreme, and the Milgram experiment is controversial on both methodological and ethical grounds, these examples have something to teach about human nature and conformance. Both examples highlight the risks with unquestioning conformance to norms or behavioural expectations and blindly believing that transparency will lead to a better world. It is only the human capacity to think, according to Arendt, that can keep individuals morally on the right side of the – often, too abstract – distinction between good and evil. For individuals and corporations alike, this means paying attention, problematizing, questioning, deciding, and reflecting on their own needs, wants and desires, as well as deliberating over their actions as to their contribution of value to the lives of others.

In her essay, *Truth and Politics* (1977, p. 250) Arendt wrote that “Freedom of opinion is a farce unless factual information is guaranteed and the facts themselves are not in dispute”. Her point was that one way of blurring the distinction between fact-based truth (factual truth) and falsehood is to claim that any factual truth is merely another opinion. Without any sense of what is so-called factual truth or facts, it is too easy move into a fictional world of “alternative facts.” As the Arendt scholar and philosopher, Bernstein (2018, p. 79) writes: “Factual truth-telling is frequently powerless against image-making …”, such as with the image of transparency as being morally good. The problem is not only that lies might be accepted as truth, and vice versa, but that it becomes impossible to determine what is important when everything (factual or not) can be reduced to mere opinion simply because what matters is that, as with transparency, it is done openly. As Arendt (2017, p. 460) stated, “What convinces masses are not facts, and not even invented facts, but only the consistency of the system of which they are presumably part”.

The theme running through Arendt’s thinking, according to Bernstein (2018, p. 118), is “the need to take responsibility for our political lives” which are always lived together with other people. According to Bernstein

(p. 21), Arendt believed that “most people do not really want to think – they prefer to ignore difficult political issues or use clichés to cover them and dismiss them.” In Chap. 2 we drew on Badiou’s claim that it is easier, even more convenient, for individuals to agree on what is evil than to discuss how their lives might be improved.

> Public wants tougher sanctions for irresponsible behaviour in business
>
> David Whyte and David Ellis, The conversation
>
> “Philip Green has been branded the “unacceptable face of capitalism” by British MPs investigating the demise of high street department store BHS. For many, however, the word “unacceptable” could be deleted. This is what so many now know is the normal face of capitalism. It is business as usual…
>
> Corporate wrongdoing, however, rarely attracts criminal sanctions in contemporary Britain. This apparent contradiction serves to remind us that criminal justice is a selective process that defines and classifies certain activities as being deserving of criminalisation and others as not.
>
> The overwhelming suggestion from those responses to our survey is that the public is wholeheartedly behind that promise to “get tough on irresponsible behaviour in big business”. In our publication Redefining Criminality, published by the Centre for Crime and Justice Studies, we suggest three possible sanctions for companies that act irresponsibly that would provide a step in the right direction, including: “Shaming provisions”, “corporate probation” and even a “corporate death penalty”.” (https://theconversation.com/public-wants-tougher-sanctions-for-irresponsible-behaviour-in-business-62812 (Accessed Jun 3 2019))

Similarly, Løgstrup observed that it is easier to share pleasantries or to convert others into liking one’s “unchallengeable” worldview, than to respect other ways of living. The essence of ethical examination concerns how best to treat others when their lives are affected by the way they are treated, and depending on the particular situation. As we have argued, the ethical approach, therefore, cannot be named once and for all: it is, as Løgstrup said, a “silent demand”, for Badiou it is “unnameable”, and to Deleuze it is “being worthy”. According to Murdoch, all that can be done is to pay attention, while Arendt emphasised the need to question what is being experienced and what values or norms have allowed certain things to happen. With reference to Arendt, what she identified as "the banality of evil" comes from an inability to think (or to pay attention, wonder, critically question, continuously scrutinise each situation). The banal emerges as a result of reducing complexity to convenient clichés or opinions – or in the organisational context, reduction to a few simple indicators – regardless of the facts. It emerges from our inability to think – as Tsoukas (1997, p. 98) wrote regarding the distortion of organisational performance in this way: "management becomes tantamount to keeping up appearances, and fighting shadows: managing *via* league tables becomes managing *the* league tables themselves" rather than being truly accountable. In contrast, the philosophical or ethical thinking presented here endeavours to enlarge our mentality, to affirm what opens for new possible lifeforms by making certain decisions that actualize what is in the midst of becoming—perhaps becoming something better. For corporations, thinking critically – as we have advocated – paying attention rather than becoming numb and habituated to norms in dealing ethically with situations, reflecting on the efficacy of the set of corporate values, beliefs, assumptions, and how corporate actions might affect others requires an ongoing practice of deliberative engagement and compassionate commitment. Rather than clinging to the fantasy of complete transparency as the *only* form of accountability, corporate governance is strengthened in this way by practicing true social responsibility, which emerges not only from outward-looking compliance but also from a deeper place in the corporate psyche through inward-looking contemplation and the development of moral maturity.

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