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True transparency Niamh Brennan

Although transparency is much discussed, and indeed lauded, organisations often pay mere lip service to the concept.

Transparency is spoken of almost universally as something good in corporate governance. Transparency is an ideal, *inter alia* offering an improved society. Transparency is almost always conceptualised as information. New technologies increase the availability of information like never before. It is now cheap to spread information and hard to prevent its spread.

Transparency has been described as involving practices such as disclosing, presenting, explaining, accounting, reporting, and auditing. This description demonstrates the centrality of the concept for so many activities of the accounting profession.

Information is discussed as a standardised commodity, with no acknowledgement of the complexity of communication and its inherent ambiguity. Presenting transparency as a darkness-into-light metaphor does not allow for the opacity of the in-between.

Good governance and transparency are viewed as synonymous. Transparency is often linked with another corporate governance buzz word, accountability. Transparency is assumed to lead to accountability, with the further assumption that transparent information will speak for itself.

However, there is a growing body of literature highlighting the risks of too much transparency. While not against transparency *per se*, academics are calling for greater acknowledgement of its limits, its ambiguities, its unintended consequences and its double-edged effect on society, arising from digital technology creating junk yards full of unused data.

Prof. John Roberts of the University of Sydney opens his *No One is Perfect: The Limits of Transparency* paper with an extensive quote from Charlie McCreevy. When he was European Internal Markets Commissioner, Charlie McCreevy observed that "gold-plated transparency" prevented the Governor of the Bank of England discretely stepping in to forestall the run on Northern Rock Bank. When the stability of a financial institution is at risk, Commissioner McCreevy expressed the view that such a problem is best resolved behind closed doors. He added that transparency rules which were intended to underpin investor confidence instead promoted investor panic. Commissioner McCreevy made that speech in 2007. He was not to know at that time that Northern Rock was a foreboding of much worse to come. Prof. Roberts picks up on a phrase used by Commissioner McCreevy, "bare bottoms", and discusses how transparency is presented as a dichotomy: good/bad, clothed/naked, beautiful/ugly. Transparency is presented as an ideal, against which failure is inevitable.

Given the greater availability of information nowadays, Baroness Onora O'Neill questions why there is a crisis of trust in modern society. She conjectures that greater transparency has marginalised a more basic and important obligation: not to deceive. This perspective prompted the following comment in the *New Yorker*: "transparency is well and good, but accuracy and objectivity are even better. Wall Street doesn't have to keep confessing its sins. It just has to stop committing them".

In accounting and corporate governance, disclosure is seen as a panacea for solving lots of issues, which are not really solved by transparency/disclosure. Prof. John Roberts characterises transparency as a pretence at making visible. Prof. Philip Shrives and I have extensively studied comply-or-explain corporate governance non-compliance explanations and have found widespread evidence of poor quality explanations. The Financial Reporting Council's stance is that is it for shareholders to monitor poor quality explanations, going so far as to suggest that shareholders can sanction inadequate explanations by dismissing their boards, which seems disproportionate and unrealistic. Lord Myners has described shareholders as 'absentee landlords'. Disclosure of poor quality non-compliance explanations amounts to, in John Roberts' terms, a pretence at making visible and a performativity of transparency.

Why do organisations claiming to be transparent limit organisational voice to one official spokesman/gatekeeper? Why do we the public accept such contradictions? I stumbled across a charitable organisation recently claiming with full fanfare on its website: "The [name of organisation] is committed to maintaining the highest standards of governance to ensure full transparency in how we operate. We are fully compliant with all relevant Irish charity legislation and regulatory frameworks." However, I could not find its audited financial statements on the website, nor were they on the Charities Regulator's website. I eventually found them on the Benefacts' website, a wonderful organisation providing a database of information on Irish not-for-profits. This is another example of a pretence at making visible and a performativity of transparency.

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