

Mara Andreea SÎNTEJUDEANU
Teodora Viorica FARCAS
Adriana TIRON TUDOR

Faculty of Economics and Business Administration
Department of Accounting and Audit
Babeş-Bolyai University, Cluj-Napoca

PUBLIC SECTOR TRANSPARENCY: A CONCEPTUAL DISSECTION

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Abstract

The concept of transparency has increasingly attracted the attention of academic, political and business areas. Many studies have demonstrated the need for adopting this corporate governance principle also in the public sector, a phenomenon that has become widespread at international level. The academic study field defines transparency as the ability to look clearly through the window of an institution. Starting from this statement, the research focuses on the importance of transparency in public governance and on the framework for identifying and assessing this concept. Furthermore, this paper also analysis the limits of this notion in order to maintain its significance and effectiveness. Thus, based on the literature review, this study summarizes the opinions and arguments of various authors in the field regarding the notion of transparency in the public sector. At the same time, it analysis the conclusions of empirical studies on this topic. The results of the study reveal the importance and necessity of information disclosure among different users for increasing citizens' trust in government and achieving good governance. However, the positive aspects of transparency tend to be overestimated and considering the ambiguity of this concept it should be carefully handled.

Introduction

In the last years, the concept of transparency had increasingly attracted researcher's attention and has been the subject of many debates in the academic field. This notion has been defined in many ways but in the most simple and eloquent manner transparency can be understood as "lifting the veil of secrecy" (Davis, 1998, p. 121). In the academic field, the concept of transparency has been associated with other notions and by this the term has known a great deal of interpretations adequate to different areas of expertise. Hence, the concept of *government transparency* arose which is understood as the relation between government and the relevant stakeholders and as a process of informing citizens about the way public resources are managed. Government transparency implies *budget transparency* meaning public disclosure of information regarding governments' decision-making procedures and transactions. Therefore, it can be perceived as a tool that allows citizens and other stakeholders to monitor and weigh the government's performance and the way public funds are handled. Moreover, increases citizens' participation in the public administration decision-making process.

Citizen participation is also essential for increasing public services quality considering they are the ones dealing every day with the services provided by the public institutions. In consequence, their opinions and suggestions regarding the deficiencies of the system must be taken into consideration. The more transparent a government is and more opened to civilians needs the better are the chances in achieving good governance. This behavior can be seen as a matter of educating and also making citizens more responsible by giving an example to be followed. Citizens need information regarding government current activities, development projects, expenditures and policies, and it is also their right to possess this information considering their role of financers of the public sector as taxpayers. Thus, government transparency and information disclosure among citizens can be seen as a gesture of loyalty and also as a government's duty to justify the way public funds are managed. Transparency in the public sector can be perceived as a crystal ball surrounding all governmental structures which allow to see the details inside, but at the same time provides access to the big picture. However, there are voices who believe that transparency is overestimated arguing that information can be misused by corporate competitors or other governments (Florini, 2002). Too much transparency can also have side effects conducting to misinformation and less trust.

Based on the literature review the aim of this study is to summarize the opinions and arguments of various authors in the field regarding the notion of transparency in the public sector. At

the same time the paper analysis the case studies on this topic in order to formulate conclusions about the positive or negative aspects of transparency and its contribution in achieving good governance. Next, the research provides information about the origins of the transparency and a framework for identifying and assessing this concept, followed by the methodology. Thereafter, the case studies about transparency are analyzed, and finally, the conclusions are presented.

Understanding transparency

Many authors in the field express their opinion regarding the concept of transparency and still there is no commonly agreed definition of this notion. The concept of transparency has developed over time from a broad definition to a good governance principle, a detailed legislative framework and a tool for facilitating relationship between government and citizens. Despite the fact that transparency has a long history, Hood (2006) indicates it can be qualified as a 'modern' idea that is connected to the enlightenment. Kaufmann and Kraay (2002) phrase transparency as the increased flow of timely and reliable economic, social and political information, accessible to all relevant stakeholders. Islam (2006) focuses on the timely availability of economic data. Transparency is also described as the availability of information about an organization or actor that allows external actors to monitor the internal workings or performance of that organization (Grimmelikhuijsen et al., 2013). Moreover, Meijer (2013b, p. 2) argues that the concept of transparency is not only an idea: it is a practice that has been constructed in societal and political interactions over the past centuries. This concept becomes more popular in the late 80s' when democratic transitions have determined an increased enthusiasm regarding the processes and concepts associated with information disclosure. According to Hall and Taylor (1996) transparency, can be seen as an institution that contains a set of formal and informal rules that influence stakeholders' social behavior.

In democratic societies, transparency and access to information, especially when it comes to public resources, also can be considered as a human right. There is a basic right to be informed about the way government is managing public funds. This implies government transparency meaning the ability to look clearly through the windows of an institution (Den Boer, 1998, p. 105). It can also be understood as the institutional relation between an actor and a forum (Bovens, 2010, p. 946). Another aspect that has been the subject of many studies in the field refers to budgetary transparency. In Premchand (1993) vision it can be described as the public availability of information regarding governments' decision-making procedures and transactions. This implies

full disclosure of all relevant fiscal information in a timely and systematic manner and an effective role for civil society through the media and non-governmental organizations (Blöndal, 2003). However, the amount of information disclosed is not necessarily related with its completeness. For instance, studies have shown that government organization that overload citizens with an immense number of inaccurate information might be considered less transparent than those with brief yet accurate content (Grimmelikhuijsen et al., 2013). The concept of budgetary transparency has evolved over time and it has become “a tool for facilitating a relationship between public budgeting and market requirements, civil society demands and citizen participation” (Alegre et al., 2011, p. 2). Some authors in the field suggest that citizens should be considered collaborative partners in governance and not only customers (O’Leary & Bingham 2008, O’Leary, et al., 2010). As Kim and Lee (2012) point out citizens’ participation in the public administration decision-making process is a mean of collaborating with citizens to promote accountability and responsibility. Therefore, government’s efforts to grant more opportunities for citizen participation into government performance assessment represent an essential strategy for improving trust (Kim & Lee, 2012) and reliability on the government. Transparency is also important because it increases the efficiency in the allocation of resources and helps ensuring that the benefits of growth are redistributed and not captured by the elite (Bellver & Kaufmann, 2005). Thus, being associated with vision and perception, transparency dispels opacity and unveils incompetence, inefficiency and corruption. This concept is also closely related to accountability. The purpose for demanding transparency is to allow citizens, markets or governments to hold institutions accountable for their policies and performance (Bellver & Kaufmann, 2005).

Transparency stimulates a “culture of openness” within organizations (Hood, 2006, p. 217), and it is seen as the key element of good governance in the public sector. In consequence, many governments adopt different forms of electronic participation (e-participation) applications (OEGD, 2003) for increasing transparency and public trust in government. Increasing transparency requires that someone, somewhere decides to hang over information (Florini, 2002). However, there are voices who believe that transparency is overestimated arguing that information can be misused by corporate competitors or other governments (Florini, 2002). “Transparency pessimists” consider that increasing transparency is affecting trust and political systems but in a negative manner, making governments more vulnerable to unjustified criticism by journalists or citizens (Bovens, 2003;

Grimmelikhuijsen, 2012). Hence, it may lead to scandals and even “delegitimization” of government (Bannister & Connelly 2011; O’Neill, 2002). These authors also sustain that the information disclosed by the government is, usually, too complex to assimilate even for experts, and there are limits to people’s capability to process information (Etzioni, 2010). Grimmelikhuijsen (2012) argues that transparency may lead to misinformation or information overload, unjustified blaming and unnecessary challenges which can slow down government actions. Another aspect criticized by transparency skeptics is the difficulty of checking the sources or the persons who added or modified information especially when disclosed on the Internet (Im et al., 2012). They argue that this only leads to uncertainty and less trust (O’Neill, 2002).

Identifying and assessing transparency

The definitions above unveil us two dimensions of transparency: *visibility* meaning the degree to which information is complete and easily located and *inferability*, meaning the way it can be used to draw accurate conclusions.

Etymologically and semantically transparency is associated with vision. The visibility of information is a necessary condition for transparency to exist. To be visible, information must be found with relative ease and in the same time must reflect a high degree of completeness in order to present a complete picture. Visibility also embodies a second characteristic and that is the likelihood of finding information. This refers to the possibility of coming across information as a matter of course, without really looking for it (Michener & Bersch, 2013). Despite this, information is not always easily found. This doesn’t mean it’s not there, only finding it requires time and energy. Studies have shown that the more time and effort an information requires to be found, the less relevant is for its users.

Inferability is the other necessary condition of transparency, and it refers to the degree of which information at hand can be used to draw accurate conclusions. Thus, inferability underlines the quality of information or data. If the data is inaccurate, it compromises the ability to draw verifiable conclusions from that information and thus the credibility is also compromised. According to Michener and Bersch (2013, p. 237-238) inferability is contingent on the receptive capacity of the intended audience. They argue that the degree of inferability increases as attributes are added. For this purpose they propose disaggregation, verifiability and simplification as attributes to increase inferability. The more simplified information is, the better the chances are to be perceived and understood by a higher number

of users and thus information can influence their behavior regarding the decision-making process.

Disaggregated or raw data represents the information that is genuine and pure and sometimes this kind of information is transmitted directly from a measuring device to final consumer (Michener & Bersch, 2013). As Grant and Lee (2011) point out, when information is furnished through formats that cannot be processed by computers, the possibilities of reusing, analyzing and combining data with other sources are reduced. Raw data also facilitates the process of verifying and simplifying information by creating visualizations that can be presented to a larger audience. Another aspect of inferability is that information disclosed must be verifiable. Considering that not all data is trustworthy, the information must be confirmed by a higher authority in which users have trust. A third characteristic proposed by Michener and Bersch (2013) to help increase inferability of information is simplification and making data more understandable for the public. They argue that simplified information is more accessible to a wider public. In this sense Hood (2007) has underlined the difference between indirect transparency which refers to data and information understood by experts and direct transparency which reaches the wider public, the citizens. In order to increase citizen's participation, government must be opened to the public needs and also their capacity to understand and analyze the information disclosed. In this manner, citizens can express their opinions, and they can draw accurate conclusions.

Another important aspect that must be taken into consideration regarding this concept is the costs of transparency. The cost of transparency can be perceived under two aspects. The first aspect refers to the literary meaning of the word cost. This can be understood as the amount of resources affected by the government in order to acquire the proper equipment and technology for increasing transparency and information disclosure. The other aspect of transparency costs refers to the figurative meaning of the word: the effects and consequences of transparency. As mentioned above, transparency also can have side effects and can affect government in a negative way. Very often, information is improperly disclosed. Sometimes it is incomplete and sometimes is too complex to be understood, and thus, transparency can influence public opinion in a negative manner conducting to unjustified criticism by journalists or citizens.

Regarding this limits of transparency Lloyd (2011) quotes in his research the historian/journalist Timothy Garton Ash, 2011, as he suggests two guiding principles: "First, be open about your grounds for secrecy, transparent about your non-transparency. Have clear criteria and be ready to defend them. They should be able to

withstand the following, paradoxical test: if this piece of information became public, could you credibly explain why it should not become public? [...] My second guiding principle is: protect less, but protect it better [...]. Decide what you need to keep secret on consistent, defensible criteria and then do your damndest to keep it secret." Transparency is a slippery concept and must be handled with great care by governments especially when it comes to information disclosure over the Internet. According to Lloyd (2011, p. 517) information disclosed online has a permanent life, independent of its ability to conceal or control.

Research methodology

This study is based on the literature review about the concept of transparency and presents a framework for identifying, understanding and evaluating this concept. The contribution of this article in the field is to concur for a better understanding of this notion that has increasingly attracted the attention of many scholars. The research is limited to the opinions of different authors in the field regarding the concept of transparency. The study underlines the importance of transparency in achieving good governance in the public sector but also the limits of this principle. In consequence, this research's aim is to establish what transparency can and can't do and the influence on government and citizen's behavior. Thus, the information is collected from different articles in the field concerning this matter. In this purpose a qualitative research method is used for analyzing and interpreting the various points of view regarding the meaning of transparency. At the same time, the empirical case studies on this topic are evaluated and interpreted.

Case study analysis

Starting from the definitions and the characteristic of transparency provided in the sections above, this part of the research concentrates on the case studies conducted on this topic and their results. Government transparency has been on the rise over the last two decades as a result of various transparency initiatives. Still there has been no uniform or standardized pattern to this (Meijer, 2013a, p. 429). Rather, it can be observed a great diversity in the quality of transparency initiatives and the degree to which transparency is actually adopted (Meijer, 2013a). In regard with this matter the article analyzes the model for the construction of government transparency (Meijer, 2013a). In his research, Meijer focuses on the uncertainties and the reactions of various actors to these uncertainties. He also focuses on the power of government's actors and of external stakeholders like citizen's groups. Furthermore, Meijer targets the relative power of these actors in the sociopolitical construction of transparency, and the

way transparency influences their power. Meijer's research focuses on schools transparency in Netherlands. For data collection, the author uses the interviewing method. The investigation took place at three moments in time. The first investigation took place in 2003 and by this two school principals and two representatives of the School Inspection Service were interviewed. The second investigation took place in 2006 and consisted of research in primary and secondary education: a focus group with primary level schools. He also conducted interviews with primary school principals, members of school boards and teachers. The third investigation took place in 2010 and consisted of a focus group with parents and discussions with the School Inspection Service about the effects of government transparency. The author also analyzed several other studies and publications on this subject. Meijer research reveals that before 1997, there was no public information about the school's performances presented on the virtual environment. However, this information becomes available after a journalist has successfully used freedom of information legislation. First the information was published in the newspaper and subsequently, the School Inspection Service (SIS) started publishing the information on the website. In the beginning, many schools opposed to transparency arguing that it could harm their reputations, and even the Minister of Education declined the request for information disclosure regarding the schools performance. Transparency was thought to interfere with the relation of trust and therefore was not considered to be in the public interest. As SIS switched sides and became an active proponent of transparency, this concept became an instrument for enhancing the compliance of schools with standards for performance. Moreover, transparency also became a tool for stimulating better school performance by increasing the competition. The research also disclosed that even though parents and students have access to this information only a few actually use them to push for better school performance or for choosing a school. Still the relation between schools and parents gradually started to have the character of a normal "market" in which consumers could select services on the basis of accurate information (Meijer, 2013a).

The results of this study underline the influences of transparency regarding the performance of the public institution. As Meijer's study reveals, transparency increases competition and stimulates for better performance for increasing citizen's trust on one hand and hand for avoiding public embarrassment on the other hand. This study also reveals government's acknowledgment of citizen's right to have access to this information. Moreover, the research divulges the fact that even though information is disclosed

only a few citizens use them. Citizens have been kept in the dark for a long period regarding the manner on which public funds are managed, and they need time to adjust these changes.

There is a growing body of literature on Internet and website related to public sector entities information disclosure. Gandia (2008) examines the disclosure of general, budgetary and financial information on the websites of Spanish city councils. The research analyses whether the websites indicate an ornamental web presence (primarily for promotional purposes), an informational web presence (where the website is a tool to increase informative transparency) or a relational web presence (where the website is a portal of services for citizens). The results of the study indicate that disclosure levels depend on political competition, media and the citizens' access to technology and education levels. Styles and Tennyson (2005) explore the accessibility of financial reporting on the websites of US municipalities. The results have shown that less than half of the 300 municipalities in their sample provided financial information on their websites.

Stewart et al. (2012) examine in their research the disclosure of information on the websites of Australian state government departments. The study focuses on the nature and extent of governance information on the sites and the ease of finding this data.

Therefore, the authors developed a framework to analyze governance disclosure on the websites of state government's departments. The research is structured under three headings. The first heading addresses the presence and content of a specific governance section on the department's website or in the annual report displayed on the website. The second relates to the disclosure of information about key sub-components of governance, regardless of whether these are labeled as governance items. The third heading focuses on user's accessibility to information on the website. The researcher is conducted over a sample of 36 state government departments, six departments from each of the six states in Australia. The data were collected between October and November 2009. The authors use a quantitative method to analyze the information. Thus, the website of each department in the sample is analyzed to establish what governance information are provided and how comprehensive are the information. For determining the visibility of the information, the authors develop a model based on the number of mouse clicks required to reach the information and the number of search results generated by the search engine relating to analyzed data. The results have shown that governance disclosure is not always a priority for these departments, and the information is frequently difficult to access. Regarding the presence of a governance section the

results shown that even though this section appears on the sites, there is a lack of consensus across state departments regarding the meaning of governance and what it comprises. The results also reveal the absence of a common approach in communicating information to stakeholders. More than half departments recognize risk management and audit as key components of governance while there are disclosed only a few information regarding performance strategies, performance measurement and planning. The visibility of the information is also low, and the search engines and site maps often generate information low on relevance. There are also slight chances that the websites are tested or upgraded to lighten user's access to information. This research points out the diminished level of transparency provided by the Australian's government departments. The lack of agreement regarding the content of the data uploaded on the website, it's incompleteness, and the poor visibility of the data generate confusion among citizens and conduct to less trust in government's departments.

Conclusions

The concept of transparency has been hardly analyzed over the last year and yet there is no commonly agreed definition over this ambiguous notion. Precisely the term's consistent ambiguity makes it so difficult to explain and to comprise all its complexity in one sentence. Therefore, the contribution of this research is to provide a framework for a better understanding of this concept and its significance regarding public sector governance. As it is pointed out above most of the authors in the field focus their attention on the positive aspects of transparency. In public sector governance, transparency can be seen as a bridge between government and different stakeholders. This notion can also be understood as the accessibility of information regarding governments' decision-making process, transactions and procedures. Thus, transparency can also be perceived as a communication channel through which governments disclose information among citizens. Citizens need information regarding government's activities in order to evaluate their performance. In democratic societies, transparency and access to information, especially when it comes to public resources, can be considered as a human right. There is a basic right to be informed about the way government is managing public funds. Information disclosure is also a mean of collaborating with citizens and increases citizens participation and trust in government. However, in order to develop a trustful relation with the public, the information disclosed must be visible and inferable. Hence, the data must be easily fund, complete and simplified in order to be accessible to a wider public. Even though, transparency is seen as the key element of

good governance in the public sector, it also has its limits. There are voices who believe that transparency is overestimated that increasing transparency can affect trust and political systems but in a negative manner, making governments more vulnerable. Very often, information is improperly disclosed, sometimes it is incomplete and sometimes it is too complex to be understood and thus transparency can conduct to unjustified criticism by journalists or citizens. This research is a literature review, and it summarizes the opinions provided by the academic field regarding the concept of transparency for a better understanding of this notion. Considering the framework provided by this research the future studies should analyze more detailed the negative effects of transparency in the public sector and propose methods to avoid them.

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