Give the Emperor a Mirror: Toward Developing a Stakeholder Measurement of Organizational Transparency

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Give the Emperor a Mirror: Toward Developing a Stakeholder Measurement of Organizational Transparency

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The concept of organizational transparency has vaulted to prominence in recent years. While the virtues of transparency have been tied to trust and credibility, there have been no efforts to measure this abstract concept. Guidelines exist to help organizations be more transparent, but the real test is how stakeholders perceive an organization's transparency. This paper focuses on developing a stakeholder measurement of organizational transparency. Factor analyses, structural equation models, and reliability alphas on the measurement items indicate the instrument measures three transparency reputation traits (integrity, respect for others, openness) and four transparency efforts (participation, substantial information, accountability, and secrecy).

The concept of "organizational transparency" has vaulted to prominence in recent years due to the exposure of deceptive practices that took place behind closed doors. When the actions of companies such as Enron, WorldCom, and Tyco, and the backroom dealings of influence peddlers such as Jack Abramof, are given light, publics reacted with anger, frustration, and skepticism. The scandals also contributed to a steady decline in public trust of large institutions.

Recent surveys, such as the Edelman Trust Barometer (Edelman Public Relations, 2007), Golin/Harris Trust Index, and polls conducted by Gallup

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and Roper ASW, show all-time lows in public trust of business, government, and the news media. According to the Edelman Trust Barometer, the person most likely to be trusted today fit in the category of "a person like yourself," such as colleagues, friends, and family. Official spokespersons, in business and government alike, have seen steady declines in credibility.

After studying this decline of trust and credibility, the Public Relations Coalition (2003), a summit of 19 U.S.-based communications organizations, recommended that organizations, in particular corporations, "articulate a set of ethical principles," make trust and ethics "a board-level corporate governance issue," and "create a process for transparency that applies to all areas of the business, not just financial" (p. 2). In a study conducted by Randstad North America in 2001, employees identified open, honest communications as the antidote for mistrust (Reichardt, 2003). Additionally, the Edelman Trust Barometer (Edelman Public Relations, 2007) frequently cited transparency as a means to gaining more trust with stakeholders.

Advances in technology have also created a world where transparency is a given. As one consultant explained: "Technology has both created the expectation and also produced the tools to deliver greater organizational transparency. Access to information through the Internet has shifted the balance of power toward the customer rather than the supplier" (Meyer, 2003, para. 6). The Internet raises transparency to a new level by providing the means for those with information to share their knowledge with others. Internet sites exist for employees to share information and express opinions anonymously that would otherwise not get farther than cocktail hour gripe sessions. Far from merely the World Wide Web, the impact of the Internet extends to e-mail, chat rooms, Weblogs, and even connection to mobile devices. Virtually anyone can find any opinion on any subject with a few simple searches through the Internet. And once found, those opinions can be expanded, editorialized, and shared around the world within seconds.

With growing interest in the value of transparency, there have been numerous books, articles, and nonprofit organizations advocating its virtues. There are also a number of guidelines that organizations can follow to be more transparent, such as those published by the Global Reporting Initiative (GRI; 2002). It is not surprising that many organizations are jumping on the transparency bandwagon, and declaring themselves as transparent. However, a self-assessment of organizational transparency has very little value.

Transparency has been tied to trust, corporate social responsibility (CSR), and ethics. Organizations are finding that there are solid bottom-line benefits to having the reputation of being honest, open, and concerned about society. Most important is gaining the trust and loyalty of key stakeholders such as employees, customers, and investors. The relationship literature espouses the importance of openness and trust in relationships, key variables in measuring organization-public relationships (OPR) begun by Ferguson (1984) and further developed by Hon and Grunig (1999) and Ledingham and Bruning (2000b). The literature on CSR identifies the need for transparency in such efforts as triple-bottom line reporting and sustainability practices. The ethics literature encourages people to make their decisions more public to justify moral choices and to increase the decision-making ability of stakeholders.

As the factors that influence OPRs became more clearly defined, the next step focused on measuring those variables. This research study follows suit, by first defining transparency and then moving toward measuring the concept. If the pragmatic value of transparency is to increase trust, then transparency needs to be measured from the perspective of the stakeholders, not from those attempting to manage the image of the organization. It is the trust of the stakeholders that is in jeopardy, and if their assessment doesn't match that of the organization, then there isn't likely to be a boost in trust. This article explores the literature of organizational transparency to identify the elements of transparency. Using these elements, I developed a transparency measurement scale and tested it with employees of a regional healthcare organization. The ability to measure transparency with a statistically reliable instrument gives organizations a way to make legitimate, verifiable claims of transparency.

LITERATURE REVIEW

Defining Transparency

Being transparent doesn't mean being invisible. It means being more visible. The 2008 edition of the Miriam-Webster Dictionary defines transparency as "free from pretense," "easily detected or seen through," "readily understood," and "characterized by visibility of accessibility of information especially concerning business practices." Simply put, transparency is the opposite of secrecy. In her book *Secrets*, Sissela Bok (1989) defined a secret as intentionally concealing information or evidence from another "to prevent him from learning it, and thus from possessing it, making use of it, or revealing it" (p. 6). Ann Florini (1998), of the Brookings Institute, stated, "Secrecy means deliberately hiding your actions; transparency means deliberately revealing them" (p. 50). This definition is both broad in its generalization of transparency and specific in its application of transparent actions. This definition as a guideline would allow organizations to gauge their level of transparency by asking, "Am I trying to hide something by this action, practice or policy?"

Balkin (1999) identified three types of transparency that "work together but are analytically distinct" (p. 393): informational, participatory, and accountability. Transparency efforts of organizations need all three qualities to build and restore trust with stakeholders. Therefore, transparency is defined as having these three important elements: information that is truthful, substantial, and useful; participation of stakeholders in identifying the information they need; and objective, balanced reporting of an organization's activities and policies that holds the organization accountable.

Transparent organizations "make available publicly all legally releasable information—whether positive or negative in nature—in a manner which is accurate, timely, balanced, and unequivocal" (Heise, 1985, p. 209). Gower (2006) described information transparency as the attempts of organizations to have their actions and decisions "ascertainable and understandable by a party interested in those actions or decisions" (p. 95). In addition to the information provided is the perception of how it is delivered. "Stakeholders must perceive or believe that the organization is transparent and that they are being told everything they need to know" (Gower, 2006, p. 96).

Just giving information does not constitute transparency. This is more accurately called *disclosure*. But disclosure, alone, can defeat the purpose of transparency. It can obfuscate, rather than enlighten. For example, legal teams commonly bury important facts of a case in a pile of meaningless information to flood the other side with so much information that it lacks the time or ability to find the relevant information (Balkin, 1999). The legal team can claim that it abided by full disclosure, but its intentions were not to be transparent. As Strathern (2000) has astutely noted, more information often leads to less understanding, and therefore can lead to less trust. Therefore, transparency is only useful when it enhances understanding, not just increases the flow of information (Wall, 1996).

The goal of transparency is "to *truthfully* communicate the reality of a particular subject-incident-event-etc" (Martinson, 1996, p. 43). A person can be truthful without revealing all information. But truthful information must meet a standard that Klaidman and Beauchamp (1987) called *substantial completeness*. This is the level at which a reasonable person's requirements for information are satisfied. Substantial completeness is concerned with the needs of the receiver, rather than the sender. The key to obtaining substantial completeness is knowing what your audience needs to know. According to Stirton and Lodge (2001), transparency requires both input (voice and representation) and output (choice and information). They argued that transparency in its fullest sense requires citizens be able to "exert an influence on (to 'control') the way that public services are provided, based on their view or preferences about how they are provided, as well as knowing about the decisions that are made" (p. 476). This is what Cotterrell (2000) called the process of transparency: "Transparency as a process involves not just availability of information but active participation in acquiring, distributing and creating knowledge" (p. 419).

The following example indicates why stakeholder participation is an important part of transparency. Using a disclosure index, a New Zealand electric company found that what it was disclosing wasn't very important to its stakeholders, and what the stakeholders thought was important wasn't being disclosed. The company organized a panel of stakeholders to identify what they wanted to know and how well the company was providing that information (Hooks, Coy, & Davey, 2002). Transparency cannot meet the needs of the stakeholders unless the organization knows what they want and need to know. Therefore, stakeholder participation elevates disclosure to transparency. Stakeholders must be invited to participate in identifying the information they need to make accurate decisions.

Transparency also requires accountability. Cotterrell (2000) defined accountable transparency as "the willingness and responsibility to try to give a meaningful and accurate account of oneself, or of circumstances in which one is involved, or of which one is aware" (p. 419). Achieving accountability through transparency is critical for entities with credibility problems, according to Eijffinger and Hoeberichts (2002). Transparent organizations are accountable for their actions, words, and decisions, because these are available for others to see and evaluate. It requires that persons in transparent organizations contemplate their decisions and behaviors, because they will most likely have to justify them before an open court of opinion. It is this quality of transparency that seems the most intimidating. As the authors of "The Naked Corporation" put it, "If you're going to be naked, you'd better be buff" (Tapscott & Ticoll, 2003, p. xi). Or perhaps, it was better put by another author: "If you disclose, you hide neither your light nor your trash under a bushel; you get to shine, but you have to clean up your act, too" (Szwajkowski, 2000, p. 391).

It is precisely the accountability condition of transparency that makes it so valuable. Not just to society, but for the organizations that strive to be transparent. Transparency will expose an organization's weaknesses, and areas that need improvement. Hiding these does not make them go away. Positive feedback that everything is okay, when it isn't, only reinforces the debilitating behavior. Sure, transparency might make an organization feel uncomfortable, but it will also motivate it to improve.

In summary, the operational definition of transparency for the purposes of this research project is the following: "Transparency is the deliberate attempt to make available all legally releasable information—whether positive or negative in nature—in a manner that is accurate, timely, balanced, and unequivocal, for the purpose of enhancing the reasoning ability of publics and holding organizations accountable for their actions, policies, and practices." This definition contains the three elements of transparency found in the literature.

Transparency and OPRs

As academics began to focus more on the function of building, maintaining, and sustaining mutually-beneficial relationships as the bottom-line purpose of public relations, there has been more attention put on concepts of trust, openness, satisfaction, and commitment between organizations and their publics. Beginning with Ferguson's (1984) plea to focus more attention on managing relationships between an organization and its publics, to the work produced by Ledingham and Bruning (2000b), there has been a shift from one-way asymmetrical strategies to two-way symmetrical approaches to maintaining satisfactory relationships. Bruning and Ledingham (2000) stated that, "Communication, then, becomes a vehicle that organizations should use to initiate, develop, maintain, and repair mutually productive organization-public relationships" (p. 159). Additionally, they have reported that the OPR indicators of "trust, openness, involvement, investment, and commitment impact the ways in which organization-public relationships are initiated, developed, and maintained, and ultimately can engender loyalty toward the organization among key publics" (p. 162).

The concept of transparency is obviously connected to the OPR dimensions of openness and trust, but it hasn't been fully developed in that literature. J. E. Grunig and Huang (2000) identified the dimension of openness as an interpersonal concept that has application for OPRs. Although they did not directly address openness with their relationship variables of control mutuality, trust, relational satisfaction, and relational commitment, J. E. Grunig and Huang would probably agree that the degree of openness is related to control of information and power in a relationship and that being open increases trust. However, for Ledingham and Bruning (2000a), openness is limited to the operational definition of sharing "plans for the future with the community" (p. 62). The additional transparency dimensions of participation and accountability are not included in the openness variable.

Jahansoozi (2006) claimed that transparency becomes a critical relational characteristic when crises or other organizational behaviors have contributed to a decline in trust. In addition to rebuilding trust, she said, "transparency can be viewed as a relational condition or variable that promotes accountability, collaboration, cooperation and commitment" (Jahansoozi, 2006, p. 11). Her definition of transparency and the role that it plays in relationships is much closer to the definition of transparency established in this article because it includes concepts of accountability and collaboration.

One of the significant outcomes of the OPR literature is the new emphasis placed on measuring the value of public relations that goes beyond message placement (Broom, Casey, & Ritchey, 1997). Much research has already taken place to identify and measure the right dimensions of OPRs, and the variables continue to be refined. This article is designed to contribute to that literature by expanding the definition of transparency beyond the concept of openness, and to identify ways of measuring the concept.

Transparency and Ethics

Transparency enhances the ethical nature of organizations in two ways: first, it holds organizations accountable for their actions and policies; and second, it respects the autonomy and reasoning ability of individuals who deserve to have access to information that might affect their position in life.

Regarding the first approach, Stasavage's (2003) sentiment rings true: "The most direct way to eliminate problems of moral hazard is to make an agent's behavior more observable" (p. 400). This means that a transparent organization communicates with the expectation of opening itself to critical examination (Fort, 1996). This is not a new idea. In fact, it harkens back at least as far as the progressive movement of the early 1900s. Then it was called the "Light of Publicity," and it was thought that exposing wrongdoing was needed to correct corrupt practices (Stoker & Rawlins, 2005, p. 177). This idea is evidenced in this quote by Woodrow Wilson (1913):

> Open the doors and let in the light on all affairs which the people have a right to know about. . . .The best thing that you can do with anything that is crooked is to lift it up where people can see that it is crooked, and then it will either straighten itself out or disappear. (p. 111).

Being transparent for all to see, both the good qualities and the bad, requires trust. Koehn (1996) has said that this kind of trust is reciprocal and should be demonstrated by the organization that opens itself up to its publics. It is a kind of faith in the public's capacity to understand and "respond generously to our trust in them" (p. 201). The end result, according to Koehn, is that trust is returned back to the organization.

Regarding the second way in which transparency enhances organizational ethics, Wall (1996) argued that citizens are owed an "honest, publicly accessible justification" for use of power in their society, and that the justification needs to appeal to "reasons and evidence that can be publicly stated and evaluated" (p. 502). Borrowing from the Kantian imperative to treat others as ends rather than means, Sullivan (1965) identified two rights that are self-evident and owed to all rational and free beings: "Each person has a right to true information in matters which affect him;" and "Each person has a right to participate in decisions which affect him" (p. 428). Sullivan called these the mutual values of public relations practice, which Pearson

(1989) later labeled higher values that take "into account the viewpoints, interests, and rights of others" (p. 57). This is the moral essence of transparency. People have a right to information that allows them to reason more clearly when making decisions. Withholding important information, giving partial information, or distorting information disables individuals from using their ability to reason.

Bok (1989) identified the act of intentionally withholding information as essentially an act of power, because those with secrets can hamper the exercise of rational choice "by preventing people from adequately understanding a threatening situation, from seeing the relevant alternatives clearly, from assessing the consequences of each, and from arriving at preferences with respect to them" (p. 26). Although working toward a theory of ethical public relations, Fitzpatrick and Gauthier (2001) applied Bok's concept to public relations and declared that selective communication is morally suspect when it is intended to mislead or conceal information that others need to make decisions. However, they also admitted that everything that is known or believed within an organization doesn't need to be made public. Although some secrets are justified, Bok (1989) argued that those justifications must be made public.

Therefore, organizations that strive to be transparent are willing to be held accountable to their publics, and respect their publics' autonomy and ability to reason enough to share pertinent information. For this reason, it could be expected that organizations that are considered transparent by their publics may also be considered ethical.

Transparency Guidelines

Although a measurement instrument hasn't been developed to measure stakeholder assessment of organizational transparency, there are several guidelines that help an organization improve its transparency efforts. These guidelines have several elements in common, and the singular purpose of providing normative standards for transparent practices.

The Sustainability Reporting Guidelines established by the GRI (2002) identifies 11 guiding principles that corporations can use to monitor efforts to be open in financial, environmental, and social responsibility reporting. The GRI was launched in 1997 as a joint initiative of Coalition for Environmental Responsible Economies, a U.S.-based nongovernmental organization, and the United Nations Environment Programme. Its goal was to enhance "the quality, rigour, and utility of sustainability reporting." (The Global Reporting Initiative, 2002. p. i.) These 11 principles promote "transparency and credibility through presentation in conformance with well-established, widely accepted principles that are applied consistently over time" (Woods, 2003, p. 61). The performance indicators are grouped under the three sustainability dimensions of economic, environmental, and social.

"Transparency, inclusiveness, and auditability provide the framework for the GRI report" (Woods, 2003, p. 61). The GRI report defines transparency as the "full disclosure of the processes, procedures, and assumptions" of the reported information. Inclusiveness recognizes that stakeholder views are important to the development of the reports, and that stakeholders must be actively engaged in the process. Auditability requires that data and information should be "recorded, compiled, analysed, and disclosed in a way that would enable internal auditors or external assurance providers to attest to its reliability" (The Global Reporting Initiative, 2002, pp. 24–25). Transparency and inclusiveness informs decisions about what information to report, the quality, reliability and accessibility of the reported information.

To ensure that information provided meets these qualifications, the GRI report provides the guidelines that organizations should follow to maximize their transparency. The Governmental Accounting Standards Board (GASB) has similar guidelines for government agencies (2003). The guidelines of GRI and GASB are also reflected in the principles of authentic communication developed by Bishop (2003). The principles are a result of a national survey conducted by Ohio University. Bishop claims that adherence to these principles will lead to enhanced trust and credibility. Additionally, the Public Relations Society of America (PRSA; 2000) code of ethics provision on disclosure of information, states that open communication fosters informed decision making in a democratic society, and provides PRSA members with additional guidelines. A comparison of these guidelines can be found in Table 1.

Combining the aforementioned guidelines and principles resulted in 13 distinct guidelines for transparency. To be transparent, organizations should voluntarily share information that is inclusive, auditable (verifiable), complete, relevant, accurate, neutral, comparable, clear, timely, accessible, reliable, honest, and holds the organization accountable. Although these guidelines summarize the principles found in Table 1, it is very possible, indeed likely, that they are not mutually exclusive.

Moving Beyond Guidelines

Providing guidelines for communications practices that lead to transparency is an important first step. However, the guidelines don't ensure transparent practices. They allow organizations to evaluate their practices, but they don't provide assurances of such practices. As noted by Dando and Swift (2003), "there is a growing realization that the current trend in increasing levels of disclosure by corporates [sic] and other organisations [sic] of their

TABLE 1
A Comparison of Guidelines Promoting Transparent Communication

Global Reporting Index Guidelines	*Governmental Accounting Standards Board Guidelines*	*Bishop's Authentic Communication*	*Public Relations Society of America Code of Ethics Provision on Disclosure*
1. Completeness: The company should be able to account for and report in sufficient detail all information significant to stakeholders within the boundaries of the organization's business operations and within a reasonable time period.	1. Increase government accountability.	1. Truth—being accurate and factually correct.	1. Be honest and accurate in all communications.
2. Relevance: Information should be pertinent to the decision-making process of stakeholders and meet the needs of stakeholders.	2. Increase citizen engagement.	2. Fundamentality—information should address the core issues.	2. Act promptly to correct erroneous communications for which the member is responsible.
3. Sustainability context: The report performance should identify how organizational behavior is contributing to effects on the environment, economy, and social welfare.		3. Comprehensiveness—the company tells the whole story.	3. Investigate the truthfulness and accuracy of information released on behalf of those represented.

4. Companies should achieve “the degree of exactness and low margin of error in reporting information necessary for users to make decisions with a high degree of confidence.” This includes an emphasis on clarity, detail, and balance of qualitative information.	3. Focus on critical things	4. Relevance—connecting with the interests of all parties involved.	4. Reveal the sponsors for causes and interests represented.
5. Neutrality: Reports should avoid bias and strive for a balanced account of the company’s performance.	4. Relate goals and results	5. Clarity—language is appropriate and understandable.	5. Disclose financial interest (such as stock ownership) in a client’s organization.
6. Comparability: Performance results should easily compare to both earlier performance of the company and to other similar organizations.	5. Put results in context	6. Timeliness—information sharing allows for adequate time to make decisions.	6. Avoid deceptive practices.

(*Continued*)

TABLE 1
Continued

Global Reporting Index Guidelines	*Governmental Accounting Standards Board Guidelines*	*Bishop's Authentic Communication*	*Public Relations Society of America Code of Ethics Provision on Disclosure*
7. Clarity: Information in reports should be understandable by diverse groups and individuals with little jargon. Details in the report should serve to increase understanding rather than mask understanding.	6. Relate resources to results	7. Consistency—information ties directly to other corporate statements and gives adequate attention to employees involved.	
8. Timeliness: Companies should report information within a time frame that makes the information usable to stakeholders.	7. Present comparative information	8. Accessibility—all interested parties can easily find the information and review it.	
	8. Provide reliable information	9. Responsiveness to feedback—two-way dialogue ensures input from stakeholders.	
	Communication of Information	10. Care—respect, concern of all parties.	
	9. Easy to find, access and understand		
	10. Regular and timely reporting		

social, ethical, and environmental performance is being undermined by a lack of confidence in both the data and the sincerity of the reporting organization" (p. 195).

One way to verify responsible behavior of an organization is by evaluation of a credible third party. There have been attempts to create disclosure indexes by third parties, including AccountAbility and some scholars (see Alt, Lassen, & Skilling, 2002). The Institute of Social and Ethical AccountAbility in Great Britain developed an assurance standard that allows third party auditors to evaluate reports of social, environmental, and ethical behavior. The standard, called the AA1000S Assurance Standard, is based on three principles: completeness of information reported; adequate and timely reporting that informs stakeholders' ability to make judgments, decisions and actions; and responsiveness, which includes acknowledgement and response to stakeholder concerns (Dando & Swift, 2003). These objective audits should increase the credibility of the information, and enhance trust in the organizations that have been deemed socially, environmentally, and economically responsible.

However, these efforts do not actually measure stakeholder opinions or evaluations of organizational transparency. Therefore, the organization could only assume that stakeholder evaluation of transparency has increased because of third-party assurances. Another way is to allow stakeholders to provide the evaluation, which is the purpose of this study.

PURPOSE OF RESEARCH AND RESEARCH QUESTIONS

This article is focused on developing a reliable and valid instrument that measures stakeholder evaluation of organizational transparency. Validating instruments adds value in many ways, as Straub (1989) has noted: It provides a conceptual definition, more rigor, and allows for more systematic research; it "promotes cooperative research efforts" (p. 148); makes results more interpretable and clear; and helps assure that research can be trusted. When abstract constructs, such as transparency, are defined through measurement, research on the constructs progresses more quickly (Kaplan, 1964; Schwab, 1980). An instrument measuring transparency would also contribute to the efforts of measuring the impact of communication on assets that organizations value but consider intangible, similar to the relationship measurement tool developed by Hon and Grunig (1999). (See also Hon & Brunner, 2002; Jo, Hon & Brunner, 2004; and Ki & Hon, 2007.)

Although developing the instrument, a few research questions will be answered.

RQ1: Are the 13 guidelines culled from the GRI, GASB, Authentic Communication, and PRSA principles mutually exclusive variables, or part of larger constructs that measure transparency?
RQ2: If the guidelines are part of larger constructs, what are the constructs, or dimensions, of transparency?
RQ3: What questions will be the most reliable measure of those constructs, and can these items be used as a measure of stakeholder perceptions of transparency?
RQ4: Are transparency efforts significantly related to a reputation of being ethical and open?

The first two questions will be answered by conducting factor analysis and structural equation modeling to identify how each item fits within the larger structural dimensions of transparency. The third question will be tested using Chronbach alphas on the items fitting within each construct, or dimension, of transparency. The fourth question will be tested using Pearson's *R* correlation tests.

METHODOLOGY

Developing the Instrument

From the principles identified in the literature review, several survey items were developed to measure two dimensions of transparency: the organization's reputation of transparency, and the organization's efforts to be transparent.

To measure the organization's transparency reputation, the instrument was composed of 21 semantic differential scales on organizational traits related to transparency—such as being reliable, ethical, honest, open, sincere, consistent, and willing to listen. The second part of the index measured the communication efforts of the organization according to the guidelines of transparency. Using a seven-point scale between *strongly agree* and *strongly disagree*, 36 statements were developed concerning inclusive participation, accountability, voluntary disclosure, and sharing of information that is complete, relevant, verifiable, accurate, balanced, comparable, clear, timely, reliable, and accessible. Three summary statements on transparency efforts were added to conclude the survey.

A large regional healthcare organization agreed to participate in testing the instrument with its employees. The not-for-profit organization had 25,000 employees and provided medical attention at 150 sites, including 21 hospitals, in two states. It also offered healthcare plans to individuals and employers. Employees were chosen because they were intimate enough with the organization to evaluate its efforts at transparency.

The organization had a stated mission that included values suggesting it would try to practice being transparent. Those values were:

- Mutual respect: "We treat others the way we want to be treated."
- Accountability: "We accept responsibility for our actions, attitudes and mistakes."
- Trust: "We can count on each other."
- Excellence: "We do our best at all times and look for ways to do it even better."

In conjunction with the research department of the healthcare organization, the surveys were pretested qualitatively with employees. During these pretests, employees were asked to take the survey, and then discuss what each question meant. This provided an evaluation of how they were interpreting each question, and whether it was consistent with the intended measure. This was conducted three times, each time contributing to useful adjustments. Through this process, the clarity of a number of survey items was improved and a few items were added.

Survey Sample

The instrument was administered as a Web-based survey, through Survey Monkey. An e-mail invitation, with a link to the survey, was sent to 1,200 employees. The survey was conducted over a 5-day period, and 385 surveys were completed for a 32% response rate. Twenty-four surveys were deleted because they were incomplete, leaving 361 surveys for analysis. According to Bryant and Yarnold (1995), the subjects-to-variables (STV) ratio for a factor analysis should be no lower than 5, and should have at least 200 cases regardless of the STV. Noruŝis (2005) recommended at least 300 cases for a reliable factor analysis. The sample size in this study satisfies the STV (5×57 variable = 285 cases) and 300 case recommendations.

The sample demographics matched approximately those of the healthcare organization's population. Seventy-three percent of respondents were women (75% in population), 78% were full-time employees (65% in population), 47% were in positions that provided direct care to patients, such as doctors, nurses, and therapists (54% in population), 19% worked in administration (8% in population), and 66% worked in a hospital (78% in population). Additionally, 57% had worked for the organization for 6 years or more, compared to 50% of the population.

Overall, the responses to the transparency survey were slightly skewed toward the positive response. The mean score for all of the agreement statements was a 4.6 on a 7-point scale. The homogeneity of responses in the agreement range reduces the attenuation of the scales, creating lesser variance, but also a greater likelihood for strong correlations and regressions throughout the data set. When reporting the statistical analyses, this response pattern should be noted.

Statistical Analyses

The transparency measurement instrument was tested in three phases. First, exploratory factor analyses were conducted in SPSS using principal component analysis and maximum likelihood extraction methods, with orthogonal rotations (varimax with Kaiser normalization). The eigenvalue for extraction was set at 1, and loadings for each factor were conducted using the following criteria: first, item loadings had to exceed .44 for at least one factor; second, there needed to be a minimum of difference of .1 between items in factor loadings (Nunnally, 1978).

Second, a confirmatory factor analysis using structural equation modeling (SEM) was used to test the interrelated relationships of the items in the instrument. The SEM has been used by others as a way to evaluate the structure of measurement instruments (See Jo et al., 2004). The SEM uses factor analysis and multiple regressions to test the strength of items in a structural relationship. This allows researchers to test whether observed variables (indicators) measure latent variables (constructs) in a reliable and valid way. In this study, the indicators are the survey items, and the constructs are measurable dimensions of transparency.

The SEM is similar to a factor analysis, but it gives more control to the researcher. Rather than exploring where the indicators fit with the constructs, the researcher can develop a model that confirms certain relationships. The measurement of each construct is tested by "examining the estimated loadings and the significance of each loading" (Jo et al., 2004, p. 18). The confirmatory factor analysis was analyzed using AMOS, a SEM statistical package.

Third, after the number of items in each factor is reduced through exploratory and confirmatory factor analyses, the reliability of the remaining items in each factor was tested using Chronbach's reliability alphas. Because each of the factors represents an individual scale, measuring one dimension of transparency, the reliability of each item in the scale needs to be evaluated.

RESULTS

After running initial exploratory factor analyses, both the maximum likelihood and principal component methods extracted three factors from the semantic differential statements measuring an organization's reputation of transparency: two organizational trait factors and one communication trait factor, with three items not loading strongly into any factor.

The organizational traits were split between two factors: integrity and respect for others. These two factors accounted for 75% of the variance in the loadings. The integrity factor was composed of such traits as competent, committed to do good, ethical, reliable, and intelligent. This factor indicates a certain ethical competence that might be best summarized as integrity. The respect for others factor included such traits as sensitive, willing to listen, personal, flexible, caring, and humble. This factor represents an organization's willingness to listen and change according to the needs of others.

TABLE 2
Exploratory Factor Analysis on Transparency Traits

	Factor		
	Integrity	*Respect*	*Openness*
Rotated factor matrix on organizational traits[a]			
Competent/incompetent	**.768**	.234	
Committed to do good/not committed to do good	**.729**	.382	
Ethical/unethical	**.713**	.402	
Reliable/unreliable	**.707**	.372	
Intelligent/unintelligent	**.634**	.433	
Sensitive/insensitive	.418	**.706**	
Willing to listen/unwilling to listen	.318	**.683**	
Impersonal/personal	−.300	**−.682**	
Flexible/inflexible	.275	**.657**	
Uncaring/caring	−.399	**−.634**	
Arrogant/humble	−.307	**−.615**	
Dishonest/honest	−.474	−.503	
Generous/selfish	.522	.349	
Eager to learn/disinterested	.531	.516	
Factor matrix on organizational communication traits[b]			
Sincere/insincere			.889
Credible/not credible			.877
Open/closed			.875
Deceptive/truthful			−.865
Consistent/inconsistent			.783
Disclosing/concealing			.595
Guarded/candid			−.555

[a]Extraction method: Maximum likelihood. Rotation method: Varimax with Kaiser normalization.

[b]Extraction method: Maximum likelihood.

The communication traits loaded into one factor, which was labeled openness. This factor consisted of such items as sincere, credible, open, truthful, consistent, disclosing, and candid. These all fit the principles of transparency as discussed in the literature review. (See Table 2.) The exploratory factor analysis on the communication efforts extracted four factors using the maximum likelihood method with varimax rotation. These four factors account for 66% of the variance in the loadings. The four factors reflected the transparency dimensions of participation, substantial information, accountability, and secrecy (a reversed item factor). The first factor, participation, included statements about involvement, feedback, detailed information, and the ease in finding the information. The second factor, substantial information, included statements about the relevance, clarity, completeness, accuracy, reliability and verifiability of information shared. The third factor, accountability, included statements about the organization sharing information that covers more than one side of controversial issues, might be damaging to the organization, admitting mistakes, and that can be compared to industry standards. The final factor, secrecy, is composed of reversed-item statements that reflect a lack of openness, or attempts at secrecy. This included statements about sharing only part of the story, using language that obfuscates meaning, and only disclosing when required. (See Table 3.)

In the second phase of the analysis, an SEM was created on the transparency traits of an organization. The confirmatory factor analysis on the three trait factors of integrity, respect, and openness was relatively successful, as can be seen in Figure 1. To increase the goodness of fit, items were eliminated that had factor loadings in two variables, or that were redundant variables with weaker regression weights. These items include the disclosing/concealing and guarded/candid semantic differential statements. The revised model has regression weights between the latent variables and the scale items that exceed .70, suggesting that each observed variable is adequately explained by the factors. There is also a strong correlation between each latent variable (each above .70), suggesting that they are strongly related. In particular, the respect factor is more strongly correlated with the openness factor than is the integrity factor.

The goodness of fit for the three-factor trait model is satisfactory. Although the Chi-square was significant, $\chi^2(87, N = 311) = 111.9$, $p < .05$, meaning the model was significantly different from the expected model, this is more likely a result of a large sample size. As Byrne (2001) explained, although the analysis of covariance structures requires a large number of cases, the Chi-square test is highly susceptible to a large N. Therefore, "findings of well-fitting hypothesized models, where the χ^2 value approximates the degrees of freedom, have proven to be unrealistic in most SEM empirical

TABLE 3
Exploratory Factor Analysis on Transparency Efforts

Rotated factor matrix	Factor			
	Participation	Substantial Information	Accountability	Substantial Information
Asks for feedback from people like me about the quality of its information.	**.585**	.354	.310	.100
Involves people like me to help identify the information I need.	**.767**	.266	.209	.198
Provides detailed information to people like me.	**.775**	.386	.161	.229
Makes it easy to find the information people like me need.	**.603**	.457	.239	.253
Asks the opinions of people like me before making decisions.	**.640**	9.920E-02	.392	.235
Takes the time with people like me to understand who we are and what we need.	**.606**	.345	.412	.204
Is prompt when responding to requests for information from people like me.	**.516**	**.519**	.337	.266
Provides information in a timely fashion to people like me.	**.469**	**.566**	.215	.212
Provides information that is relevant to people like me.	.379	**.553**	.282	.262
Provides information that could be verified by an outside source, such as an auditor.	.134	**.494**	.380	6.207E-02
Provides information that can be compared to previous performance.	.329	**.508**	.347	.299
Provides information that is complete.	.465	**.614**	.309	.314
Provides information that is easy for people like me to understand.	.261	**.688**	.140	.408
Provides accurate information to people like me.	.360	**.534**	.265	.406
Provides information that is reliable.	.380	**.521**	.306	.374
Presents information to people like me in language that is clear.	.195	**.538**	.257	.458
Presents more than one side of controversial issues.	.286	.245	**.521**	.154

(*Continued*)

TABLE 3
Continued

Rotated factor matrix	Factor: Participation	Substantial Information	Accountability	Substantial Information
Is forthcoming with information that might be damaging to the organization.	.196	.214	**.662**	.149
Is open to criticism by people like me.	.481	.189	**.610**	.214
Freely admits when it has made mistakes.	.256	.310	**.738**	.188
Provides information that can be compared to industry standards.	.144	.411	**.571**	.322
Provides only part of the story to people like me.	−.331	−5.199E-02	−**.444**	−**.460**
Often leaves out important details in the information it provides to people like me.	−.304	−.163	−.124	−**.574**
Provides information that is full of jargon and technical language that is confusing to people like me.	4.615E-02	−.247	−3.752E-03	−**.645**
Blames outside factors that may have contributed to the outcome when reporting bad news.	−.145	−.270	−.240	−**.543**
Provides information that is intentionally written in a way to make it difficult to understand.	−.138	−.330	−.147	−**.616**
Is slow to provide information to people like me.	−.384	−7.453E-02	−.201	−**.546**
Only discloses information when it is required.	−.258	−6.392E-02	−.287	−**.493**

Extraction Method: Maximum Likelihood. Rotation Method: Varimax with Kaiser Normalization.

research" (p. 81). She recommended that other indexes of fit be used to test SEM. The estimation technique used was an unweighted least squares (ULS) method. The ULS is similar to the maximum likelihood method in its requirements and properties, but is a more appropriate method if the data are not normally distributed. Because much of the data in this set is skewed, ULS was used for estimation of fit. In the ULS, there are several indexes of fit, most commonly used are the, root mean square (RMR) resiclval, goodness of fit index (GFI), normel fit index (NFI), and parsimony normal fit

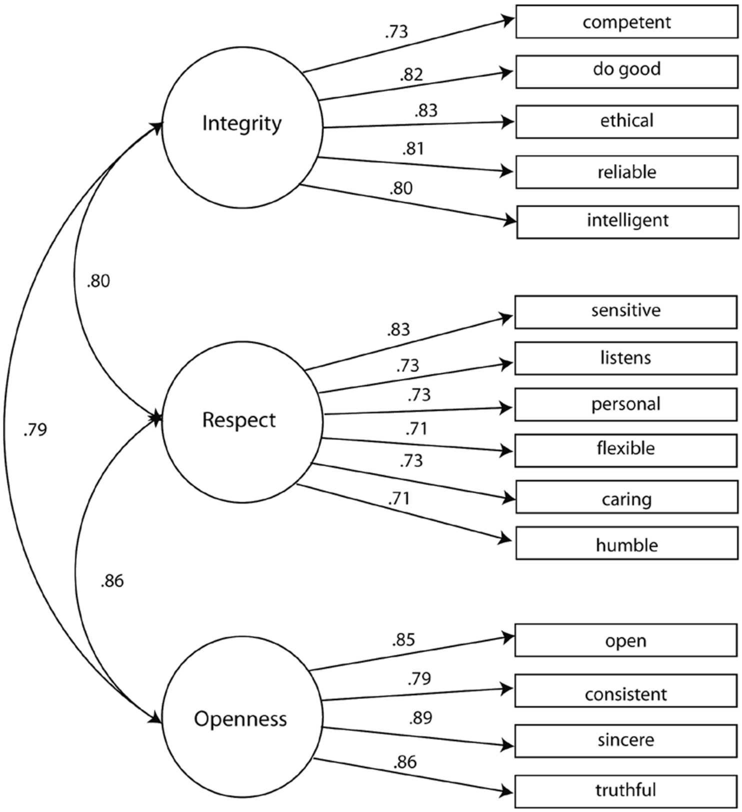

FIGURE 1 Proposed model on organization's reputation for transparency. The top two factors are organizational traits, and the third is a communication trait.

index (PIVFI), each with a recommended score greater than .90. Using these indexes, the three-factor transparency traits model fit the data remarkably well (RMR = .054; GRI = .99; NFI = .99; PNFI = .83).

Another model was created to test the four-factor model of transparency efforts. As shown in Figure 2, the confirmatory factor analysis supported the four-factor model. All of the standardized regression weights between the latent variables and the scale items exceed .60. Additionally, the reversed-item factor, secrecy, has a strong negative correlation with the other factors. Because the other factors are positive aspects of transparency, and secrecy is a negative dimension, this correlation indicates an appropriate structure. The three other factors have strong correlations with each other, suggesting that these factors are closely related.

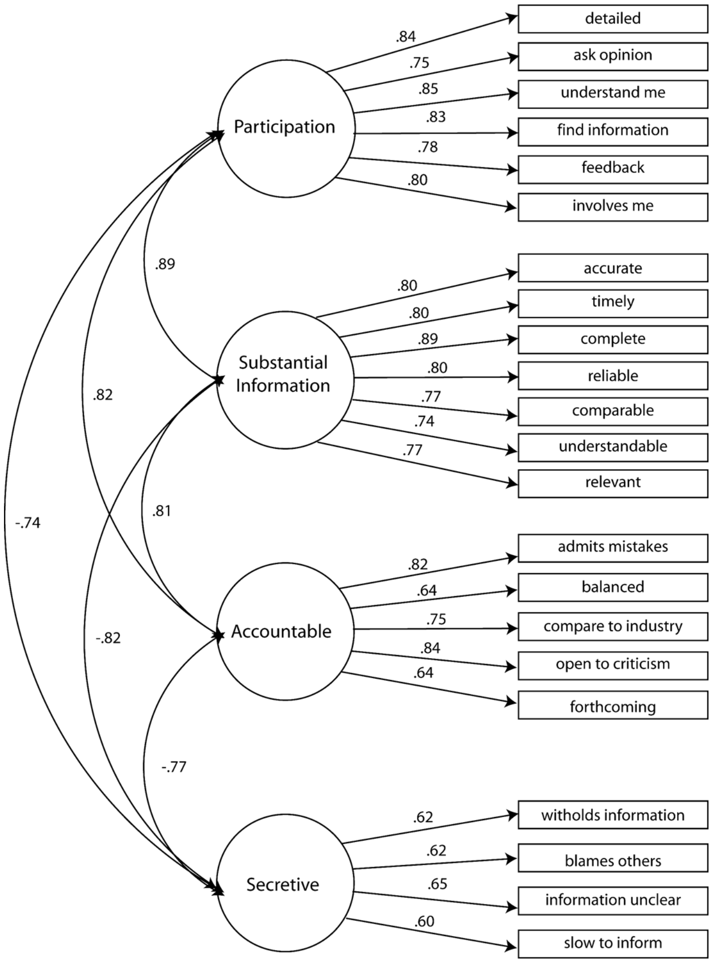

FIGURE 2 Proposed model on transparency efforts. The fourth factor is a reversed-item factor and is negatively related to the other three factors.

The goodness of fit for the model is adequate. Although the Chi-square was significant, $\chi^2(253, N = 299) = 881.02$, $p < .001$, again this is probably due to the sample size. The ULS estimation technique resulted in fairly strong fit indexes (RMR = .105; GRI = .99; NFI = .99; PNFI = .88).

The third phase tested the reliability alphas of the items in each factor. Overall, each of the factors or scales had strong alphas, ranging from .93 to .78. The secrecy factor had the lowest alpha. This isn't too surprising because this factor is made up of reverse-item statements that were intended

TABLE 4
Reliability Alphas for Items in Each Factor

Factor/Scale	*N of Cases*	*N of Items*	*Variance*	*SD*	*Alpha*
Integrity	315	5	18.13	4.25	.89
Respect	315	6	42.93	6.55	.88
Clarity	311	5	32.72	5.72	.93
Participation	303	6	76.60	8.75	.92
Substantial info	299	7	65.89	8.11	.92
Accountability	306	5	39.88	6.31	.86
Secretive	304	5	30.53	5.53	.78

to measure different dimensions of transparency. However, the exploratory and confirmatory factor analyses confirmed that they measured a unique factor. (See Table 4.)

It stands to reason that efforts to be transparent should lead to a reputation of being transparent. To test this idea, correlations were run between the transparency effort factors and the transparency trait factors. All of the correlations were significant at the $p < .001$ level (two-tailed) with moderate to high associations. The integrity trait factor was positively related to the transparency effort factors of participation ($r = .52$), substantial information ($r = .70$), and accountability ($r = .60$), although negatively related to secrecy ($r = -.53$). The respect trait factor was also positively related to participation ($r = .62$), substantial information ($r = .67$) and accountability ($r = .65$), and negatively related to secrecy ($r = -.52$). The openness trait factor also had positive correlations with participation ($r = .67$), substantial information ($r = .78$) and accountability ($r = .71$), and negatively related to secrecy ($r = -.62$).

When testing the relationship between factors of transparency efforts and two particular trait items, ethical and open, they follow the same significant ($p < .001$) patterns as those previously mentioned. The trait of being ethical was positively correlated with participation ($r = .46$), substantial information ($r = .60$), and accountability ($r = .55$), and negatively correlated with secrecy ($r = -.48$). The trait of being open was positively associated with participation ($r = .61$), substantial information ($r = .67$), and accountability ($r = .62$), and a negatively associated with secrecy ($r = -.51$).

DISCUSSION OF RESULTS

The first research question was answered by the results of the exploratory factor analyses and SEM, which indicate that the 13 principles of transparent communication are not mutually exclusive. These tests also answered the second research question by reducing the principles into the reputation traits of integrity, respect for others, and openness, and the communication efforts of participation, substantial information, accountability, and secrecy (a reverse-item construct). It should be noted that these constructs are inclusive of the 13 guidelines identified in the literature, and therefore should be considered comprehensive.

The information elements that GRI and others identify as critical to transparent communication (completeness, relevance, clarity, timely, believable, reliable, accurate, comparable and complete) contribute to a sense of whether the stakeholder finds the information substantially useful for making decisions about the organization. The balanced, honest, and candid elements of the information are necessary to assess the accountability of the organization. Inclusiveness was a separate factor, suggesting that it is a unique and important dimension to transparency. Finally, the secretive factor is the closest to measuring the opposite of openness (withholding information, placing blame on others, obfuscating the message, etc.).

The third research question asked whether the questions used in the transparency measurement were reliable enough to provide a useful instrument for measuring stakeholder perceptions of transparency. The Chronbach alpha tests provided evidence that the items measuring each construct of transparency are reliable. The factor analysis, structural equation model, and reliability alphas helped eliminate 17 questions that did not load strongly into a factor or that reduced the overall reliability alpha of a construct. By reducing the survey to 40 items, it becomes a more manageable, and reliable, instrument to administer and is more likely to get a higher response from stakeholders in future replications than the original 57-item instrument.

The results related to the fourth research question should provide some peace of mind to practitioners; efforts to be more transparent lead to a reputation of having integrity, respecting others, being open, and being ethical. Although all of the transparency effort factors had significantly positive correlations with these reputation traits—except secrecy, which had expected negative correlations—it was the factor of sharing substantial information that had the strongest associations. This may suggest that, in the case of employees for this organization, the need for information may precede the need to participate and hold the organization accountable. If employees do not have pertinent information, they may find it difficult to participate meaningfully, and to be knowledgeable enough to hold the organization accountable.

CONCLUSION

The resulting transparency instrument simplifies the complex construct of transparency into a more parsimonious set of reputation traits (integrity, respect, and openness) and communication efforts (participation, substantial information, accountability, and secrecy). Two reputation traits appear more salient to the concept of transparency, namely the *respect for others* and the *openness* factors. These two concepts are more closely tied to the literature's definition of transparency. Integrity also seems to be important, but may be more broadly related to the concept of trust than the narrower concept of transparency. The relationship shown between these three factors in Figure 1 suggests that they are closely related, and may provide some evidence that trust and transparency are linked. However, such analysis goes beyond the scope of this research.

The factors derived from the communication efforts items are remarkably close to the three dimensions of transparency proposed by Balkin (1999). Balkin declared that the informational, participatory, and accountability transparencies worked together but were analytically distinct. The factor analysis of communication efforts provides empirical support for his conceptualization of transparency, with three factors being very similar to his concepts (participation, substantial information, and accountability). The fourth factor, secrecy, is closely related to (although the reverse of) Florini's (1998) definition of transparency. She suggested transparency was the opposite of secrecy, and organizations could evaluate their transparency by asking if they were trying to hide something.

These transparency efforts are variables that could fall under the control of public relations practitioners, thereby giving them direct contributions to an organization's reputation, which is sometimes referred to as a nonfinancial or intangible asset. J. E. Grunig and Hung (2002) defined reputation as a cognitive representation in the minds of stakeholders. Similarly, organizational transparency as a part of an organization's reputation is only as good as how it is viewed by stakeholders. Correlations indicating that transparency efforts are significantly and strongly related to such desirable reputation traits as integrity, respectful of others, open, and ethical, show the value of perceived transparency by employees.

Further research on reputation by Yang and Grunig (2005) indicated that an organization's reputation stems from the quality of its relationship with its publics. J. E. Grunig (2006) summarized this research as demonstrating that the value often attributed to reputation ought to be attributed to relationships. If transparency has a place in the OPR research agenda, it is most logically tied to the concepts of openness and trust. The results of this research indicate that the concept of openness could be more robust if it included the dimensions of participation and accountability found in the measurable construct of transparency. These should also be related to trust.

The factors of openness, participation, substantial information, and accountability provide the additional dimension of ethics to the practice of transparency. As indicated in the literature review, transparency fulfills its moral responsibility when it holds an organization accountable and when it provides enough information for stakeholders to make rational decisions. Efforts to be more transparent appear to be rewarded by employees in this study, as expressed by their opinion that the organization is ethical and has integrity. It is a logical extension that these traits would also lead to more trust and to improved relationships.

The testing of this instrument for validity and reliability provides the first step toward measuring organizational transparency from the stakeholder perspective. According to this instrument, transparent organizations should be seen as having integrity, respecting their stakeholders, and being open with their communication. Organizational efforts to be more transparent with stakeholders should strive to score high on the participation, substantial information, and accountability dimensions, and low on the secretive dimension.

Limitations and Further Research

Although the results of this study show promise for the measurement of transparency, it is clearly limited in that it only evaluated one stakeholder group: employees. Employees tend to be more intimate with an organization than other stakeholder groups because of the amount of daily interaction. The instrument needs to be tested with other organizations and other stakeholders to evaluate the factors even further. Other stakeholders of particular interest, concerning the historical connection between transparency and finance, would be financial analysts, shareholders, and the financial press. Their expectations for corporate transparency probably differ from that of employees. A comparative analysis of the perception of organizational transparency among several stakeholder groups would be especially enlightening.

By asking employees to evaluate the transparency efforts of an organization, this study assumes that stakeholders want their organizations to make these efforts. Additional research should be conducted to determine how important these efforts are to stakeholders. For example, while conducting this research, employees of the health system expressed concern that their organization not be too open because of sensitive nature of medical records.

Although this study indicated a relationship between reputation and transparency efforts, additional research needs to be conducted to tie the concept of transparency more closely with satisfaction in OPRs. In particular, the relationship between trust and transparency, which is taken for granted in the literature, should also be evaluated with reliable instruments measuring trust and transparency. Understanding the ethical expectations of practicing transparency provides another angle for further research.

Providing a valid and reliable instrument that measures this complex concept in such a way that provides an assessment by stakeholders of organizational transparency is the first step in answering some of these other important questions.

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