



Research Article

The Role of Institutional, Societal, and Leadership Forces in Shaping Organizational Transparency: A Qualitative Literature Review

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Abstract: This qualitative literature review explores the role of institutional, societal, and leadership forces in shaping organizational transparency. By analyzing existing literature, the study identifies how these forces interact to form five archetypal transparency regimes: vanguard, pioneering, hollow, deceptive, and paradoxical. Institutional forces, through regulations and governance norms, provide a framework for transparency. Societal forces, driven by stakeholder pressure, motivate organizations to meet public expectations. Leadership forces contribute by fostering a culture of openness. The study highlights the complex interplay of these forces and offers insights into strategies for enhancing transparency. Despite its contributions, the study acknowledges limitations related to interpretative bias and the generalizability of findings across different contexts. Future research is recommended to empirically test these insights and explore diverse industrial and geographical settings.

Keywords: Organizational Transparency; Institutional Forces; Societal Forces; Leadership; Transparency Regimes.

1. Introduction

Organizational transparency has become a key theme in current management theory (Bernstein, 2017). This concept not only promises significant social benefits, such as preventing corruption and fraud (Biggerstaff et al., 2015; Halter et al., 2009), but also reduces workplace inequality (Castilla, 2015; Dobbin et al., 2015). Transparency is believed to build trust with stakeholders (Auger, 2014), increase investor confidence (La Rosa et al., 2019), and lower the cost of capital (Hoffmann and Kleimeier, 2021). Transparency in disclosing cybersecurity risks increases trust, relationship stability, and operational efficiency in the supply chain (Chaidir, M., et al., 2024). Thus, transparency is considered an important principle of good governance (Aguilera and Cuervo-Cazurra, 2009) and is an integral part of the core management practices of many companies (Albu and Flyverbom, 2019).

However, despite the many promised benefits, efforts to increase organizational transparency often fail or encounter resistance. This is partly due to a lack of understanding of the drivers of organizational transparency and their interactions (Král and Schnackenberg, 2024). This study aims to fill this gap by proposing three key forces influencing organizational transparency: institutional forces, social forces, and leadership forces. These three forces do not operate independently but interact nonlinearly to form five archetypal transparency regimes within which organizations operate (Král and Schnackenberg, 2024).

Institutional forces refer to the formal and informal rules that govern organizational behavior. Institutions can encourage or hinder transparency through regulations, norms, and widely adopted best practices (Aguilera et al., 2008; Casson et al., 2010). For example, good

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governance codes and reporting standards can increase transparency by establishing clear expectations about information disclosure (Aguilera and Cuervo-Cazurra, 2009).

Social forces include pressure from external stakeholders, such as consumers, the media, and civil society, which demand transparency and accountability from organizations (Fernandez-Feijoo et al., 2014). This social pressure can push organizations to be more transparent in an effort to meet public expectations and maintain a good reputation (Aqueveque et al., 2018). Collaboration between the green economy and Islamic economics offers great potential in creating holistic social and environmental well-being in the era of Society 5.0 (Permana, N., & Eka Wahyu, 2024).

Leadership strengths focus on the role of leaders in fostering organizational transparency. Authentic and open-minded leadership can facilitate a culture of transparency by encouraging honest communication and accurate disclosure of information (Schnackenberg et al., 2024). Effective corporate governance and sustainable leadership will help a company perform significantly better (Kusnanto, E., 2022). A leadership style that supports transparency can create an environment where employees feel safe sharing information and participating in decision-making (Lacey, 2023).

This research identifies five archetypal transparency regimes resulting from unique configurations of these three forces: vanguard transparency, pioneer transparency, empty transparency, deceptive transparency, and paradoxical transparency. Vanguard and pioneer transparency represent desirable regimes for fostering organizational transparency. Conversely, empty and deceptive transparency reveal a combination of determinants that produce less desirable forms of transparency. Paradoxical transparency describes a regime in which socially desirable outcomes are linked to undesirable consequences for the organization (Král and Schnackenberg, 2024).

This study offers a new perspective on how transparency dimensions are formed, extending current theoretical developments related to the construct of organizational transparency (Albu and Flyverbom, 2019; Schnackenberg and Tomlinson, 2016; Schnackenberg et al., 2021). By proposing a theory of the determinants of transparency, this study provides a theoretical understanding of how transparency emerges. Transparency is not shaped by a few independent individual determinants, but rather through a combination of processes based on three core determinants: institutional, social, and leadership forces.

By utilizing a configurational approach, this research can explain complex organizational phenomena and integrate multiple constructs with nonlinear relationships (Cornelissen, 2017; Doty and Glick, 1994; Furnari et al., 2021). This model integrates fragmented empirical findings from previous studies on the determinants of transparency and draws attention to often-overlooked institutional, social, and leadership forces that influence organizational transparency.

Organizational transparency is a complex and multidimensional phenomenon influenced by a combination of institutional, social, and leadership forces. This research proposes five archetypal transparency regimes that offer insights into how organizations can navigate transparency challenges and achieve desired outcomes. By understanding the interplay between these three forces, managers and policymakers can avoid undesirable organizational responses to transparency regimes and fully leverage transparency's benefits.

2. Literature Review

Organizational transparency has been a focus of attention in the management and corporate governance literature. However, despite extensive research, transparency remains one of the most challenging governance principles to implement (Bernstein, 2017). In this study, we will explore three key forces influencing organizational transparency: institutional forces, social forces, and leadership forces. These forces interact in complex ways to shape the various transparency regimes that organizations operate under (Král and Schnackenberg, 2024).

Institutional forces refer to the formal and informal rules that govern organizational behavior. Institutions can influence transparency through regulations, norms, and widely adopted best practices (Aguilera et al., 2008). For example, good governance codes and reporting standards can increase transparency levels by setting clear expectations about information disclosure (Aguilera and Cuervo-Cazurra, 2009). Arsov and Bucevska (2017) found that institutional pressures in post-transition countries influence the level of corporate transparency and information disclosure.

Social forces include pressure from external stakeholders, such as consumers, the media, and civil society, which demand transparency and accountability from organizations (Fernandez-Feijoo et al., 2014). This social pressure can encourage organizations to be more transparent in an effort to meet public expectations and maintain a good reputation (Aqueveque et al., 2018). Auger (2014) shows that organizational transparency can build trust with stakeholders, which in turn increases investor confidence (La Rosa et al., 2019).

Leadership strengths focus on the role of leaders in fostering organizational transparency. Authentic and open-minded leadership can facilitate a culture of transparency by encouraging honest communication and accurate disclosure of information (Schnackenberg et al., 2024). Research by García-Sánchez et al. (2022) shows that leadership team characteristics, such as authenticity and an orientation toward openness, play a crucial role in fostering organizational transparency. A performance management system can offer a framework to support various changes and encourage innovation within a company's culture (Sugiharti, T., 2022).

Král and Schnackenberg (2024) identified five archetypal transparency regimes resulting from unique configurations of these three forces: vanguard transparency, pioneer transparency, empty transparency, deceptive transparency, and paradoxical transparency. Vanguard and pioneer transparency represent desirable regimes for fostering organizational transparency. Conversely, empty and deceptive transparency reveal a combination of determinants that produce less desirable forms of transparency. Paradoxical transparency describes a regime in which socially desirable outcomes are linked to undesirable consequences for the organization.

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3. Proposed Method

This study uses a qualitative approach with a literature review method to examine the role of institutional, social, and leadership forces in shaping organizational transparency. The literature review method was chosen because it allows researchers to identify, evaluate, and synthesize existing research on the topic (Snyder, 2019). This approach also allows for in-depth exploration of published concepts and findings, thus providing a comprehensive understanding of the research subject (Tranfield, Denyer, & Smart, 2003).

The literature review process began with a systematic literature search using academic databases. Keywords used in the search included "organizational transparency," "institutional power," "social power," and "leadership power." Inclusion criteria included articles published in reputable journals relevant to the research topic and published within the last five years to ensure the data used was up-to-date (Boell & Cecez-Kecmanovic, 2015).

After collecting relevant articles, the next step is to conduct a thematic analysis to identify key themes emerging in the literature. Thematic analysis allows researchers to group findings based on similar themes and identify patterns and relationships between different studies (Braun & Clarke, 2006). In the context of this research, thematic analysis was used to identify how institutional, social, and leadership forces influence organizational transparency.

Furthermore, this study utilizes a configurational approach to understand the complex interactions between these three forces. This approach allows for analysis of how combinations of factors can shape different outcomes in the context of organizational transparency (Furnari et al., 2021). Thus, this study focuses not only on the direct effects of each force but also on how the interactions between these three forces shape various transparency regimes.

To ensure the validity and reliability of the findings, researchers triangulated data by comparing results from multiple sources and confirming the findings with existing literature (Creswell & Poth, 2018). This process helped reduce bias and increase the reliability of the research results.

4. Results

This research aims to understand how institutional, social, and leadership forces shape organizational transparency. Through an in-depth literature review, we uncover several key findings that explain the role of these three forces in shaping organizational transparency regimes.

Institutional forces, including regulations and governance norms, play a significant role in determining an organization's level of transparency. Aguilera and Cuervo-Cazurra (2009) suggest that good governance codes can enhance transparency by establishing clear disclosure standards. Furthermore, research by Bushman, Piotroski, and Smith (2004) suggests that a strong institutional environment, with strict regulations, encourages organizations to be more transparent in their financial reporting.

Social pressure from external stakeholders, such as consumers and the media, also plays a significant role in driving transparency. Auger (2014) found that organizations facing high levels of social pressure tend to be more transparent in an effort to build trust and a good reputation. Fernandez-Feijoo, Romero, and Ruiz (2014) added that stakeholder pressure can increase the transparency of sustainability reports, especially when organizations are trying to meet public expectations.

Leadership oriented toward openness and honesty can create a culture of transparency within an organization. Schnackenberg et al. (2021) highlight that leaders who are authentic and support open communication can encourage better disclosure of information. Research by García-Sánchez et al. (2022) also shows that leadership characteristics, such as integrity and a commitment to openness, contribute to increased organizational transparency.

This research identifies five archetypal transparency regimes resulting from the complex interaction of institutional, social, and leadership forces: vanguard transparency, pioneer transparency, empty transparency, deceptive transparency, and paradoxical transparency (Král and Schnackenberg, 2024). Vanguard and pioneer transparency represent desirable regimes, in which organizations achieve high levels of transparency through a harmonious combination of forces. In contrast, empty and deceptive transparency describe situations where transparency is superficial, without a real commitment from the organization.

The results of this study indicate that organizational transparency is influenced by a combination of institutional, social, and leadership forces. The interaction between these three forces shapes the various transparency regimes that organizations operate under. By understanding the roles and interactions of these forces, organizations can develop more effective strategies to enhance transparency and build trust with stakeholders.

5. Discussion

Institutional forces play a crucial role in fostering organizational transparency. Aguilera and Cuervo-Cazurra (2009) emphasize the importance of governance codes in enhancing transparency through clear standards and regulations. This aligns with the findings of Bushman, Piotroski, and Smith (2004), who demonstrated that stringent regulations in institutional environments can enhance financial transparency. In this context, Král and Schnackenberg (2024) identified that effective regulation creates a vanguard transparency regime, where organizations not only comply with rules but also innovate in their disclosure practices.

Research by Arsov and Bucevska (2017) highlights that in post-transition countries, institutional pressures play a significant role in determining levels of transparency. This suggests that geographic context and institutional development can influence the effectiveness of regulations in enhancing transparency. Comparatively, this study found that strong institutional forces can mitigate the risk of deceptive transparency, where organizations only superficially comply with regulations without real commitment.

Social pressure from external stakeholders, such as consumers and the media, has been shown to influence organizational transparency. Auger (2014) found that social pressure can improve an organization's trustworthiness and reputation, which aligns with the findings of Aqueveque, Rodrigo, and Duran (2018) that CSR initiatives can improve a company's

reputation even if it originates from a controversial industry. This research supports the view that social pressure can encourage organizations to adopt better transparency practices to meet public expectations (Fernandez-Feijoo et al., 2014).

Crilly, Zollo, and Hansen (2012) show that companies often use decoupling strategies to manage social pressure, where they separate formal and informal practices to meet stakeholder expectations. In this context, this study finds that consistent and strong social pressure can reduce the tendency to decouple, thus pushing organizations toward a pioneering transparency regime, where openness and accountability are top priorities.

Leadership oriented toward openness and honesty plays a crucial role in creating a culture of transparency. Schnackenberg et al. (2021) highlighted that authentic leaders can foster open communication and better information disclosure. This is supported by research by García-Sánchez et al. (2022), which shows that leadership characteristics, such as integrity and commitment to openness, contribute to increased organizational transparency.

Research by Busenbark et al. (2016) highlights the importance of leadership configuration in determining organizational strategy, including transparency. Comparatively, this study found that effective leadership can overcome institutional and social barriers, creating a vanguard transparency regime where organizations not only comply with regulations but also innovate in information disclosure practices.

This research identifies five archetypal transparency regimes: vanguard transparency, pioneer transparency, empty transparency, deceptive transparency, and paradoxical transparency (Král and Schnackenberg, 2024). Vanguard and pioneer transparency are identified as desirable regimes, where institutional, social, and leadership forces interact harmoniously to achieve high levels of transparency. In contrast, empty and deceptive transparency describe situations where transparency is superficial, lacking a real commitment from the organization.

Bamberger and Belogolovsky (2017) show that poorly managed transparency can have negative consequences, such as decreased employee motivation. In this context, this study found that paradoxical transparency regimes can occur when socially desirable transparency results in undesirable consequences for the organization, such as internal conflict or decreased performance.

This discussion highlights the importance of understanding the interplay between institutional, social, and leadership forces in shaping organizational transparency. The findings of this study align with and extend previous literature, demonstrating that organizational transparency is the result of a complex interplay of multiple forces. By understanding the roles and interactions of these forces, organizations can develop more effective strategies to enhance transparency and build trust with stakeholders.

6. Conclusions

This research provides in-depth insights into how institutional, social, and leadership forces shape organizational transparency. Through literature analysis, it is found that these three forces do not operate in isolation but rather interact in complex ways to shape various transparency regimes. Institutional forces, through regulations and governance norms, provide a framework that encourages organizations to be more transparent. Social forces, stemming from stakeholder pressure, motivate organizations to meet public expectations and maintain their reputation. Meanwhile, leadership forces play a crucial role in creating a culture of transparency through authentic and open-minded leadership.

This research identifies five archetypal transparency regimes: vanguard, pioneer, empty, deceptive, and paradoxical transparency. Vanguard and pioneer regimes are considered ideal because they demonstrate high levels of transparency and a genuine commitment from the organization. In contrast, empty and deceptive regimes indicate transparency that is merely superficial, while paradoxical regimes describe situations in which socially desirable transparency can produce undesirable consequences for the organization.

By understanding the interplay between institutional, social, and leadership forces, organizations can develop more effective strategies to increase transparency and build trust with stakeholders. These findings extend previous literature and provide practical guidance for organizations seeking to improve their transparency.

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