Chapter VIII

Living Within Glass Houses: Coping with Organizational Transparency

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ABSTRACT

This chapter discusses the influence of technological systems on managing stakeholder relationships in the global environment. The information, immediacy and intimacy—the transparency—afforded by technological networks have transformed the nature and the strategic vantage point of these key relationships. Transparency is created and enhanced because of the public's capacity to know and its ability to navigate the technological terrain. The author argues that the modern prism of transparency can illuminate and enhance the sharing and disseminating of salient knowledge of communities of interest. Thus, the technological imperative and organizational transparency are complements in understanding and effectively responding to stakeholder environments.

INTRODUCTION

Two of the most significant socio-economic developments of the latter part of the 20th century are the dominance of complex corporations in, and the pervasive influence of technology on, almost every facet of modern life (Post, 2000). These trends have mandated more intense discussions and investigations of the relationship between society and big business in the global environment of the 21st century. Conceptions of this relationship have evolved and expanded over the past 50 years. Necessarily, however, the information, immediacy, and intimacy afforded by the technological superhighway have transformed not only the nature of the relationship, but also, the strategic vantage point from which that relationship is perceived. That vantage point can be illustrated by expanding the metaphors of glass ceilings and glass walls, which are used frequently in the management literature to describe and explain certain organizational structures and behaviors. In the modern, global environment, the metaphor of glass houses must be included. Technological sophistication has exponentially increased the nature and scope of organizational transparency, adding yet another complex layer to an already complicated relationship.

IN THE COMPANY OF STAKEHOLDERS

Historically, society has long expected organizations to recognize the rights of individuals and of other organizations. It also expects corporations to manage their assets and behaviors in an accountable manner. However, over the course of the past several decades, these expectations for responsibility and accountability have increased unabated. Notwithstanding society's legitimate interest in the business/society relationship, the essence of that role—its nature and scope—remained elusive and temperamental. Some years ago, Preston and Post (1975) provided a useful framework for analyzing the partnership between corporations and their socio-political environment. This view contends that, "the very purpose of the firm is to serve as a vehicle for coordinating stakeholder interests" (Donaldson & Preston, 1995, pp. 102-103) and remains a prominent theoretical model for analyzing the nature and role of corporations within modern society.

Stakeholders are persons or groups that claim ownership rights or interests in a corporation and its activities. Primary stakeholders are market-driven participants whose continuing participation and support are vital to the firm's prosperity. Secondary stakeholders are groups who influence, or are influenced by, the corporation. Therefore, a central purpose of stakeholder theory has been to enable managers to understand their primary and secondary stakeholders and to strategically manage them. Freeman's (1984) *Strategic Management: A Stakeholder Approach* introduced stakeholder theory into mainstream man-

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