

Openness Management by Figures as a Model of Integrity and Transparency

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Keywords

Openness Management,
Integrity, Transparency,
Full Financial
Disclosure, Information
Quality, Stakeholders,
Consensus, and Trust

Introduction to the topic

Competitive advantage is a substantial strategic objective for organizations. It requires high levels in the quality of products and services provided to customers, continuous improvement of costing , care for creativity and innovative employees, and speed unique to the marketing and financial engineering, and business re-engineering processes. The situation in this area, requires actors to attract and develop human resources, including help in proper implementation of the strategic tasks that targeted by those institutions. According to the opinions and viewpoints of management scholars, the competitive advantage resource is the most important issue for organizations in the third millennium, which can be achieved through the construction of organizational knowledge, human capital, and their development to serve in transforming them into the learning and expert organizations, to know how to accelerate to be more efficient and flexible in the market.



Such and other questions, answered by the calls of those who involved in the science of management through their emphasize on intellectual capital as an assured wealth that can not be dispensed by any organization. As well as being an important resource that provides data and information, experiences and knowledge about the procedures, services, customers and processes that provide the product or service, and turn it into an existing high-value asset in the market. Hence, the main challenge facing management is the ability to create intellectual and human capital with their industry, stimulate their productivity, efficient superior performance , and distinctive integrity and transparency . Such institutions concerned, if their mangement depended upon economic principles, they may not be able to access what management scientists called for . If we tried also to refer to the application of the simple basic behavioral and social sciences, it was not enough, and might not affect them at all.

Accordingly, more calls and outcries have released by thinkers, who stressed the importance of new models in management which have the ability to develop the use of intellectual and human capital resources, financial and material resources, with the observance of developing personal and social relationships of employees. This is based on free participation actively in managing, planning, organization and implementing, and not to adopt a stagnated bureaucratic procedures. Institutions will be able to make available resources among the successful ones, so that all employees, not top management alone, add value to that resources in the disclosure, efficiency, and values integration .

The subject of this article blast off from the assumption that the building of intellectual and human capital, primarily comes from an increase in the participation of employees in each institution's operations . And management philosophy of openness in figures or as some call Open-Book Management , and its exercise correctly, came to meet those growing calls and cries towards adoption of the organizations of 21-st century of a developed moral and value judgment approach in staff participation, empowerment, and ensure their integrity and transparency in order to satisfy expectations of partners; namely stakeholders and to enhance the ability to conduct trust relationships and manage consensus quality in a way leads to achieve goals efficiently and effectively .



Definition and the core features

Most of the members of developed communities and developing countries alike work in different organizations, and spend most of their time there. And those institutions took control of the lives of those individuals, change attitudes, and expand their perceptions positively so that raise their inside potentials, and negatively so discouraged and rob their will. And in this case, the issue depends primarily on enterprise management and its philosophy of employees participation, and changing the relationship between them in the desired positive direction. Openness is the extent to which true valid information is shared. The information shared may give openness signals of reciprocal trust a confidence that the institutions and their partners can feel the same confidence in return.

Openness management is a systematic advanced philosophy related with the application of methods of democratic management in the financial information and accounting data sharing on a broad level of the institution as a whole, and in all operational and administrative levels. Managers disclose vital figures to the staff that are related to the institution's operations besides sharing them in the general financial information, including providing them with greater returns from the high productivity achieved.

This philosophy as a moral and administrative approach, has won a high popularity in many American, Japanese, and European business organizations, which do excellence in their work, and became the title of numerous books, articles, and research in the past five years. *Openness management has defined as an integrated value system of actions and activities on participation, empowerment, openness and publicity by all employees in the financial information, with educating them the institution's work, exchange data among them as partners in the work, and reward them from time to time, based on their outstanding achievements* . With regard to the financial information required to participate according to this philosophy, it has defined as those figures which express the following :

1. Strategic ,financial ,sales and productivity objectives for the organization that are expressed in quantitative terms, such as number of sales (the number of transactions), and the figure actually achieved.
2. Institution shares in the stock market.
3. Revenues, expenses, debts, profitability, wages , salaries, bonuses and incentives.



And in turn, confirmed by other researchers that the management of openness in figures is to make the employees think of work as business experts in figures, participating in the profits and losses, and be responsible for the performance of the institution, rather than as users who informed of what they do, how, and when performing their mandated tasks. This means in other words, introducing employees with figures and the fundamental understanding of the relationships between them, and the acquisition of sensitivity towards them during the meetings of which become part of the work, and make the institution to ensure their dedication and loyalty, and accommodate the goals identified in the plan and the budget.

Openness management philosophy is based on four basic assumptions:

1. When you make the largest possible number of employees to think about you, and get management to a high level of performance and excellence.
2. Management get what it wants as far as what it give to employees.
3. When you do not pay attention to others, they will stop giving to the organization.
4. Management has to know when to move the employees?, when to motivate the employees?, when to raise the employees delight?, And when to punish the employees?.

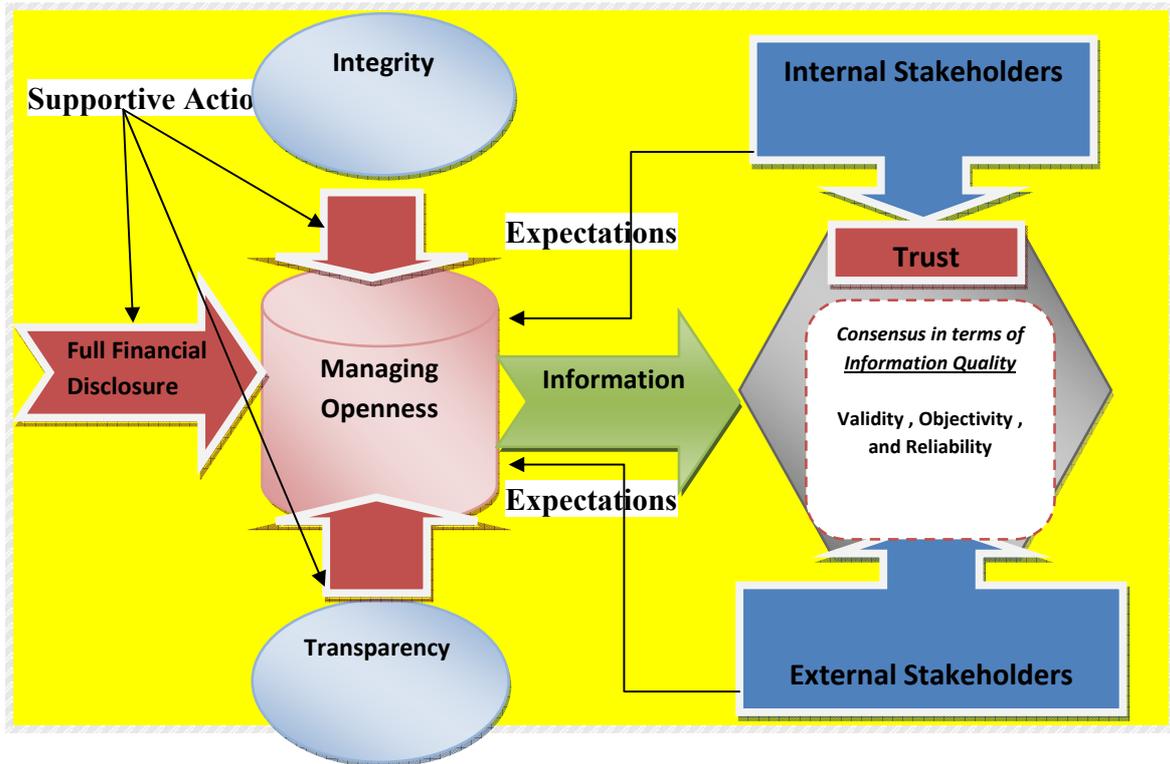
Openness management is Characterized by three essential attributes :

1. Every member of the openness organization by figures see and learn how to understand the financial aspects and figures of direct relevance to its work and performance. And because the staff here will know whether or not their organization to achieve adequate profits, and amounts of ..? Here is exactly made up a good idea about what the future holds in store for all employees, not only for top management.
2. Employees know while they work very hard and perseverance, and that part of it is to move those important figures in the desired direction. If they are managers, vendors, software designers, operators of machinery, cheering workers, accountants, engineers, observers, inspectors will be responsible in front of each other to achieve the optimal performance of their divisions and departments that belong to them, and ultimately flowing into the organization's performance as a whole.
3. Those employees have a direct stake in the success of the institution, and if the institution wants to be profitable or distinct, it depends on employees who believe the financial, operational, executive, or the service it depends upon the achievement of success in the market and stay there on the long run.



Information is transparent and of great integrity when it accurately reflects truth and reality .Institution has to take into account the internal and external stakeholders(e.g. employees and stockholders respectively) expectations when they determine a strategic direction but this can only be achieved through sound openness management, which might be well illustrated with the following proposed conceptual framework :

FIGURE(1): A PROPOSED CONCEPTUAL FRAMEWORK



Source: Constructed through reviewing related literature.



Benefits envisaged

The purpose of management in its openness to employees and inform them of the important figures, can be seen in achieving many advantages that can be summarized as "employees become employers, managers or officials, and shareholders or stakeholders who are interested in the success of their organization, and improve the results of its operations, not waiting for one to diagnose their problems or ask them solutions. Formal responsibilities of staff enforce them to be experts and consultant in the figures of financial and accounting data, and have the ability to study the stated financial and administrative plans, with their full understanding of implementation of the targets. Here, the staff at all levels of management has a common language and purpose, which is useful in the integration and interdependence between the institution and its parts. Studies conducted in the area of this vital subject confirmed that there are much more benefits envisaged from the philosophy of openness management in figures, the most prominent ones are :

- 1 - High achievements in the areas of finance, productivity, competitiveness, and build tremendous wealth of the organization.
- 2 - Being the gateway is not only about money, it supports individual and collective rewards for employees, and make customers more loyal to products and services of the institution, by virtue of the distinctive quality frisks where they are.
- 3 - Providing protection and safety for the organization and employees who enjoy satisfaction about their jobs and increasing challenges in the work, and add value to their lives and moral environment in which they live.
- 4 - As long as the figures found in the hands of the employees dealt with, they will increase their enthusiasm for continued development, and work transparently.

Simplified facts and the basic principles of work

The previous core features are based on a basic assumption stated that "the thinking process must be focused on staff as businessmen and regulators, rather than as a workforce." Three simplified facts can be derived from this assumption which serve as reasons related to the transition to the management philosophy of openness in figures at the level of the institution. These facts are as follows:

- 1 - There is no ambiguity about this philosophy. Figures are identified with the learning of staff on how to understand them deeply. Hence, it must be given the opportunity to move towards the largest possible number of employees, in order to expand the ability to influence in the desired direction throughout the organization. And the collection of funds and rationalizing expenditures can award employees fully reward. When the correct information was given away with the control of the work, it could begun to understand how to give more in-depth figures.



- 2 - Things that change in the organization of openness by figures are represented by the ways of thinking and action. Structures may remain as it is without change or change very little. Workers stay run their machines or offices, and managers engaged in management , leadership , and direction . Employees may not equal here, as simply that each one of them has its share of right to achieve this success.
- 3 - The principle of management philosophy of openness in figures so simple and easy. The institution produces , sells, earns and provides the service . Employees motivate and improve their material and moral support, which guarantees them a prosperous and happy life.

In the context of these three above-mentioned simplified facts, ten important principles we see as constituting the basis for most applications of openness management by figures, namely:

- 1 - Try to make the institution work in a game won by the employees . In many institutions, notes that the staff at operational levels, as well as some managers do not have any view on how to prepare budgets , earn profit and income generation. It is worth mentioning that such a thing, it's like individuals playing baseball without telling them the rules of the game. Once you try to make the work as a game, employees and managers alike will be in one direction toward the same target to reach the goal.
- 2 - Open records and participation of all employees in financial and operational information . Employees need to know how their organization works with its divisions, departments , and units . Information will be real when employees participation in the financial targets, budgets, income statements, forecasting, sales figures, and operating costs is widely throughout the institution .
- 3 - Teaching employees the means of understanding the financial statements of the organization and analysis of deviations and errors in the budget, as well as estimating the effects of debts on profits, for example.
- 4 - Make employees observe how their actions impact on the financial and operating results of the organization, in order to achieve compatibility between the behavior of employees and performance of the institution.
- 5 - Linking non-financial measures to financial results. There is growing support for organizing the relationship between employee satisfaction and consumers or customers satisfaction on the one hand and sales increase on the other hand. On this basis, understanding this relationship will help employees and managers perform their work in a distinct way . Most recent studies that conducted at the end of the second millennium, have stressed in their recommendations the importance of staff understanding of the institution's strategy and the interrelationship between what they performed and the overall goals identified therein.



- 6 - Identify areas of organizational objectives priorities, and enable employees to make improvements and adjustments. In this regard, the institution should identify one or two objectives that are essential in achieving success, and from the same starting point. Employees should know what those crucial figures to objectives, and giving them freedom in performing them besides the selection areas of pushing them towards the right direction.
- 7 - Reviewing results together between management and staff .Institutions that implement the management philosophy of openness in figures may have developed effective methods to share information on a weekly basis , and even daily or hourly basis sometimes. The critical information here should be quantitative in order to encourage employees to rivalry according to the method of the results achieved or the so-called management by results .
- 8 - Dissemination of results to all and the official ceremony in the cases of success, with the need to display in prominent places in the institution, so that makes it easier for employees to keep them, with the reward of successful business owners, and to help make the work of solidarity whenever possible .
- 9 - Distribution of bonuses, additional premium, promotions, incentives , acknowledgements, deputing, and conferences participation on a regular basis, which must be based on the contributions of employees in the financial results whether they were profit or loss. And the best way to pay and / or incentives here, must be consistent with the institution's history, culture, and rituals.
- 10 - Participation of ownership or responsibility of the institution with the employees. American institutions working with philosophy of openness management in figures, put programs that define the responsibility of the contribution of employees in the ownership or profit or self-funding, and if they want employees to act as owners or managers who should be owners and managers already.

Requirements for effective application of the approach

Generally, managers forget the principle of adopting requirements of the application for the efficient management of openness in figures , which is almost a sound basis for the work of this new approach. This approach is active in the management of institutions. It requires five basic elements, namely: leadership, participation, training, communication, and reward.

Leadership: This approach of openness management by figures requires to run in an efficient way, a leadership philosophy that supports the adoption of it .

The cornerstone of the philosophy of leadership is the absolute faith to respect management by participation in three aspects: information, decision-making and the existence of supervision and control, and wealth of the institution and its funds .



The leader, in all cases, is directly responsible for giving the actual figures for core employees, which relates to the financial achievements of the organization, in order to give them confidence, and motivation to work hard and perseverance. Employees here need the appropriate authorities granted to them by top management, and a sort of censorship . Leaders, in turn, must have the desire to share the profits with those employees and the achievements obtained by virtue of the valuable efforts they provide. Here, in this regard, institutional leaders may face challenges in the disclosure or disclosing information of their own, and the extent of disclosure leaves in front of employees, and thus may get competitors on the background information regarding the relevant resolutions of funds and operations. Indeed, that such an order, will make the leaders in an awkward position may be enviable. Nevertheless, leaders are required, in order to reap or earn real profits and achievements for doing their utmost to serve customers and create a new market by making employees close to them, interested in creativity and make special efforts to improve the performance of the institution, which trusted them in the involvement of information and disclose its achievements and failures over the friendly meets that they hold with them.

Participation: Participation is the most important element of the openness management by figures .This approach employs business in the form of mental and real emotional participation in the planning , decision-making and control . This, in turn , brought forth for individuals an honest sense of owners. It must in this regard holds meetings and diagnostic discussions involving all departments, divisions and units in teams and working groups or committees to study the effective figures and analysis. Participation here should carry the following contents :

1. Employees participation in the payroll lists of input and planning budgets.
2. Participate in the productivity and quality data with delivery of services.
3. Encourage employees to understand the financial figures and in-depth content and complexity.
4. Participate in the financial results through the study of divided programs or meet the requirements of the budget.

It may be useful to recall here, that the degree of participation need to be compatible with the degree of training , education, integrity and information possessed by members who involve in the work, and act according to that information in problem-solving , decision-making, creativity , critical thinking , and the development of cognitive and analytical skills .



In this regard, specialists present a series of questions to demonstrate the readiness of the management in employees participation in the financial information. Depending on their views on the answer correct or wrong, it can determine the extent of the possibility of orientation toward the management of openness by figures . If there have been many wrong answers, it means approaching the belief of those who intend to participate in the performance information . These questions are:

1. The employees of our institution are not interested in most of their work at all.
2. Sharing financial information creates a lot of problems that are difficult to treat later.
3. When the institution open its records of the employees , it must face their questions about its profits and allocations.
4. Most employees be lacking in the ability to understand the important financial figures of the task relevant to the institution's work.
5. Employees should be sent to colleges and institutes in order to understand the institution and its figures.
6. If employees participate in the financial figures, soon will fall in the hands of competitors and audit and regulatory authorities, who want to inflict the institution worse.

Training: in the formation of a common language between managers and employees, they should be trained together to understand the important figures and develop their knowledge and increase their skills in the performance of their work. As well as the ability to initiate problem-solving, with the narrative of figures novel in the lists of revenues and expenses, profit and loss account, income statement , and the balance sheet. There is nothing wrong institution to develop training manuals available to employees in this regard. Training is here will help to set the minimum interval between the daily activities of employees and the efficient operation of the financial results. And any support by managers in this regard, requires a number of training programs for all employees involved, without exception, to accede to confront how the sound in exploiting employees and empower them and influence the financial results.

Communication: achieving ongoing communication between all administrative levels and trends of transferring figures vertically and horizontally, to ensure prompt intervention to take appropriate remedial actions in case of any random error or deviation . Every individual must know the rules of where he works, and what is expected to play in which, with giving him relevant information about his movement to do the work appropriately, as well as ensuring open communication on the financial results whether they were desirable or undesirable.



Rewards: When figures seem to be good , individuals' logical question is; what is the share of them? .This question needs a long pause because the rewards take many forms: short or long term , in cash or in kind and individual or collective. These choices do not be used totaly or partialy, they may be used according to the priorities of the organization . Some institutions focus on participating in profits, while others focus on providing shares to employees in the company. All institutions must strike a balance between material and moral rewards toward creating a regulatory environment encourage the motivation. The secret in the rewards is to make them simple easy to understand by management and staff, and working to achieve significant organizational achievements. Managers and owners should see that increase and support the foundation's assets bring back best return compared with increasing financial incentives for employees . Institutions must build an intellectual system that their employees are the real owners of the organization, making them pay attention to the figures and their implications and developments and seek to move them in the right direction.

seriousness of adopting the philosophy of openness by figures and methods of confrontation

Specific problems have raised on the adoption of management philosophy of openness in figures, the most prominent ones is that the disclosure of performance information might be embarrassed to management, especially when employees discover the weaknesses of the institution and the challenges of their work, revealing sensitive information to other organizations, or stand bland them. With this fundamental problem and its seriousness, why, then, the institution put itself in such a delicate situation and the embarrassment? Why disclose confidential information about the performance and operations?. The answer, however, very easy because the benefits and consequences of this administrative-ethical approach are much better than its risks . Hesitation and fear in the adoption of this philosophy, we believe it is mainly about the main two dilemmas, namely:

- 1. Employees may not be able to understand the financial, accounting, sales, productivity and operational information.**
- 2. Competitors may obtain inspection of the equipment and the information that may harm the institution and be detrimental to their interests and orientations.**



Before embarking on the management to adopt this philosophy, we must confront these problems. It has been agreed among the concerned that the institution should take into account the education and training in order to simplify the idea of working in dealing with the figures of financial, accounting, and operational data. This is already useful in dealing with the problem first. But with regard to the second dilemma, which is difficult of course, think of how to inform competitors. Is there any doubt about the belief that they do not know those figures and understand the implications? .What is the basic information that is harmful to the institution, if discovered by others?. If the informed and inspector to the careful application could be transmitted behind these questions, it was still worried and fearful about the adoption of this philosophy and practice actually, because of misunderstanding around, being a term likely interpretations and multiple explanations, and even sometimes assiduousness. Many people may mistakenly believe that it means participating in everything from financial and operational information, which is not the case. Others may believe that the management should start from the first glance, involved in everything, and we say to our part of the institution that do not do it at all. A third group believes that all employees should know all the details of the figures and what records contain, and it is not quite as well. Worst of all, however, that the IV team may believe that the approach means employees participation in the information of salaries and rewards, which, also not in that sense. To deal with all these beliefs, we would like to say that the revealed figures to employees in accordance with the philosophy of openness management means that is to share information to help them improve the institution's performance and the achievement of transparency, particularly those information that are close to their job duties. Transparency is an essential requirement for the ongoing refining of the convergence between management and information content . Transparency should thus facilitate the establishment of a unified code of conduct and messages focused on the perpetual representation of the phenomena characterizing the institution itself . Higher transparency reduces the information asymmetry between the management of an institution and stakeholders mitigating the agency problem in the context of corporate governance.

Openness Philosophy, in fact, the concept of being related with institutional development as much as it came in to draw a line begin with a comprehensive vision about the daily tasks of employees which include in the light of the big picture of their work, and design a systematic process to connect with excellence in the community and the market in particular.



To create a clear vision about the appropriate application of this philosophy, after taking into account those two dilemmas mentioned before, we have to set aside some time from the beginning of the planning if the institution intends to share financial information with its employees, why? . As well as the institution need to study the vast feasibility of the subject, use of scheduling, prepare a preliminary plan and initial thinking towards employees development and build environment and organizational culture in which employees are loving and fond of their work.

Financial disclosure and managing openness

Managing openness by figures, requires some financial disclosure tools for the purpose of integrity and transparency, especially the financial statements analysis .What would be important in studying financial statements depends on a particular interest of those who concerned with the results of this process whether they were a creditor, stockholder, manager, or governmental unit. For example, creditors on the short- run such as banks are primarily interested in the ability of the firm to pay its obligations. In that case one would examine the current assets and their relation to short-term liabilities to evaluate the short-run ability of the firm to pay its currently debts .Stockholders, on the other hand, are interested in many of the features considered by a long-term creditor. Stockholders focus on the earnings picture, because changes in it greatly affect the market price of the investment by itself . A stockholder also would be concerned with the financial position of the firm, because it affects the variability of earnings and the resulting dividend . As for management, the concern is about the capital structure and about the fluctuations in earnings and dividends. Financial data from statements can be analyzed by examining relationships between items that are appeared on the statements and identifying trends in these relationships. The relationships are expressed in percentages, and thereafter trends are identified. Both balance sheet and income statement are the most important financial statements that need to be analyzed periodically using several indicators or financial ratios.

Financial indicators can be calculated in terms of those statements for analyzing the firm's financial position and its earning power which might be a good openness tool for management to prove its integrity and transparency . It must be recognized that liquidation, activity management ,financial leverage , and profitability of the corporation can be measured . Indicators expressed by the many financial ratios are only as good as the industry averages upon which they must be compared . So does performance of the organization .But one has to know that useful information is better provided in the financial statements, and some is better provided in financial reporting . Other types of information found in the annual report , such as management's analysis and interpretation. Transparent reporting requires an adoption of full disclosure principle that calls for financial disclosure of any important financial facts that affect the judgment of an interested party. The reasons for this increase in disclosure requirements are different. The most important ones are :



Integrity and Transparency

1. The difficulty of encompassing many different events into summarized reports has been magnified by the increasing complexity of the institution's activities .
2. Users need information that is able to reflect the real current and future position of the institution .
3. Interested parties seek more information and comprehensive disclosure of such phenomena as management reward , off-balance sheet activities, and related transactions.
4. All factors which have been cited above , will help in building a high trust for those who concerned with the real position of the institution , especially the financial one . Then openness criteria almost all will be satisfied .

Moreover, institutions should provide all stakeholders, from the private sector and the public one, with fair and equitable access to timely and accurate financial and non financial information as a crucial tool in protecting the integrity of decisions and to safeguard the public interest , thereby increasing trust in management and its decisions. Trust has a significant impact on financial performance; given that transparency and disclosure boosts the trustworthiness of institutions . Thus, institutions should enforce full disclosure and transparency practices to ensure integrity thereby enhancing trust in order to survive in a highly competitive environment . Furthermore, this means that the satisfaction of expectations will make it possible to conduct a positive relationships between an institution and its stakeholders. Expectations satisfaction becomes a crucial goal and management objectives variously correlated to the wealth creation and consensus management. In fact , the converging interests in institution reality are diverse , and encompass competitive, social and financial areas . The possibility for positive interactions with the different stakeholders therefore are of a composite essence, even if they can all be ascribed to the achievement of acceptable financial results while striving the essential conditions for long-term survival, social fairness, and environmental protection .The possibility for maintaining success is thus influenced by the right perception of expectations related to the ability to conduct trust relationships and manage external consensus .



Internet financial disclosure

Many institutions improve the usefulness of their financial disclosure practices using the ability to exploit internet to provide more useful information to financial statement users including the stakeholders by themselves . Contemporary large institutions have internet sites contain links to their financial statements and other disclosures .

Internet financial disclosure improve the overall usefulness of the institution's financial reports by, first, distributing reports through the Web which allow those institutions to communicate with more users than is possible with traditional paper reports .This indicates that internet reporting allows users to take advantage of tools such as search engines to quickly find information about the institution and to download the information needed for analysis as an openness tool . Also, internet reporting can help make financial reports more relevant by allowing institutions to report more data than is possible through paper reporting .

Financial indicators can be calculated in terms of these data and information provided by the Web for analyzing the institution's financial position and its earning power as to business firms which might be a good openness tool for management to prove its integrity and transparency. It must be recognized that liquidation, activity management, financial leverage, and profitability of the corporation can be measured and judged .

Summary and implications

To achieve a competitive advantage in the market and society, organizations require a continuous improvement in quality, costs, service , marketing ,innovation, maximize intellectual capital , and achieving the objectives of performance and integrity. Managing openness in figures is an administrative-accounting approach, which has the potential to provide organizations with the resources, capabilities, and relationships through real participation of employees in the financial, productivity, and operational information and solving problems in the context of this information which can be highly expressed by the basic financial statements analysis . It is no longer resort to the application of openness management approach as an administrative luxury, but has become mandatory for organizations that are looking for success in the face of global competition and creation of greater opportunities.



Institutions need to create employees think and work as business men and organized experts in figures, participate in the profits and expenses, and also be responsible for the performance of the institution instead of being users that must be informed what, how, and when they do? . managers in the openness institution by figures did not give authority, they delegate it for the purpose of focusing on the most important tasks, receive roles in training and motivation, communication , and unlock the potential of employees and management of innovation and organizational development .

This approach motivates employees , satisfy customers and reviewers, facilitate the task of management, and achieve really targeted figures by owners and employees. Moreover, the management of openness by figures provide rewards to staff, but only for those who work hard, it never ends because there is always controversy about management of the institution. Effective rules and guidelines for transparency and integrity should be an integral part of the openness management so that stakeholders whether they were internal or external , expect institutions to be financially transparent and disclose adequate and suitable financial information without being enforced . This will, in turn, help institution to convey its culture of reticence to a culture of integrity and transparency. Finally, the eternal interaction of the business activity depends on the survival of the organization of openness in figures as a learning, knowledge, integrity, and transparent organization .