

# Accepted Manuscript

The value and motivating mechanism of transparency in organizations

Leif Brandes, Donja Darai

PII: S0014-2921(17)30116-2  
DOI: [10.1016/j.eurocorev.2017.06.014](https://doi.org/10.1016/j.eurocorev.2017.06.014)  
Reference: EER 3016

To appear in: *European Economic Review*

Received date: 31 July 2015  
Accepted date: 19 June 2017

Please cite this article as: Leif Brandes, Donja Darai, The value and motivating mechanism of transparency in organizations, *European Economic Review* (2017), doi: [10.1016/j.eurocorev.2017.06.014](https://doi.org/10.1016/j.eurocorev.2017.06.014)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



# The value and motivating mechanism of transparency in organizations

Leif Brandes\*      Donja Darai<sup>†‡</sup>

Final version: July 3, 2017

## Abstract

The question how transparency in organizations affects performance has received considerable interest from researchers in management, psychology, and organization science. The widely held view is that transparency benefits organizational performance, because it reduces employee uncertainty. However, causal empirical evidence on the value of transparency and its motivating mechanism is still scarce. In this paper, we report the findings from an experiment, in which an agent has only probabilistic beliefs about the true state of nature and needs to choose costly effort that benefits the principal. The true state relates to his fixed-wage, which can either be high or low. The principal needs to decide whether to create informative transparency by disclosing the true state to the agent via a costly, fixed-form message. Our results show a considerable value of transparency: even if transparency involves the disclosure of 'bad news' (the low state), effort almost doubles relative to non-disclosure. Looking at the motivating mechanism, we do not find that transparency motivates primarily because it reduces uncertainty for the agent. Instead, we find that uninformative transparency that merely involves communication of already known facts is equally effective. Many principals, however, misperceive the value of transparency and disclose information too restrictively.

*Keywords:* transparency; non-monetary incentives; communication;  
principal-agent relationship

*JEL classification:* D23; C91

---

\*Author for Correspondence: Warwick Business School, University of Warwick, Scarman Road, Coventry, CV4 7AL, United Kingdom. Email: leif.brandes@wbs.ac.uk

<sup>†</sup>Department of Economics, University of Zurich, Blümlisalpstrasse 10, 8006 Zurich, Switzerland.

<sup>‡</sup>Present address: Universitätsstrasse 31, 8006 Zürich, Switzerland, Email: donja.darai@gmail.com

متن کامل مقاله

دریافت فوری ←

**ISI**Articles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات