S

ecrecy and transparency are two opposing aspects of the same value: the degree to which accounting information is available for scrutiny. This applies not only to those outside an entity, but also to members within that entity (e.g. employees of a corporation who are not part of the accounting department, or to members of an accounting department that are not assigned to certain accounts). Secrecy is the preference for confidentiality, while transparency is the preference for disclosure.

In accounting this distinction and the choices it entails, are key. While disclosure of information about a business to individuals outside those involved with its management and financing may reveal mistakes or strengthen the methods by scrutiny and suggestion and provide complete and accurate information for decision-makers, transparency can also expose information that makes a business vulnerable to its competitors. While transparency does put public "accountability" into accounting, it does so at the expense of private-sector secrecy that affects a business’s competitiveness.

Secrecy appears to be closely related to conservatism. *"(…) Both values imply a cautious approach to corporate financial reporting in general, but secrecy relates to the disclosure dimension and conservatism relates to the measurement dimension. (Lee H. Radebaug, Sidney J. Gray, Ervin L. Black. International Accounting and Multinational Enterprises John Wiley & Sons, USA 2011. Page 62-64)” (…)”.* High levels of secrecy seem to correlate with conservatism in Japan, Germany, France and Switzerland, while high levels of disclosure seem to be practiced in the United States and United Kingdom. *“(…) These differences seem to be reinforced by the differential development of capital markets and the public ownership of shares, which often provide incentives for the voluntary disclosure of information. (Lee H. Radebaug, Sidney J. Gray, Ervin L. Black. International Accounting and Multinational Enterprises John Wiley & Sons, USA 2011. Page 62-64)” (…)”.*

Like conservatism, secrecy is closely linked to “uncertainty-avoidance”: the degree to which members of a society (inclusive of business societies) are comfortable with ambiguity or risk. Strong uncertainty avoidance cultures protect conformity, value certainty, and maintain rigid beliefs and codes. They are more intolerant of deviant persons and ideas than weak uncertainty-avoidance cultures. However, secrecy deviates from its association with conservatism by association with short “power-distance”: the degree to which members of a society are comfortable with unequal distribution of power. In large power-distance societies, secrecy is maintained to preserve information—and thus power—disparities. In short power-distance society, access to information is more likely to be considered an individual right than an organization's right to secrecy.

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