

Finance

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Finance Finance Question An open book management is a business philosophy that aims at including all staffs into the affairs of a company in order to achieve success. These affairs include: sharing balance sheet and income statement with employees; encouraging them to utilize financial information in their day to day official work; training them in understanding financial figures; and sharing financial results of the company (Case, 1996). There are a number of benefits that exist when a company or hospital share its financial information with employees. The first benefit is increase of transparency. When staffs are able to access the company financials, they feel the existence of trust and transparency in management. As a result, they become motivated in contributing to ways used to run the company such as decision making processes. The second benefit is the sense of community. Allowing access to financial information creates an open environment where employees feel honest and open with one another. This increases happiness and relationships enabling the staffs to connect on a professional and personal level (Case, 1996). The other benefit is development of unique ideas. Through sharing of operational and financial information with staff, the top officials may likely to find unique ideas from them. In addition, individuals may offer new insights on how to tackle a certain problem.

Question 2

Failing to disclose financial information to employees leads to them ‘operating in the dark’. Without employees accessing financial data, they tend to lack information on the critical facts of the company such as profits and losses. This implies that even when a company suffer loss, employees

are not able to help; lack of financial information hinders good decisions (Case, 1996). In addition, if a company make some profits and employees are not informed about it, they tend to become reluctant in their daily work. This prevents the company from meeting its targets.

References

Case, J. (1996). *Open- Book Management: Coming Business revolution*. New York: HarperBusiness.