

## **Call for papers for *Critical Perspectives on Accounting***

SPECIAL ISSUE

### **A CRITICAL APPRECIATION OF EXTRACTIVES' ACCOUNTING: TRANSPARENCY, ACCOUNTABILITY, THE RESOURCE CURSE AND OTHER GOVERNANCE ISSUES**

#### **Special Issue Editors**

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The aim of this special issue is to attract papers offering critical perspectives on extractive industries' accounting, reporting and governance issues. We define extractive industries broadly as those involved in extracting natural resources from the earth, including oil, gas and minerals. We additionally extend appreciation of the resource curse to include impacts from logging of primary forests. There are a range of studies across various disciplines covering diverse dimensions of extractive industries' accounting, reporting and governance. This reflects the importance and significance of the extractive industries and the particular attention that has been given to the industries and to their regulation by various constituencies. Ostensibly, a variety of regulations, including accounting and reporting standards, have been developed for the extractive industries (Gallhofer & Haslam, 2007; Crawford et al., 2014; Crawford, 2017; Chatzivgeri et al., 2019; Cortese & Andrew, 2020; Baudot et al. 2020). While research has been done in this important area, we need more contemporary critical research studies and studies covering a wider range of issues in a wider range of countries than have been examined so far.

First, the social and environmental practices and performance impacts of extractives, including their effects on local and indigenous communities, are key issues to explore, which may ostensibly touch on dimensions including human rights' issues, health and safety, and societal progress (Sikka, 2011; Lauwo & Otusanya, 2014). Social and environmental practices and performance, including practices of accounting and reporting, may be regulated by law, quasi-legislation or voluntary standards. The dynamics of and motivations for practices, performance outcomes and the (changing) nature of industry regulation in different contexts are important considerations from a critical perspective. The sense in which relationships, between the extractive industries, the environment, and the local communities, are regulated, alongside the accounting and reporting implications, can also be critically explored (Akiran et al., 2017; Lauwo et al., 2020). For instance, examining what is at stake in financial accounting for environmental liabilities, the relationship between ethical investment and extractives' operations, and the interface between stakeholders, NGO activists and social and environmental accounting all constitute areas for analysis that can yield important insights.

Second, more appreciation of the financial accounting and reporting practices of extractives is needed (Sankara et al., 2016; Chatzivgeri et al., 2019). What is at stake in the diversity of financial accounting and reporting practices in the extractives' sector, for example in the valuation and disclosure of oil and gas reserves? Does analysis of extractives' financial accounting, encompassing analysis bearing upon risk assessment, shed insights from a critical perspective, for instance in voluntary disclosures of reserves or risk (Baudot et al., 2020)? What is at stake in implementation and enforcement of accounting laws? How do different accounting/reporting practices flow from existing regulatory regimes? What explains gaps between de facto and de jure laws/regulations? Further, the impact of

COVID-19 on financial accounting and reporting practices (and performance) dimensions in the extractive industries may be an illuminating contemporary study. Significant insights may also be yielded by analysis of standard-setting and law-making processes in the area of extractives' financial accounting and reporting standards, the lobbying involved and the applicability of theories of regulatory capture versus other possible theorizations (Gallhofer & Haslam, 2007; Crawford et al., 2014; Crawford, 2017). Cross-national or transnational approaches to standard-setting and law-making can highlight how the regulation of accounting and reporting phenomena functions globally and the impact thereof on transparency, accountability and beyond (Chatzivgeri et al., 2019). For instance, the role and functioning of accounting and reporting in transnational agreements, notably those of OPEC, is an under-researched area that may uncover ways forward for policy.

Finally, we are particularly interested in receiving papers on extractive industries' governance and the resource curse - the phenomenon whereby many countries rich in natural resources appear to do less well than the resource endowments suggest they should, with some, even, appearing to end up worse off with such endowments than without. Too often, local people in resource-rich countries have remained poor after resource exploitation: returns to locals have been less than expected; anticipated opportunities that the resource windfalls promised have scarcely materialized. One can highlight related issues for regions of countries where resources are exploited (Sikka, 2011; Lauwo & Otusanya, 2014; Owolabi & Lauwo, 2016; Lauwo et al., 2020). Nigeria's Niger delta is rich in resources relatively easy to extract. Large transnational extractives have made profits. Concurrently, it may be presumed that revenues (e.g. taxes) must have come into the coffers of local governments – to governments within the Niger delta itself and to Nigeria's federal government. Meanwhile, many living in the delta are amongst the world's poorest and suffer from the local pollution.

Bringing a spotlight on governments and corporations is prominent in suggested ways to meet the challenge of the resource curse. Critical commentators and NGOs in this context have asked how much money flows to the local governments and where does it go. Is what is typically termed 'corruption' part of the story? Is it that corporations and their agents, and some local politicians and civil servants, enrich themselves at the expense of most of the locals? What is accounting's role in indicating the size of the payments made to governments in this regard, including the contribution such payments would appear to make to different countries, but also the fairness of the tax payments? These questions raise debates over the potential for extractive industry reporting and disclosure, and associated notions of transparency and accountability, to not only improve extractive industry governance but also to ensure resource-rich countries recognize the expected endowments.

Notions of transparency and accountability, in particular, are often linked to better behaviour and outcomes (Gallhofer et al., 2011). Importantly, in the transnational sphere, several disclosure proposals have been promoted as bringing transparency and accountability through (largely) voluntary country-by-country reporting (CbCR) initiatives. These initiatives may be industry specific or, while applying to extractives, more general in scope: e.g., the Extractive Industries Transparency Initiative (EITI), the GRI Tax Standard and OECD's BEPS Action 13. The initiatives also vary in terms of the extent to which disclosure is made publicly or only to tax authorities, as in the case of BEPS, despite pressures to make disclosures publicly available. Overall, questions abound about the role of transnational organizations such as the OECD, IMF and the World Bank in producing "rules of the game" whose impact on local practices remain minimal. What may account for such discrepancies? Why do these organizations continue to support countries who tend to nurture the resource curse?

In addition, critical commenters and campaigners (such as NGOs allied under Publish What You Pay) from the beginning sought to strengthen any regulation produced out of CbCR proposals, supporting quasi-law such as international/influential accounting standards, stock exchange regulations and

government legislation as opposed to voluntary disclosure (Crawford, 2017). From the little research in this area, such legislation has encountered varying degrees of “success”. For instance, CbCR legislation for the extractive industries signed into law in the U.S. in 2010 has been delayed by legal challenges from the industries against SEC implementing rules. Not long after, the EU introduced CbCR legislation for the extractive industries (and logging of primary forests industry) within Ch.10 of the Accounting Directive (and equivalent provisions in the Transparency Directive), requiring member states to enact the law, which still remains on the UK statute book, but has seen little in terms of member state enforcement (Chatzivgeri et al., 2019, STAR Collective, 2018). Further, laws were introduced in Norway and Canada that are suggested to be similar to the EU requirements.

More research is needed to understand the emergence of different CbCR regimes across the landscape, the implications for various regulatory actors across the globe, of requiring various disclosures for different purposes, potentially making data availability, interpretation and usage difficult (and perhaps reflecting a lack of joined-up thinking) (Chatzivgeri et al., 2019). This multiplicity, along with other problematic dimensions, may frustrate CbCR in practice. Very little is known about the relationship between the supply of CbCR, operationalisation of accountability and subsequent behavioural change in context. For example, is CbCR used by civil society and/or civil society agents and if so how and what ensues? Has it given voice to marginalised and excluded groups to demand an account of how money received by governments has been used by them? What is the relationship, if any, between the voluntary initiatives and those enacted into legislation across the globe? We argue the interface in context of concepts and practices of transparency and accountability and the resource curse constitutes a very worthy focus for critical analysis and praxis.

This special issue provides an avenue for critical and interdisciplinary work on extractive industries’ accounting, reporting and governance issues (micro-organisational and macro-social), with interest in transparency, accountability, the resource curse and regulation. What insights can we gain from understanding these phenomena in practice and the processes involved? What ways forward can we find? Below we suggest indicative questions to explore in relation to the interface between accounting and the extractive industry:

- What insights are gained from the study of the financial accounting practices of companies operating in the extractives sector (including the reporting of extractive reserves and their off-balance sheet nature, earnings management, risk disclosures and ‘voluntary’ disclosures)?
- What insights can we gain into the ethical, social, environmental, and governance reporting of extractives specifically, and the dynamics thereof in shifting contexts?
- Are there any success stories implicating extractive industries’ accounting and reporting practices in reducing inequalities, and how are we to understand these?
- Why are there separate accounting standards for extractives? What is the significance of allowing choice in the standards and diversity in implementing accounting practices?
- What insights are gained from the study of lobbying in the context of regulating extractives’ accounting and the standard-setting process in this area?
- What do the manifest proposals, operations and laws governing extractive activities indicate about the nature of transparency and accountability in practice?
- In seeking ways forward, what forms of praxis are required in relation to a focus on accounting and the resource curse given their transnational character?
- How are accounting laws, quasi-laws and ‘voluntary’ asks translated into practice? What is their status and effectiveness? Does a one-size-fits-all approach seem feasible (and sensible) across politically and culturally diverse countries?

- What do developments in extractive industry governance indicate about the character of the international regulatory architecture? What is the relation between accounting for extractives and foreign policy around OPEC? How do macro-factors and crises (COVID-19, for instance) impact extractive industry accounting, reporting and governance?
- Regarding CbCR regimes, how do different CbCR regimes compare to each other? Are they complementary or do they reflect a lack of joined up thinking with problematic impact? Does CbCR in relation to the resource curse empower citizens to hold national governments to account? What do the developments mean to local civil society? In what sense do they feel consulted and involved, owning processes?
- Who uses the accounting reports of extractives, including CbCR reports, and how? How are CbCR reports being used by civil society and/or civil society agents? Is it to give voice to marginalised and excluded groups? What 'accountability' is advanced and where are the gaps? What tools are being developed and to what effect?
- In relation to accounting and the resource curse, what is happening in the resource curse countries and what is their perspective or what set of perspectives have manifested there? What are the positive actualities and potentialities of the developments in this area? Why do some constituencies support the laws and others not?
- What can a critical perspective illuminate about the regulation of extractives' accounting?

### **Optional Pre-submission Virtual Workshop**

A workshop will be organized by the special issue editors to be hosted virtually through a webinar in mid-June 2021. Due to the global reach of the journal and the multiple time zones inhabited by the participants, it is likely that some of the webinar sessions will be held outside of normal work hours. Authors wishing to present at the workshop should contact Louise Crawford ([louise.crawford@newcastle.ac.uk](mailto:louise.crawford@newcastle.ac.uk)) by 15 April, 2021. All workshop participants will be required to provide a draft paper to be shared by 15 May, 2021. Authors of selected papers from the workshop will be invited to submit revised papers for this special issue. These submissions will then be subject to the journal's normal review processes.

### **Submission process**

Attendance and/or presentation at the workshop is not a pre-requisite for submission to the special issue. The closing date for submissions to this special issue is **15 December 2021**.

Manuscripts should be submitted electronically via <https://www.journals.elsevier.com/critical-perspectives-on-accounting>. The guest editors welcome enquiries from those who are interested in submitting. All papers will be reviewed in accordance with the normal processes of *Critical Perspectives on Accounting*. It is anticipated that this special issue will be published in 2023.

Any queries or enquiries about the special issue should be directed to Louise Crawford ([louise.crawford@newcastle.ac.uk](mailto:louise.crawford@newcastle.ac.uk)).

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