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Critical Perspectives on Accounting

journal homepage: www.elsevier.com/locate/cpa

The role of accounting and accountants in the oil subsidy corruption scandal in Nigeria

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ARTICLE INFO

Article history:

Received 21 November 2017

Revised 5 November 2019

Accepted 6 November 2019

Available online xxx

Keywords:

Corruption

Institutionalised practices

Accountants

Accounting firms

Nigeria

Oil subsidy

ABSTRACT

Accounting firms have long been profit-orientated ventures, and their pursuit of profits has overshadowed the protection of the public interest they avow. This study investigates how corruption, as an institutionalised practice in Nigeria, has led two accounting firms to support and engage in corruption rather than guard against it in an oil subsidy corruption scandal in Nigeria. Adopting Dillard, Rigsby, and Goodman's (2004) model of institutional theory, the study argues that the institutionalisation of corruption, through its pervasiveness at the social, economic and political level, is a premise for its institutionalisation at the organisational field level (the oil subsidy scheme). Because the two accounting firms were both involved in the operation of the oil subsidy scheme, their practices were essentially forced to conform to the institutionalised practice—corruption—as opposed to the protection of the public interest.

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1. Introduction

Accounting and auditing, as integral parts of an organisational structure aimed at protecting investors' funds from misuse, are as old as organisations themselves (Suddaby, Gendron, & Lam, 2009). The essence of accounting, through the production of companies' annual reports, internal audit assignments and external audit vetting, is to ensure that the published financial reports are transparent and reflect the underlying financial activities of companies. To ensure these duties are properly undertaken, accountants have claimed they are independent of their clients and are not influenced by their clients while carrying out their duties.

As accounting scandals pervade almost all corners of the world, accountants' claims of a lack of bias in their engagements with clients have become doubtful and confuted by many scholars of accounting (see Bakre, 2007a; Otusanya & Lauwo, 2010; Hampton & Sikka, 2005; Sikka, 2008, 2010, 2015; Otusanya, 2011a; Sikka & Willmott, 2013). These studies have looked at the practices of accountants from the broader dynamics of capitalism rather than from a micro-level outlook of how organisational structures or contexts affect accounting practices. They opine that the globalisation of accounting firms, especially the Big 4, has led accounting firms to shift from protecting the public interest to maximising profits. Although some claim that the profit maximisation goal is prominent in the big accounting firms (Lander, Koene, & Linssen, 2013; Suddaby et al., 2009), many observe that the mid-tier accounting firms have equally drifted from protecting the public interest to maximising profits, because they all operate within a similar institutional environment. This institutional environment is a major determinant of the practices they adopt (Hopper, 2017; Neu, Everett, &

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<https://doi.org/10.1016/j.cpa.2019.102128>

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Please cite this article as: Z. Abdul-Baki, A. B. Uthman and A. S. Kasum, The role of accounting and accountants in the oil subsidy corruption scandal in Nigeria, *Critical Perspectives on Accounting*, <https://doi.org/10.1016/j.cpa.2019.102128>

Rahaman, 2013). It suffices to say that the environment of accounting firms influences their practices and how accounting technologies are used (Rahaman, 2009; Neu, Rahaman, Everett, & Akindayomi, 2010).

Within the broader dynamics of capitalism (i.e. globalisation), Hampton and Sikka (2005) considered the development of strategies and structures by accounting firms for the sale of tax avoidance schemes to corporations and wealthy individuals. Such schemes erode the tax base and reduce the funds available to the state for developmental activities (also see Sikka, 2010, 2015; Sikka & Willmott, 2013). Mitchell, Sikka, and Willmott (1998) discussed the aiding of money laundering by accounting firms and the reluctance or inability of regulatory institutions to bring them to book. Sikka (2008) study takes a similar view, with more evidence of other predatory practices of accountancy firms, including money laundering, bribery and price-fixing.

In Nigeria, Bakre (2007a) examined the unethical practices of accountants, and the backup they enjoy from their professional bodies through a reluctance to prosecute erring members, leading to the sustainment of unhealthy practices. Furthermore, the involvement of accountants in various corrupt practices, including money laundering, capital flight and tax avoidance schemes, bribery and corruption in Nigeria, has been extensively discussed by Bakre (2007b). Notable in this line of thought is the work of Otusanya (2011a), who argued that within the broader dynamics of professionalism and the drive to increase profits, accountants indulge in anti-social practices, including tax evasion and avoidance and other corrupt practices in Nigeria.

While these studies have discussed the unethical practices of accounting firms and accountants extensively, they have considered these practices within the broader dynamics of capitalism and the adoption of an enterprise culture by accounting firms. This study is an extension of these discourses. We seek to theorise the corrupt practice of two accounting firms in an oil subsidy corruption scandal in Nigeria. We examine how corruption as an institutional factor, through its pervasiveness and low arbitrariness in Nigeria (Doh, Rodriguez, Uhlenbruck, Collins, & Eden, 2003; Pillay & Dorasamy, 2010; Rodriguez, Uhlenbruck, & Eden, 2005; Uhlenbruck, Rodriguez, Doh, & Eden, 2006), affected the practice of the two accounting firms involved in the oil subsidy corruption scandal. Specifically, the following research question is answered: why did the two accounting firms in the oil subsidy corruption scandal in Nigeria become involved in corruption rather than guard against it?

Prior studies have argued that the broader dynamics of capitalism and the pursuit of profit are instrumental to accountants engaging in corruption. We argue that the pervasiveness and low arbitrariness of corruption, given the existing enterprise culture of accounting firms (Sikka, 2008), is instrumental in accounting firms engaging in corrupt practices. We extend these previous studies through the lens of neo-institutional theory by arguing that the spread of corruption in an environment is stepwise through three levels—social, political and economic level; organisational field level; and organisational level—with higher-level agents being the media (by exerting isomorphic pressures) through which corruption spreads to the lower levels. We show that corruption at the organisational field level (oil subsidy scheme), of which the accounting firms are part, reflects widespread corruption at the social, economic and political level. Thus, we contribute to the literature by analysing the institutionalisation of corruption as a process rather than as an outcome (Dillard, Rigsby, & Goodman, 2004). First, we explain this process by advancing the view that the corrupt actors at the social, economic and political level brought their culture of corruption to the organisational field level and, by working together, ensured that the collusive force to institutionalise corruption was unassailable. Second, whilst institutionalisation is ensured by the power of actors that support the process, we show that, alternatively, the submission to the collusive force, apparent in the non-exercise of power legally vested in each participant in the subsidy scheme, further emboldened the actors to participate in the corruption.

Nigeria is chosen for this study because it has the largest economy in Africa (Day, 2016), and the largest oil and gas reserve (Okere, 2015) along with other natural endowments such as tin and iron ore. Despite this richness and potential, more than 50% of Nigeria's population live in abject poverty. Nigeria remains the poorest nation among OPEC countries (Ogunmupe, 2012). Moreover, a recent UN Common Country Analysis of Nigeria, cited in Ujumadu (2016), considers Nigeria to be one of the world's poorest and most unequal countries, with 64% of its population living below the poverty line. Corruption is the main reason for the impoverishment of most of the Nigerian population, despite the country's riches (see Otusanya, 2011b). Against this background, this study investigates the role of accountants or accounting firms in curbing or aiding corruption in Nigeria.

The remaining parts of the study are structured as follows. Section 2 discusses the theoretical and conceptual underpinnings of this study, including an overview of the oil subsidy regime in Nigeria. Section 3 discusses the research approach. Section 4 analyses the Nigerian oil subsidy scandal and why two accounting firms aided and engaged in the corruption perpetrated in the scheme using Dillard et al.'s (2004) model of institutional theory. Section 5 concludes the study and makes the necessary recommendations.

2. Theoretical and conceptual underpinnings

2.1. Institutional theory

Institutional theory is concerned with organisations' interactions with their institutional environment, the effects of social norms or expectations on organisations, and how organisations incorporate these expectations in their practices

(Martinez & Dacin, 1999). Organisations are faced with 'rule-bounded and standardised social practices' (i.e. institutions; Dillard et al., 2004, p. 508) to which they must conform to gain acceptance by their institutional environment (i.e. legitimacy). 'The neo-institutional model essentially holds that organisational survival is determined by the extent of alignment with the institutional environment; hence, organisations have to comply with external institutional pressures' (Kostova, Roth, & Dacin, 2008, p. 997). 'For organisations to survive, they must interact with their environment in ways perceived as acceptable to their various constituents in that environment' (Dillard et al., 2004, p. 508). Organisations that incorporate societal expectations into their practices 'increase their legitimacy and their survival prospects' (Meyer & Rowan, 1977, p. 340). Lindblom (1994) defined legitimacy as 'a condition or status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part. When disparity, actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy' (p. 2).

Institutions are 'socio-political and cultural practices which produce legitimacy (meaning and rules) for the conduct of organisations' (Wickramasinghe & Alawattage, 2007, p. 432). Institutions consist of three major components: normative, regulative and cognitive-cultural (Scott, 2001). The normative element prescribes rules that state goals and the means to achieve those goals. For example, the International Financial Reporting Standards (IFRS) and the International Standards on Auditing (ISA) provide rules, the goals embedded in these rules and the means of achieving the rules. Regulators, professionals, governments and managers are made to believe that these rules create the best possible platform for rendering information through financial reporting to stakeholders, and conducting an independent, objective and competent audit. This social belief provides legitimacy for the existence of these standards. The 'regulative element stresses rules, regulations and sanctions imposed by the state and regulatory agencies' (Wickramasinghe & Alawattage, 2007, p. 433). For example, the Sarbanes-Oxley Act, enacted by the US government, is a compulsory code of corporate governance (Okike, 2004). 'The cognitive-cultural element is the last component of the institution; it constructs common beliefs and conceptions that become hidden logics for human behaviour' (Wickramasinghe & Alawattage, 2007, p. 433).

Our argument in this study hinges on this last component of institutions. We maintain that because corruption is commonplace (pervasive) in Nigeria, it is enshrined in the beliefs and conceptions of Nigerians. The prevalence of corruption in Nigeria has caused corrupt practices to be tagged the 'Nigerian factor' in official realms (Wallace, 1992). Therefore, the involvement of accountants in aiding corrupt practices in Nigeria is best explained by the fact that their behaviour only becomes legitimized when they can aid and engage in corrupt practices. 'Corruption in Nigeria has reached such alarming proportions that it has become contagious - affecting even members of the accounting profession' (Okike, 2004, p. 710).

Corruption has been identified as an institutional factor that shapes organisational practices (Pillay & Dorasamy, 2010; Rodriguez et al., 2005; Uhlenbruck et al., 2006). The extent of the institutionalisation of corruption is determined by its pervasiveness. 'Thus, pervasive corruption indicates a higher likelihood that... firms operating in the country will also engage in corruption' (Uhlenbruck et al., 2006, p. 404). Through attempts to seek external legitimacy, where corruption is pervasive, organisations will likely engage in corruption. 'Organisational legitimacy is influenced by corruption through its widespread effects on formal and informal institutions' (Rodriguez et al., 2005, p. 384). Pillay and Dorasamy (2010) averred that the institutional environment grants an organisation or individual external legitimacy based on compliance with and acceptance of certain practices (i.e. corruption).

There are two major dimensions of corruption: pervasiveness and arbitrariness (Doh et al., 2003; Pillay & Dorasamy, 2010; Rodriguez et al., 2005; Uhlenbruck et al., 2006). Pervasiveness reflects the degree of entrenchment of corruption in a country, while arbitrariness reflects the uncertainty associated with engaging in corrupt practices (Uhlenbruck et al., 2006). Uncertainty implies that the outcome of engaging in corrupt activities or transactions by a firm is ambiguous (Uhlenbruck et al., 2006). Doh et al. (2003) explain that Nigeria's corruption is highly pervasive, but its arbitrariness is low. 'Where corruption is highly pervasive, it is a fully institutionalised part of commercial activity' (Uhlenbruck et al., 2006, p. 403). The approach adopted in this study is to explicate the pervasiveness and low arbitrariness of corruption in Nigeria, and hence its institutionalisation and how it affects accounting practices.

Organisations adopt institutionalised practices through a process called isomorphism (Dillard et al., 2004). Organisations comply with institutionalised practices through three means: coercive, mimetic and normative isomorphism (DiMaggio & Powell, 1983). Coercive isomorphism refers to formal and informal pressures exerted on an organisation by other organisations that it depends on, or by cultural expectations of the society within which it operates. Such pressures may be forceful, persuasive or an 'invitation to join in collusion' (DiMaggio & Powell, 1983, p. 150). Mimetic isomorphism arises from uncertainty (Carruthers, 1995; DiMaggio & Powell, 1983). In a situation of uncertainty about what to do, organisations look to similar organisations or groups and imitate what they do in a similar situation (Carruthers, 1995). Normative isomorphism stems from professionalisation (DiMaggio & Powell, 1983). Professionals tend to act the same way in different organisations due to the possession of similar specialised knowledge and involvement in a network with professional colleagues (Carruthers, 1995). Because organisations in the same institutional environment face the same isomorphic pressure, they tend to become homogeneous in their practices (DiMaggio & Powell, 1983).

Dillard et al. (2004) extended institutional theory by explaining that organisational practices often reflect the socio-economic and political context in which they operate. Furthermore, the influence of power, actors and group interest in the institutionalisation process is crucial. Dillard et al. (2004) argued that institutionalisation is better understood as a process that occurs through three levels of social order—social, economic and political level; organisational field level; and organisational level—rather than an outcome. The social, economic and political level determines what is

institutionalised in the organisational field level, while the organisational field level provides the foundation for what is institutionalised at the organisational level. The social, economic and political context refers to the 'overarching societal level of political, economic and social systems, within which norms and values are established and disseminated to members of the society' (Dillard et al., 2004, p. 512). Organisational field level implies the aggregate of different organisations that constitute a recognised area of institutional life, such as regulatory agencies and product consumers, or a socio-economic configuration (Dillard et al., 2004; DiMaggio & Powell, 1983). The organisational level contains individual organisations that comprise the organisational field level.

Another important aspect of Dillard et al.'s (2004) model is the recognition of power and agents across the three levels of social order. Agents facilitate the institutionalisation of practices based on their relative power at the three levels. For example, at the economic and political level, government officials, legislators and regulators are usually the agents. These government officials or agents establish rules that are passed down to the organisational field level, or put in place enforcement structures that monitor compliance with defined rules. At the organisational field level, industry leaders and external consultants are key agents, while managers and other employees are primary actors at the organisational level. It is the relative power of these agents that determines whether the overarching norm at the social, political and economic level trickles down to the organisational field level.

2.2. Corruption and the institutional environment

Whilst there is a dearth of studies utilising institutional theory to explain corruption, we discuss related literature in this section. Gabbioneta, Greenwood, Mazzola, and Minoja (2013) examined the influence of the institutional environment on sustained 'corporate illegality' and the concealment of such illegal practices. Using Parmalat as a case study, they found sustainment of Parmalat's decade-long fraud in the regulator's endorsement of the company's flawed growth strategy, which amplified the company's dwindling performance and consequently led to sustained fraud. Misangyi, Weaver, and Elms (2008) considered the interplay of different institutional logics and resources as a way of ending the persistence of corruption in both developing and developed countries. They opined that ending corruption would involve the creation of alternative identities that frame actions differently, cognitively and morally, coupled with the development of non-corrupt practices embedded in the newly constructed alternative identities. Everett, Neu, and Rahaman (2007) investigated two alternative perspectives (the orthodox and radical mentalities) of the role of accounting in the global fight against corruption using a governmentality framing. Using Bourdieu's institutional sociology, Neu, Everett, Rahaman, and Martinez (2013) explored how accounting facilitated corruption in a Canadian government's sponsorship programme, despite the network of barriers such as internal controls, finance and anti-bribery regulations. Another important study in this line of research is that of Neu et al. (2013), which examined audit practices in the 'context of systemic public sector corruption' (p. 1223). Lounsbury and Hirsch (2010) reaffirmed the role of institutions in shaping the function of organisations and markets.

Neu, Everett, and Rahaman (2015) argued that internal control mechanisms and auditing have the potential to discourage corruption and encourage ethical practices in organisations. However, using the cases of Hewlett-Packard and BAE Systems Plc, Sikka and Lehman (2015) narrated how internal control and auditing are unlikely to discourage corruption in securing government contracts due to the supply of corruption by organisations. Similarly, Sargiacomo, Ianni, D'Andreamatteo, and Servalli (2015) showed that despite the introduction of anti-corruption mechanisms in government procurement in Italy, corruption still abounds. This led them to conclude that corrupt actors often devise alternative strategies that make it 'difficult to investigate potential corruption red flags' or 'political and/or bureaucratic discretion will be used to sidestep the anticorruption assemblage itself' (Sargiacomo et al., 2015, p. 95).

2.3. The Nigeria oil subsidy case

All governments across the world have common ground with regards to the functions and responsibilities they provide to their citizenry. They see their fundamental purpose as being to maintain territorial defence and internal law and order, and provide social goods, social amenities, and economic relief to the needy. Price regulation is one of the instruments that governments use to play their economic role in support of their populace. Governments fix the prices of some goods for sale to consumers, and pay the retailer the difference between the actual market price and the regulated price of such goods through a price mechanism called 'subsidy' (Iyobhebhe, 2011).

In Nigeria, as the price of oil steadily fell in the international oil market from 1980 to 1984, the Nigerian government cushioned the deficit in its budget using the country's foreign exchange reserves (Mosley, 1992). By 1983, the foreign exchange reserves had been depleted to about one-fifth of their value in 1980. The Buhari/Idiagbon regime sought to reschedule the Paris Club¹ debt in the face of increasing external debt service, but without success. At the same time, the government discountenanced the International Monetary Fund (IMF) prescriptions for economic reform. Upon ousting the Buhari/Idiagbon regime, the Ibrahim Badamasi Babangida (IBB) military dictatorship in 1986 'declared that due to the

¹ The Paris Club is an informal group of official creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor countries (<http://www.clubdeparis.org/>).

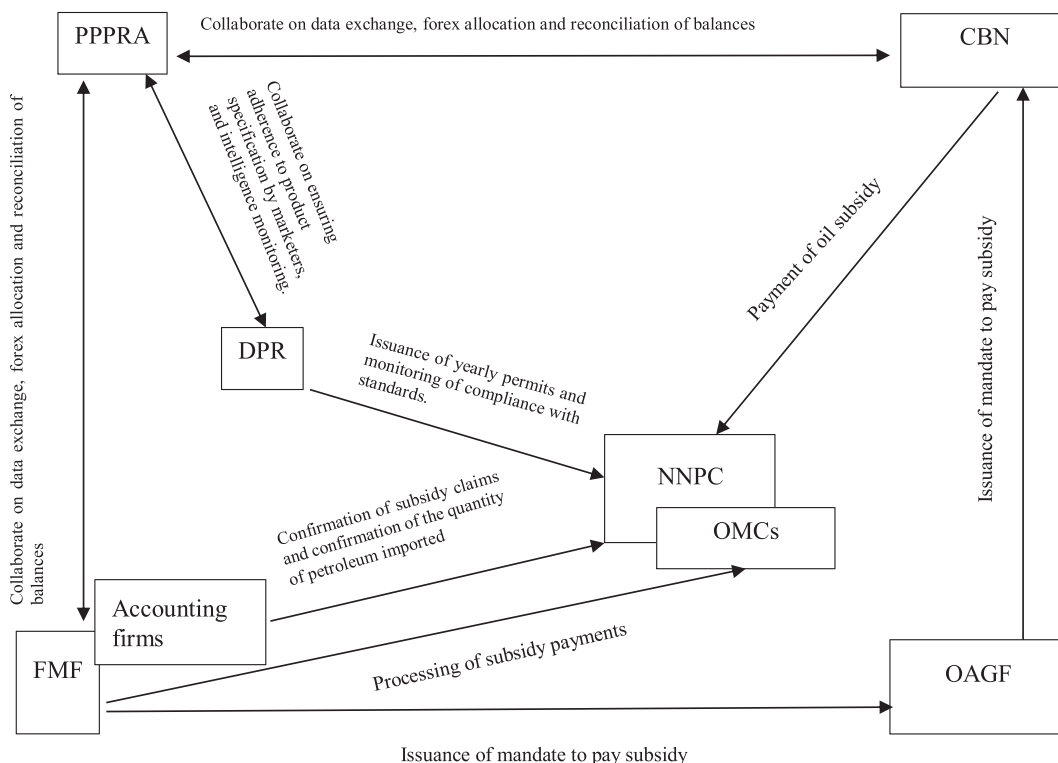


Fig. 1. Relationship between the Key Stakeholders of the Oil Subsidy Scheme. Note: PPPRA: Petroleum Product Pricing Regulatory Agency; CBN: Central Bank of Nigeria; DPR: Department of Petroleum Resources; NNPC: Nigeria National Petroleum Corporation; OMCs: Oil Marketing Companies; FMF: Federal Ministry of Finance; OAGF: Office of the Accountant General of the Federation.

devaluation of the naira, the domestic price of fuel had become unreasonably cheap and was therefore burdensome to the government purse' (Iluyomade, 2011, p. 5). This triggered a rise in the price of petrol from N0.23 to N0.70 and was part of the Structural Adjustment Programme (SAP) of the government that was directed by the IMF. The World Bank also played a major role by helping in the organisation of the inter-ministerial committee that designed the SAP as well as granting loans for the execution of many programmes, to the tune of US\$1.1 billion from 1986 to 1990 (Mosley, 1992).

Together with the increase in fuel price, another strategy was already taking shape through the issuance of licences to lift² import and market oil to private oil marketers, while the government that was hitherto the monopoly supplier of oil paid subsidies³ to temporarily stabilise the price of petroleum products and simultaneously fix dilapidating refineries. The subsidy regime was intended to last for the six months needed to fix the oil refineries during the IBB military dictatorship; instead, it lasted for more than 25 years, ending in 2016. These antics of subsidy policy were not obvious until 1988 when it became known to the public, through unprecedented widespread corruption, that the IBB junta could not resist the private inflow of billions of petrodollar profits from the subsidy payment (Falana, 2015). The refineries were never fixed, so the 'benefits' of the fuel subsidy continued to accrue to the cabals⁴ and the oil marketers and trading companies.

In 2012, due to the creeping effects of the financial crisis, leading to the unsustainability of the subsidy scheme, the Federal Government of Nigeria partly halted subsidy payments. Following this partial removal of the subsidy on the Premium Motor Spirit (PMS) on 1 January 2012, the House of Representatives, in an emergency session held on 8 January 2012, set up an ad hoc committee to verify and determine the actual subsidy requirements and monitor the implementation of the subsidy regime in Nigeria. However, the report of the committee only reviewed three years of the Petroleum Support Fund (PSF) administration. The committee began with a review of the functions and responsibilities of stakeholders, which we discuss below.

² The process of raising or lifting oil from a well by means of gas injected down the well through tubing or tubing casing annuls. Injected gas aerates the oil to make it less dense, forcing the oil out of the well (<https://www.mineralweb.com/library/oil-and-gas-terms/gas-lift-definition/>).

³ Subsidy is the difference between the sum of the international market price of the finished petroleum products (Platt Prices) and the additional costs involved in moving the products into the shore tanks less the price that the Federal Government of Nigeria has required that the finished petroleum products be sold to the retailers/dealers at the Depot-Ex-Depot Price (PwC, 2015, p. 64). The subsidy is paid to companies that are licensed to import refined petroleum products.

⁴ The Nigerian political elites and bourgeoisie.

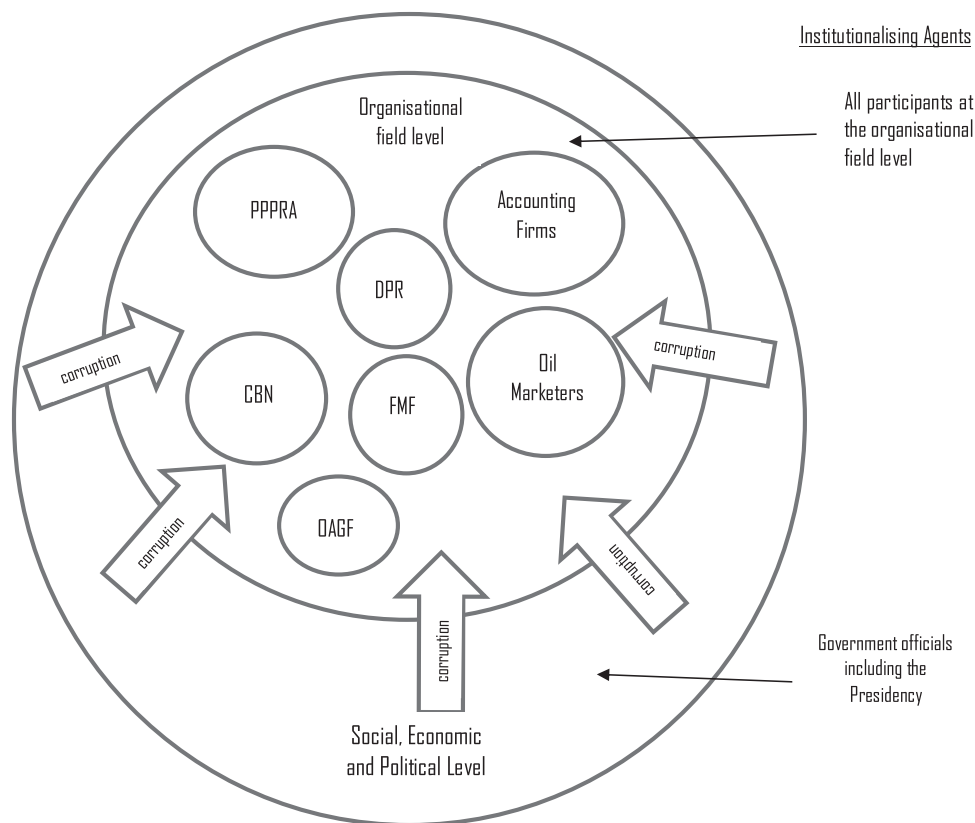


Fig. 2. The Spread of Corruption from the Macro Level to the Organisational Field Level.

To ensure seamless administration and prevent possible sharp practices by fiendish oil marketers, the subsidy administration was vested in the Petroleum Product Pricing Regulatory Agency (PPPRA) through the administration of the PSF. The PSF is 'a pool of funds provided in the budget and contributed to by the three tiers of government to stabilise the domestic prices of petroleum products against the volatility in the international crude and products prices' (House of Representatives Ad-Hoc Committee, 2012, p. 28). In adherence to the guidelines of administering the fund, the Central Bank of Nigeria (CBN) keeps custody of the fund and disburses the stipulated appropriations from it. The CBN's custodian function is complemented with the monthly issuance of the statement of account of the PSF to the PPPRA, issuance of FOREX to importers, security of idle funds, and confirmation of payments to importers from the PSF.

Other government agencies and departments consolidate the supposed transparency and smooth administration of the petroleum subsidy. The primary duty of the Department of Petroleum Resources (DPR) is the management and verification of information provided by subsidy claimants as well as intelligence monitoring to check for malpractice. The Federal Ministry of Finance (FMF) collaborates with the PPPRA on data exchange, and issues payment mandates through the Office of the Accountant-General of the Federation (OAGF) to the CBN to pay subsidies to oil marketers. In addition, the FMF also appoints audit consultants (Akintola Williams Deloitte and Olusola Adekanola & Co) to assist in checking product deliveries, witnessing the confirmation of imported quantities of refined crude oil, and providing product statistics from jetties to depots and retail outlets. Fig. 1 summarises the relationship between the key stakeholders of the oil subsidy scheme.

2.4. The institutionalisation of corruption in the oil subsidy scheme

Fig. 2 depicts the spread of corruption from the social, political and economic level to the organisational field level (oil subsidy scheme) based on Dillard et al.'s (2004) model of institutional theory.

'Institutionalisation is the process whereby the practices expected in various social settings are developed and learned' (Dillard et al., 2004, p. 508). In Fig. 2, at the social, economic and political level, corruption is institutionalised by Nigerian government officials (including the presidency) through their widespread participation and the non-establishment of capable structures to punish and deter erring officials. The organisational field level comprises all entities that are key stakeholders in the oil subsidy scheme and are therefore subject to the governing rules of the scheme. The institutionalisation of corruption at the economic and political level sets the foundation for the institutionalisation of

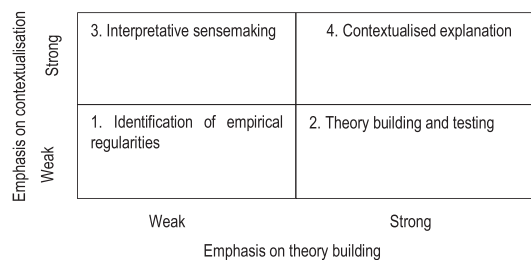


Fig. 3. Alternative typology of theorising from case studies. Source: Tsang (2013, p. 199).

corruption at the organisational field level because the overarching social values and expectations are developed at that level (Dillard et al., 2004). From the social, economic and political level, corruption spread to the organisational field level through the agents at the social, economic and political level, who constituted the preponderance of the stakeholders/participants at the organisational field level.⁵ As the majority, they influenced other participants to engage in their established practice (corruption). Their joint understanding (collusion) to engage in corruption was the main isomorphic pressure that institutionalised corruption at the organisational field level. The two accounting firms thus played a major role in making corruption thrive, as stakeholders depended on their certification for release of the oil subsidy payments.

As will be proposed later, the socio-political and economic environment of Nigeria has also influenced accountants to engage in corrupt practices, thereby exerting a normative isomorphic pressure on the two accounting firms in this study to engage in corruption in the subsidy scheme. We contend, however, that the involvement of the two accounting firms in corruption does not imply that all other accounting firms will do the same, because the institutionalisation process depends on 'the relative power of the actors who support, oppose, or otherwise strive to influence it' (DiMaggio, 1988, p. 13) or the type of strategic response adopted by an organisation to fend off isomorphic pressures (Oliver, 1991). For example, an audit firm may be headed by an ethical engagement partner who will not support corruption. In the case of the oil subsidy scheme, such an audit firm would rather quit the engagement because it is appointed by the FMF, which is itself corrupt.

3. Research approach

This study uses a case study research design (Massis & Kotlar, 2014) to explain how two accounting firms aided and engaged in corruption in an oil subsidy corruption scandal in Nigeria using Dillard et al.'s (2004) model of institutional theory. Tsang (2013) 'contextualised explanation' from the alternative typology of theorising from case studies is adopted. This concept and other concepts in Tsang's typology are depicted in Fig. 3.

The identification of empirical regularities (first quadrant) describes a type of case study method that is centred on finding 'widespread phenomena that have practical significance' (Tsang, 2013, p. 199). These findings may not be underpinned by a known theory or generate a theory. Quadrant two is a case study theorising technique that tests a theory from a case study. 'For instance, repeated studies of the same case at different points in time provide inter-temporal comparisons that can reveal how continuities and discontinuities in mechanisms and contexts affect outcomes predicted by a theory' (Tsang, 2013, p. 199). Interpretative sense-making is interested in discovering human experience in a real-world context rather than generating new theory. Contextualised explanation aims at explaining a phenomenon within a theoretical framing in a specific context, and is the type of case study theorising method adopted in this study as we seek to explain, through the lens of institutional theory, why the two accounting firms supported other corrupt players rather than guarded the public against their corruption.

Corruption is often clandestinely perpetrated. In most cases, investigations by public authorities are what bring corruption cases into the limelight. Thus, we use publicly available documents as our primary source of data and examine them using content analysis. Bowen (2009) describes content analysis as 'the process of organising information into categories related to the central questions of the research' (p. 32). We use the report of the Nigerian House of Representatives Ad-Hoc Committee (hereinafter 'the House Committee report') (2012) to verify and determine the actual subsidy requirements and monitor the implementation of the subsidy regime in Nigeria. This report is the only document that renders a complete account of the investigations into the oil subsidy corruption scandal.⁶ The report does not give an account of corruption at the social, economic and political level, so we rely on interview data to support our inferences from the report.

⁵ The PPPRA, DPR, OAGF, NNPC and the CBN are all government agents that operate at the social, economic and political level yet they are part of the organisational field level.

⁶ Initially, we could only obtain the report through a remote location on the Internet, as it was not readily available to the public. The report can now be obtained from https://www.premiumtimesng.com/docs_download/KGB%202015%20subsidy.pdf.

Following Neu et al. (2013), we interviewed two accountants and two auditors in government ministries and parastatals to corroborate our inferences from the document. It was difficult to get people to talk about issues of corruption, especially in relation to how they were implicated in the scenario. As a result, our sample size was limited to four knowledgeable individuals. We adopted snowball sampling in selecting our sample. Two of the interviewees who were known to us contacted the remaining two on our behalf. We assured all the interviewees of their anonymity. The details of the interviewees are presented in Table 1.

We analysed the interview data using thematic analysis, which is a process of identifying, analysing, and conveying repeated patterns of meaning in a data set (Braun & Clarke, 2006). A theme is a category identified by the researcher that relates to the research questions, builds on codes identified in the transcript or document and provides the researcher with a basis to have a theoretical understanding of the data' (Braun and Clarke, 2006, p. 580).

We acknowledge the limitations of our approach in gathering a robust dataset. Nonetheless, we believe that corroborating documents with interviews of knowledgeable individuals offers a solid foundation for our inferences (see Neu et al., 2013).

4. Data analysis and findings

4.1. The social, economic and political level

The following section discusses the pervasiveness of corruption in Nigeria to demonstrate its institutionalisation. We begin by giving a historical account of how corruption evolved over time in Nigeria, thereby becoming institutionalised (Uhlenbruck et al., 2006).

Corruption is commonplace in Nigeria, and is perpetrated by government officials, public officers, managers, employees of private firms, and professionals who claim to be protecting the public interest. Multinational firms are also involved in corruption scandals in Nigeria (Otusanya, 2011a,b). Attempts to curb corruption through the creation of government corruption-fighting agencies like the EFCC (Economic and Financial Crime Commission) and the ICPC (Independent Corrupt Practices and Other Related Offences Commission) have been futile, as Nigeria is still enmeshed in corruption. Numerous studies document corruption scandals involving the aforementioned entities, groups and individuals (see Otusanya & Lauwo, 2010, 2012; Otusanya, 2012, 2013; Otusanya, Ajibolade, & Omolehinwa, 2012). Corruption in Nigeria, as argued by some scholars (e.g. Diamond, 1987; Tignor, 1993; Osoba, 1996; Mulinge & Lesetedi, 1998; Otusanya, 2013), is not a recent phenomenon but is a socio-political menace that has existed from the time of the country's colonisation. The pervasiveness of corruption in Nigeria has its root in the country's past; thus, the current corrupt practices of businesses and individuals, including professionals, become more intelligible when the past is considered to see how corruption has become institutionalised (pervasive) in Nigeria over time.

According to Osoba (1996), the colonial period was characterised by a military rule that was 'underpinned by a mode of capital production, appropriation and accumulation that was dominated by the monopolistic and oligopolistic practices of major European trading firms' (p. 373). Such military rule subdued Nigerians but elevated the colonial rulers in such a way that only menial jobs were available to Nigerians. The 'whites' did the 'good jobs' that paid more (Osoba, 1996). The upcoming Nigerian elites suffered the consequences of the corrupt capital accumulation of the colonial rulers, which triggered the clamour for self-rule.⁷ Due to the growing resistance, the colonialists decided to leave Nigeria but not its economy. The strategy adopted was to enter into a 'power-sharing arrangement or partnership' with the upcoming elites (Osoba, 1996, p. 373). This partnership admitted the upcoming Nigerian bourgeoisie into the directorship of key firms in various parts of the country,⁸ although the Nigerian elites still held less influential positions compared with their European counterparts (Osoba, 1996). The ruling elites became corrupt with their admittance into avenues where they could accumulate wealth compared with their initial abandonment by the colonialists. In the words of Osoba (1996):

It is to this period of decolonisation that the pervasive phenomenon of 'ten per cent' kickbacks dates, as executors of a whole array of public policies insisted on a prepayment to themselves of at least 10 per cent of the value of the favour being sought by members of the public (contract, licence, scholarship, employment etc.) before performing the duty for which they were already being paid generous salaries and allowances from the public treasury. (p. 374)

Furthermore, an investigation into the Eastern Nigerian government funds by the Foster Sutton Tribunal of Enquiry in 1956, found that Azikiwe (then-premier of Eastern Nigeria) enriched himself by diverting government funds into his bank—the African Continental Bank (Familoni, 2007; Ologbenla, 2007; Osoba, 1996; Sklar, 2004). During this decolonisation period in the 1950s, the colonialist created marketing boards with the aim of accumulating gains from

⁷ Nanamdi Azikwe in the 1920s was unable to finance his higher education abroad because of the capital shortage, while Obafemi Awolowo in 1944 had to register as an external student taking private study to study law at London University because of the capital shortage (Osoba, 1996). The two equally faced capital shortages in trying to set up newspaper ventures—*African Pilot* (Azikiwe) and *Nigerian Tribune* (Awolowo)—to promote their political ambitions (Osoba, 1996).

⁸ For example, according to Sklar (2004), Dr Akinola Maja, Chief S.O. Gbadamosi, Chief S.O. Shonibare and Alfred Rewane, who were key members of the major political party in the western part of Nigeria, Action Group (AG), held directorship positions in companies like National Bank of Nigeria, Nigerian Railway Corporation, National Investment and Properties Company, Amalgamated Press of Nigeria Limited, and Western Nigeria Development Corporation.

Table 1
Interview Details.

Pseudonym	Industry	Experience	Qualification	Duration	Medium of Retention
University Accountant	Public University	27 years	ACA	66 mins	Recorded
University Auditor	Public University	29 years	BSc, MSc, ACA	64 mins	Recorded
Principal Auditor	Ministry	8 years	BSc, MSc, ACA	35 mins	Recorded
Project Accountant	Ministry	10 years	BSc, MSc, ACA	72 mins	Recorded

agricultural produce, which were used to finance infrastructure and the development of local capitalism (Osaghae, 1998; Otusanya, 2013). According to Otusanya (2013), the G.B.A. Coker Commission of Inquiry of 1962 investigated six western Nigerian public corporations that revealed the existence of several devices by which First Republic politicians in western Nigeria diverted accumulated surpluses of the Cocoa Marketing Board into their respective private coffers. Diamond (1987) opines that this 'small circle of ruling-party politicians and businessmen had drained the region's marketing board of more than £10million, essentially bankrupting it in seven years' (p. 579).

These glaring misappropriations of public funds by the political elites of the First Republic led to the encroachment of the military into the political affairs of Nigeria. The massive corruption of political elites in Nigeria, from the military era up to the present time, has been extensively discussed in several studies (Lawal & Ariyo, 2006; Osoba, 1996; Otusanya, 2013). This study does not discuss these findings because the intent is only to show the institutionalisation of corruption, through its pervasiveness at the social, economic and political level (Dillard et al., 2004).

Beyond this historical insight into the pervasiveness of corruption in Nigeria, we provide further evidence from the field (interviews) to show that corruption is still entrenched in the fabric of Nigeria. Two of the interviewees explain the pervasiveness of corruption as follows:

Anybody who is in the system will know that the level that corruption has gone is beyond repair. [It is not] repairable in the sense that those people we even expect to champion the anti-corruption [fight] are the ones that encourage the young ones to know ways of how to perpetrate the corruption. (Project Accountant)

We cannot say there is no corruption in the system. Nigerian corruption has now affected the service of all service providers. (University Auditor)

Another interviewee elucidates how corruption is perpetrated in the Nigerian public sector as follows:

We have a lot of ways corruption is being perpetrated in Nigeria. First is by inflating the contract sum. Second is receiving approval for an activity that never took place. Even training, seminars and conferences that they claim will be attended, eventually, approval and money will be received, and they will decide not to attend. Not only that, if you are talking of corruption in the service, they still divert public assets or properties to their personal use. (Principal Auditor)

Accounting firms operating in such a highly corrupt environment are themselves susceptible to corruption, which defines the varieties of social, political and economic engagement. In the next section, we examine the influence of the corrupt Nigerian environment on accounting practice in the country.

4.1.1. The influence of the socio-political and economic context of Nigeria on accounting practices

Accounting practices are influenced by institutional contexts (Neu et al., 2013). Accountants are not immune to corrupt practices in a country like Nigeria, where corruption is an institutionalised practice through its pervasiveness (Doh et al., 2003; Uhlenbruck et al., 2006). In a corrupt society like Nigeria, 'accountants who expose corruption can suffer such untoward consequences as legal problems, loss of job, loss of clients, loss of reputation, and perhaps, in the most extreme circumstances, loss of life' (Gruner, 1999, p. 37). To be accepted by society, the accountants have to play along.

According to Wallace (1992), a Nigerian partner of the audit firm Arthur Young, Osindero and Moret (later Osindero Oni Lasebikan) was murdered while returning from an audit assignment in 1984, because the audit assignment led to the exposure of a large-scale fraud (p. 45). Similarly, two auditors, an accountant, and the secretary to the finance director who were involved in or knew of a fraud in Guinness (Nigeria) Limited, were murdered in quick succession (p. 45). In such a highly sensitive environment, accountants are no longer watchdogs; instead, they become dormant or even the perpetrators of crime (Mantu, 2005, cited in Bakre, 2007a). The interviewees explain the involvement of accountants in corruption as follows:

The accountant is always subject to the instruction of the Chief Executive. That is how the LFN [Law of Federation of Nigeria] splits the hierarchy in the service, i.e., somebody will approve and someone else will implement the approval. That means after getting the approval done by the Chief Executive, the accountant will implement it by effecting the necessary payments, and you know accountants are part of the system, he may as well benefit from the proceeds of the corruption and for that reason they team together in order to perpetrate corruption in the service. (Principal Auditor)
Let us put it that in 100% of the case that corruption happens, I will affirm that 70% of it will involve accountants, because one way or the other they have to seek the knowledge or experience of the accountant before they do that. (University Accountant)

They [fraud perpetrators] partner with the accountant. That means the accountant will definitely have his own share out of the proceeds and they will collectively perpetrate it. (Principal Auditor)

Accountants engage in corruption because of the different isomorphic pressures exerted on them by their institutional environment. These pressures include loss of job, physical harm, bribery and invitation to collusion which the accountants are well acquainted with (i.e. arbitrariness of corruption). The various dimensions of isomorphic pressures faced by Nigerian accountants were expressed by the interviewees as follows:

People in power, most especially the Chief Executive, if you have a very serious observation as an auditor, which can indict, before you know what is happening, power from above will tell you to pocket your observations; otherwise, you will lose your job, so that's just the problem we are facing. (Principal Auditor)

When you are working with an organisation, and the head of the organisation is interested in some issues of money and he knows he cannot do it on his own without your help, and you already have your own individual threat, by the time they now come up with any issue, maybe a contract is N1 million or N1.5 million, and you will take your share of the deal, the person [i.e. accountant] will quickly take it. I mentioned it before that despite all the operational guidelines and rules that are in place, this individual threat [low salary and the desire for a better life] used to affect the accountant in complying with those laid down rules and regulations that we have. (Project Accountant)

Then, apart from the threats that they do not give you the job again, which is self-interest threat, what of the threat to life which is the intimidation threat? Those are the reasons why the issue of corruption will persist... There is no way you will carry out a test of transactions that you will not see errors, misclassification of account, but they will tell you that they did the misclassification deliberately. So... if you still want to insist, they will intimidate you. (University Accountant)

In the next section, we showcase why the two accounting firms in our case study had to play along in the corruption due to various isomorphic pressures they faced within the organisational field level.

4.2. The organisational field level analysis

The institutionalisation of corruption by government officials through its pervasiveness (Uhlenbruck et al., 2006) at the social, economic and political level, as discussed in the preceding section, is the premise for the institutionalisation of corruption at the organisational field level (Dillard et al., 2004). By government officials' widespread participation in corruption and non-prosecution of erring officers, corruption becomes the overarching social expectation and a legitimising factor for social and commercial interactions at the organisational field level. In the subsidy case, most of the organisational field level stakeholders are government officials who 'transfused' corruption into the organisational field level and, through collusion, exert coercive isomorphic pressure on all the key stakeholders (including the accounting firms) in the subsidy scheme. The FMF is aware of this institutionalised practice among its staff, as the House Committee's report observes:

Apparently, due to deficit of faith in the ability or integrity of its staff, the FMF outsourced its responsibility for witnessing and confirming imported products to the accounting and audit firms of Akintola Williams Deloitte in 2006, and Olusola Adekanola and Co. in 2011. (p. 84)

According to the House Committee report, the first indication of corruption in the subsidy scheme was the lack of records kept by the various agencies, which the committee assumed to be a deliberate agreement amongst the agencies. The House Committee report finds collusion (a coercive isomorphic pressure, according to DiMaggio & Powell, 1983) as the major institutionalising factor behind the corruption at the organisational field level. As the House Committee report observes:

It is our view that the guidelines of the PSF Scheme, even as watered down by the Board in 2009, could have salvaged the Scheme if they were observed and enforced. Had the staff of various agencies and government officials not compromised and colluded with certain marketers, the level of corruption would have been minimal. The Committee viewed this fact with serious concern and has suggested measures to ensure that impunity is no longer condoned. (p. 11)

Collusion among accountants and other stakeholders to swindle public funds from government coffers is a popular practice in Nigeria. It is not surprising that the House Committee report made this observation in the oil subsidy scheme.

You know the accountant, being in charge, is going to be carried along. And you know in Nigeria, in the real sense, when they request for N50 million, we will process N75 million, because N50 million will go out and the N25 million will be within. So, when you know you are going to have a share of N1 million, you quickly think of what you can do. You now begin to say that why can we not say that there was a fire disaster that burned armoured cable, and you know armoured cable is underground. The head of administration is involved and will be the one that will raise the memo, stating that there was a fire disaster on Saturday, quoting a fictitious date. The chairman of the [University] Council is also involved, he will sign and say he gave the approval because of the exigency of the fire. How do you want to trace that fraud? It is like collusion, it involves everybody, even if they are not going to give the accountant, the concept of attract and retain that I mentioned, there is poverty in Nigeria, less than 1% of Nigerians [accountants] is ready to quit his job because he wants to protect integrity. (University Accountant)

The above quotation shows that accountants are often carried along in corruption cases in Nigeria. The involvement of the accounting firms in the oil subsidy corruption becomes comprehensible because they had to be carried along for the smooth perpetration of the corruption. The involvement of organisational field level stakeholders in the oil subsidy corruption scandal, as revealed by the House Committee report, is summarised in Table 2. The complicity of the two accounting firms is presented separately because they are the focal stakeholders of this study.

4.2.1. The accounting firms' involvement in oil subsidy corruption

The most important stakeholders in this case are the two accounting firms recruited by the FMF as consultants. The firms – Akintola Williams Deloitte and Olusola Adekanola & Co – were recruited by the FMF in 2006 and 2011, respectively. Akintola Williams Deloitte is a member of Deloitte Touche Tohmatsu LLC. It is a partner of Deloitte (one of the Big 4) in Nigeria. The firm was established in 1952 by Akintola Williams, the doyen of the accountancy profession in Nigeria. In 2004, it adopted the name 'Akintola Williams Deloitte' following its merger with Deloitte Touche Tohmatsu LLC. Olusola Adekanola & Co is a midsize indigenous accounting firm without any international affiliations and with a limited operation within Nigeria. According to the House Committee report (2012), their function involved 'witnessing and confirmation of the discharge of imported cargo' (pp. 48–49), providing product statistics (supply and distribution) from jetties to depots and to the retail outlets (p. 33), verifying/auditing marketer's subsidy claims and submitting the audit report to the FMF (p. 49). The two firms collaborated with other stakeholders in the oil subsidy corruption due to the various isomorphic pressures exerted on them. We explore these pressures next.

4.2.1.1. Coercive isomorphism.

The issues surrounding that oil subsidy, any of the Big 4 cannot survive it because of the nature of this our country. (University Accountant)

The involvement of the two accounting firms in the oil subsidy corruption may arise from the collusion in the organisational field level and other coercive isomorphic pressures, given the history of accounting firms' engagement in corruption in Nigeria. As the firms were part of the organisational field level, they were part of the collusion. In fact, their appointment may have been an 'invitation to join in collusion', which is a coercive isomorphic pressure, as argued by DiMaggio and Powell (1983). Invitation to join in collusion is a persuasive coercive isomorphic pressure rather than a forceful one (see DiMaggio & Powell, 1983). The accounting firms may have been persuaded with promises of future contracts, bribes from the present contract (as discussed later), and the secrecy of their activities.

Regarding the two accounting firms, the House Committee report (2012) finds 'there was no evidence that due process was followed in the process of their appointment as consultants' (p. 85). As a result, their appointment was not fair and may have been based on their potential to support the corruption intended by other parties in the organisational field level, including the FMF that recruited them. We argue that, had it been the intention of the FMF to hire them for independent verification, their appointments would have been based on their ability and experience in carrying out the task. However, the House Committee report established that the firms lacked the expected competence in the verification process and did not demonstrate professional care in their audit assignment:

We observed that the firms contributed little value to the veracity of the exercise. Indeed, during [their] interaction with the Committee, it became obvious that the firms had neither adequate knowledge of the procedure of measuring products in a vessel before and after discharge, nor did they demonstrate the professional care expected of their standing in auditing marketers' claims based on quantity, exchange rate and crude price. (p. 85)

One of the interviewees observed that, generally, the self-interest threat is the primary reason why accountants engage in corruption in Nigeria:

They [accountants] want to do everything possible to attract and retain, and if you have that mindset of attracting and retaining, there is nothing you cannot do. And that is why, when you mentioned the issue of threat, everything that is self-interest driven is everything that has to do with money. Unfortunately, that is the mother of all corruption in Nigeria. When you know that this is the person that is paying your salary, if you cannot bend, you cannot survive. There is nothing you cannot do; you will even write accounts for them. (University Accountant)

We deduce from the above comment that the appointment of the two accounting firms, which did not follow due process, was informed by their political connections,⁹ which is a self-interest threat. Their appointment as such inevitably led to their involvement in corruption. Another interviewee gave an example of self-interest threats faced by accountants in the public sector as follows:

We still have a deficiency in the way the office of the Auditor-General was set up and the deficiency is that the office was supposed to be autonomous. Presently, the men from the office of the Auditor-General engage in yearly promotion and the promotion is done by the Office of the Head of Service and the Civil Service Commission. And for that reason alone, if

⁹ Akintola Williams Deloitte and Olusola Adekanola & Co are owned by Nigerians who are politically well-connected. Akintola Williams is one of the founding fathers of the Institute of Chartered Accountants of Nigeria who have worked extensively with the state in the course of professionalising accounting education and practice in Nigeria (see Wallace, 1992; Okike, 2004). Olusola Adekanola has equally worked for many state governments in Nigeria.

Table 2
Corrupt Practices of the Organisational field level Stakeholders.

Key Stakeholders	Corrupt Practices (as detailed in the report)
Petroleum Products Pricing Regulatory Authority (PPPRA)	<ol style="list-style-type: none"> 1. The PSF account was registered in the CBN with the name PPPRA. After all verifications and final authorisation, CBN effected payment to beneficiary marketers from the account. However, we discovered that some payments were made to the PPPRA as the ultimate beneficiary. These payments were higher than what should have accrued to the Agency as an administrative fee, when weighed against any figure of the total volume of products discharged within a given period. Thus, the Agency approved payment to itself for a total of N158.470 billion in 2009 and N157.894 billion in 2010. 2. There is massive collusion between PPPRA staff and some oil marketers as to defeat the envisaged purpose of the monitoring and verification. 3. The proliferation of marketers from 6 in 2006 to 140 in 2011 made the scheme unmanageable.¹ 4. From 2009 to October 2011, companies without facilities for storage or distribution sometimes received substantially more allocation than most major oil marketers and other independent marketers with impressive facilities. 5. Despite its statutory duty to keep reliable data, there was no single transaction on production, distribution or consumption of petroleum products supported by consistent recorded figures or statistics from any other agency in the industry. 6. Some companies without a permit in a given quarter imported products and were paid subsidies at the recommendation of the PPPRA and in clear violation of the guidelines. 7. The Agency still accepted and recommended payment for the importation of products over and above the acceptable margin ($\pm 10\%$). 8. The Committee established that payments were made on imported products based on discharge into shore tanks rather than truck-outs. This facilitated volume manipulation.
Department of Petroleum Resources (DPR)	<ol style="list-style-type: none"> 1. The DPR failed in its quantity certification duty. As a result, the DPR could not provide verifiable information on the quantity of products supplied, especially between 2009 and 2011. 2. The DPR did not gear itself up for the enforcement of price on kerosene. It also failed to sanction violators of the price regime on kerosene. 3. Contrary to one of its core functions under the PSF, the DPR failed to furnish the PPPRA with data relating to product supply and distribution for both imports and local productions and to collaborate on intelligence monitoring to check for malpractice. 4. Lack of monitoring of trucked-out products, distribution/sales of petroleum products as well as poor supervision of retail outlets by the DPR led to diversion and smuggling of petroleum products.
Federal Ministry of Finance (FMF)/ Office of the Accountant-General of the Federation (OAGF)	<ol style="list-style-type: none"> 1. A core role of the FMF is to manage the budget of the Federal government and to manage, control and monitor federal revenues and expenditures. With regard to the subsidy scheme that had provision for N245.96 billion in 2011, the sum of N2.59 trillion (as of December 2011 and excluding any possible outstandings payable in 2012) was actually expended, including the double deductions by the NNPC. This is certainly a record that can hardly be rivalled in the history of warped budget management of any nation anywhere in the world. It amounted to more than 900% extrabudgetary spending. 2. The OAGF was unable to submit details of the bulk payments arrogated to the PPPRA and the account from which the bulk sums were disbursed to the supposed beneficiaries. 3. In 2009, there was an over-recovery of N2.766 billion. This was expected to have been credited to the PSF Account but was not traceable to the official PSF account disclosed.
Central Bank of Nigeria (CBN)	<ol style="list-style-type: none"> 1. The issue here was the role of the CBN in the PSF scheme relating to import documentation requirements. To qualify for FOREX transaction, the applicant or marketer must be an 'importer' of petroleum products. This was only possible when the port of loading was outside Nigerian territorial waters. To qualify for FOREX payment, Nigerian marketers instructed their sellers to berth a few nautical miles outside Nigerian territorial waters where ship-to-ship (STS) transfers between the seller's mother vessels and the Nigerian marketer's shuttle vessels (daughter vessels) were carried out. These STS operations often occurred offshore Cotonou or Lome, illegally. It was a massive illegal international commercial activity, and we were unable to establish the existence of such practice anywhere else in the world. This practice encouraged round-tripping as some vessels were making two (impossible) trips in three days between offshore Cotonou/Lome and Lagos. This unmonitored CBN requirement for oil marketers, manifesting in STS transfers, wrought great havoc on the PSF scheme.
Oil Marketing/Trading Companies (OMCs/TCs)	<ol style="list-style-type: none"> 1. OMCs/TCs involved in product importation under the scheme were unaware of their responsibilities under the PSF and did not make any efforts to comply with them. 2. Because the PPPRA did not carry out its monitoring functions, volume manipulations were rife. 3. The oil marketers massively colluded with the staff of the PPPRA and the FMF consultants to defraud the Nigerian government. 4. The accounting firms were paid N275,000 per vessel to prevent a proper audit.

Table 2 (continued)

Key Stakeholders	Corrupt Practices (as detailed in the report)
Nigerian National Petroleum Corporation (NNPC)	<ol style="list-style-type: none"> 1. There was a tradition of exemption for the NNPC from the application of the PSF guidelines. In most instances, all other regulatory, approving or paying agencies accepted whatever figure the NNPC reported back after the conclusion of transactions. Vessels carrying its cargos were not subjected to the apparently stringent (even though unviable) inter-agency verification exercise. Then, without auditing or verification of quantity claimed, the NNPC paid itself by deducting at the source whatever amount it claimed the import was (from the general funds it made for the nation from other activities in the sector), before remitting the remainder to the Federation Account. 2. The NNPC paid itself, as arrears of subsidy for kerosene from August 2009 to December 2011, the sum of N310.4 billion contrary to the presidential directives against the payment of subsidy on kerosene. 3. The committee established that the NNPC deducted directly the sum of N408.255 billion (in addition to the payment of N81.648 billion by the CBN) in 2009, the sum of N407.801 billion (in addition to the payment of N402.423 billion by the CBN) in 2010, and the sum of N847.942 billion (in addition to the payment of N844.944 billion by the CBN) in 2011, contrary to Section 162 of the 1999 Constitution (as amended). 4. It was further established that the NNPC deducted a total sum of N844.944 billion as against the sum of N540.419 billion recommended by the PPPRA in 2011, thereby over-deducting a sum of N285.098 billion.

¹A representative example was two promoters who allegedly received an email and came in from the USA with a proposal of waste management with NNPC. Instead, the two promoters came together and incorporated Eco-Regen Ltd. on 3 August 2010 with a corporate address of 3rd Floor, UAC Building, Central Business District Wuse Abuja. It applied for PPPRA registration on 11 September, got its first allocation of 15,000 mt on 20 January 2011, and was paid N1.99 billion as a subsidy for products not supplied.

you are giving them serious trouble, you may not be promoted and, before you know what is happening, your file will be missing on a yearly basis, so that is one problem that affects the work of an auditor. Not only that, the salary as well as other benefits used to come from the office of the Head of Service, which is not good enough. (Principal Auditor)

Given the multitude of threats as discussed above, coupled with the lack of care and technical incompetence, the two firms colluded with other parties in depriving the public of crucial developmental funds. The House Committee report (2012) gives a good example of such collusion involving the two accounting firms:

Given the multitude of checks enshrined in the PSF scheme, requiring the witnessing and confirmation of every discharge by PPPRA staff, the FMF (as represented by Akintola Williams Deloitte and Olusola Adekanola and Co.), the DPR, the independent surveyors, and the Nigerian Navy, collusion was still very rampant leading to severe abuses. An example of such collusion was the case of a vessel which was said to have brought products for the NNPC and was recorded in the documentation of the NAVY, NPA, PPPRA, FMF, etc., but was found out through Lloyd's List Intelligence (LLI) that the vessel was in South Africa and not in the Nigerian waters as at the date recorded. (p. 79)

The two firms were the primary 'agents' that consolidated the institutionalisation of corruption at the organisational field level, as many of the other parties depended on and never questioned the audit reports of the two firms. The House Committee report (2012) observes that:

Staff of the firms appended their signatures on every document submitted by marketers to process their claims. The PPPRA testified that the reliance it placed on the signatures was weighty, as it normally forwarded marketers' claims for payment to the FMF once certified by the firms. Reliance on statements of the two firms was foundational, as all other agencies, including the Ministry of Finance, Office of the Accountant-General of the Federation and the CBN, all relied on the PPPRA's certification. Obviously, the FMF also treated confirmation by the two firms as unassailable as it never queried its quarterly audit reports even in the face of rapid and meteoric escalation of subsidy claims. (p. 84)

The ability of the two firms to consolidate the institutionalisation of corruption was further enhanced by the non-existence of alternative checks on the firms' activities, which the PPPRA should have provided:

The PPPRA is expected to assign Independent Inspectors, interchangeably referred to as Independent Monitors and/or Industry Consultants, to measure and certify the quantity of products imported and supplied by the importer-companies. They are also required to analyse the quality specifications of the products and ascertain the quantity of Bunker Fund in the Vessel to avoid adulteration and volume distortions. (House Committee, 2012, p. 106)

The non-existence of the independent monitors or industry consultants, we believe, is a part of collusive efforts among the PPPRA, the two accounting firms and the FMF to let corruption thrive in the organisational field level:

It appears that the implementation guidelines of the PSF Scheme were circumvented to the extent that this vital platform of Independent Inspectors, Independent Monitors or Industry Consultants was deliberately supplanted or sidelined. (House Committee, 2012, p. 107)

4.2.1.2. Normative isomorphism. It is a long-established practice of accounting firms in Nigeria to engage in corruption, which is a consequence of the influence of the socio-political environment of Nigeria. Hence, the firms also may face normative isomorphic pressure, given that they and other firms have been doing the same without any negative consequences from the accounting professional bodies or the law (Bakre, 2007a). It becomes more interesting to note that Akintola Williams Deloitte was the accounting firm involved in the Cadbury Nigeria accounting fraud, which is known as Nigeria's Enron scandal. The accounting firm thus has a history of corrupt practices.

Evidence abounds that most accountants in Nigeria engage in corrupt practices in a similar fashion that the two accounting firms did. This implies that there is a normative isomorphic pressure to comply with the institutional norm of Nigeria (corruption). Some of the interviewees expressed their opinion on the normative isomorphic pressure faced by accountants as follows:

We have everything, but we don't have the environment where those laws are applicable, or we do not have the zeal to comply with those laws. Only that, because of some of those threats that we have, most of us get to the job and find it difficult to comply with the ethics. There are some [ethical principles] that have to do with the production of reports while there are some that have to do with behavioural ethics. So, when it comes to the one that affects behaviour, that one is the one I can say that the majority of the accountants fail in. (Project Accountant)

That is why in Nigeria, if the number of audited accounts in Nigeria is one million, for example, hardly will you get 5% that is qualified. Have you seen any qualified opinion in Nigeria? [No] Why? [Companies] know that there's no qualified opinion because of the intention to attract and retain. (University Accountant)

On a final note, I do not know what the Institute can do, because the Institute themselves know, because the President of ICAN has a firm, and they are aware of all of these, the past presidents have firms, and they pass through all of these, they seem not to say anything, so it is like it [corruption] is part of the Nigerian system. (University Accountant)

4.2.1.3. Mimetic isomorphism. There is also evidence of mimetic isomorphism in the involvement of the two accounting firms in the oil subsidy scandal. DiMaggio and Powell (1983) argue that 'when goals are ambiguous, or when the environment creates symbolic uncertainty, organisations may model themselves on other organisations' (p. 151). Prior to the appointment of Olusola Adekanola & Co in 2011, the verification and audit had been carried out by Akintola Williams Deloitte since 2006.

[...] the FMF outsourced its responsibility of witnessing and confirming imported products to the accounting and audit firms of Akintola Williams Deloitte in 2006, and Olusola Adekanola and Co. in 2011. (House Committee, 2012, p. 84)

For the two audit firms to have acted in the same manner by collecting substantial bribes, both certifying false claims, and both lacking in knowledge of the necessary procedures of the verification exercise, it can be inferred that the second appointed audit firm mirrored the actions of the first (i.e. mimetic isomorphism). Moreover, it is expected that where Olusola Adekanola & Co. was unsure of the outcome of engaging in corruption (i.e. uncertainty, a mimetic isomorphic pressure), following the footsteps of Akintola Williams Deloitte, a Big 4 accounting firm, would have been the ultimate choice. Therefore, because Olusola Adekanola & Co came on board after Akintola Williams Deloitte was already engaged in the verification assignment, the former would be most likely to act in a way similar to how the latter had been acting, by supporting corruption in the subsidy scheme.

The description above is not an unusual encounter of accountants in the Nigerian public sector, as discussed by one of the interviewees who was asked about the position of accountants with respect to the rendition of true accounts of the financial transactions and curbing corruption in the public sector:

Only if he has the support of his superior officer. Without it, there is nothing he can do. In the end, he will be implicated that he/she is the one disturbing the progress of the project. It is hard to raise a case [against corrupt practices] when all other people are interested because of certain benefits, they will team up against you. But in some cases, accountants will be able to prevent some, it depends on the stance of the accountant and how you justify your point, but that is a situation where the accountant is not also benefiting. (Project Accountant)

Due to the web of isomorphic pressures exerted on the accounting firms, the two firms were eventually found to be engaging in corruption like all other parties rather than protecting the public funds against mismanagement, as expected of them. According to the House Committee report (2012):

This carefree attitude [of the two firms] could hardly be explained beyond an interest in participating in a bazaar and collecting N275,000 [approximately \$1833] per vessel. Surprisingly, the loophole of non-availability of reliable data on the quantity of imported products or any other relevant information could not be salvaged by these firms. (p. 85)

On the grounds of the above findings, the House Committee report (2012) recommended that the services of the two accounting firms, Akintola Williams Deloitte and Olusola Adekanola & Co., be discontinued immediately for professional incompetence (p. 86).

5. Conclusion and recommendations

The growing spate of accounting firms' involvement in corrupt practices has often been theorised from the perspective of their increasing pursuit of profit (Mitchell et al., 1998; Hampton & Sikka, 2005; Sikka, 2008). Thus far, the present study has extended the previous literature by arguing that, within the ambit of such growing desire for profit maximisation, accounting firms face mutually reinforcing sets of isomorphic pressures that encourage their involvement in corrupt practices. The study shows how corruption spreads from the macro-level to the organisational field level through the activities of the actors at the macro level, who constitute the majority of the actors at the organisational field level. We also extend institutional theory by showing that the institutionalisation of corruption may not necessarily occur by actors enforcing their power; rather, the non-exercise of vested power may be an institutionalising force itself. This is clear from the organisational field level, where all participants encouraged corruption by not exercising the power vested in them by the oil subsidy guidelines.

The study illuminates how two accounting firms had to play along with other parties in an oil subsidy corruption scandal. From the appointment of the two firms, there was evidence of coercive isomorphism (i.e. invitation to join in collusion) (DiMaggio & Powell, 1983), which led to their adoption of the institutionalised practice (corruption). Furthermore, the organisational field level corruption emanates from the social, economic and political level, which has made corruption a legitimising factor for social and economic interactions in Nigeria. If the two accounting firms had done otherwise, they would have lost both their immediate and future appointments as they would have been seen not to be conforming to the norm; thus, they may not have been able to sustain their business in the long-run. It is interesting to note that the FMF that appointed the two accountancy firms was also involved in the rot. The accounting firms needed to aid the course of their master to sustain their present and future appointments. There is also a sense of normative isomorphic pressure because accounting firms in Nigeria are notorious for aiding corrupt practices rather than guarding against them.

The Nigerian environment is enmeshed in endemic corruption, and accountants are most needed in this kind of environment to guard against the vicious cycle of corruption. When such practices become institutionalised, as is the case in Nigeria where corruption is tagged the 'Nigerian factor' (Wallace, 1992), accountants either adapt to the environment or their survival will be threatened should they hold onto anything contrary. Accountants may have to decouple their practices from the ethical rules they avow. This kind of decoupling is what was displayed by the two accounting firms in the subsidy corruption scandal investigated in this study. The accounting firms, through formal practices and organisational rules, were thought to possess the highest level of professional competence and integrity as the report depicted. Their formal rules and practices were, however, diametrically opposed to their institutionalised practice. Rather than protecting the public funds against mismanagement and embezzlement, they aided and engaged in corruption to conform to the norm.

Curbing the reoccurrence of this kind of corruption will involve fighting corruption at the economic and political level. It is at this level that the overarching social expectation is built. Pressure from international organisations like the World Bank can stimulate the Nigerian government to design effective anti-corruption structures that will create a different social expectation of fairness, which ultimately trickles down to the organisational field level and eventually to the organisational level. By this means, corruption may be reduced to the barest minimum, and accountants may be able to perform their duty of protecting stakeholders' interest without fear or favour.

In particular, this change may be effected by creating a strong and independent¹⁰ regulatory institution tasked with regulating accounting practices. This is a form of 'control'¹¹ strategy of the orthodox mentality for curbing corruption (Everett et al., 2007). This mentality argues that corruption can be checked by creating different socio-political and economic reforms. As argued by Iyoha and Oyerinde (2010), 'where accounting infrastructure is weak, the influence of accounting would by implication be weak also; which like a broken mirror constrains the projection of any image' (p. 364). The creation of the Financial Reporting Council of Nigeria (FRCN) in 2011, through the advocacy of the World Bank, has helped in revealing cases of accounting malpractice. The Stanbic IBTC Bank case, involving KPMG, was revealed due to the regulatory efforts¹² of the FRCN. With such regulatory efforts, which exert coercive isomorphism on accounting firms, accountants may have to make ethical choices such as rejecting appointments or revealing corruption cases. We reiterate that such efforts to establish an independent regulatory institution should come from the social, economic and political level. Without such a desire, it is unlikely that the trend of corruption will cease (Neu et al., 2010).

A similar regulatory structure exists in the Nigerian public sector, but systemic corruption has weakened its efficiency. Government auditors in Nigeria are expected to report any 'audit alarm' to the Public Accounts Committee (PAC), which is expected to investigate the matter and sanction any erring officer. However, this does not always happen, as PAC members are politicians who are themselves masters of corruption.

Granting autonomy to government audit departments is a possible way forward, as suggested by one of the interviewees (Principal Auditor). This might alleviate the current pressure exerted on accountants and auditors to engage in or be

¹⁰ Independence is paramount so that such a regulatory body is not captured by the socio-political environment or auditing industry (see Sikka, 2001).

¹¹ Other strategies, for example, the 'exit' strategy that argues for privatization of government-owned entities to encourage competition and consequently increase efficiency and reduce corruption, have failed (see Bakre & Lauwo, 2016).

¹² Apart from quarterly and annual review of companies' reports, the FRCN demands that auditors sign audited accounts in their names. This makes auditors more cautious, because their reputation rather than the firm's is tarnished should anything go wrong.

complacent about corrupt practices. Better financial and other related employment benefits, as suggested by one of the interviewees (Project Accountant), will also need to be designed to ensure that financial threats are limited. Such a structural change will likely see the light of the day if international institutions like the World Bank can pressure the government to carry out the reforms in a way similar to how the government was pressured to make related reforms.¹³

The authors acknowledge the significantly helpful comments, insights, and encouragement of the two anonymous reviewers. We appreciate the editor, Yves Gendron, and the guest editor, Philippe Lassou, for their insightful comments and encouragement. We also thank the associate editor of CPA, Jeffery Everett, for his helpful comments on the earlier draft of this article.

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¹³ For example, the Treasury Single Account and other ICT-related reforms (World Bank, 2018) and the adoption of International Public Sector Accounting Standards.

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