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Neoliberalism, 'honour'-based regulatory frameworks of accounting and accountability in a social context: An examination of the role of accounting in the management of subsidies on petroleum products in Nigeria

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ABSTRACT

Nigeria subsidises the cost of petroleum products for its citizens, but corruption means that the cost is rising and to maintain the subsidy, Nigeria has sought financial support from international financial institutions, such as the World Bank and International Monetary Fund. However, this support is contingent on neoliberal economic policy reform, in which the World Bank calls for the removal of petroleum product subsidies and the implementation of Western 'honour'-based regulatory frameworks, that is, International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS), to improve transparency and accountability. Considering endemic corruption in the Nigerian cultural and socio-political context, where political elites can override any rule and politicians, public officials, and professionals can intentionally manipulate accounting records, we examine the limits of governance/accounting frameworks and explore the boundaries of accountants' oversight function. In particular, we discuss the impact of 'honour'-based regulatory frameworks, such as IFRS and IPSAS, on transparency and accountability in the Nigerian oil and gas sector and in the government subsidy programme. This study challenges the neoliberal assumption that Western 'honour'-based IFRS and IPSAS, widely adopted in developed countries where fraud is rare, can improve transparency and accountability in developing economies like Nigeria, where corruption is endemic.

1. Introduction

Nigeria is the world's eleventh-largest producer and ninth-largest exporter of crude oil (World Bank, 2021a; Statista, 2021), and the petroleum sector is the country's main revenue source, providing over 90% of government income (National Bureau of Statistics, 2020). In 1977, the then military government introduced subsidies and price controls on petroleum products, most importantly on

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Nomenclature

AGF	Accountant-General of the Federation
ANAN	Association of National Accountants of Nigeria
CBN	Central Bank of Nigeria
EFCC	Economic and Financial Crimes Commission
EOMP	Expected Open Market Prices
FAAC	Federation Accounts Allocation Committee
HRAHCF	House of Representatives Ad Hoc Committee on Finance
HRAHCSR	House of Representatives Ad Hoc Committee on Oil Subsidy
ICAN	Institute of Chartered Accountants of Nigeria
IFI	International Financial Institution
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
MNC	Multinational Corporation
NEITI	Nigeria Extractive Industry Transparency Initiative
NNPCL	Nigerian National Petroleum Corporation Limited
OAGF	Office of the Accountant-General of the Federation
OAUGF	Office for the Auditor-General of the Federation
PSF	Petroleum Subsidy Fund
PPPRA	Petroleum Product Pricing Regulatory Agency
RMFAC	Revenue Mobilization and Fiscal Allocation Commission
SAHCF	Senate Ad Hoc Committee on Finance
TI	Transparency International

petrol (for vehicles) and kerosene (widely used for cooking) as a short-term measure to alleviate the impact of rising international oil prices (Adeoti et al., 2016). However, these ‘short-term’ measures have never been revoked, and were legislated in 2004 (see National Social Protection Commission, 2004). The political pressure to maintain subsidies was strengthened in the early 2000s by the increasing need to import fuel as the four domestic refineries, built between 1965 and 1989 to meet domestic demand, had been crippled by mismanagement and corruption (Taiwo, 2017). Importing petrol and kerosene has increased their cost, and in a country where 80% of the population lives on less than two dollars a day (Global Witness, 2017) they have become unaffordable for many Nigerians, despite the country’s oil and gas wealth (George, 2020).

Importation of refined petroleum products is managed by independent retailers contracted by the Nigerian National Petroleum Corporation Limited¹ (NNPCL) under the supervision of the Petroleum Product Pricing Regulatory Agency (PPPRA)². However, supply in the official market at the subsidised prices has been inadequate to meet demand, resulting in a ‘black market’, where higher prices incentivize marketers to divert their supplies, extracting economic rent (Sanusi, 2014).

A 2020 study estimates that Nigeria spent \$26.3bn on fuel subsidies from 2006 to 2018, more than the individual budgets for health, education, or defence, and \$14mn for just one month – June 2020 (George, 2020). Yet, a substantial portion of the funding allocated to fuel subsidies, amounting to billions of dollars, was misappropriated (see HRAHCF (2013)). For example, a report by KPMG (2012) estimates that funds of \$150 m were misappropriated in just two months in 2009. An investigation by a Committee of the House of Representatives (HRAHCF, 2013) discovered that \$2bn was missing from the Government Petroleum Subsidy Fund created in January 2012 (see Section 4.2). Other reports tell the same story (see e.g., PwC, 2015; EFCC, 2021; Senate Committee on Public Account, 2021).

Corruption on this scale has led to a chronic shortage of capital needed to finance infrastructure and alleviate poverty, forcing the Nigerian Government to seek loans from international financial institutions, in particular, the World Bank. These loans are often conditional on economic reform, including the implementation of the Western ‘honour’³-based accounting reform, such as International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS). It is argued that implementation of these Standards would improve transparency and accountability in the management of the public sector (Impey, 2007). However, researchers have questioned the appropriateness, in poor economies, of the Western ‘honour’-based accounting reforms such

¹ The NNPCL is a state-owned oil corporation, established in 1977, which undertakes oil exploration and production and distribution (the latter in partnership with oil majors) and operates the country’s four refineries (see Takon, 2014). A retail arm established in 2001 distributes refined products under the ‘NNPC’ brand and has a modest but growing share of the market (about 13% in 2018), operating about 500 service stations in Nigeria etc. (NNPC Retail, 2023).

² PPPRA is a government agency established in 2003 to monitor and regulate the supply and distribution of petroleum products and determine prices.

³ For a definition of ‘honour’-based systems in the context of this paper, see Section 2.

as IFRS (Mir & Rahaman, 2005) and IPSAS (Adhikari et al., 2015), especially in Nigeria, where endemic corruption often compounds the problem (Bakre et al., 2022).

Previous studies have argued that the adoption of IPSAS is at least partly driven by a desire to follow new public financial management trends and to seek legitimacy, both in advanced and developing countries, although the latter are more susceptible to ‘external coercive pressure’ (Oulasvirta, 2014, p. 283). Other studies have examined how neoliberal economic policies have become the dominant logic and the ‘common sense’ of policy making (Andrew & Cahill, 2017). Chiapello (2017) highlights how accounting technologies ‘normalize’ neoliberal forms of governance and are mobilized to encourage the belief that ‘efficiency’, ‘effectiveness’, and ‘value for money’ provide the most appropriate measures of responsible government, while simultaneously obscuring the ideological content of these concepts. Other critical researchers emphasize: the role of accounting as an instrument of neoliberalism (Zhang et al., 2012); the production of shadow accounts of the contradictions and tensions that exist between the state and capital around a shared understanding of the world as a site for exploitation (Andrew & Baker, 2020); and how neoliberal economic logic is both rationalized and resisted (Andrew & Cahill, 2017). Research into developing economies demonstrates the contentious role accounting often plays in the management of government business entities, ministries, and departments and their associated reporting structures (Goddard et al., 2016; Saravanamuthu, 2004), in accountability (Bakre & Lauwo, 2016; Iyoha & Oyerinde, 2010), and in public sector management (Bakre et al., 2022; Adhikari et al., 2015).

This study extends research exploring the impact of neoliberalism on accounting practices, by focusing on how ‘honour’-based Western regulatory frameworks of accounting, such as IFRS and IPSAS, are implemented in countries with a history of corruption, in an attempt to improve transparency and accountability in management. The current study investigates the claim by the World Bank that IFRS and IPSAS will improve transparency and accountability in the management of Nigeria’s oil and gas sector and the government subsidy programme, reduce corruption and alleviate poverty (see e.g., World Bank, 2004, 2017). We contend that while IFRS and IPSAS may have been successfully adopted in developed countries where fraud is rare, as ‘honour’-based regulatory systems, they may be less effective in the Nigerian cultural, socio-political environment, with its weak institutions, ineffective regulatory frameworks, and endemic cultural, socio-political corruption.

As a case study, Nigeria is important: it has Africa’s largest population (200 m in 2021) and economy (GDP of \$450bn in 2021) and huge deposits of oil and gas. However, cultural, socio-political corruption remains an obstacle to the efficient management of its oil and gas resources (see for example, Transparency International, 2021; Global Witness, 2017; Taiwo, 2017). The Corruption Perceptions Index published by TI consistently gave Nigeria a score of less than 28 out of 100 from 2012 to 2021 and ranked the country 154th out of 180 countries in the latter year, making it one of the most corrupt countries in the world: a dubious honour that Nigeria has held for many years with no sign of improvement (see Fig. 1; TI, 2021). This perpetuates its reliance on loans from international financial institutions.

The remainder of the paper is structured as follows: Section 2 discusses neoliberalism and ‘honour’-based regulatory frameworks and accountability. Section 3 sets out the key research question and methods. Section 4 analyses the empirical evidence to examine the limits of governance/accounting, accountants’ oversight function, and ‘honour’-based regulatory frameworks in accountability in the Nigerian socio-political context. Section 5 concludes.

2. Neoliberalism, ‘honour’-based regulatory framework and accountability

Neoliberalism as a socio-economic and political ideology and Western accounting reforms as a controversial technology of accountability have been widely discussed in the critical sociology (Harvey, 2005; Murphy, 1988) and accounting (Chiapello, 2017; Sikka, 2015; Sikka & Willmott, 2010) literatures. Neoliberalism, which necessitates restructuring, favours minimal barriers to trade, privatization, removal of subsidies from public utilities, ‘light touch’ regulation, and a small role for the state in managing the economy (Harvey, 2005; Jessop, 2002). In this context, a state implementing neoliberal economic policies often shifts from prioritizing national economic interests via a national regulatory framework that promotes the welfare of its population, using, for example, subsidies, to prioritizing ‘private capital’ and regulatory frameworks that benefit multinational corporations (MNCs), becoming, arguably, agents of these corporations.

Proponents of neoliberalism argue that it will lead to increased competitiveness, higher productivity, more efficient management of public enterprises, and empowerment of consumers (Penrose, 2021). However, some research in the context of income-poor countries considers neoliberalism a Western ideology imposed as a rationale for dismantling the protection afforded to native producers (Bakre et al., 2017). This view argues that neoliberalism has opened the way for MNCs to take over poor countries’ markets (Harvey, 2005), including that for accounting (Graham and Annisette, 2012), under the pretext of a global free market (Murphy, 2008). Thus, Arnold (2005, p. 299) notes that:

global “free” markets are politically constructed institutions that are shaped by non-market actors—including multinational corporations and industry trade lobbies—by means of international trade agreements. These trade agreements institutionalize treaty-based legal regimes that not only liberalize trade and investment, but also impose constraints on local autonomy, and hence on the capacity of democratic societies to govern their economies and regulate markets.

Consistent with neoliberal economic reform is the imposition of Western accounting reform (Graham & Annisette, 2012). Characterized as an ‘honour’-based system, regulatory frameworks like IFRS and IPSAS that are part of Western accounting reform may not be appropriate in the socio-political system of a developing country (Mir & Rahaman, 2005), especially where rules are often not followed and corruption is rife (Bakre et al., 2022).

At almost every level of organizations or society, some degree of ‘trust’ or ‘honesty’, otherwise known as an ‘honour-based system’,

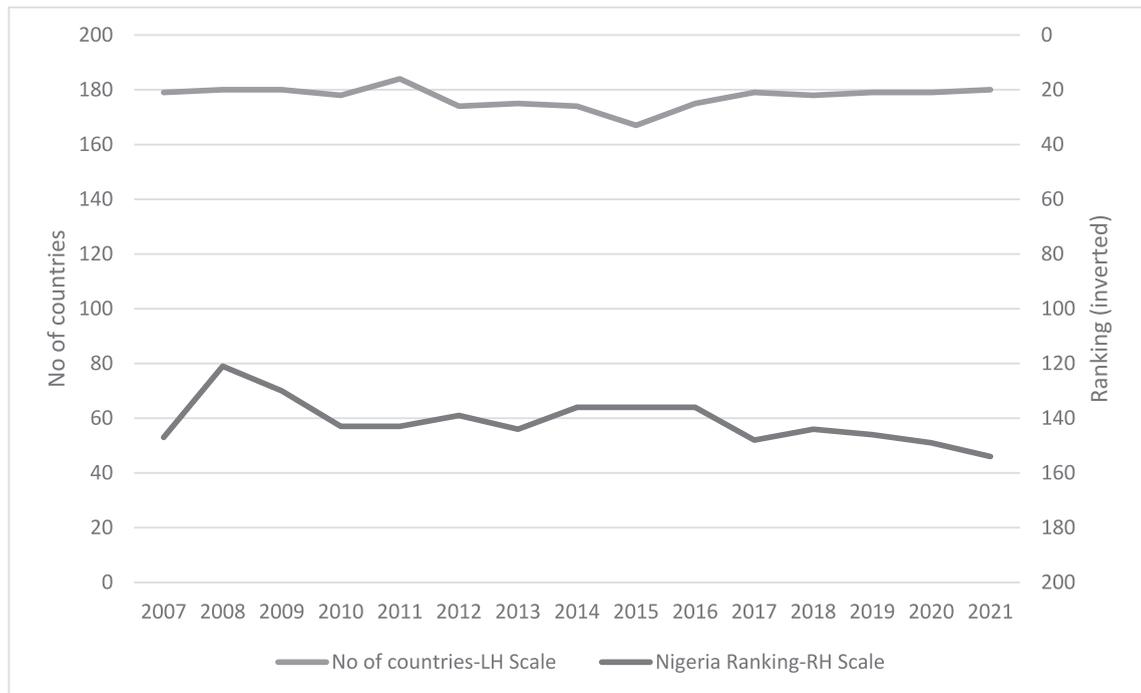


Fig. 1. Nigeria's Corruption Ranking, 2007–2021 Source: Transparency International, 2007–2021.

is required to make the institutions of governance and the regulatory framework work effectively. An 'honour'-based system is one in which 'trust' and 'honesty' underpin individual or professional obligation (Bowman, 2007). Although an 'honour'-based system does not usually have strictly enforced rules, it is based on the general belief that individuals and professionals (such as accountants and lawyers) have the moral and ethical values to do what is right in the eyes of the public and could more accurately be called a 'trust system' (Wyatt-Brown, 2007; Bowman, 2007).

However, whether the rules of an 'honour'-based system are obeyed depends on the nature of the society (Schoeck, 1966). In a society with strong institutions of governance and an effective regulatory framework of accountability, violations will be rare and are likely to be reported and the perpetrators held to account (Joseph, 1987). On the other hand, in a society with ineffective institutions of governance and a weak regulatory framework of accountability, violations will be prevalent and committed with impunity (Smith, 2008). As a result, the extent to which 'trust' can be relied upon in legal and regulatory systems has become debatable in the global capitalist economy of survival of the fittest (Harvey, 2005). Seemingly idealistic, this notion of 'honour' is heavily relied on in governance systems in developed countries, where fraud is rare and it is assumed that everyone follows the rules (Caughey & Fa'a'Nakkar, 1977). In such countries, 'honour'-based systems can rely on the desire to avoid community shame, loss of status, loss of personal integrity and pride, or, in the case of professionals, such as accountants and lawyers, loss of practising certificates (Huntington, 1996).

However, in developing economies, where institutional environments are weak, regulatory frameworks of accountability ineffective, and rules frequently ignored (Iyoha & Oyerinde, 2010; Kingsley, 2000), 'honour'-based systems may lead to large scale corruption, in turn deterring foreign investment and exacerbating the shortage of capital, which poor countries are in dire need of. Consequently, economic policymaking may rank the need to attract international capital over public welfare and this priority becomes central to the 'choice' of neoliberalism and Western 'honour'-based accounting regulatory reform (Bakre et al., 2022).

In these circumstances, where political elites, public officials, and individuals often place their personal interest above the public interest, breaking the rules may be seen as a sign of political and business acumen rather than a crime (Smith, 2008). Therefore, in a corrupt socio-economic and political system, 'honour'-based systems are ultimately ineffective, as political elites, wealthy individuals, and professionals often circumvent the rules, in order to accumulate private capital (Smith, 2008). This is the case in Nigeria, where the Western 'honour'-based regulatory framework of accounting appears to have failed to achieve transparency and accountability in management, especially of its oil and gas resources (see Bakre et al., 2022).

For neoliberalism to remain the socio-economic policy of a nation state, the conditions for the discourse and devices to be endorsed, adopted, and put into action to legitimize neoliberal economic policy are constructed by the expertise of professionals, in which accountants play a vital role (Arnold, 2005). Arnold and Cooper (1999, p. 135) observe that, since the rise of neoliberalism, a substantial share of the work of audit firms now comes from advice related to privatization operations in developed and developing countries. Arnold (2005, p. 310) notes that the expansion of neoliberalism from developed to developing countries has been aided by accounting technologies (such as Western 'honour'-based IFRS and IPSAS) that emphasize private property rights and the appropriation of economic surplus. Considering the differences in cultural, socio-economic, and political context, Sikka and Willmott (2010, p. 352)

question whether Western accounting standards (such as IFRS and IPSAS) are an appropriate instrument to improve accountability in the management of resources in poor countries (especially those with a history of socio-political corruption).

In the case of Nigeria, which is examined in this paper, in all its economic sectors, corruption erases billions of dollars from Nigeria's 'bottom line' and prevents it from realizing its human and economic potential (Global Witness, 2017; Smith, 2008; Bakre et al., 2017). The powers of the political elite to override rules, and professionals such as accountants to manipulate accounting records, have arguably led to the failure of governance/accounting frameworks, undermined accountants' oversight function, and nullified attempts to use IFRS and IPSAS to improve accountability in the oil and gas sector and the subsidy programme. This, in turn, has deprived Nigeria of much-needed revenue from the sale of oil and gas, which would otherwise benefit its socio-economic development and alleviate poverty (HRAHCF, 2011).

With a lack of political will on the part of successive Nigerian governments, the judiciary and anti-corruption agencies to control corruption (HRAHCS, 2021; Gyamfi, 2022), Nigeria has relied on loans from international financial institutions, notably the World Bank and IMF, and powerful nations, such as China (Bakre et al., 2022). In return, the World Bank has demanded the implementation of the Western 'honour'-based accounting regulatory framework, IFRS and IPSAS, based on its belief that this would improve transparency and accountability in Nigeria's financial system, especially in its corruption-ridden oil and gas sector (Bakre et al., 2022). This paper examines the reality of the World Bank claims in Nigeria.

3. Research question and methods

This study seeks to challenge the assumption that Western 'honour'-based IFRS and IPSAS offer improved transparency and accountability in the Nigerian cultural socio-political context, where corruption is endemic. In collecting data to undertake our analysis, a series of in-depth interviews was conducted with various key actors, as well as analysis of relevant documents and reports collected from various sources. Studying archival records, government publications, reports, other documents and newspapers, we identified 42 past and present NNPC officials, politicians, other public officials and professionals, who have played active roles in the Nigerian oil and gas sector and the Nigerian Government subsidy programme. We sent text messages to these identified individuals, explaining the objectives of our research and requesting interviews. We had positive responses from, and later conducted face-to-face initial and follow-up interviews with, 15 players⁴.

A broad interview guide was initially developed, then refined over time into a more focused, semi-structured interview guide, comprising questions addressing the core research themes of this study. Details of the interviewees' positions in their respective organizations and institutions, and the dates of the interviews, are summarized in Table 1.

The interviews were open-ended and lasted between 45 and 60 min. To ensure the anonymity of the interviewees, they are identified by abbreviations/codes throughout this paper.

Table 2 lists the documents and reports analysed for this study, covering the period 1999 to 2021. The analysis of the documents and reports provides background historical information for further analysis of the reports and other evidence utilized for this study. This timeframe was considered relevant because political and economic reforms were introduced by the new democratic Nigerian Government that assumed office in May 1999. The passage of the Freedom of Information Act (2011) facilitated access to some documents and reports by relevant government institutions, organizations, other agencies, and professional accounting bodies. However, some senior politicians and public officials refused access to a few vital documents that might reveal the role played, and its extent, by some political elites, companies, individuals, and professionals in subsidy fraud. Others were reluctant to grant interviews that might reveal the extent of activities by some actors – these include some political elites, public officials, and professionals in the oil and gas sector and the government subsidy programme.

Inevitably, the inability to access these documents or interview these key players is another limitation of our study.

The transcripts of interviews were tape-recorded and scrutinized, while listening to the recorded interviews in order to identify and correct any errors that may have arisen from transcription and identify any issues that might not have been addressed during the initial interviews. The interviewees were asked to review and verify the final transcripts used for this study. As we were looking for subjective information, such as participants' experiences, views, and opinions, thematic analysis (an exploratory process that closely examines data to identify common themes) was considered appropriate. The transcripts were studied and key phrases noted. Relevant and important sections were highlighted and coded. Topics, ideas, and patterns of meaning that emerged repeatedly were generated from the patterns identified in the coded data. Themes that were considered relevant to the study were identified and utilized. The main identified themes are: the 'untouchability' of the NNPC, in sub-section 4.1; the conflicting figures for the amount of subsidy produced by the various government agencies involved, in sub-section 4.2; and the lack of transparency and accountability and failure of audit and regulatory functions, in sub-section 4.3.

The analysis and interpretation of the verified archival documents and the interviews, informed by the theoretical frameworks of neoliberalism and 'honour'-based regulatory framework of accounting and accountability, was revisited, updated, and re-drafted on several occasions over a two-year period, leading to a more refined analysis of the findings, which informs our discussion of the empirical evidence presented in section 4.

⁴ The 42 individuals and professionals who were identified for interview at the outset of this study were selected based on their role in the Nigerian oil and gas sector and the government subsidy programme. The 15 individuals who finally participated in the interviews were not based on any random sample of those initial 42 individuals approached, but on some degree of selection given their role in the management of the Nigeria oil and gas sector and the subsidy programme. This is one of the limitations of our study.

Table 1
Details of interviewees.

Organization	Category of Interviewee	Interview Codes	Interview Date	No. of Interviewees
Central Bank of Nigeria (CBN)	Director of accounts	CBNDA	06/12/13	1
Accountant General Office	Principal accountants	AGFPA1 & AGFPA2	06/12/13	2
Senate	Committee members	SCM1 & SCM2	07/10/14	2
House of Representatives	Committee members	HRCM1 & HRCM2	07/12/14	2
ICAN	Council member	ICANCM	07/15/14	1
ANAN	Past president	ANANPP	07/20/14	1
NNPCL	Senior official of the NNPCL	NNPCSO	07/18/14	1
Ministry of Finance	Principal accountant	MFFA	07/25/14	1
RMFAC	Director of accounts	RMFACDA	07/17/15	1
FAAC	Senior accountant	FAACSA	07/20/15	1
Audit Firms	Principal partners	AUDPP1 & AUDPP2	07/19/15	2
Total				15

Note: SCM1 & SCM2 etc. indicate two separate interviewees.

Table 2
Document and reports analysed.

Documents/Reports Analysed	Organization	Years
Petroleum and kerosene subsidy	Senate	2014–2015
Petroleum and kerosene subsidy	House of Representatives	2009–2012
Finance	Senate Committee on Finance	2013
Subsidy documents, reports and accounts	NNPCL	2011–2013
Subsidy documents, reports and accounts	PPPRA	2011–2014
Subsidy documents and reports	CBN	2011–2014
Subsidy documents and reports	OAGF	2011–2015
Audit report on NNPCL and subsidy regime	KPMG	2012
Media clips	Nigerian newspapers & magazines	2009–2021

4. Analysis of the empirical evidence

This section examines the limits of accounting in accountability in the management of the subsidy on petroleum products, in three sub-sections: Sub-section 4.1 examines the limit of governance/accounting in accountability in a regulated subsidy approach; sub-sections 4.2 and 4.3 explore the limits respectively of the oversight function of accountants and Western 'honour'-based regulatory frameworks (IFRS and IPSAS) in accountability in a neoliberal approach management of the subsidy fund removed from petroleum and kerosene products.

4.1. A regulated approach: The limit of governance/accounting in accountability

Nigeria has four refineries, built between 1965 and 1989, and operated by the NNPCL, which was established in 1977. These refineries have a total capacity of 445,000 barrels per stream day. Until the early 1990s these were able to meet domestic demand for refined petroleum products and output above this level was exported. Thereafter, output declined due to mismanagement and corruption: by the late 1990s capacity utilization was under 40% (Ogbuigwe, 2018, p. 184) and from 2000 output was inadequate to cover domestic consumption; between 2003 and 2017 capacity utilization, while fluctuating, was typically no more than about 25%, despite absorbing over \$1.6bn in maintenance expenses, not far short of the construction cost of \$1.85bn. Recently, Nigeria has been importing 70–80% of its domestic demand for petroleum products (Adeoti et al., 2016), considerably increasing the cost of petroleum products for Nigerians, 80% of whom are living in poverty (Global Witness, 2017). Nigeria's high level of poverty probably explains the Nigerian Government's decision to subsidise petroleum products for its citizens (Taiwo, 2017).

The NNPCL does not import refined petroleum products directly, but contracts with private marketers, who import them under the statutory supervision of the PPPRA. The PPPRA sets retail prices for petrol and kerosene and expected open market prices (EOMP), basically the 'landed cost' of imports, plus allowances for distributors and retailers, adjusted monthly. Importers claim the difference between the set retail prices and the EOMP. Thus, the amount of subsidy fluctuates along with the EOMP, which is determined by the world price of oil.

However, investigations by the HRAHCF (2011) and the Senate Ad Hoc Committee on Finance (SAHCF) (2011) found that marketers were diverting imported petroleum and kerosene products to the 'black market', where they were charging much more than the regulated prices (Sanusi, 2014). They were also claiming subsidy payments for non-existent imports (see for example, KPMG, 2012; EFCC, 2021; Aljazeera News, 2022). Between 2009 and 2011, the government spent \$8.4 billion on gasoline subsidies, much of which was corruptly misappropriated and failed to benefit impoverished Nigerians as was intended (see Sanusi, 2014; HRAHCF, 2011).

In response to these investigations and the subsequent public outcry, a Presidential Committee on Subsidy Fraud (2011), under the supervision of the Office of the Accountant-General of the Federation (OAGF), was set up to verify fuel subsidy payments made to oil

marketers between 2009 and 2011. The report of the Presidential Committee revealed financial irregularities resulting in over-payments of \$2.27bn to oil marketers. Available accounting information and reports provided limited evidence to identify the beneficiaries of the money, and authentic accounting records of the payment vouchers had not been maintained, complicating the task of tracing and verifying the validity and final destination of the payments. Yet, financial statements containing these irregular payments had already been given a 'clean' bill of health by the two external auditors of the NNPC, Messrs Akintola Williams Deloitte & Co and Muhatari Dangana & Co. (see for example, [HRAHCF, 2012](#); [KPMG, 2012](#)).

In order to fully understand the source of the above lack of transparency and accountability and the consequence alleged corruption in the subsidy regime, it is necessary to understand the role of all the agencies involved in the subsidy regime. These include the CBN, NNPC, the Accountant-General of the Federation (AGF) and the Auditor General for the Federation (AUGF). For example, the CBN is the custodian of the Federation Account into which revenues from the sale of oil and gas must be paid and from which credit for the payments for oil subsidy are made to the NNPC for the payment of subsidies to the marketers. The Accountant-General of the Federation and Auditor General for the Federation are charged with the oversight functions of the national finances, including the subsidy regime. However, the NNPC, which operates the subsidy regime, is under direct control of the Presidency, making it untouchable by any institution of the government (including the AGF and AUGF).

Meanwhile, the separate HRAHCF and SAHCF investigations into the \$8.4bn spent on gasoline subsidies between 2009 and 2011 discovered other payment discrepancies. For example, accounting records made available to the HRAHCF by the OAGF showed a huge difference in the actual amount of credit given by the CBN to the NNPC for the payment of subsidy to the oil marketers and the actual amount paid by the NNPC to the oil marketers. The CBN's financial records confirmed that a total credit of \$11.3bn was given to the NNPC for payment to the oil marketers between 2009 and 2011. Yet the NNPC financial records revealed that the actual payment to the oil marketers was \$16.7bn (see [HRAHCF, 2012](#)). In an interview with the authors, an HRAHCF member said:

While these agencies are statutorily required to work together to ensure the success of the subsidy programme to the Nigerian people, we found the activities of some of them to have violated the financial management rules set down for transparent delivery of the programme. We have therefore recommended that the appropriate authorities should investigate public officials indicted by the HRAHCF report (**HRCM1**).

A member of the SAHCF interviewed also said:

What we found in our investigation was that the activities of the agencies involved in the oil subsidy programme lack transparency and accountability, leading to corruption in the subsidy programme, whilst short-changing Nigerians (**SCM1**).

Based on the findings of the two investigations and our subsequent interviews, we sought to directly clarify the conflicting accounting information given by the CBN and NNPC, by conducting interviews with senior accountants from the three major agencies, the CBN, NNPC, and OAGF. We asked a representative from each agency to specify their agency's function in the management of the subsidies. A director of accounts at the CBN explained that the disbursement of subsidies was the responsibility of the NNPC, which then deducted the amount paid out from monies received from oil sales that they transferred to the Central Bank:

What is shown in our financial statement was the total amount of credit given to the NNPC for payment to oil marketers. The NNPC should explain to Nigerians from where they got the credit of the extra amount, they claimed to have paid to oil marketers, which was not reflected in the financial statement of the CBN (**CBNDA**).

We then directed the same question to a principal accountant in the OAGF. He said:

Our oversight function records show a huge difference between the amount the records of the CBN showed to have given the credit to the NNPC for payment to oil marketers and the amounts that were actually paid to oil marketers by the NNPC (**AGFPA1**).

We therefore asked a representative of the NNPC to explain the source of the huge extra payment to oil marketers. A senior official of the NNPC responded in an interview:

The mechanics of subsidy recovery by NNPC is non-fund based, but by way of credit to NNPC against domestic crude cost due. When approval certificates are received from the PPPRA, their values are deducted from crude oil costs due in a given month after due consideration of what is approved. All such approvals and deductions are regularly copied to other relevant agencies of government, such as the Ministry of Finance, OAGF, Budget Office of the Federation, Federation Accounts Allocation Committee⁵ (FAAC) and Revenue Mobilization and Fiscal Allocation Commission⁶ (RMFAC). In the advice on subsidy deductions forwarded to the Ministry of Finance, NNPC always states that, in line with presidential directives, the ministry should authorise the OAGF to source the approved subsidy amount and transfer the same to the Federation Account⁷ for onward distribution by FAAC (**NNPCLSO**).

⁵ The FAAC makes monthly disbursements from the Federation Account (most of the funds coming from the oil and gas industry) to the three tiers of government (federal, state, and local government) according to formulae decided by the RMFAC ([Inoykwe, 2016, pp. 7-9](#)).

⁶ The RMFAC is a federal executive body that decides the formulae by which the FAAC allocates funds to the various tiers of government, and monitors the FAAC's disbursements ([Inoykwe, 2016, p. 9](#); [World Bank, 2021b, Sch. III](#)).

⁷ The treasury of the Federal Republic of Nigeria into which all revenues from oil and gas and other income must be constitutionally deposited.

Most Nigerians see the NNPC as a corrupt institution under the control of the Presidency and may therefore not be surprised about this case (see, Bakre and Lauwo, 2016; Joseph, 1987; Okeregbe, 2021; Smith, 2008; Sanusi, 2014). As this paper has already pointed out, the NNPC is under the direct control of the Presidency and therefore ‘untouchable’ for its actions, which often lack transparency and accountability and violate the appropriate Constitutional and Statutory laws and provisions. As this official indicates, there is an elaborate mechanism of checks and oversight involving many distinct and presumably independent agencies to ensure that all funds are properly accounted for – everything is monitored and documented. Yet the reality – which the interviewee does not touch on or explain – is that the various agencies have wildly different figures for the amounts of subsidy, and billions of dollars have disappeared.

To better understand the issues surrounding accountability in the management of the government subsidy programme, we sought further clarifications to the response from the senior official of the NNPC from the Ministry of Finance, the OAGF, FAAC, and RMFAC. We conducted another round of interviews with these agencies, asking a representative of each to explain how they verified and reconciled the periodic statements of approvals and deductions received from the NNPC. A principal accountant at the Ministry of Finance said:

While we do receive such periodic statements from the NNPC, we are not in a position to verify them. This is because the NNPC is an autonomous corporation that maintains its own accounts. We only have on record that NNPC sent the statement, but are not in a position to verify it.⁸ Only the NNPC auditors or the Office of the Auditor-General for the Federation (OAGF) can verify the periodic statements (MFPA).

When we directed the same question to a principal accountant in the OAGF, he said:

While the OAGF and OAGF are constitutionally mandated to verify, audit and therefore provide oversight function for the accounts of the NNPC, NNPC is under the direct control of the presidency, which we cannot question. For example, in 2001, the then President Olusegun Obasanjo fired an Auditor-General for the Federation for questioning some suspected expenditure by the presidency. As a result, the OAGF and OAGF control over the finances of the NNPC is quite limited. Both the OAGF and the OAGF rarely question the finances of the NNPC (AGFPA2).

When asked to explain the role of the FAAC, to which approved subsidy amounts are transferred for onward distribution, a senior accountant from FAAC said:

If you would like to know anything about the NNPC accounts, you either go to the external auditors of the NNPC, OAGF and OAGF, or the presidency, who are constitutionally mandated to monitor the operating activities of the NNPC. Our own duty is to accept the periodic statements from the NNPC as a record. So, we cannot comment on it (FAACSA).

According to the 1999 Nigerian Constitution, the responsibilities of the RMFAC include “monitoring accruals to and disbursement from the Federation Account” (World Bank, 2021b, Sch. 3, para 32(a)). However, a director from RMFAC said:

We are not in a position to monitor or authenticate the veracity of the NNPC periodic statements sent to us because there is no system in place to reconcile our accounts with that of the NNPC. You will probably get this at the OAGF and OAGF (RMFACDA).

The above responses suggest that the RMFAC, although having constitutional and statutory oversight functions in theory, does not fulfil this role in practice. This further demonstrates the limit of accounting in accountability in a corrupt socio-political environment, where the political elites can override the rules of governance/accounting regulatory frameworks and public officials can manipulate accounting records.

We interviewed a principal partner of an indigenous accounting firm to ask his view on the power of political elites to limit the governance and accountability role of accounting in the oil and gas sector and the responses from the various agencies. He emphasized that the NNPC is directly answerable to the Presidency and other agencies cannot – indeed dare not – question what it does:

I personally was not surprised about the responses from all these agencies you mentioned. Corruption in the NNPC is a network that cuts across every institution in Nigeria, especially these so-called monitoring institutions. For example, how do you expect any accountant in any of the institutions that may be directly or indirectly connected to the NNPC’s corruption, to expose corruption in the NNPC? Were you not aware when a former CBN governor blew the whistle on the allegedly missing \$20bn in the NNPC in 2014?⁹ Up until today, all the agencies, who are supposed to be monitoring the NNPC finances, and even PricewaterhouseCoopers that was engaged to conduct a forensic audit of the NNPC and its subsidiaries in the oil and gas sector,

⁸ The office (OAGF) dates back to the colonial period and is responsible for auditing the accounts of all federal government departments, but not statutory bodies such as the NNPC.

⁹ In 2014, the Governor of the Central Bank of Nigeria (CBN) presented a 300-page dossier to the Nigeria National Assembly alleging that \$20 billion in oil revenue had not been paid by the NNPC to the Federation Account and that the subsidy scheme was fraught with fraud and corruption (see Sanusi, 2014). After some investigations and a forensic audit by PwC failed to detect the allegedly missing money from the NNPC, the Nigerian President dismissed the allegations and fired the CBN Governor, claiming that the dossier was a calculated attempt to bring down his government. However, the Buhari Government that came to power in 2015 directed the Economic and Financial Crimes Commission (EFCC) to reinvestigate Sanusi’s allegations. The EFCC report, which revealed that more than \$20 billion may be missing, became a challenge to previous investigations, especially a forensic audit by PwC (2015) that had failed to detect the allegedly missing money from the NNPC.

failed to expose the whereabouts of the money, but accounting records and the opinion of most Nigerian people suggest that the money was actually missing¹⁰ (AUDPP1).

As regulators of the NNPC, the OAGF and OAUGF are constitutionally and statutorily responsible for the preparation and auditing of accounts, providing an oversight function to the NNPC accounts and reporting their findings to Public Accounts Committees of the House of Representatives and Senate. However, the NNPC is under presidential control¹¹, making it untouchable and rendering the OAGF's and OAUGF enforcement authority futile. The connection and control of the Nigeria Presidency over the various agencies involved in the Nigeria oil and gas sector and the subsidy programme is illustrated in Fig. 2.

Whistle-blower mechanisms and protection for whistle-blowers are ineffective in Nigeria, where corruption is often rewarded (Smith, 2008). We contend that in this type of cultural and socio-political system, it seems unlikely that governance/accounting regulatory frameworks can improve accountability in the oil and gas sector and the government subsidy programme.

Meanwhile, facing criticism over the lack of transparency and accountability in the regulated operation of oil subsidies, despite the involvement of two major government agencies (NNPC and PPPRA) and no less than five monitoring agencies (CBN, OAGF, OAUGF, FAAC, and RMFAC) the Nigerian Government implemented a drastic policy change. It decided to follow the neoliberal approach advocated by the World Bank, by removing subsidies from petroleum and kerosene products, and engaging expertise of accountants to provide oversight function for the management of the subsidy. The funds generated would be dedicated to the financing of infrastructure and the alleviation of poverty, as outlined in the next section.

4.2. A neoliberal approach: The limit of accountants' oversight function in accountability

Having decided to reduce the subsidies on petroleum products, as a step towards their elimination, the Nigerian Government also undertook to deposit the savings from subsidy reduction into a "special" Petroleum Subsidy Fund (PSF) account earmarked for infrastructure and poverty alleviation. To improve transparency and accountability in relation to the PSF account, the management of the NNPC engaged two indigenous accounting firms, Akintola Williams Deloitte & Co and Olusola Adekanola & Partners, to provide oversight functions to the subsidy accounts. The appointment of the former raised concerns of a possible conflict of interest, since they were already acting as external auditors of NNPC (see SAHCF, 2013).

However, whilst the subsidy was reduced from January 2012, the money saved in the following 12 months (amounting to \$2bn), which was supposed to be paid into the PSF, could neither be traced to the PSF account nor be accounted for by the NNPC (HRAHCF, 2013). This suggests that the \$2bn was misappropriated (see KPMG, 2012). It was clear to most Nigerians, and supported by the findings of the HRAHCF (2012), that the management of the petroleum sector and the subsidy programme was subject to endemic corruption.

As a result, in 2012, the Nigerian President directed the Minister of Finance to engage an internationally recognized accounting firm to conduct an extraordinary audit to investigate the various discrepancies that had been uncovered in the NNPC and its subsidiaries in the oil and gas sector, as well as the funds allegedly missing from the PSF accounts. The report from KPMG (2012) identified 20 Nigerian officials and marketers who should be investigated by the Economic and Financial Crims Commission (EFCC)¹¹. These investigations have so far led to the successful prosecution of two marketers¹².

In 2013, HRAHCF and SAHCF were mandated by the National Assembly to re-investigate the alleged continued corruption in the PSF account (HRAHCF, 2013). After they had completed their investigations, we conducted another round of interviews with members of the two committees. We asked them to share the findings of their latest investigation into the level of transparency and accountability in the management of the PSF account, especially with the oversight functions of the two accounting firms. An HRAHCF member said:

We are seriously concerned that despite our previous investigations indicting some of the agencies in the management of the PSF account, the management of the PSF accounts was still characterised by endemic corruption. For example, the two accounting firms to which verification services were sourced failed to discharge the services for which they received payment from the Ministry of Finance (HRCM2).

When we directed the same question to a member of the SAHCF, he said:

Some government agencies and accountants statutorily mandated to manage the PSF account appeared to be involved in abuse of office and conflict of interest. For example, we found that one of the two accounting firms engaged to verify the claims of the

¹⁰ In 2022 the Attorney-General of the Federation, Abubakar Malami, revealed that the Nigerian Government had recovered \$1bn out of the billions of dollars stolen from the sale of oil and gas by the previous government that had ruled Nigeria from 1999 to 2015 (Ripples Nigeria, 2022).

¹¹ EFCC is a Nigerian law enforcement agency, established in 2003, that investigates financial crimes such as advance fee fraud (419 fraud) and money laundering, as well as corruption. Its creation was partly in response to pressure from the Financial Action Task Force on Money Laundering, which named Nigeria as one of 23 countries that did not cooperate in the international community's efforts to fight money laundering (Onyema et al., 2018).

¹² The chairman and Managing Director of Ontario Oil and Gas Limited were each sentenced to 10 years imprisonment by a Lagos High Court for defrauding the Federal Government of Nigeria of nearly \$1.7m in false oil subsidy claims, while cases of other suspects are being prosecuted by the EFCC in various courts in Nigeria.

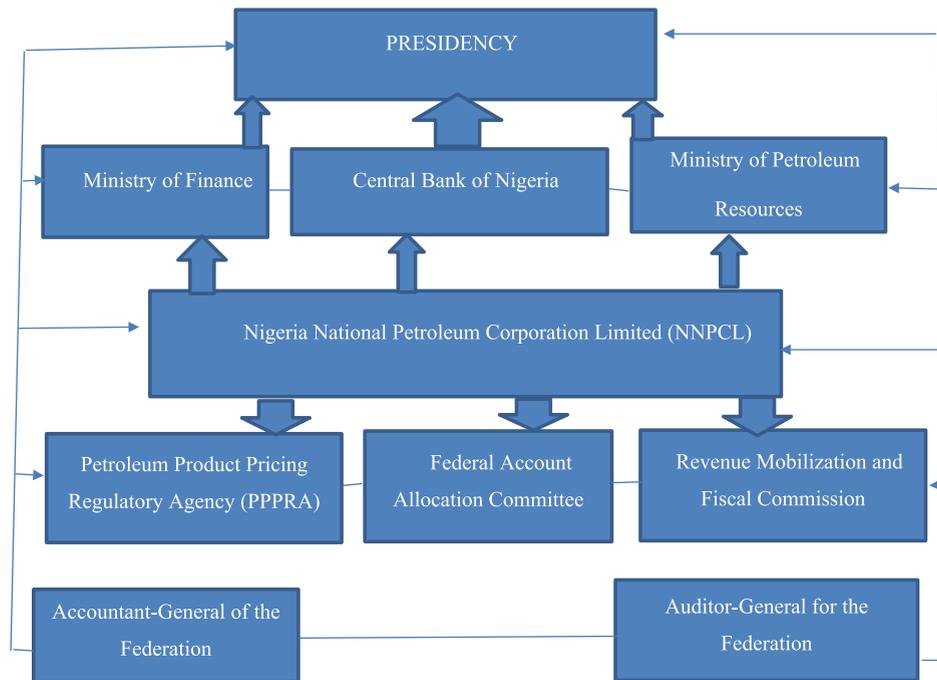


Fig. 2. The Executive and state agencies in Nigeria's petroleum sector Note: Fig. 2 shows the constitutional responsibility and relationship of the Executive with the various agencies involved in the Nigerian oil and gas sector and the government subsidy programme as prescribed in the 1999 Nigerian Constitution. The Presidency is the Executive arm of the government. The Ministry of Finance, Central Bank of Nigeria and the Ministry of Petroleum Resources should constitutionally be independent but all are under direct control of the Presidency. While the NNPC is constitutionally under the control of the Ministry of Petroleum Resources, and regulated by the PPPRA, it is also accountable to the Ministry of Finance and the Central Bank of Nigeria for monthly transfers of revenue from the sale of petroleum and gas. The allocation of the revenues to states and local governments from the sale of petroleum and gas, which is the constitutional responsibility of the Federal Allocation Account Committee and the Revenue Mobilisation and Fiscal Account Commission, is verified and audited by the Accountant-General and Auditor-General for the Federation.

marketers, is also the external auditor to NNPC. How do you expect such a firm to report any suspected fraud in the PSF account, which it had jointly audited? (SCM2).

These subsequent investigations by both committees again found a lack of transparency and accountability and corruption in the PSF account. Smith (2008, p. 68) notes that, in a society in which the institutions of governance are ineffective in holding wrongdoers to account for failing to act in the public interest, corruption will continue to be perpetrated with impunity.

Meanwhile, investigations by HRAHCF (2012) and SAHCF (2012), which both found an alleged misappropriation of billions of dollars in the subsidy programme, have led to on-going prosecution by the EFCC in the courts and the Senate Committee on Public Account. One of the prosecutions has currently exposed over \$5.5bn of false claims by oil marketers who colluded with officials of the NNPC to manipulate accounting records (see EFCC, 2021).

In March 2021 a marketer was convicted of having fraudulently obtained a total of \$155mn through the government subsidy programme. The Chair of the EFCC told the court that it had recovered \$44mn and was working to recover the balance (see EFCC, 2021). Even investigators of alleged corruption in the subsidy programme have been investigated: a former chairman of the HRAHCF was himself convicted of taking a bribe of \$500,000 from the chairman of Zenon Petroleum and Gas Limited in return for removing the company's name from the list of oil companies allegedly involved in subsidy fraud (Okeregbe, 2021).

It is this inability of the governance/accounting framework and the undermining of accountants' oversight function that prompted the World Bank to encourage the Nigerian Government to adopt Western 'honour-based' IFRS and IPSAS, to improve accountability in the oil and gas sector and the subsidy programme. This is examined in the next section.

4.3. A neoliberal approach: The limit of 'honour-based' IFRS and IPSAS in accountability

To gain financial assistance from international financial institutions - the World Bank and the IMF - Nigeria agreed to neoliberal economic reforms, as outlined in Sections 1 and 2. The Nigerian Government began the process of removing subsidies from petroleum products in January 2012, and at the same time mandated the private and public sectors to fully implement respectively IFRS (from January 2012) and IPSAS (from January 2014) (Bakre et al., 2022, p. 8). With these directives, the Western 'honour'-based IFRS and IPSAS effectively become the regulatory framework of accounting practices in Nigeria with the hope that such reform would improve

accountability and reduce corruption in the oil and gas sector and subsidy programme.

However, an investigation by the House of Representatives Ad Hoc Committee on Oil Subsidy (HRAHCS) (2021) found evidence of endemic corruption in the oil and gas sector and the government subsidy programme from 2017 to 2021, despite the implementation of IFRS and IPSAS. The HRAHCS (2021) report found that subsidy amounts are being duplicated, noting that the subsidy regime has been “unscrupulously” used by the NNPC, other agencies in the oil and gas sector and stakeholders to subvert the nation’s crude oil revenue to the tune of over \$10bn. The report revealed records showing that between 2017 and 2021 more than 120 million barrels, worth over \$7bn, had been diverted, without evidence of any investigation by the EFCC. The committee claimed to have dragged the EFCC to court for failure to carry out its constitutional responsibility. However, in a socio-political system where political elites can ultimately override any rule, it remains to be seen if the EFCC (which reports directly to the President), in not investigating, has been negligent or acting on orders from above.

Post-IFRS and IPSAS implementation, an investigation by the HRAHCS (2021) and the Senate Ad Hoc Committee on Oil Subsidy (SAHCS) (2021) found that the NNPC failed to account for crude oil destined for domestic consumption from January to December 2019 and valued at over \$3bn. While the management of the NNPC claimed to have remitted \$3bn to the Federation Account for this oil supply, the Accountant-General’s report claimed to have received only \$1.4bn into the Federation Account.

The Nigeria Extractive Industry Transparency Initiative (NEITI) (2020) also alleged that the NNPC failed to remit another \$16.8bn in revenue from the sale of petroleum to the Federation Account in 2018 as constitutionally mandated. The report further noted that Nigeria loses \$4bn per year to illegal tapping of pipelines crisscrossing the Niger Delta (see also *Aljazeera News, 2022*). Corruption has prevented Nigeria from meeting its production quota at a time when other oil producers are experiencing a surge in petrodollars. As highlighted in Section 4.2 above, even the investigators themselves are being investigated.

That this endemic corruption was not exposed by IFRS and IPSAS is disappointing but not surprising. In all these cases of corruption, the Nigerian cultural and socio-political systems appear to have prevented the governance/accounting framework, accountants’ oversight function, and the Western ‘honour’-based IFRS and IPSAS from detecting and exposing the lack of transparency and accountability in the oil and gas sector and the subsidy programme.

A past president of the second-largest accounting body in Nigeria, the Association of National Accountants of Nigeria (ANAN), was invited to comment. He said:

The situation is only a vindication of our position, which had doubted the World Bank’s claim that IFRS and IPSAS would improve transparency and accountability and fight corruption in the management of the Nigeria petroleum sector. Considering the Nigerian culture of impunity and the consequent high level of corruption in our society, it may be difficult to use any alien accounting systems such as IFRS and IPSAS not specifically designed for our society to successfully fight corruption (ANANPP).

The above response suggests the limit of both indigenous and international accounting regulatory frameworks in accountability in the Nigerian cultural, socio-economic, and political system. It supports the view that the Nigerian Government’s implementation of Western ‘honour’-based IFRS and IPSAS, supposedly to improve transparency and accountability, was driven by international financial institutions, rather than from a desire to improve transparency and accountability and reduce corruption.

As members of the Big Four audit firms, particularly PricewaterhouseCoopers, played a key role in encouraging Nigeria to implement IFRS and IPSAS, we interviewed a principal partner of a Big Four firm in Lagos. We asked his views on the supposed accountability role of IPSAS in Nigeria. He said:

In an environment with an effective institutional framework to control corruption, IFRS and IPSAS should be able to improve transparency and accountability in national finances. However, whether these conditions are available in Nigeria is a question you and I have to answer (AUDPP2).

This response suggests that even the international financial institutions and the Big Four accounting firms that imposed IFRS and IPSAS on Nigeria were aware that the country’s endemic corruption may be problematic for any externally designed regulatory framework based on an ‘honour’ system to improve accountability in the Nigeria socio-political context.

Given mixed reactions from Nigerian academic and practitioner accountants to the implementation of IFRS and IPSAS (Herbert et al., 2013), we conducted an interview with a council member of the Institute of Chartered Accountants of Nigeria (ICAN). He said:

It is doubtful if any ICAN member can defend the position of the World Bank and the Nigerian government on the acclaimed role of IFRS and IPSAS. The finance minister, who pushed for the use of IFRS and IPSAS, did so because their implementation became a condition for Nigeria to be considered for more international financial institutions’ loans. The international accounting firms that also clamoured for the use of IFRS and IPSAS by Nigerian companies appear to have done so on behalf of their multinational clients (ICANCM).

This again suggests that the Nigerian Government’s implementation of the Western economic power ‘honour’-based IFRS and IPSAS in a corrupt Nigeria socio-political environment was motivated by the seeking of legitimacy in the eyes of international financial institutions (IFIs), so as to continue to attract much-needed international capital, rather than to improve transparency and accountability.

5. Discussion, recommendations and ways forward

Critical accounting scholars have called for researchers to adopt a critical political economic perspective in examining the role of accounting in supposedly improving accountability in neoliberal economic policy in organisations and society (see Chiapello, 2017;

Sikka, 2015). Scholars in developing economies have also advocated a re-examination of the relevance of the 'honour'-based Western accounting reforms as technologies of transparency and accountability in poor economies for which these technologies were not designed (see Bakre et al., 2022). This paper responds to both demands by exploring the political economy of neoliberalism and Western 'honour'-based regulatory frameworks: it examines whether IFRS and IPSAS, designed in the developed world where fraud is rare, and imposed on developing economies by IFIs, can improve transparency and accountability and fight corruption in resource management in an inherently corrupt country such as Nigeria.

We contend that in Nigeria, where political elites, powerful officials and even professionals such as accountants often break rules and manipulate accounting records, it is difficult for governance/accounting frameworks and accountants' oversight function to improve transparency and accountability and fight corruption. This is particularly so for the 'honour'-based IFRS and IPSAS frameworks, which were not designed for the Nigerian socio-political context. It is therefore not surprising that the implementation of neoliberal economic policy (including IFRS and IPSAS) in the 'reform' of the Nigerian petroleum sector and the government subsidy programme has failed to prevent endemic corruption.

At one level, the World Bank and IMF utilized the imposition of neoliberal economic policy and 'honour'-based IFRS and IPSAS on Nigeria to subject the vulnerable and weak capital market Nigerian economy to neoliberal market discipline. At another level, the Nigerian Government exploited these frameworks to legitimize Nigeria as a neoliberal state, and so 'qualify' for loans from IFIs, notably the World Bank, while political elites, powerful public officials and professionals exploited them to accumulate private capital.

The World Bank's actions are paradoxical, encouraging Nigeria to implement neoliberal economic policy that enables private capital accumulation, whilst removing petroleum subsidies in a poor country that requires income and wealth redistribution. The World Bank also demanded that Nigeria adopt IFRS and IPSAS, encouraging international mobility of capital, in a poor country that needs capital to provide infrastructure and alleviate poverty.

In this context, neoliberalism appears to have freed people from social obligations, incentivizing them instead to pursue individual wealth. According to neoliberalism, socio-economic problems are corrected automatically by market forces; the evidence from Nigeria shows otherwise, revealing that imposing neoliberal economic policy has failed to improve transparency and accountability, to reduce corruption, or to alleviate poverty.

Of more concern is that those very Western economic powers, notably the US and the UK, that support neoliberal economic policy and 'honour'-based IFRS and IPSAS, employ their socio-political and culturally-evolved accounting and accountability systems to provide benefits to politically privileged groups – such as farmers and the disadvantaged and elderly, through, for example, food stamps (US) and winter fuel allowances (UK), although such welfare provision has become far less generous in the past few decades. It seems paradoxical that these powerful countries are encouraging Nigeria, with vast natural resources such as petroleum and gas, to embrace demonstrably ineffective Western 'honour'-based IFRS and IPSAS and remove welfare that benefits more than 80% of Nigerians living in poverty, that is, subsidies on petroleum products.

Another irony is that IFRS and IPSAS did not prevent the 2008 global financial crisis, particularly in the well-developed capital market economies of their proponents. Why then is it assumed that IFRS and IPSAS can improve transparency and accountability and reduce corruption in a context (Nigeria) for which they were not designed? What Nigeria needs is a strong institutional environment, a robust regulatory framework, and an enforceable accountability system relevant to its cultural, socio-economic, and political context. Meanwhile, the effect of the imposition of IFRS and IPSAS has been to distract the government and accounting profession of Nigeria from this very mission.

Since it embraced a democratic system of governance in 1999, Nigeria has been encouraged by Western economic powers and their controlled institutions, notably the World Bank and IMF, to embark on economic reforms that include privatization of the public sector's provision of petroleum, power, health, and education. Further research is needed to test the extent to which the imposed privatization, undertaken after 2001, and 'honour'-based IFRS and IPSAS, embraced in 2012 and 2014 respectively, have achieved their goal to improve transparency and accountability, reduce corruption in the management of privatized entities, and ensure income and wealth redistribution. This would enable a reasonable conclusion to be drawn about the impact of neoliberalism and Western 'honour'-based IFRS and IPSAS.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

Data will be made available on request.

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