



**Accounting for the environment: The Accountability of
the Nigerian Cement Industry**

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Dedication

This thesis is dedicated to my late parents: Mallam Mohammed-Noah Ayinla Jimoh and Madam Sabitiyu Agbeke Noah, My sweat-heart Samiat Olatomiwa Noah and children: Abdulquddus Bilal, Faheed Ameen, Ramadan Ahmad and Abdusalam Islam.

Abstract

The focus of this thesis is to study corporate environmental accounting in Nigeria, specifically analysing how corporate environmental issues (CEIs) are accounted for in the Nigerian cement industry. Environmental pollution arising from corporate operations has been a major concern among transnational organisations (e.g. World Bank, IMF), governments, policymakers and society. Over the past two or more decades, environmental issues have taken on a more significant role in business decisions, corporate planning and global politics (Boutros-Ghali, 1992; Gray *et al.*, 2014). Environmental issues have certainly deserved attention from academia so that research could be undertaken to understand and address the problems (*see* Freeman, 1984; Strong, 1992; Callan and Thomas, 2000; Darabaris, 2008).

There have been various pieces of research on corporate environmental accounting, however their focus has principally been on issues in developed countries (*e.g.* Buhr and Freedman, 1996; O'Dwyer, 2005; Gray 2010). Developing and emerging economies are in fact creating significant amounts of environmental pollution on a daily basis due to their industrial development (UNEP, 2011; World Bank, 2014; WHO, 2014). Among others, Nigeria has been identified as one such country, with a high level of environmental pollution that contributes significantly to global environmental problems (Adeoti, 2001; UNEP, 2011; Yale, 2012). In the same vein, corporations in Nigeria have been found to be a key contributor for this problem. While corporations should be held accountable for their impacts on the environment, the political, economic and social context in Nigeria have all made corporate environmental accounting a

challenge to be achieved. This highlights the need for more research in this area in order to enhance our knowledge on corporate environmental accounting issues in a developing country such as Nigeria, as well as potentially to initiate discussions on how to resolve corporate environmental problems. Most studies in Nigeria have looked at the impacts of environmental issues with no research focused on the management and reporting of environmental issues by corporations in the country and in particular, the cement industry (up to the time when this thesis was written). Therefore, this thesis examined how corporations in particular cement companies have been managing, accounting and reporting environmental issues generated by their operational activities in Nigeria.

In order to achieve the purpose of the thesis, it has been necessary to adopt a subjectivity ontology and interpretive epistemology, which entails the use of qualitative perspectives. The study chose a case study approach (two companies were selected to be the case studies) and collected empirical data using a combination of semi-structured interviews, visual techniques and documentary analysis. Unlike most studies in Nigeria that have used the survey questionnaire approach (Owolabi, 2008; Ngwakwe, 2009; Oba *et al.*, 2012; Hassan and Kouhy, 2013), this thesis will provide a more insightful qualitative view on corporate environmental accounting practices in Nigeria. The study also relied on convergent institutional and resource dependence theories as conceptualised by Oliver (1991) to provide a better understanding of CEIs management and reporting in the two chosen cases in particular and Nigeria as whole.

The research found that the cement industry was a key environmental polluter in Nigeria, and that companies were under pressure from a number of agents to reduce environmental pollution. It further showed that environmental

accountability practices in the Nigerian cement sector are largely influenced by the external institutional environment/factors, and that environmental accountability practices have become more a means of ensuring legitimacy with no significant impact on the wellbeing of citizens and the environment. It also demonstrated that the case studies adopted certain strategies in confronting the challenges from external institutions.

Finally, the study contributes to the existing literature on social and environmental accounting research, especially from an emerging countries perspective. The findings from the research will also have theoretical and practical policy implications in Nigeria and the world at large.

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Abbreviations

AAP -Ambient Air Pollution

ASB- Annual Statistical Bulletin

CCNN- Cement Company of Northern Nigeria

CCS- Carbon Capture and Storage

CEA- Corporate Environmental Accountability

CEIs- Corporate Environmental Issues

CEMP- Corporate Environmental Management Practice

CEMR- Corporate Environmental Management Reporting

CER- Corporate Environmental Responsibility

CER- Corporation Environmental Responsibility

CERES- Coalition for Environmentally Responsible Economies

CMARCP- Chemical Manufacturers Association Responsible Care Program

CSR- Corporate Social Responsibility

EA- Environmental Accounting

EHSS- Environmental and Health and Safety and Social investment

EIA- Environmental Impact Assessment

EIRIS- Ethical Investment Research Service

EPA- Environmental Protection Agency

FDI- Foreign Direct Investment

FEPA- Federal Environmental Protection Agency

FME- Federal Ministry of Environment

FRN- Federal Republic of Nigeria

GDP- Gross Domestic Product

GEMI- Global Environmental Management Initiative

GHG- Greenhouse Gas

ICC- International Chamber of Commerce

IMF- International Monetary Fund

ISO- International Organisation for Standardisation

IT- Institutional Theory

JSE- Johannesburg Stock Exchange

KPMG- Klynveld Peat Marwick Goerdeler

LMI- Low- And Middle-Income

MNCS- Multinational Corporations

MSMD- Ministry of Solid Minerals Development

MT- Metric Tonnes

NESREA National Environmental Standards and Regulations Enforcement Agency

NGOs- Non-Governmental Organizations

NNPC- Nigerian National Petroleum Corporation

NOSDRA-National Oil Spill Detection and Response Agency

OECD- Organisation for Economic Cooperation and Development

PSO- Profits-Seeking Organisations

RDT- Resource Dependence Theory

SEA- Social and Environmental Accounting

SEC-N- Security and Exchange Commission Nigeria

SER- Social and Environmental Responsibility

SERAs- Social Enterprise Reports and Awards

SON- Standard Organization of Nigeria

SRP-Strategic Responses Perspective

TNCs-Transnational Corporations

UAC- United Africa Company

UN- United Nations

UNCED- United Nations Conference on Environment and Development

UNDP-United Nations Development Programme

UNEP-United Nation Environmental Programme

UNFCC-United Nations Framework Convention on Climate Change

USA [SEC]-United States of America Security and Exchange Commission

WAPCO-West African Portland Cement

WBCSD-World Business Council for Sustainable Development

WCED- World Commission on Environment and Development

WHO- World Health Organisation

CHAPTER 1: INTRODUCTION

1.1 Background of the study

Pollution and other environmental impacts contributing to climate change has been claimed to be one of the most significant global problems of recent times. Scholars argue that over the past two decades, ‘accounting’ for environmental issues as a way towards problem-solving negative environment impacts and moving towards sustainable solutions has become a primary focus for businesses, governments and within global politics (*see* Freeman, 1984; Strong, 1992¹; Boutros-Ghali² 1992; Callan and Thomas, 2000; Darabaris, 2008; Gray, 2010; Bebbington and Gray 2001; Gray *et al.*, 1997; UNCED, 1992; 2012; Unerman *et al.*, 2007). Darabaris (2008) states that environmental issues have transformed in recent years from being local industrial pollution problems to a broader global concern. He also posits that campaigns have developed across the world in order to identify what has caused these environmental impacts and the resulting climate change.

Stakeholders globally – including international and local policy makers, academia, researchers, governments, investors, environmentalists, the media and communities hosting the polluting companies – have attributed the cause(s) of global environmental issues to the activities of corporate organizations (Robbins, 2001; Callan and Thomas, 2000; Buhr and Freedman, 1996; Darabaris, 2008; Owolabi, 2008; Baker and Schaltegger, 2015). For instance, Baker and

¹ Maurice F Strong, Secretary-General United Nations Conference on Environment and Development at the opening of the United Nations Conference on Environment and Development, held in Rio de Janeiro, Brazil, 3 June, 1992.

² Boutros-Ghali, B. (1992) UN Secretary General, Opening Speech at Rio Conference on Environment and Development, 3 June, 1992.

Schaltegger (2015:264) state that “many of these problems [*environmental issues –researcher’s emphasis*] are the direct result of commercial and industrial activity by various organizations aimed at meeting the financial demands of their shareholders and investors”. However, environmental pollution resulting from corporate activities is what Yale (2005) called “the pollution pressures from industrialization”. Yale argued further that these environmental pressures vary between developing and developed countries due to the distinct challenges that these countries face. In the case of developing countries, the UNEP (2006:1-2, 2013:7) reported that “concern over air emissions generates from developing countries’ industry growth, in particular, those in urban centres; for example, these reports illustrated that environmental pollution is particularly problematic in African countries”. The UNEP (2006) claimed that the first of these countries is Morocco, where a number of industries burn 1 million tons of fossil fuels each year, which further results in 2 million tons of CO₂ emissions in subsequent years. In the same report, it is claimed that South African companies emit 306.3 million metric tons of carbon dioxide from coal consumption, which corresponds to 90.6% of Africa’s and 3.4% of the entire world’s energy-related carbon dioxide emissions.

The literature further showed that various local and international bodies such as the United Nations (UN) and its agencies, accounting professional bodies and other Non-Governmental Organizations (NGOs) have advocated for special attention to be given to environmental issues in society at large and in developing countries in particular (WCED, 1987; UNCED, 1992, 2012; 2014; Christian-Aid, 2006; UNEP, 2011; WHO, 2014). These efforts include calls for international policies and research in the area of environmental issues. For instance, at the

United Nations Conference on Environment and Development (UNCED) (1992), calls were made for special attention to be given to developing nations in terms of environmental pollution control, protection, management and reporting. The conference also recommended that strategies be put in place in order to assist those developing countries suffering from environmental problems. A similar call was made at the UNCED conference held in Brazil in 2012, where members re-affirmed their commitment to tackling environmental problems in developing countries through research and other strategies.

The aim of this research is to investigate corporate accountability in environmental issues³ in Nigeria, particularly focusing on the cement industry. Despite the increase in the volume of research in environmental accounting, little attention is being paid to Nigeria where there is still limited research in this area (*see* Ite, 2004; Shinsato, 2005; Ngwakwe, 2009; Oloruntegbe *et al.*, 2009; Owolabi, 2011; Hassan and Kouhy, 2013). This study aims to fill this gap through examining and analysing corporate environmental issues in Nigeria.

Previous studies have shown that Nigeria as a country is considered to have a high rate of environmental pollution and related problems. For instance, the studies of Yale (2005; 2010; 2012) confirmed that the country is one of the highest environmental polluters, globally. Arguably, the poor environmental performance of Nigeria is attributable to the growth in industrial environmental activity (*see* Hassan and Kouhy, 2013; Owolabi, 2008; Otaru *et al.*, 2013; Aigbedion and

³ Environmental issues/pollution in the context of this study include: air pollution, dust pollution, CO₂ emissions, land degradation and noise pollution. These are the major environmental pollution attributable to cement operation (Global cement, 2014; Asubiojo *et al.*, 1991; Salama *et al.*, 2011). Environmental pollution and environmental issues will be used interchangeably through this study.

Iyayi, 2007). Additionally, Ndume (2012)⁴ stated that “Nigeria in recent times has been facing environmental challenges ranging from deforestation to gully erosion to global warming”.

The motives for focusing this study on the cement industry come from the immense contribution the industry makes to the socio-economic development of Nigeria in particular and the African continent in general, whilst at the same time having significant negative environmental impacts on the society. This study will use two cement companies as the case study (a subsidiary of a foreign multinational cement company and a Nigerian home-grown cement company)⁵, examining their accountabilities towards the environment and to society/institutional constituents⁶.

In addition, Nigeria has been recognised for its economic and political contribution at both global and African levels (Obama, 2015)⁷. The country was rated the largest producer of oil in Africa and the sixth overall oil provider in the world (*see for example*, the NNPC, Business Report, 2014; Shinsato, 2005). In an attempt to reduce the greenhouse gas (GHG) emissions emanating from industrial operations across the world, Nigeria and 200 other countries ratified to implement the Kyoto protocol of 1997 (*see* United Nations, 1998). This has made it interesting to investigate, especially regarding how Nigeria has been accounting

⁴ Comment made by Senator Mohammed Ali Ndume the Chairman, Senate Committee on MDGs when the United Nations Special Assistant to Secretary General of the UN on MDGs, Prof Jeffrey D. Sachs visited him.

⁵ Detailed explanation on the categorisation of these two companies is found in chapter six of this thesis.

⁶ Institutional constituents, according to Oliver (1991) are those exercising pressures on the organizations; multiple/single/critical actors, such as governments, NGOs, media, professional bodies and interest groups – otherwise referred to as stakeholders (McBarnet, 2007; Unerman, *et al.*, 2007). The research will therefore refer to stakeholders and institutional constituents interchangeably to represent those external to the corporations.

⁷ President Obama made this comment on the official State visit of the newly elected Nigerian President Muhammadu Buhari. He commended the country on the peaceful election from ruling to opposition party and on the integrity and capacity of the Nigerian President.

for the environment in terms of regulating, monitoring, preventing and reducing carbon emissions and other corporate environmental issues in the country.

Studies conducted in the context of Nigeria have attributed environmental pollution problems to the activities of many companies across the country, including the cement companies (Aigbedion and Iyayi, 2007; Owolabi, 2011; Hassan and Kouhy, 2013; Otaru *et al.*, 2013; Shinsato, 2005). However, the UNEP (2011) report indicated that many Nigerian companies are not giving environmental issues proper consideration as part of their corporate responsibility. This therefore forms the context of this research, on the basis that the case study selection of two Nigerian cement companies as significant polluters will be useful in contributing to new knowledge.

In order to achieve the aim of this study, two research questions are put forward:

What are the institutional factors leading to the development of corporate environmental accountability in Nigerian cement companies?

How do Nigerian cement companies manage and report their environmental practices in order to achieve corporate environmental accountability?

This study will investigate and analyse issues relevant to the above-mentioned research questions in an attempt to provide a much-needed understanding of corporate environmental accountability in Nigeria. Findings to the research questions will be presented and discussed in chapters six, seven and eight.

1.2 Research methodology and methods

Given the set objectives and research questions of the study, the philosophical perspective applied in the study is interpretive. This approach provides the

appropriate understanding of theory, methodology and methods in this context, and this paradigm shows that the ontology of the study is subjective and its epistemology is interpretive/socially constructed. The data collected will be qualitative in nature. The study adopted Oliver's (1991) Convergent institutional and resource dependence theories [hereafter referred to as: strategic responses perspective] as the theoretical lens that would provide a better understanding of the research objectives and research questions. Detailed discussions for these perspectives are provided in Chapter Four: The Theoretical Perspective for Corporate Environmental Accountability [CEA] Practices, and Chapter Five: Research Methodology and Methods.

This study will use a case study approach in order to provide an in-depth understanding of CEA practices in Nigeria. As stated earlier in this chapter, two cases will be selected which will be referred to as Cement Company A - a subsidiary of multinational cement company and Cement Company B - an indigenous majority-owned cement company/national company; these acronyms are used in order to maintain the confidentiality of the companies as agreed with some of the management team interviewed during the fieldwork. However, it is assumed that the distinctive ownership structures of these companies will enhance the conduct of this study, and enabling an in-depth understanding in similarities and differences of accountability of CEIs practices in those contexts.

Furthermore, secondary data for the study will be collected through documentary analysis from the case studies' annual reports and websites, official government documents and newspapers reports. Primary data will be generated through semi-structured interviews with some senior management team from the two case

studies and other institutional constituents who in the context of this study are the regulators from the NESREA (National Environmental Standards and Regulations Enforcement Agency), Federal Ministry of Environment (FME), Standard Organization of Nigeria (SON), environmental/human-rights activists, NGOs, media practitioners and community leaders/members. In addition, photos will support the evidence. Thematic analysis will be used to analyse the data generated from the interviews conducted. Detail of this is presented in chapters six and seven of this thesis.

1.3 Contribution of this study

The findings of this study contribute to the existing research on corporate social and environmental accounting research from the emerging economies perspective in general and Nigeria in particular. Specifically, the findings help to close the gaps in the limited existing research on emerging economies, providing an in-depth understanding of CEA practices in the cement industry in the context of emerging economies. This research also contributes to methodological thinking, adopting a qualitative approach and interpretivist paradigm in conducting the investigation; most prior studies on corporate social and environmental accounting in Nigeria adopt a quantitative approach, being driven from a positivist perspective with a resulting lack of insight into how corporations manage environmental issues in order to achieve environmental accountability. Moreover, the use of interviews will influence and broaden the approach of subsequent studies undertaken by Nigerian researchers, as they are not used to interviews. The use of interviews as an approach was further corroborated by Liew (2005:108), who contends that:

[A] Semi-structured interview has the potential to elicit in-depth information that is generally difficult to obtain through other approaches, especially when the subject matter is regarded as highly confidential or sensitive.

Furthermore, this study will contribute theoretically to the existing research, as it is one of the few studies that have adopted the convergent institutional and resource dependence theories in accounting research, and in the context of emerging economies in general and Nigeria in particular. This will certainly add to new knowledge in the context of Nigeria, where most research has not adopted a theoretical approach.

Practical contributions that the research can make include enabling the government to re-assess the existing laws so as to make amendments where possible and/or promulgate new laws, and to analyse environmental issues from different aspects in the country. It will enable the regulators to exercise their ‘political will’ by taking adequate measures in the implementation of the regulations. In addition, it is assumed that the findings from this investigation will assist the management of companies, in particular the cement industry to improve on their existing environmental accountability practices in the country.

1.4 Structure of the thesis

The remaining parts of the thesis are structured as follows:

The literature chapter is divided into two. The first part gives the global perspective, discussing the various concepts relating to corporate social and environmental issues, with a specific focus on environmental issues. It further examines the various global initiatives taken on issues of environmental accountability at the international level and across some developed countries in the world. It further reviews research conducted in both developed and emerging

economics. At the end of the review it was found that most studies on corporate social and environmental issues were concentrated more in developed economies than emerging markets, thereby calling for more research in emerging markets.

The second part of the literature focuses on environmental issues accountability (management and accounting for/reporting) in Nigeria and its socio-political and economic context. It moves on to examine how the socio-political and economic settings of the country have shaped and re-shaped corporate environmental issues accountability practices in the country. It further discusses the historical background of corporations in Nigeria, giving consideration to the pre- and post-colonial era. Furthermore, it looks at the history of cement operations in Nigeria, the environmental impacts of the industry and the effort made towards reducing these impacts on people and their environment. It further examines relevant studies conducted in the area of social and environmental accounting in Nigeria. This review shows that most studies in Nigeria focused on social issues with few on environmental issues. It shows that prior research on environmental issues focused more on reporting or disclosure in annual reports than on the management of environmental impacts. Furthermore, the review disclosed that studies in the country were based more on quantitative rather than qualitative perspectives. Additionally, studies with philosophical and theoretical perspectives are lacking from this part of the world. Hence, this study will contribute to the existing literature addressing some of these identified 'gaps'.

Chapter four focuses on the theoretical perspective for the study, in particular those frequently used theoretical perspectives in social and environmental accounting research. At the end of the theory review, two theories were selected

and a model was developed which was coined out of Oliver's (1991) convergent institutional and resource dependence theories typology. This model is later used in chapter six and seven to explain CEA practices in the Nigerian context.

Chapter five focuses on the philosophical perspective, research design and methods of data collection and analysis for the study. It gives the philosophical perspective or interpretive approach taken to be most appropriate for the study, given the structure/nature of the research questions that are more interpretive than critical or positivist. The research methods discussed the design of the case study approach. It further explains the documentary analysis, semi-structured interviews and visual methods used for the data collection and thematic analysis, and the justification of their appropriateness for the study. It further proceeds to discuss the interview process for the study.

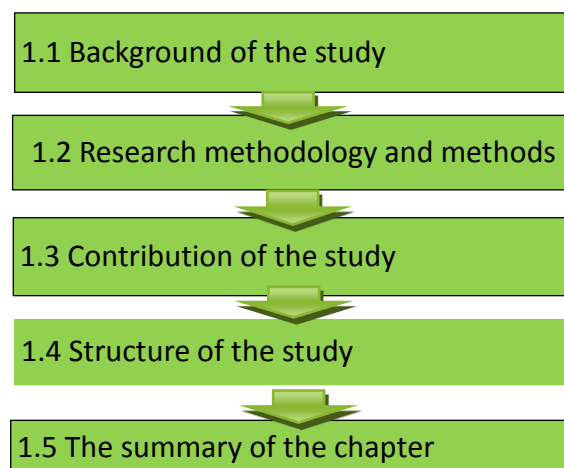
Chapter six gives an analysis of environmental situations in Nigeria in general and the cement industry in particular. It further identifies and discusses the various institutional factors that have contributed to the development of CEA practices in the Nigerian cement industry. It also presents the impact of institutional factors on the CEA in Nigeria. The findings showed that these institutional factors have influenced CEIs (i.e. corporate environmental issues) practices of the two case study cement companies.

Chapter seven concentrates on the second part of the empirical analysis for the study. It analyses and presents the findings from the documentary analysis and data generated from the fieldwork. It further applies the theoretical framework adopted to explain the second research question – how the selected cement companies responded to the demands and expectations of the institutional factors

as discussed in chapter six. The findings showed how the two selected cement companies have been managing and reporting/accounting for their corporate environmental issues practices in Nigeria.

Chapter eight concludes the intellectual journey where the findings of the investigations from both the case studies and the institutional constituents' perspectives were articulated and discussed. It also presents the contribution of the study to the existing debate on the management and reporting of corporate environmental issues in the context of emerging markets such as Nigeria. Specifically, it shows the contribution in philosophical, theoretical, methodological and policy areas. In addition, it provides an overview of the research and discusses the limitations of the study. It concludes with the conclusion of the thesis and suggestion for further studies Figure 1.1 below shows the structure of chapter one.

Figure 1.1: An overview of the structure of chapter one



1.5 Summary of the chapter

This chapter presents the intent to examine the accountability of corporate environmental issues in Nigeria, an emerging African country economy, how environmental issues are global problem and identifying corporations as the vehicle for transporting these problems across Nigeria and around the world. It further gives examples on environmental pollution/issues from the cement industry receiving significant attention globally and in Nigeria, and identifies Nigeria as a place where the extent of environmental pollution is of concern. The thesis calls for the need of further research in Nigeria, which has been identified from previous studies as a low performer in environmental management (Yale, 2012) and the cement industry, which as a key polluter has been under-researched (Otaru *et al.*, 2013). The chapter further presents the research objectives and research questions for the study. It moves on to present the key aspects of the philosophical, theoretical and methodological approaches that will help in achieving the research objectives. It also explains the contribution and limitations of the study, and concludes with the highlight of the structure of the whole thesis and a brief conclusion of the chapter.

However, the conceptual framework and the studies in this area need to be identified and discussed to enable the researcher establish the areas covered and the gaps created in order to know what should be the focus of this study. The next chapter reviews literature that focuses on social and environmental accounting research.

CHAPTER 2: **GLOBAL INITIATIVES ON CORPORATE ENVIRONMENTAL ACCOUNTABILITY**

2.1 **Introduction**

The main objective of this chapter is to review literature relating to environmental accounting (EA) research. This chapter will also present discussion of key concepts/terms in this area of research, with the aim of obtaining a better understanding of the context of this study. The chapter will further review studies on EA from both developed and emerging economies. The purpose is to identify areas that have been explored and to highlight areas in the literature that need further investigation.

In recent times, the extant literature has shown that researchers in accounting and policy makers have initiated the incorporation of social and environmental accounting issues in the conventional/mainstream accounting⁸ framework (*see* Mathew, 1997; Parker, 2011; Deegan and Unerman, 2011; Gray *et al.*, 2014⁹; Bebbington and Larringa, 2014). Mathew (1997:276) stated that “... in the 1970s a number of proposals were made for integrating newer forms [*social and environmental* – emphasis added] of accounting with existing structures”. The matter of environmental accounting has been discussed and argued variedly by scholars in the context of social and environmental accounting research (*see* Buhr, 1998; Owen, 2008; Adams, 2004; Gray *et al.*, 2014; Contrafatto, 2014). For instance, Gray *et al.* (2014:5) stated that EA is all about “accounting for different things apart from economic events, such as social and environmental issues, in

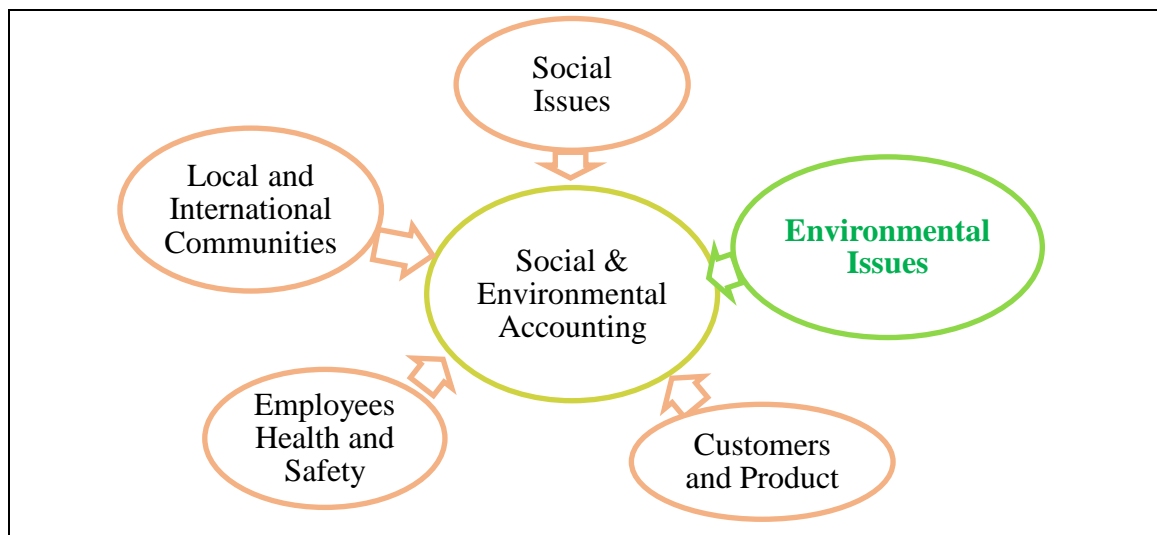
⁸ Traditional accounting is viewed as an accounting that focused on only one particularly narrow form of the whole universe of accounting (Gray *et al.*, 2014:5).

⁹ Gray *et al.* (2014: xi) stated that “the world [accountant, businesses, financial markets, politicians and universities] has made enormous strides towards a recognition of the crucial interactions of social, environmental and sustainability concerns with the worlds of business, finance and accounting, as they all apparently embraced sustainability with zeal”.

different media, to different individuals or groups and for different purposes”. They further emphasised that the issues of EA remained fluid as they are yet to be codified/enshrined.

Corporate environmental accountability, which is the focus of this study, is central to social and environmental accounting [SEA] research, as it studies an important part of the interactions between profit-seeking organisations and society, and the consequences of their interactions (*see* Unerman, 2008; Deegan and Unerman, 2011; Bebbington and Larrinaga, 2014; Gray *et al.*, 2014). Out of what constitutes SEA research as shown in Figure 2.1 below, this study will be focusing on environmental issues as to how they are managed and reported by profit-seeking organisations in emerging economies, specifically in Nigeria. Details of this will be discussed later in this chapter.

Figure 2.1 components of social and environmental accounting



The majority of prior studies are focused on addressing one or more aspects of social and environmental accounting practices. Of these, some have given more emphasis to corporate social responsibility/accountability (*see* Carroll 1991; Gray,

2010; O'Dwyer, 2003; Freeman and Liedtka 1991; Dillard and Layzell, 2014), and others on economic responsibility (*see* Lauwo and Otusanya, 2014; Sikka, 2010, 2013; Freedman and Jaggi 1982; Friedman 1962) and on environmental responsibility/accountability (*see* Spence and Gray, 2007; Gray *et al.*, 1991; Adams, 2004; Hassan and Kouhy, 2013; Cho *et al.*, 2012; Belal *et al.*, 2015).

In addition, analysis of these studies also reveals that there are limited studies in social and environmental accounting literature and those that exist were limited to developed countries, in particular, the USA, UK, France and Australia (Spence and Gray, 2007; O'Dwyer *et al.*, 2005; Gray *et al.*, 1987; Gray *et al.*, 2014; Deegan and Unerman, 2011; Bebbington and Gray, 2001; Gray and Bebbington, 2001; Freedman and Patten, 2004; Freedman and Jaggi, 1982). However, there are some exceptions of studies in this area from emerging economies (*e.g.* Belal *et al.*, 2015; Islam and Deegan 2008; Imam, 1999, 2000; Lodhia, 2003; Islam, 2009; Thoradeniya *et al.*, 2013; Lauwo, 2011; Clapp, 2005; Rahaman, 1999, 2000; Salama *et al.*, 2011). It could be argued that there is still limited knowledge in this area, considering the number of emerging and developing countries which tend to have negative impacts on the environment due to the nature their economic and industrial development. This is supported by numerous calls for more research in social and environmental accounting focusing on the emerging economies context (UNCED, 1992, 2012, 2014; Bebbington and Larrinaga, 2014; Belal *et al.*, 2015; Contrafatto, 2014; Islam and Deegan, 2008; Kuasirikun, and Sherer 2004). At the 1992 United Nations Conference on Environment and Development (UNCED), calls were made to pay more attention to environmental issues in developing nations in terms of environmental control, management, protection and reporting. Although there has been some research in this area, it is very limited. In 2012 and

2014 UNCED called again for action and further re-affirmed their commitment towards resolving environmental related problems most especially in developing countries. However, the knowledge gap on environmental accounting has remained unfilled either in form of empirical or theoretical research in developing countries (Belal *et al.*, 2015). The same gaps apply to social and environmental accounting research in Nigeria (Amaechi *et al.*, 2006; Ite, 2004).

The remaining parts of this chapter are structured as follows: Section 2.2 focuses on the global trend of environmental pollution issues. Section 2.3 explores the role of corporations in global environmental pollution/issues. Section 2.4 explains the nature of corporate environmental accountability. Section 2.5 explores the global initiative in corporate environmental accountability. Section 2.6 explores empirical studies in both developed and emerging economies contexts. The last section of the chapter is Section 2.7 which summarises and concludes the chapter. Figure 2.2 below depicts the structure of this chapter.

Figure 2.2: An overview of the structure of Chapter Two



2.2 Environmental pollution as a global problem

This section discusses issues bordering on environmental pollution problems across the world. It further highlights and examines various definitions and debates on corporate environmental accountability [CEA]¹⁰ practices within the context of social and environmental accounting research. Environmental pollution which is central to SEA is considered under two different sub-headings: the first sub-section provides an overview of environmental pollution, followed by a discussion on environmental pollution as a global problem.

¹⁰ Corporate environmental accountability [CEA] is taken as the responsibility to undertake environmental actions/practices and responsibility to account for such actions by corporation (see Gray *et al.*, 1996).

2.2.1 An overview of environmental pollution

It is debated as to when environmental pollution started receiving significant attention as an issue of global concern, given its continuous adverse impacts on people, society, and the natural environment. Robbins (2001) claims that it dates to the 1900s, / when 10 million chemicals that were created in laboratories and subsequently used in manufacturing processes (especially during the period of industrialization) were observed to contain toxins as the end products. He also argued that during this period, a large number of harmful chemicals was discharged into the environment in the form of fertilizers, wastewater, pesticides, and solvents as well as through indirect discharges into water streams, air or land by industry. Robbins (2001) argued that what made this pollution so harmful was a combination of the toxicity and the degree to which living things were exposed to them.

In addition, environmental scholars have argued that environmental pollution can also be created by natural occurrences without human intervention such as by drought, flood, volcanic eruption, and earthquake – or that they could also occur through other human activities such as war (Callan and Thomas, 2000). Environmental pollution could also originate from either natural or anthropogenic means [*ibid*]. By natural means, this will usually evolve from non-artificial processes with little or non-human intervention such as via gasses associated with the decay of animals and plants, particles from volcanic eruptions, and salt spray from Oceans (Callan and Thomas, 2000). On the other hand, they stressed that, anthropogenic pollution is humanly induced (which includes all residuals associated with consumption and production of gasses and particles) from combustion and chemicals wastes of certain manufacturing processes. The

literature has further shown that the industrial and human activities have contributed to a large proportion of environmental pollution in the world and it was followed with varied global initiatives to reduce its negative consequences (see Buhr, 1998; Callan and Thomas, 2000; Dierkes and Preston, 1977; Estes, 1976; Gray, 1990; Mathew, 1997; Robbins, 2001). For instance, Buhr's (1998) study of sulphur dioxide emissions in Falconbridge Company in Canada provided evidence on the significant negative impact of corporations' activities on the environment.

The above arguments have shown that environmental pollution is a phenomenon that should be given much attention considering the adverse impact that it has on natural and human life. It is crucial to have proper management and accountability of environmental pollution, which has gone beyond a local/national phenomenon and become a global issue. Transnational organizations such as the United Nations, World Bank, Organization for Economic Cooperation and Development (OECD), UNCED have been actively engaging in discussions to manage and ensure environmental accountability, because the negative impacts have transcended from one country to another through global industrialization (Clapp, 2005; Boutros-Ghali, 1992). This will be further discussed in the next section.

2.2.2 Environmental pollution as a global problem/phenomenon

Over the past two decades, environmental pollution has taken a new dimension as more attention is being given to it by corporations, local and international policy makers, Non-Governmental Organizations (NGOs), accounting professions and academics/researchers (*see* Strong, 1992; Boutros-Ghali, 1992; Callan and Thomas, 2000; Darabaris, 2008; Ekins, 1999; Jaegar, 2002). Darabaris (2008)

claimed that environmental issues have shifted from an assumption of being a localized industrial pollution issue to a broader global problem. He also indicated that there are strong global campaigns to identify the remote and immediate cause(s) of environmental pollution and the damage it has caused to the people, the environment, and the Earth.

Similarly, Callan and Thomas (2000) asserted that the world has become more aware of the natural pollution and the implications of ecological damage caused by corporations' activities. In addition, Visser and Corfee-Morlot (2008) argued that historically, the majority of greenhouse gas (GHG) emissions emanated from developed countries, which was claimed to have resulted in climate change in recent years, and the adverse consequence of which is equally widespread to developing countries. Given the consequences of the environmental effects from developed to developing countries, pressure is being applied to developing countries to initiate action (UNCED, 2012). However, in an attempt to answer this question, Visser and Corfee-Morlot (2008) suggested that the governments of the emerging economies/developing countries have the opportunity to act now and put in place policies that would avoid high costs and further reduce the negative impacts arising from the environmental pollution. The literature has also shown that a number of workable measures are being put in place by various governments and international organisations such as OECD and European Economic Agency and United Nations¹¹ through some of its agencies such as UNCED, UNEP, in order to bring the negative environmental impacts of corporations to the lowest possibly level (Ekins 1999; Visser and Corfee-Morlot 2008, Strong, 1992; Boutros-Ghali, 1992). For instance, Jaeger (2002:35) states:

¹¹ UN resolutions on environment and development, 1972, 1987, 1992, 2002, 2010, 2012.

“as part of the efforts made by countries, when environmental pollution became a serious threat to humanity in the world, in 1997, 160 nations met and signed the Kyoto protocol and agreed to significantly reduce emissions of greenhouse gasses”.

Representatives of various governments have also either shown concern for or reaffirmed their commitments towards confronting the global environmental threat (*see* UNCED 1992, 2002, 2012, 2014).

It can be seen that environmental pollution problems are no longer bound by the borders of countries but are a global worldwide issue that requires attention both at national and global level (Boutros-Ghali, 1992). Evidence has suggested that industrialisation and corporate activities (especially profits-seeking organisations¹² [PSOs]) are significant contributors to environmental pollution (*see e.g.* Visser and Corfee-Morlot, 2008; Buhr, 1998; Callan and Thomas, 2000). This shows the importance of analysing the role of corporations in environmental management and accountability. This will be discussed further in the next section.

2.3 The role of corporations in global environmental pollution

Corporations have made enormous contributions to socio-economic growth, the well-being of the people, improved health facilities/programs and other developmental projects in the world (Sikka, 2010, 2011; Sherer *et al.*, 2006). These contributions have been traced back to the advent of the industrial revolution in Europe and America and at the time to the presence of multinational corporations [MNCs] in countries across the world (*see* Friends of the Earth, 2002; Belal *et al.*, 2015; Mitchell and Sikka, 2005; Sikka, 2011; Parker, 2014;

¹² Throughout this study, the following terms will be used to represent companies and at the same time used interchangeably: corporate organizations, profit-seeking organizations, companies, corporations (Deegan and Blomquist, 2006; Oxford Dictionary, 2009). This will be in agreement with the used of these terms in the literature and by some researchers. For example, Oxford Dictionary and Thesaurus (2009:645) define organization as a large organization, institution, body, group, company, firm, business, corporation, agency, association and society.

Buhr, 1998; Ite, 2004; Scherer *et al.*, 2006; Clapp 2005). In spite of these laudable achievements on the part of corporations (perhaps more specifically PSOs), the negative impacts arising from corporate activities, such as the environmental pollution threats/challenges in the society, have also been identified (Shinsato, 2005; Buhr, 2008).

Due to globalization, profit-seeking corporations have become multinationals where they have been able to explore opportunities that enable them to acquire and control key resources in other countries (see for example, Mitchell and Sikka, 2005). These profit-seeking multinational corporations have become the most powerful bodies in the world. For instance, the Friends of the Earth (2002:6) posits that:

“The emergence of concerns around economic globalisation has centered on the corporate sector’s increasing power and influence. Economic globalization has led to corporations becoming larger and more powerful, and at the same time international financial flows have increased, extending the reach of companies around the world...”

The above statement portends the extent in which PSOs have been exercising economic power in reshaping the socio-political situation of the world. In fact, many multinational corporations [MNCs] are richer than many countries in the world, with particular reference to developing countries, and as such have used this power to their advantage (*see* Mitchell and Sikka, 2005; Anderson and Cavanagh, 2000). Mitchell and Sikka (2005:3) state, *“Corporations constituted 50 of the world’s biggest economies. Their turnover exceeds the gross national product of many nation states the turnover of companies, such as Ford, General Motors or Wal-Mart, is bigger than the Gross Domestic Product (GDP) of Greece, Poland, Hong Kong or South Africa”*. It was further demonstrated that Corporations have achieved the ability to dictate the direction of the socio-

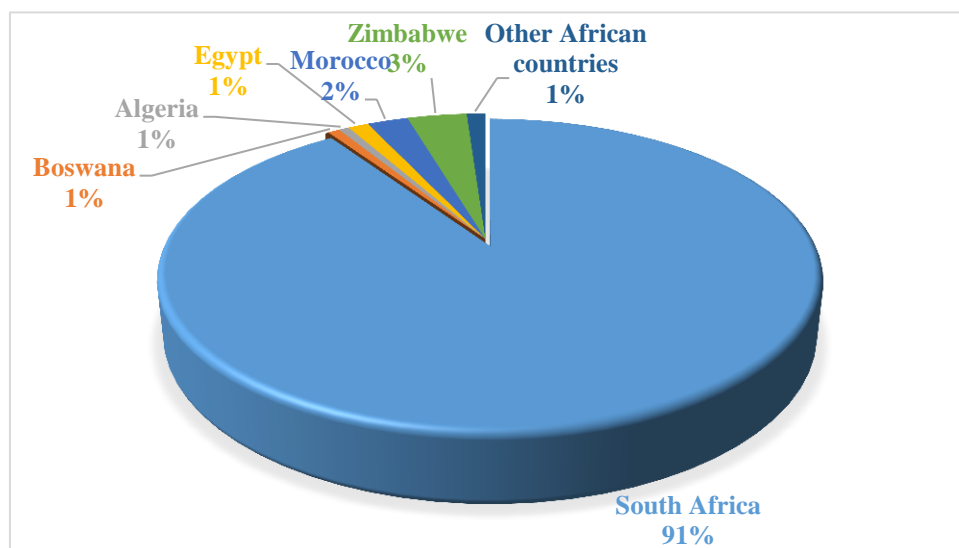
economic characteristics and politics of many countries in the world, and in particular the emerging markets which rely on foreign investments (Ite, 2004; Sikka, 2011).

In many cases, large MNCs invested in sectors that are environmentally sensitive due to the exploration of scarce resources from developing countries, and as such have significant impacts on the environment (see for example, Lauwo, 2011; Shinsato, 2005; Ite, 2004). MNCs therefore have an important role to play in international environmental politics and policies in order to ensure a clean and liveable environment for people, and to facilitate sustainable development. Although corporations have contributed to financial growth and development in developing countries in terms of GDP growth, job creation, infrastructure development, health and safety and environmental sustainability (Sikka, 2011), the negative environmental impacts of their industrial activities in terms of pollution, biodiversity, and climate change has been argued to have outweighed the benefits of financial growth in some instances (*see* Friends of the Earth 2002; Darabaris, 2008; Gray *et al.*, 2014; Dahlmann *et al.*, 2008; de Villiers *et al.*, 2014; Unerman and O'Dwyer, 2007; Sikka, 2011, 2010).

Social and environmental accounting research have argued that premature death, respiratory illness, water pollution, air-borne diseases, acid rain, poor vegetation, land degradation, and climate change have resulted from corporate industrial activity and the corporate profit goal. For example, Salama *et al.* (2011) argued that cement factory emissions have caused serious air pollution and affected both plant and animal life. Furthermore, the UNEP (2006:5) stated that solid fuel smoke emissions from manufacturing and oil industries are estimated to be

responsible for 1.6 million deaths each year in the world's poorest countries such as those in Africa. It also reported that acute respiratory infections (ARI) due to inhaling polluted air are ranked fourth in the cause of disease in sub-Saharan Africa (accounting for 7% of the total in the world). The UNEP (2006:1-2) further reported that air emissions are at an alarming stage due to Africa's growing industry. For instance, the report demonstrated that in Morocco, industry burns 1 million tons of fossil fuels each year, which produces 2 million tons of CO₂. Similarly, it alluded that South African companies emitted 306.3 million metric tons of CO₂ from coal consumption, amounting to 90.6% of Africa's energy-related carbon emissions and 3.4% of the world's energy-related CO₂ emissions with the remaining figures shared among other countries. This analysis is reflected in figure 2.3 below:

Figure 2.3: Carbon Dioxide emissions in the African continent in 2002



Source: UNEP 2006

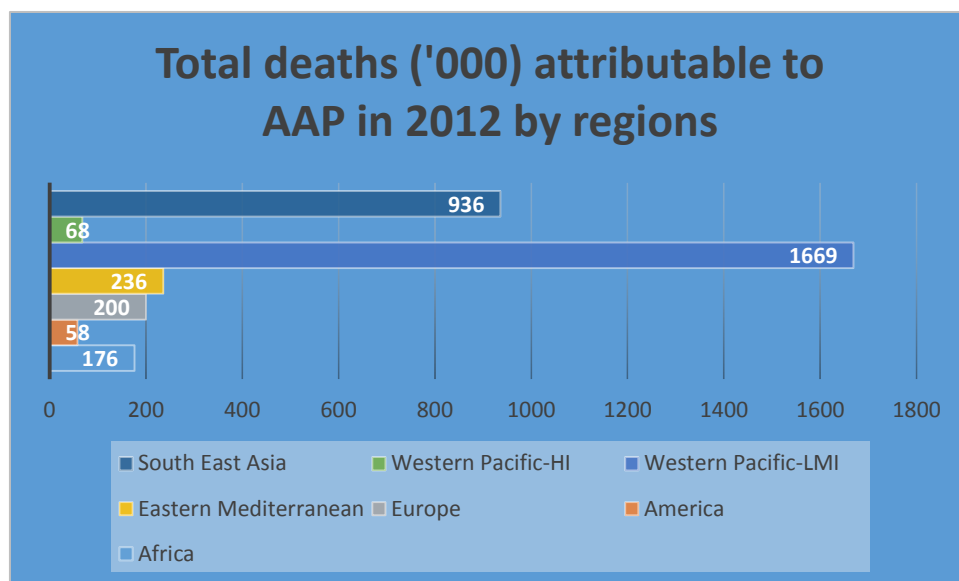
In addition, UNEP (2007, 2008) and World Health Organisation (WHO) (2008) reports showed that Morocco, South Africa, Zambia and Zimbabwe continue the

trend of air pollution, mainly through dust and CO₂ from cement production and coal combustion (examples of outdoor pollution)¹³. The WHO's 2007 report further showed that industrial air pollution is estimated to be a key cause of the death of around 800,000 people per year in the world, mainly in urban areas, with 40,000 of these deaths occurring in Africa. Similarly, the UNEP's 2014 report showed that over 3.5 million people die each year from air pollution from the activities of profit-seeking organisations.

The WHO (2014) stated that globally, 3.7 million deaths were attributable to ambient air pollution (AAP) in 2012, /and that about 88% of these deaths occur in low- and middle-income (LMI) countries, which represents 82% of the world population. It noted that the Western Pacific and South East Asian regions bear most of the burden with 1,669,000 and 936,000 deaths, respectively, and that 236,000 deaths occur in the Eastern Mediterranean region, 200,000 in Europe, 176,000 in Africa, and 58,000 in the Americas. The report goes on to state that the remaining deaths occur in high-income countries of the Western Pacific (68,000).

¹³ The same as industrial pollution from PSOs activities

Figure 2.4: Total deaths ('000) attributable to AAP in 2012 by regions



Source: WHO 2014

The above figure 2.4 gives the number of deaths resulting from air pollution across global regions. The evidence shows that environmental pollution caused by corporate activities seriously affects human health. Based on the WHO's (2014) suggestion that reducing air pollution, for instance could save millions of lives. It could be argued that this suggestion will hold or manifest if corporations rise up to their environmental responsibility through their commitments to managing and accounting for their environmental (mal)practices. This will be discussed further in this chapter.

Apart from the immediate impacts of environmental pollution on people's health, the literature also identifies some major environmental disasters in countries such as the USA, UK, Mexico, India and Russia. The Bhopal disaster which happened through a leakage from a pesticides factory in Bhopal, India in 1984, killed more than 2,000 people and blinded and injured over 200,000 more is an example of poor environmental management and accountability (*see* the Brundtland report,

1987:21). Another notable disaster was The Exxon Valdez disaster which occurred on 24 March, 1989, when an oil tanker bound for Long Beach California spilled 260,000 to 750,000 barrels of crude oil. It was one of the most devastating environmental disasters in the USA (BBC News 16 July, 2010), which could have been prevented by Exxon had environmental policies been effectively implemented. The Alaskan oil spill in 1989 and the BP oil spill in the Gulf of Mexico in 2010 were damaging to sea life (*see* the BBC News 16 July, 2010, 8 February, 2012; International Business Times April 26, 2014; Brundtland Report, 1987). All of these examples raise serious concerns on corporations' environmental management and accountability – specifically, profit-seeking organisations where profits 'override' environmental accountability.

In a similar context, the study of Bradshaw *et al.* (2010) highlighted Singapore, Korea, Qatar, Kuwait, Japan, Thailand, Bahrain, Malaysia, Philippines and the Netherlands as having the highest proportional (relative to resources available per country) environmental impacts in the world, while Brazil, USA, China, Indonesia, Japan, Mexico, India, Russia, Australia, and Peru had the highest absolute environmental impacts (total degradation as measured by different environmental metrics).

Having explored the corporations' (specifically profit-seeking organisations') contributions to socio-economic growth and development, and the subsequent (negative) impacts of their activities on the environment, the next section examines the nature of corporate environmental practices globally, especially in terms of responsibilities to managing environmental issues/impacts, and accountability practices for this.

2.4 Nature of corporate environmental practices

Evidence from the literature provides that responsibility and accountability are arguably closely related. Spence and Gray (2007) put forward that responsibility (plans and actions) is a pre-requisite to accountability, whereas others have posited that both are intertwined and inter-related (*see* Barry, 1979). In the context of environmental accounting, this study will be examining both concepts so as to provide a basis to understand the phenomenon being investigated.

2.4.1 Corporate environmental responsibility

Barry (1979) considered responsibility as a sphere of duty or obligation assigned to a person by the nature of that person's position, function or work. Vickers (1980:35) stated that "*responsibility* connotes a set of cultural standards governing the ways in which people who share that culture expect themselves and each other to respond to the requirements which stem from this huge web of relations". He argued that the quality of individual and social life depends on 'responsibility' in terms of (a) the quality of the cultural standards, (b) the relationship between the individual's sense of duty/obligation and social norms, and (c) the nature of the sense of duty/obligation which an individual feel. He noted that "too many people today used the word 'responsibility' to suggests being answerable to someone for what one does, submissive to orders, liable to correction, subject to another man's judgement" (Vickers, 1980:3). To buttress this idea for example, Lucas (1993:5) stated that "to be responsible is to be answerable", deriving from the Latin word '*respondeo*', which means '*I answer*'. He stated further that one's responsibility would be "I am answerable for an action or accountable for it" (Lucas, 1993:5). The import of the argument of Lucas and Vickers is that responsibility should be taken beyond mere performance of an action or obligation to providing of an

account of such action to other stakeholders, which is viewed by some scholars as accountability. Apart from arguing that ‘responsibility’ also entails being answerable to oneself, not just that others should be answerable to us, Vickers (1980) contended further that being answerable to ourselves and others will involve both commitments and constraints. He gave an analogy of how to distinguish between the two concepts, stating:

*“Suppose I am training for a race on the medical diet, or I am trying to economize or even just trying to keep my weight down. Now there are things on that list which I ‘ought not’ to choose. And if I do, I shall have a feeling, however, slight, that I have let someone down. And that someone will be me. I may also have broken an understanding with my trainer or with my doctor or even my creditors but they need none of them to know. The basic trouble will be that I have ignored **a commitment** which I had previously taken, because I could not tolerate the **constraint** which it imposed. And I shall feel diminished by this even if affects no one but me” (Vickers, 1980:4).*

The statement above further emphasised that both commitments and constraints are important aspects of the word/concept of responsibility. Commitment shows the level of willingness of the person charged with the responsibility of performing an action, while the constraints would depict those factors that would shape/affect the task to be done. Vickers (1980:7) stressed further that “responsibility is the state of having accepted a commitment, and autonomy entails the right to choose commitments, the ability to live by them and accept the constraints that they always impose”. So, in the context of environmental practices, responsibility could be interpreted as the various commitments shown by corporations towards the management of and accounting for environmental impacts arising from their operations. Environmental management in this context involves the formulation and implementation of policies/plans by corporations that relate to environmental impacts (Gray *et al.*, 1996). The constraints could be interpreted/ assumed as the various institutional constituents’ demands and

expectations, which the corporations need to consider during the formulation and implementation of their environmental plans/policies/practices and failure to do so could have some potential negative impacts on the legitimacy of the organizations. It is also taken as the various constraints imposed on the selected companies in this study by the external institutional actors/factors. Furthermore, it is argued here that, the constraint in creating ‘environmentally-responsible’ corporations could be systemic, for example, one of the key constituents in the system (the state) may not be imposing or making clear the environmental obligations of corporations. As argued by Sikka (2010), the state is the creator of corporations, the latter relies on the former, and however, the state in many circumstances fails to impose obligations on the corporations in order to ensure that they are accountable, transparent and responsible to society.

Lucas (1993:5) considered responsibility as a concept that has been developed and grown over the ages, but was taken for granted. In Greek, it is ‘I give an account of my action’ (Lucas, 1993:5). The two key underpinning conditions of ‘responsibility’ are that: an action must have been undertaken/ not undertaken and the subsequent provision of an account of such action (Gray *et al.*, 1996). In other words, responsibility connotes that there must be in place a responsibility to act/take action and the responsibility to provide feedback on how the action has been carried out. It was argued that some responsibilities arise simply from having a position of special power or influence (Lucas, 1993:54). In an era of neo-liberalism, capitalism and globalisation, corporations have gained power and influence over society, therefore it can be inferred that they have responsibility for their impacts on society, and must be accountable for their actions. However, in the context of this study, it is assumed that they have the ‘responsibility’ to act

through the management of their environmental activities in the society and the ‘responsibility’ to accounts for such actions undertaken by them. This is what others referred to as accountability (Gray *et al.*, 1997) and further discussion on this will be provided in the section that follows.

In the accounting literature, Morgera (2006:94) views ‘corporate environmental responsibility’ as the responsible conduct of business organizations with special reference to environmental concerns. These environmental concerns usually include air, sea, water and ocean pollution, deforestation/desertification, climate change, greenhouse gasses/carbon dioxide [GHG/CO₂] emissions, and land degradation (*see* Morgera, 2006).

Corporate environmental responsibility has been argued to involve both corporate environmental action plans, the implementation of such actions and the reporting/accounting of the plans and actions (*see* Gray *et al.*, 1996). This connotes that any corporation that has in place corporate environmental plans and actions and accounts for these through reporting could be said to be acting responsibly towards the environment. This also follows the views of non-accounting researchers towards responsibility, as presented earlier in this chapter (Vickers (1980; Lucas, 1993). Acting responsibly to the environment is therefore viewed by accounting researchers as a way of ensuring environmental sustainability.

Gray and Bebbington (2000) argued that to ensure a sustainable environment, corporations should make a positive contribution towards society in terms of eco-justice, eco-efficiency and eco-effectiveness. According to Gray and Bebbington, (2000), eco-justice entails the idea of equity between people and generations and in

particular, the equal rights of all people to environmental resources; eco-efficiency is when corporations engage in the reduction of materials and resources per unit of output; eco-effectiveness is when there is a noticeable reduction in the overall ecological footprint. It then holds that corporations must show how responsible they are in ensuring that they meet the needs of the present generation in terms of a clean and liveable environment, without compromising that of future generations (*see* also the World Commission on Environment and Development (WCED, 1987). In addition, Deegan and Unerman (2011) stated that since organisations draw on community resources and produce goods/services as well as waste products towards the environment – and because the organisations do not have inherent rights to these benefits alone – then society would expect such benefits of environmental management to exceed the costs (externalities) to them. These responsible behaviours could be achieved through accountability practices.

In summary, ‘corporate environmental responsibility’ could be seen as corporate commitments to managing, controlling, protecting and accounting for the environment where they operate, and conforming to the cultural standards/norms in the society. It is the corporations’ obligation/duty to ensure that environmental impacts arising from their operations are properly managed, controlled and reported. Corporate environmental responsibility entails both practices/actions and the provision of accounting for such practices. The next sub-section takes a closer look at the phrase ‘corporate environmental accountability’.

2.4.2 Corporate environmental accountability

As noted earlier, corporate responsibility is inter-related to corporate accountability. Gray *et al.*, (1996) argued that corporate accountability entails

both the responsibility to undertake certain actions or refraining from taking such actions and the responsibility of subsequently accounting for those actions. The focus of this section is on the latter which likened ‘responsibility’ to the provision of an account. Adams (2004) posited that accountability means giving an account itself, and the process followed in providing such an account to stakeholders. This suggests that consideration should also be given to the process of providing such an account. This process of accounting in the form of reporting of environmental impacts management is further discussed in another part of this thesis (*see* section 2.4.3 for example).

However, Stewart (1984) argued that the common usage of accountability involves information (both financial and non-financial) and evaluation of that information with the consequence of apportioning praise or blame where necessary. It was further suggested that organizations must be held to account for their corporate responsibility with a consequence. As Stewart (1984:14) stated that: ‘holding to account involves both evaluation and consequence and this can involve approval or blame which in turn, will further result to rewarding and penalty’. This connotes that in order to ensure adequate accountability of environmental impacts by corporate organizations, for instance, there must be a mechanism used in commending/rewarding organizations that engage in the practice of corporate environmental accountability. It is inferred from this assertion that the rewards could be in the form of continuous legitimation of the organization’s activities by the government/ communities where the company is located or patronage of their products by the customers and more importantly, the attractions of foreign direct investments in such companies (*see* Mahado *et al.*, 2011). Stewart (1984) also asserts that punishment should be imposed on those

corporations, that are lacking in corporate accountability practices. The suggested punishment could be in form of discontinuation/ boycott of the company's product, and/or closure of its premises or imposition of fines by the regulators, depending on the prevailing circumstances. (*see* McBarnet, 2007). In sum, the rewards or punishments for practising/non-practising corporate accountability, being proposed by Stewart (1984:15) centres on dismissal and reward of confidence for corporate organizations. It is, therefore, suggested that accountability will be more meaningful if both the reward and punishment are embedded and enforced. This is the key distinction of accountability from mere reporting of corporate practices.

In addition, accountability is said to contain two strands. According to Stewart (1984) the two strands are: the need for information and the judgment and action taken based on that judgment. The need for information/element of account will include the right to question and debate the information as a basis for forming the judgment. On the other hand, judgement is the action taken on the basis of that judgment - i.e. the exercise of power in order to ensure that those saddled with responsibility are made to account. In recent times, most research has been focusing on the need for corporate organizations to provide accounts of their corporate practices such as environmental activities with less attention giving to the consequential of the accountability itself. This is what distinguishes accountability from mere reporting/accounting for corporate activities (Stewart, 1984). It is argued that organizations should not be assessed on accountability through reporting alone but also on the consequence of not doing so. This is why it was suggested that the stakeholder such as the state should exercise power to

sanction organizations/office holders that failed to meet up with their responsibility to accounts.

It is argued further that to ensure the effectiveness of the exercise of the power to hold corporations to account and to ensure further sanction of failure to accounts there must be a clear and strong bond of accountability (Stewart, 1984). The implication of this assertion is that there must be a well-established relational power/coercion /social contract between the corporations that will provide the accounts and the institutional constituents that require such accounts. Also, it was claimed that the dilemma of accountability is how to reconcile the demands for multiple accountabilities with a clear and effective bond of accountability. However, to reconcile and reduce this dilemma, it was suggested that the accounts that must be provided to those holding the organization to account should be able to 'recognise the values, beliefs and perceptions of those to whom the account is given' (Stewart, 1984: 30). It was suggested that to enhance effective accountability, reporting/accounting for corporate practice must be made mandatory. For instance, Belal *et al.*, (2013) alluded that mandatory reporting has the potential to redress the information asymmetry that currently exists between businesses and stakeholders. They claimed further that the consequence of making reporting/accounting mandatory for corporations will not only be to inform, but also empower the public and stakeholder group within society to hold corporations to account.

It was also, evident from the existing literature that most of the accountability practices of corporations have been centred on profitability reporting (Belal *et al.*, 2013). However, Adams (2004) posited that accountability should not only be

concerned with corporate profitability alone (financial accountability), but rather it should also reflect corporate ethics, social and environmental performances (social responsibility/accountability) of the organization. However, in practice, most companies' environmental reports usually account for sustainability profits (i.e. a maximization of shareholder wealth) instead of environmental sustainability. In order to uphold this tenet, there have been calls from the concerned stakeholders, particularly the environmental investors, NGOs, environmental activists and the researchers that corporate reports should be made to reflect environmental issues/sustainability (*see*, Brophy and Starkey, 1996; Belal *et al.*, 2015).

Environmental accountability [EA] could take the form of rendering an account of those actions for which one is responsible, such as the account of environmental pollution/impacts which result from corporate activities (Tinker and Neimark 1987; Gray *et al.*, 1991, 1996; Messner, 2009; Contrafatto, 2014). The narrative of EA is to ensure that negative corporate environmental impacts are minimised, and to subsequently provide society/institutional constituents with relevant information on the extent to which the corporation in question has met/ will meet the environmental responsibility imposed on them by regulations and/or inferred from the social contracts¹⁴. The latter depends on the social relationship between corporations and the institutional constituents, the right to information and compliance with regulations (*see* Thomson and Bebbington, 2005; Messner, 2009; Gray, 2010; Bebbington and Larrinaga, 2014; Gray *et al.*, 2014; Bebbington *et al.*, 2014). Arguably, it is assumed that corporate environmental accountability is

¹⁴ Deegan (2007:133-134) stated that: "*the expectations that the society has with regards to how an entity shall act are considered to constitute the social contract between the organization and the society...The social contract is a theoretical construct, and hence an individual cannot simply go and find a copy of the contract*".

being driven by regulations and social contract in an attempt to meet society's expectations of corporate accountability and responsibility. This position is further discussed in the empirical chapters of this study. Lee and Cassell (2008:279) further suggested that "social contract exists around a common value between the individuals, organizations, and companies that comprise the society".

Although, the argument from the forgoing demonstrated that corporations must engage in corporate 'environmental' accountability and the need for the consequence of the practice. However, it has also been contended that one of the means of doing so is through reporting. This is further discussed below.

2.4.3 Corporate environmental reporting as a medium of accountability practices

Brophy and Starkey (1996) stated that corporate environmental reporting first emerged during a period when environmental impact becomes an issue:

"The current wave of environmental reporting began in 1989 when Norsk Hydro, Norway's largest industrial group, publishes its first report. A spate of bad publicity in 1987, as a result of actions by environmental campaigners, caused the company to closely examine its environmental performance. The results were not good and in 1989, as part of a strategy to restore its reputation, it published a relatively comprehensive report on its Norwegian activities" [177-178].

Brophy and Starkey noted that Norsk Hydro was the first company to report its environmental performance in Europe. This move was followed by Monsanto as the first to publish a similar report in the USA in 1991. This act of reporting corporate environmental impacts later spread to Canada, the UK, Belgium and other developed countries. Corporate reporting has been used and accepted by society as a means by which corporations 'account for' their accountability to the environment, predominantly to maintain their legitimacy (O'Dwyer *et al.*, 2011) and reputation (Bebbington *et al.*, 2008).

Corporate reporting of environmental ‘practices’ and/or ‘policies’ takes the form of ‘accounts’ (Hans 2003:9). Hans (2003:9) referred to this as the “publication of an environmental policy statement”, and that publication or reporting is only one part of a multi-stage process that companies undertake to present their environmental performance and to manage their environmental impacts. She stressed that reporting is the practice of making information on environmental performance available to the public, whether in a stand-alone environmental report or within an annual report. This is a further manifestation of the contention that reporting of environmental issues in the annual report or stand-alone is very significant in the process of making such information available to the intended stakeholders.

Another issue in the context of environmental reporting relates to the type of information that corporations must disclose in their annual reports in order to achieve accountability. Corporate managers have argued that very few people either read or make use of the environmental and/or social accounting portion of their reports (*see* Adams, 2004). Contrary to this, the literature has shown that indeed, a number of stakeholders used environmental accounting information to make informed decisions for their specific needs (*see* Freedman and Jaggi, 1982; Gray, 1997; McBarnet, 2007). For example, McBarnet (2007)’s survey of consumer views on environmental products in the USA and the UK found that over 70 percent in the USA and more than a third in the UK will not purchase products or services from companies which they thought to have questionable ethics such as regarding environment-related issues. This suggests that corporate environmental (and social) reporting is an important mechanism used by

stakeholders to legitimise corporate activities, and to hold corporations to be accountable (and responsible) to the environment and society.

The foregoing discussions have shown that corporate environmental responsibility (CER) and corporate environmental accountability (CEA) are intertwined and can be used either interchangeably or as corporate environmental accountability. The discussion further shows that even though there has been an argument in favour of corporations to provide information to the stakeholder, however, there was a further suggestion that accountability should go beyond mere reporting/proving of account to the consequence in form of rewards/punishments for such practice. The review further identifies the need for the examinations of the rewards/ punishment for the accountability practices of corporate organizations. However, in the context of this study, corporate environmental responsibility will be treated as the actions undertaken by the organization in managing their environmental impacts and henceforth referred to as corporate environmental management. On the other hand, corporate environmental accountability will be considered as the provision of accounts of the management of the environmental impacts of companies in Nigeria. This study will investigate both concepts, by first analysing corporate philosophies and activities in managing environmental issues so as to understand the broader aspects of corporate environmental accountability. And at the same time this study will further examines corporate reporting so as to provide better understanding of how corporations account for their actions in the form of publications such as annual reports. This will be done by examining the various annual reports of the selected companies for the study. Specifically, this study will consider corporate environmental accountability from two perspectives: the management and the reporting of corporate environmental impacts vis-à-vis the

two selected cement companies in Nigeria. It will further examine whether or not there are consequences (rewards and punishments) for corporate environmental accountability practices by the companies, more especially as this has been identified as one of the features that distinguishes corporate 'accountability' from corporate 'reporting'.

2.5 Global initiatives on corporate environmental accountability practices

This section provides further evidence of the efforts and initiatives of various institutions and agencies at international, regional and national levels on corporate environmental accountability practices. Each of these bodies has formulated policies, taken positive measures and been involved in the implementation, monitoring and control of environmental pollution. Some of these initiatives are further examined and discussed in the following sub-sections, starting with initiatives at an international institutional level.

The United Nations started to give special attention to environmental pollution in 1972 with a conference on environment and development held in Stockholm. Their environmental initiative gained traction among governments from 1987 onwards through a series of UN resolutions (*see* resolution 43/196 of December, 1988 and 44/228 of December 1989 on United Nations Conference on Environment and Development [UNCED]), which were adopted in setting up various World Commissions on Environment and Development. The first was the Brundtland Summit in 1987 with the theme 'Our Common Future' (*see* the General Assembly resolution 38/161 of 19 December, 1983). This move was followed by the Earth Summit held in Rio, Brazil in 1992, which was referred to as the Rio Agenda 21 Declaration/The Earth Summit. The Earth Summit primarily

focused on ‘Climate Change and Biological Diversity’ (*see* The Earth Summit, 1992; Stanley, 1993). The next summit was held in Johannesburg, South Africa in 2002, which was referred to as the ‘Johannesburg Plan of Implementation’, while another UN summit on environment and development was held in 2010 in Mauritius BPOA +5 review of the Mauritius strategy of implementation and the next in Brazil, 2012-tagged ‘the Future We Want’ among others.

The most recent conference was held in Apia, Samoa in 2014 on the theme of ‘accelerated modalities of actions’. The 1992 Summit laid the foundation for the global effort and the 2012 Summit was where the committee of nations showed their re-affirmation and commitments to the implementation of the UN resolutions, therefore, these conferences in particular will be mostly referred to in this study. Table 2.1 further reflects the trend of these events in the history of the UN. The essence of making reference to all these conferences by the UN is because they have formed the pathway to the formulations and practice of CEA in member countries and by companies globally.

Table 2.1: The UN environment and development summits

Summits (Year)	Themes
1972 Stockholm, Sweden	Only One Earth
1987 Brundtland	Our Common Future
1992 Rio, Brazil	Agenda 21/The Earth Summit
1994 Bridgetown, Barbados	Barbados programme of action [BPOA]
1999 Bridgetown, Barbados	BPOA +5 Five-year review of the BPOA
2002 Johannesburg, South Africa	Johannesburg plan of implementation
2005 Mauritius	Mauritius strategies of implementation
2010 Mauritius	Mauritius +5 review of the Mauritius strategy of implementation
2012 Rio, Brazil	Rio+ 20 [The future we want]
2014 Apia, Samoa	SIOS Accelerated modalities of action [SAMOA] pathway.

Source: UNCED, 1992, 2002, 2012

Morgera (2006) contends that in spite of the criticism by some scholars, international-level initiatives have been most effective as they provide mechanisms, bases and techniques which serve as points of reference to corporate environmental accountability practices across the world. The efforts of corporations were also recognised at international level, as Boutros-Ghali (1992) posits that any effort made by corporations in managing environmental problems should be seen as a way of boosting the world economy.

Boutros-Ghali (1992) traced the origin of both ecological disaster and economic disaster to the Greek word 'oiko', which means 'home'. The argument is that both concepts not only originated from the same Greek root but also that ecology is

naturally a part of the economy. Therefore, an attempt by profit-seeking organizations to manage and prevent ecological disasters is seen as a positive pointer to world economic growth. He suggested that if management of Profit-seeking organizations (PSOs) devoted equal effort to the management of environmental impacts that they do to corporate growth that would in turn have a positive effect on shareholder wealth.

In addition to the above, government, academia and businesses were encouraged to promote research on environment and development. For instance, Section 30.9 of the Agenda 21(1992) states: “Government, business and industry, including transnational corporations, academia and international organizations should work towards the development and implementation of concepts and methodologies for internalization of environmental costs into accounting and pricing mechanisms”. In this regard, the present study intends to make a contribution to issues of corporate environmental accountability practices in emerging economies.

Also of interest are the various codes of best environmental practice that emerged from other international agencies such as the Global Environmental Management Initiative (GEMI). Darabaris, (2008) states that these agencies have attempted to stimulate critical thinking and to strengthen dialogue between members and an interested public on environmental issues. He gave other examples to include the Chemical Manufacturers Association Responsible Care Program (CMARCP) and the principles of the Coalition for Environmentally Responsible Economies (CERES). According to Darabaris (2008) these principles includes to protect the biosphere, sustainable use of natural resources, reduction and disposal of waste, energy conservation, safe products and services, environmental restoration,

informing the public, management commitment and audits and reports by corporate businesses. The other bodies identified in this study are the International Chamber of Commerce (ICC), the Charter for Sustainable Development and the International Organisation for Standardisation (ISO). For instance, ISO 14000 places an emphasis on the following environmental performance indicators for companies: operational indicators, management indicators and environmental condition indicators. ISO 14001 requires companies to establish environmental goals, provisions of measurement of environmental impacts of their operations, communication of environmental activities and third party verification (*see* the various ISO codes; Darabaris 2008). Darabaris (2008) also argue that most multinational firms are now finding it better that the management of environmental impacts can play a key role in addressing many corporate environmental problems and pressures that have arisen. For instance, he cited that 58% sampled companies in the Ethical Investment Research Service (EIRIS) have annual reports reflecting a commitment to public reporting, a commitment to monitoring or audits, to using targets, to managerial responsibility or even to all EIRIS key issues. OECD (2003:2) also asserts that in response to a series of efforts in ensuring compliance with international codes on best environmental practices, numbers of companies have taken steps to assess, to monitor and to report on their environmental performance. In other words, it is seen that these combined efforts – which include the codes of best practice from these bodies – have become a point of reference to corporations that have shown commitment to corporate environmental accountability.

The impact of global efforts is evident in developing countries. In addition, the effort has been made in emerging markets, and by corporations in these markets,

some of which has been initiated by the United Nations either directly or through its agencies (see section 2.6 above). Also, see e.g. the UNEP (2011) report on environmental pollution in Nigeria; African Ministerial conference (2014) report on framework for reporting environmental impacts; the SAFARI (1992) commissioned research on biomass burning in Africa and its effects on tropospheric ozone levels; and the United Nations Framework Convention on Climate Change (UNFCCC)¹⁵ which afforded the representatives of various countries the opportunity to discuss how to tackle environmental problems. At the end of the UNFCCC convention, it was agreed that an international mechanism should be established to provide expertise to help developing nations cope with the loss and damage caused by climate change (*see This Day Live*, Friday, 21 March, 2014). However, it should be noted that in spite of these efforts on developing countries, an environmental irresponsibility still persists among profit-seeking organizations; the need for further studies in this regard is therefore emphasised.

However, efforts made by some countries are also worth studying. For instance, pension funds in the UK require participating organizations to incorporate policies on social/environmental issues in their investment statements (*see* Friedman and Miles, 2001; Adams and Zutshi, 2004). Similarly, in the UK, Morley Fund Management announced in 2001 that it would exclude any company from the FTSE-100 companies list if they failed to include an environmental report in their annual report (*see* Dickson, 2001; Adams and Zutshi, 2004). The Hundred Group of Finance Directors (1992) also provided guidance on what a meaningful

¹⁵ The Convention took place in Warsaw, Poland, 2013- This Day Live Friday, 21 March, 2014. [www.thisdaylive.com/articles/nexus-between-climate-change-and-prosperity]

statement of environmental policy should contain. In the same year in the UK, the London Stock Exchange was reported to be facing pressure to adopt standards of environmental disclosure in its listing requirements (see Gray *et al.*, 2014). It was also reported that in 1970, the USA Environmental Protection Agency was established in an effort to protect human health and to safeguard the natural environment. In 1971 the USA Security and Exchange Commission (SEC) adopted environmental regulations to be taken into account when assessing a company's financial position.

Furthermore, Australian government legislation (Financial Service Reform Act, 2002) required companies to mandatorily disclose the extent to which they factored in social and environmental and ethical issues in their investments. KPMG (1999) stated that countries such as Denmark, the Netherlands, Norway and Sweden have enacted regulations requiring companies to report to the public on their environmental performance. Even dating back to 1968 it was reported that the 'Club of Rome' in Italy met for the first time to deliberate on issues relating to economic, social, natural and political factors. However, it has also been argued that SEC Acts in the US, Canada and UK only compelled companies to report on social/environmental information which affects their current and future financial performance (*see* KPMG 1999; Adams and Zutshi, 2004). Overall however it is clear that within many countries significant effort has been made to progress CEA.

This has led the researcher to argue that such initiatives might also have been created in emerging economies, however, the efforts are under-represented. This study has contributed by bringing forth the initiatives being undertaken in Nigeria.

What is striking is the changing role and management of NGOs. NGOs play an important role, and in recent years many have shifted from their primary role as environmental advocacy groups to become a part of the implementation of environmental policies. Several NGOs have bought majority shares in MNCs, which enables them to influence the promotion of environmental policies. NGO members have also embarked on active participation via elective positions in order to influence government policies towards corporate environmental accountability practices. For instance, McBarnet (2007) posited that members of civil society/NGOs have now become implementers of environmental policies by becoming shareholders of such companies, advancing resolutions relating to CEA practice at AGMs; they are moving from ‘outside’ to ‘inside’ organisations as a way of re-shaping CEA practice. The literature and empirical studies have further explored other contributions from NGOs and civil society to the promotion of CEA across countries (*see for example*, O’Dwyer and Unerman, 2006). The role of NGOs/civil society will be examined in detail in the empirical section of this chapter.

Having examined the global initiatives on CEA practices, attention is turned to responses to calls made to give more attention to academic research in the field, specifically, focusing on the development taking place in emerging markets (UNCED, 1992, 2012; Belal, *et al.*, 2015). Notable empirical studies on environmental accounting are examined in the section below, with a specific focus on developed and emerging markets.

2.6 Empirical studies across countries

The intent of this section is to review studies that have been investigated in social and environmental accounting in both developed and emerging markets as stated above, in order to identify the existing coverage, and to show the contribution of this research. The studies from developed countries are examined first and are followed by those from emerging markets. The results of the review will eventually be linked to the research objectives as highlighted in chapter one of this thesis.

2.6.1 CEA in developed economies

The initial studies in corporate social and environmental accounting in developed countries have focused on economic aspects such as profit sustainability, and tax evasion and avoidance (*see* Friedman, 1962; Friedman, 1970; Freedman, 1984; Bekaoui, 1976). In recent years, research has given more attention to the social aspects of CEA. This is also seen as an increasing pressure being exerted onto corporations by being socially responsible, arising from a series of agitations and pressures from key institutional constituents such as NGOs, ecological movement/human rights activities and the media. However, the increase in environmental pollution from corporate operations drew the attention of scholars, policy makers and academia, thereby exerting pressure on corporations to be more committed to environmental responsibility and accountability (*see* Gray *et al.*, 1996, Bebbington, 2001; Unerman *et al.*, 2007). Some of the studies widely referred to are: Banerjee, (2007); Puxty (1991); Adams and Zutish (2004); Avi-Yonah (2006); Carroll (1991, 1999). For instance, Carroll's (1991) study with its pyramidal structure identified the following important elements of CEA: economic responsibility, social/philanthropic responsibility,

ethical/environmental, and legal/regulatory responsibility. Carroll (1991) asserts that the pyramidal structure is to serve as a template of corporations being socially responsible to their stakeholders. Although Carroll's study argues that corporations are now becoming more socially responsible, he however aligned with Friedman's (1982) argument that the only social responsibility of corporations is the economic responsibility to the shareholder in form of profit maximisation, thereby shifting away from his previous stand of social responsibility as an ethical responsibility. As Carroll (1991) argued, "all other business responsibilities are predicated upon the economic responsibility of the firms, because without it [economic responsibility] the others become mock" (Carroll, 1991:41). Despite some criticisms of his pyramidal structure, Carroll's study has become a point of departure in social accounting research.

In addition to the social aspects, Belkaoui's (1976) study also concentrated on the reactions of investors to corporations in how they provide evidence of environmental accountability. Belkaoui's (1976) investigation focused on a positive share market reaction of firms that provide accounts of their environmental pollution control procedures, as against those that could not demonstrate through accounting for their environmental practices. He pointed out that the investors are no longer concentrating on profit maximization alone, but also showing some commitment to being ethically responsible and accountable too. This shows that there have been increases in investors' interests on those organisations that publish environmental practices in their annual reports as against those that failed to do so. Similarly, Freedman and Patten (2004) conducted an investigation on market reactions to negative environmental reporting among some companies in the USA. This study found that the share

price reaction was low for those firms that account for their factory emissions in their annual reports as opposed to those that do not. The findings of Freedman and Patten are in contrast to those of Belkaoui (1976) which portrayed investors as environmentally responsive. Nevertheless, the essence of these studies is that they demonstrate how certain investors do react to environmental information as disclosed in annual reports.

There have also been studies that focus on regulations as they relate to social and environmental accounting. For instance, Potoski and Prakash (2004) investigated how governmental regulatory enforcement can influence firms' compliance with mandatory and voluntary regulations. The study undertakes a critical examination of the regulatory framework of environmental problems in the US. Its emphasis is on cooperative regulatory enforcement measures where the regulators neither rigidly interpret the law nor penalize firms for every violation, but rather decide not to punish those with self-disclosed violations and provide positive incentives to firms to help them achieve compliance. The researchers conclude that the firms under investigation adopt a self-policing approach, where they monitor their environmental activities/reports and promptly correct any violation. This is what Potoski and Prakash (2004) referred to as a win-win approach (i.e. the regulators win because self-policing lightens their enforcement burden whilst achieving superior environmental outcomes, and of course, the firms win because the regulatory incentives which governments provide under the cooperation make compliance easier, and subsequently improves their bottom-line profits). However, it could be argued that the problem with this approach lies in trust; whether either party fulfils its own obligations as enshrined in the approach (*see* Scholz, 1991; Kollman and Prakash, 2002; Williamson, 2005). The study

employed the ‘prisoner’s dilemma’ game to illustrate the cooperation compliance approach. The game shows the payoff schedule of the hypothetical government and firms in the regulation dilemma (i.e. the outcomes for each player depends on his and the other’s choice). Potoski and Prakash (2004) concluded that if the government introduces flexible incentive regulations, then firms would be willing to be self-policing. The alternative is if the government chooses deterrence-based policies, in which case the firms would also adopt evasion measures.

In a similar vein is Nadeau’s (1997) investigation on the USA’s EPA Act with relation to the effectiveness of its enforcement. He concluded that an increase in monitoring and enforcement of the EPA regulations would lead to a reduction in the violation of the act by corporations. Similarly, Shimshack and Ward (2005) focused on the effect of government sanctions for non-compliance, / and found that the imposition of fines on violators of environmental regulations would deter future violations. Also, Gunningham’s (2007) study focused on corporate environmental responsibility and law. It used three industrial sectors: mining, chemical and pulp and paper. He argues that the relationship between CEA practices and the law are in fact inextricably intertwined, interactive, negotiable and complex. However, he argued further that having a better understanding of this relationship between the law and CEA practices has important normative implications. This raises the question of how regulations have helped in promoting best environmental practice.

Related to the above discourse is the review of studies that investigated the motive behind accountability practices. For instance, Spence and Gray (2007) explored the motive as to why business entities undertake voluntary social and

environmental reporting. In the course of their study, they focused on a business case which enabled them to consider the views/perceptions of the business managers alone and marginalised the views of other stakeholders, such as the media, NGOs, community representatives and regulators. They found that an organisation's main motives are mainly on resolving the tensions between the conflict of economic pursuit and environmental desirability. Spence and Gray (2007) concluded however that in spite of diversity and complexity in organisational motives of incorporating social and environmental responsibility (SER) practice, the environmental motive still subsumes to the main motive of shareholder wealth maximisation. Although the studies examined in this subsection have shown the level of corporate commitment to be seen as environmentally responsible and accountable, their motives are embedded in the motive of profit maximisation. This indicates that any motive besides profit maximisation is secondary.

In contrast to the above studies which focus on the business case for environmental-related studies, other studies have gone further to examine the views of other stakeholders, some of which are reviewed next (see Unerman *et al.*, 2007, 2014, Deegan and Blomquist, 2006). The study conducted by O'Dwyer *et al.* (2005) evidenced that there was a widespread demand for mandated, externally verified sustainability reporting either in annual reports or a separate stand-alone report. The study claimed that this demand was primarily driven by a desire to gain knowledge of companies' commitments to responsible business practices, and at the same time being influenced by the perceived ability of sustainability reporting to facilitate increased NGO pressure on companies.

2.6.2 Emerging markets

Most of the emerging economies are being confronted with a series of problems such as poverty, human rights violations, environmental pollution, injustice, inequalities and social exploitations (Sikka, 2010, 2011; Belal *et al.*, 2015; Lauwo and Otusanya, 2014). Most of these are caused by an ignorance or deliberate attempt of profit-seeking organisations (PSOs) operating in these areas, and as such it has been argued that corporations have the responsibility to address such problems (*see* Pachauri, 2006; Belal and Momin, 2009). It was further suggested that PSOs should be held accountable for the consequences of the impacts of their environmental activities through a complete and transparent annual report (*see* Belal and Momin, 2009; Sikka 2010). The United Nations Development Programme [UNDP] (2006) remarks that social and environmental crisis is mostly and usually felt more in developing countries than in the developed world. However, Clapp (2005) argues that, in an attempt to confront the crisis, most developing countries have only put in place environmental regulations over the course of the past decade. However, the irony of this effort is that it lacks both the monitoring and enforcement mechanisms which are claimed to have been failing due to weak state capacity and pressure to attract TNCs and FDI into their countries (Clapp, 2005; Morgera, 2006; Sikka, 2010; Belal *et al.*, 2015). However, what this portends is that the government is in a dilemma of wanting to attract foreign investment/corporations into their countries and at the same time enacting laws preventing foreign corporations from polluting their environment. There is therefore a need to study how the Nigerian government is coping with this contradiction; part of a wider attempt to explore further the contradictory role of government and the impact of such on CEA practices in Nigeria.

As stated earlier, most studies on emerging economies have focused on the social aspect of social and environmental accounting and very few on the environmental impacts of PSOs. Those studies with a bias to the social aspect are further examined here, and include: Williams (1999) on Asia-Pacific nations; Tsang (1998) in Singapore; Kamla (2007) on CSR in the Arab Middle East; Belal (2008) on Bangladesh. For instance, Belal and Momin (2009) reviewed some studies in emerging economies, using a desk-based research method that covers the period 1983-2008. They found that these studies are descriptive in nature and they used the content analysis method to measure the extent and volume of disclosures contained within the annual reports. They stressed that by the late 2000s, few companies provided an indirect explanation for the reasons behind their reporting, such as managerial motives and external pressures through the qualitative approach. They concluded that an early focus has been on CSR and the method of research has been the quantitative approach. However, it has been observed that research with a bias on environmental aspect is limited. This study will be contributing to the literature on this environmental aspect where previous studies are lacking.

However, there have been some studies that have tried to fill this gap (Nasango and Gabsa 2000; Ebohon *et al.*, 2000, Clapp, 2005; Belal and Owen, 2007; Belal *et al.* 2015), some of which are further discussed here. Clapp's (2005) study echoed the need for an internationally legally binding instrument that would compel transnational corporations (TNCs) to be corporate environmentally responsible and accountable, especially those in emerging economies. He concluded that it is necessary to have a legally binding and externally driven treaty, which will enable governments of all countries to enact laws to enforce

environmental and social accountability on TNCs, no matter where they operate. Nasango and Gabsa (2000) examined the environmental policy and politics of 'ecologism' in both Cameroon and Kenya. The study found that the major problem in these countries is the lack of political commitment towards the implementation of environmental regulations and thus, environmental concern has remained at a political rhetorical level in those countries. However, a further review of the study shows that they are not able to establish any theory underpinning the ineffectiveness of the regulations in both countries.

Ebohon *et al.* (2000) examine whether or not the perceptions and attitudes of the poorer members of the society to environmental pollution, controls and regulations can inform environmental policy formulation and implementation in selected towns in Western Cape, South Africa. The study uses a hypothesis to show that by ascertaining the perceptions and attitude of those to whom policies are directed, then the result will be policies that are better informed, facilitating implementation and resulting in huge savings of scarce resources in both human and financial capital. Although this study stated it is essential to seek the views of the stakeholders in taking decisions relating to environmental issues, it did not explicitly state the extent to which the perceptions of people have influenced the decisions taken by PSOs on the formulation of their environmental policies and the subsequent implementation of the policies. To this end, there is a need for studies that would explore how the perceptions of interviewees have influenced the environmental policies of corporations, for instance in the Nigerian context.

There are also other studies that specifically focused on reporting. For instance, Thoradeniya *et al.* (2013) examined the factors that have influenced sustainability

reporting in developing countries. In this study, the theory of planned behaviour was used to examine how managers' attitudes and other psychological factors have impacted on sustainability reporting in Sri Lanka. It adopted the Partial Least Square path model of quantitative approaches to test the hypotheses put forward. The study showed that psychological variables influenced managers' intentions to engage in sustainability reporting and corporate behaviour. However, a further look at the study showed that it does not consider the impact of external variables such as mimetic of other organisations. It also fails to consider the impact of semi-structured interviews, which would have enabled it to identify the views of the respondents regarding sustainability.

Bezuidenhout *et al.* (2007) state that environmental pollution in South Africa is caused by the following major industries: coal mining and power generation, SASOL's synthetic fuel production, petroleum refining, paper and cellulose production, mining and high-input commercial agriculture. It is however argued that in spite of the laws in place, the violators of such laws are often not challenged by the government. The King Report (2002) emphasised that companies in South Africa must strive to give detail on accounting and auditing of their social accounting as a non-financial matter, as a way of discharging accountability to other stakeholders. This report, however, is regarded as non-statutory and voluntary in character. In spite of this, it has to a large extent influenced the shaping and the re-shaping of social accounting reporting in South Africa. It stressed that enforcement of the recommendations has been limited as an inclusion in the listing requirements for the Johannesburg Stock Exchange (JSE).

Apart from South Africa, there are other studies on emerging economies or developing countries. For instance, Belal (2000) examines the number of companies disclosing environmental issues in their annual reports in Bangladesh. He enunciated that the numbers are increasing more than expected.

Further review of prior literature enunciated that some studies in emerging economies have used content analysis to examine the number of companies disclosing environmental issues (*see* Kuasirikun and Sherer, 2004; Naser *et al.*, 2006; Maali *et al.*, 2006), and tend towards a positivist approach of analysis. It could be argued that the studies in emerging economies have taken further strides recently to examine the application of theories to environmental accounting and reporting practices by corporate organisations (*see* Lauwo, 2011) globalisation and development state theories; Islam (2009) on systemic theories; and Newson and Deegan (2002) using legitimacy theory.

This review of studies in emerging economies has shown that most have focused on the causes, the practice and reporting in the given countries, and the implications of both local and international regulations on social and environmental accountability practices. However, little evidence is presented on the reason for the current trend in emerging economies, which this study attempts to address. Evidence from the review of the literature suggested that a substantial amount of previous research in emerging economies also lacks a theoretical framework that could provide a better understanding of how PSOs have responded to external pressures. Although some researchers in the emerging economies context have used theories that explain some of the external pressures on corporate environmental practices, only a few take into account social factors

such as content and context (Oliver, 1991) (which should be at the centre of any discussion of environmental accountability research) by drawing perspectives from theories in sociology (e.g. institutional theory that explains the influences of institutional constituents on practices).

2.7 The summary of the chapter

This chapter began by addressing the concept of environmental accountability practices and its historical background in the world. It further discussed the roles of corporations in the spread of environmental pollution globally, and when and how the impacts of environmental accounting started receiving the attention of international policy makers, academics and researchers. The chapter moved on to examine corporate social and environmental accounting, its trends and contributions towards ensuring that institutional constituents such as governments play their respective roles in the accountability practices of profit-seeking organizations. It further identifies and discusses some of the efforts made so far in the management, reporting and accountability of the practice across all levels.

This chapter further presented studies in social and environmental accounting and discovered that most of the extant studies in this area concentrated on developed and very few on emerging economies. This was identified as a gap in the literature, prompting research that would focus on emerging economies including Nigeria, for instance.

The next chapter will focus on the second part of the literature review which is the Nigerian perspective of CEA practices. It will explore political socio-economic context of Nigeria and how they impact on CEA practices of PSOs in the country. It will also explore both the positive and negative impacts of the cement industry

(the chosen case study) in the country. The initiatives of both the government and other key players will also be given consideration.

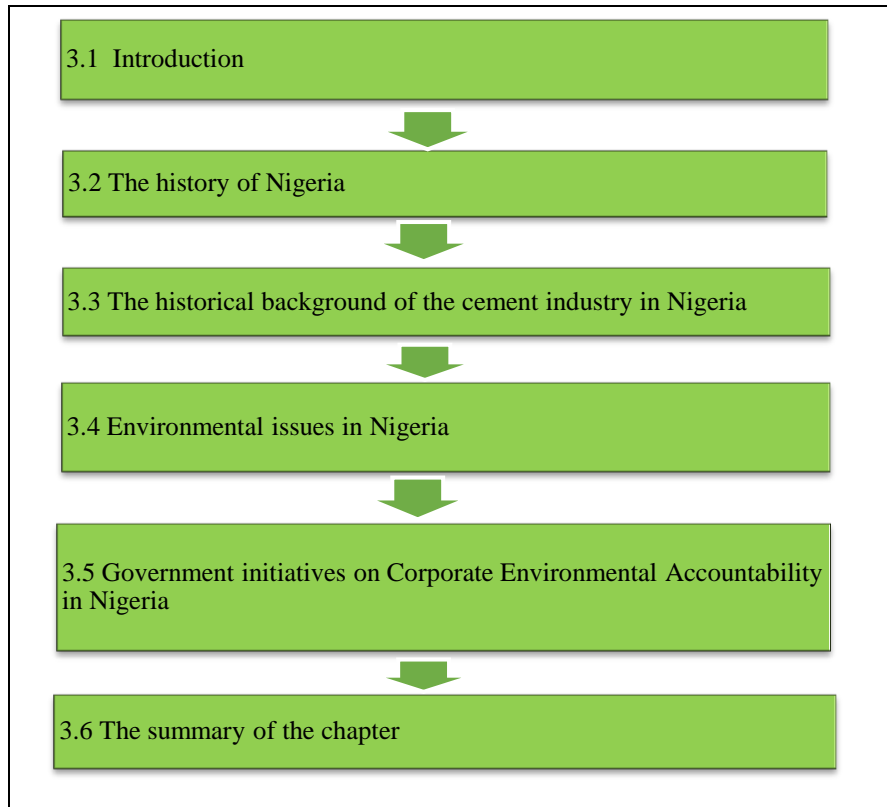
CHAPTER 3: **CORPORATE ENVIRONMENTAL ACCOUNTABILITY IN NIGERIA**

3.1 Introduction

This second literature review chapter attempts to explore corporate environmental accountability practices in the context of Nigeria, presenting empirical studies in this area in Nigeria. A review of prior empirical studies in Nigeria will enable the research to identify the existing gaps in environmental accounting research, and therefore highlight areas for further investigation.

The remaining parts of this chapter are structured into the following sections. Section 3.2 provides a background on Nigeria in terms of economic, political and social perspectives, followed by a background of the cement industry as the chosen case study for this research (Section 3.3). Section 3.4 discusses corporate environmental issues in Nigeria, while Section 3.5 explores the government's initiatives to enhance corporate environmental accountability. The final section 3.6 is the summary of the chapter. Figure 3.1 illustrates the structure of the chapter.

Figure 3.1: The structure of chapter three



3.2 The history of Nigeria

Nigeria has been rated as the most populous black African country and one of the leading emerging markets in this region, with an estimated population of over 170 million as at January 2015 (Moghalu, 2015). This estimated population figure places the country as the eighth most populous country in the world (*see* FRN, 2012). Nigeria occupies an area of 983,213km² with varied climates and seasons (equatorial in the south, tropical in the centre and arid in the north), with rainfall of between 500-1800mm and minimum temperatures of between +.0°C to 25°C and maximum temperatures of 28°C to 31°C. It is located within the West Africa sub-region, and shares borders with Benin Republic by 773km; Chad by 87km;

Niger by 1497km and Cameroun by 1690km (Adeyinka *et al.*, 2005). The country is fortunate with its available human, physical and natural resources: human by its population as given above; physical by its landmarks, vegetation and good weather, and markets for the sale of products.

The country is endowed with the following natural resources: forests, crude oil, natural gas, solid minerals (bitumen, tin, limestone, columbite, iron ore, and coal etc), and marine and aquatic resources (Adeyinka *et al.*, 2005, Nigerian Country Profile, 2012). It also has the following industries: oil and gas [upstream and downstream], agro-processing and manufacturing, farming, iron and steel processing, plastics, textiles, and pharmaceuticals (*see* Adeyinka *et al.*, 2005, Nigerian Country Profile, 2012; Moghalu, 2015). More importantly, Moghalu (2015) remarked that the country has significant reserves of solid minerals such as limestone, which is the main source of cement production, however, it has been argued that this source of raw material has remained underdeveloped or underutilised in the country [*ibid*]. The untapped solid minerals in the country are estimated to be around 34 types, located in about 450 places across the country. Some of these have been highlighted above. It was claimed that despite the fact that the country is endowed with tapped and untapped human, physical and natural resources, its economic performance still remains weak compared with other emerging economies for instance, Malaysia, South Korea, China and India. It was observed that these countries have become major players in the world economy, although development efforts began in Nigeria at the same time (*see* Moghalu, 2015).

3.2.1 Ancient history

Historians contend that Nigeria was an artificial creation of the British government through the amalgamation of its southern and northern protectorates in 1914 by Sir Lord Frederick Lugard (*see* Ajayi and Espie, 1972; Fola and Aderinto, 2010). The country was named Nigeria by Flora Shaw Lugard, the wife of the first British High Commissioner in the country. She carved out the name from a portmanteau of the words Niger and Area, taken from the River Niger running through Nigeria (*see* Federal Republic of Nigeria [FRN] 2012; Onuoha, 2012). Angaye and Gwilliam (2009) posited that the country was created by the British government from the hitherto independent tribes, ethnic cleavages and people of the surrounding lands and waters, a process that was followed by the amalgamation of these tribes in the country [Nigeria]. The country consisted of three major ethnic groups: The Yorubas in the West, the Ibos in the East and the Hausas in the North, and many minority ethnic groups, such as the Ijaws, the Kanuris, the Tivs and the Ibibios among others (*see* Ajayi and Espie, 1972; Angaye and Gwilliam, 2009; Falola and Aderinto, 2010; Country Profile, 2011, 2012; Onuoha, 2012). In an attempt to ease the administration of the country, the British government divided the country along the three major ethnic groups and referred to this administrative structure as Northern, Eastern and Western region, with each of the region governed by appointed Governors. This governance structure was maintained by the successive indigenous administration that took over from the British colonial master (Falola and Aderinto, 2010; Otusanya, 2010; Nigeriafonet, 2015). This narrative provides a brief background of the country - Nigeria in the period of time prior the colonisation of the country. It further gave an account of how and where the country derived its name.

During the Colonial era, industries were established by the colonial administration in order to exploit the natural resources of the indigenous people, and at the same time raise funds for the administration. Industrialization principally took place within agriculture, banking, mining and trade. The first company to be established was the United Africa Company [UAC] founded by George Goldie in 1879. In 1886 the British government granted the company a Royal Charter, which transformed the company to a powerful organization in terms of name and function. It changed its name to Royal Niger Company and became the platform that the British government used to establish its presence in Nigeria (Ajayi and Espie, 1972; FRN, 2012; Nigeriainfonet, 2015).

Having established its presence through the operation of the company, and in order to consolidate the administration of the new colony, the British Government appointed Sir Frederick Lugard as the first High Commissioner, who on 1st January 1900 proclaimed a separate protectorate for the Northern and the Southern parts of Nigeria. In 1914 these two protectorates were merged together to become the Colony and Protectorate of Nigeria (*see* Ebong, 1961; Falola and Heaton, 2008; Onuoha, 2012; Cultural Institute, 2014).

3.2.2 **Modern history**

Nigeria got independence on 1st October, 1960 (Ajayi and Espie, 1972). The country was ruled briefly from 1960-1966 by a civilian administration, which took over from the British government and thereafter ruled by military regimes, starting with the first coup d'état led by Major Chukwuma Nzeogwu in January 1966 (Guseh and Oritsejafor, 2007; Falola and Heaton, 2008). Since then, there have been coups and counter-coups in Nigeria that brought in one military regime after another. This scenario continued until 1979, when a general election was

held which brought in a new civilian regime headed by Alhaji Shewu Shagari (*see* Adeyinka *et al.*, 2005).

However, due to mismanagement practices levied against the civilian government, the military took over the ‘baton’ of governance again and ruled until May 29, 1999 when a new civilian administration was ushered in (*see* Guseh and Oritsejafor, 2007; Country Profile, 2008, 2011, 2012). A general election that marked the end of the years of military rule and the beginning of the civilian era in Nigeria was held in February 1999. This election brought in Chief Olusegun Obasanjo as the President of the country, an office he held for two terms of four years (1999-2003 and 2003-2007). Thereafter, the late President Umaru Musa Yar’ Dua was elected but died before the completion of his first four-year term (2007-2011). His death brought in Dr Goodluck Jonathan, who completed the term of the late President (2009-2011) and was subsequently elected and sworn-in as Nigerian president on 29th May, 2011 (Guseh and Oritsejafor, 2007; Country Profile, 2011; FRN, 2012; Nigeriainfonet, 2015). The trend of the civilian administration continued in the country when a general election was held on April 11, 2015 and President Muhammadu Buhari, who happens to have ruled the country as a military Head of State (see above), was elected and subsequently sworn-in on May 29, 2015. Both international and local observers are still waiting to see how the new administration will help the country to regain its place in the committee of nations, judging from his performance as a military head of state.

3.2.3 Presidential system of government

Nigeria is currently operating a presidential system of government with an Executive President as the head of government. The presidential system of government provides for three arms of governments; the executive (headed by the

President), the legislative which is subdivided into the Senate and House of Representatives (headed by the Senate President and Hon. Speaker respectively) and the Judiciary (headed by the Chief Justice of the Federation) (Guseh and Oritsejafor, 2007; FRN, 2012).

It was argued in this study that each of these arms of government exerts specific influences in the practice and/or reporting of environmental impacts by corporate organisations in Nigeria. These arms of government have also impacted on corporate sector activities and the economic system of the country. They are also involved in regulating, monitoring and enforcing environmental regulations for corporations in the country. The roles of each of these arms of government will be further discussed under different captions/sub-headings in this chapter and in chapters six and seven of this thesis.

Apart from the division of the presidential system into three arms of governance, administratively, the system also promotes three tiers of government, which are: The Federal, the States and the Local government area councils spread across the States. At present, the country has 36 States and 774 local government area councils plus the Federal Capital Territory. The Federal government is headed by the elected executive president, the states by the elected executive governors and the local councils by the elected executive chairmen (Nigeria, 1999 constitution; Guseh and Oritsejafor, 2007; Country Profile, 2008). Both Federal and States governments have ministries of environment and environmental departments at the local council levels.

As stated earlier, the expectations of Nigerians and of international observers of the new (1999) democratic structure are high. Much consideration has been given

to its pros and cons, including the extent of the commitment of the new government towards environmental management and accountability by corporations in the country. Olowoporoku *et al.* (2011) argued that the emergence of a new democratic government in 1999 brought, among other things, new hopes for environmental management and protection in Nigeria. According to these scholars, one such hope was the creation of a Federal Ministry of Environment with a more focused agenda of tackling issues of industrial and urban pollution, marine and coastal resources degradation and the growing threat of desertification. Similarly, as a follow-up to the creation of this Ministry, in 2007 the Nigerian government also signed a law that established the National Environmental Standards and Regulations Enforcement Agency (NESREA) in order to evolve a new institutional mechanism for environmental governance. This agency is tasked with the specific responsibility of assisting the government to evolve an effective environmental governance system that will develop regulations; set standards; check environmental abuse and bring violators to book (*see* NESREA Act 2007; Voice of Nigeria, 23 March, 2012). These institutions are playing key roles in CEIs practices, which is one of the focus of this study.

The legislative arm of the government in Nigeria also has a role to play on environmental accountability practices in the country. Apart from being responsible for legislating on bills, including environmental and other issues that either emanated from their members, or transmitted to them by the executive arm of government and/or the general public, they also formulate or modify existing laws. At times the legislators carry out oversight functions such as on the sport assessment on some activities/projects where laws have been passed (*see* FEPA, 1998, 1999; EIA 1992; the NESREA, 2007; Security and Exchange Commission

[SEC] Code of Corporate Governance in Nigeria, 2011; Federal Ministry of Environment Act 1999). Part of their responsibility is to listen to cases/complaints on government agencies or corporations raised by people. The role of this constituent in the development, practice and accountability of environmental impacts in Nigeria is examined further in chapter six and seven respectively.

The judicial arm of government in Nigeria has an additional role to play in environmental impacts accountability in the country, given that issues arising from it revolve around the relationships between corporations, people and society. Industry has had significant environmental impacts on the surrounding areas and communities, and as a consequence there is a legacy of legal cases brought by communities or individuals against corporations or the government. For instance, see the cases of *Adediran and Anor v Interland Transport Ltd* (1991) case 9NWLR (Pt.214) 155; *Nigeria Cement Company v Nigerian Railway Corporation and Anor* (1992); Case no. 1NWLR (Pt.22) 747, The case of *Shell Petroleum Development Company of Nigeria Ltd. v Chief G.B.A. Tiebor VII and Others* (2005) 9.M.J.S.C 158 (Ladan, 2007). In the case of *Adediran and Anor v Interland Transport Ltd*, for example, the appellant sued for nuisance due to noise vibrations, dust and general obstruction arising from the plaintiff. This connotes that the judiciary has indeed been playing a significant role and must do more if corporate environmental accountability is to be fully developed and practice in the country.

3.2.4 The economy perspective of the country

Similar to other African countries, the principal economic source of revenue for Nigeria prior to the oil boom was agriculture. In the early 1970s, oil was discovered in commercial quantities in an era known as the oil boom. This

discovery and further exploration by the Nigerian government led to the rapid and unprecedented boost of its GDP and the development of the country. However, the consequence of this development was less of a focus on other economy sectors (e.g. agriculture and mining), and the negative impacts caused by oil production such as environmental pollution (*see* Echefu and Akpofure, 2002). In support of this, an ex-Head of State during the oil boom era, General Yakubu Gowon (now retired) said however that the problem in Nigeria is not money, but how to spend it (*see* Transparency for Nigeria, 19th October, 2014). The IMF (2005:23) argued that Nigeria's economic growth performance since its independence in 1960 has been disappointing, with little or nothing to show in terms of significant improvement in the living standards of people in spite of the huge earnings from oil production. Furthermore, Guseh and Oritsejafor (2007) remarked that the Nigerian economy has been characterized by the twin problems of mismanagement and corruption by public officials under both the military and civilian regimes. The Transparency International Corruption Perception Index (TICPI) ranked Nigeria as the most corrupt country in the world for the period 1999-2003, and put Nigeria in the top 37 most corrupt countries in the world in 2011. For further detail on corruption in the country and the impact on the country socio-economically, *see* for example TICPI (2003, 2011, 2015), Otusanya (2010) and the Daily Times (14 August, 2012).

3.2.4.1 History of corporate development in Nigeria

As mentioned earlier, corporate activities began in the Niger Delta region of Nigeria. George Dashwood Taubman Goldie, a British merchant with his brother Holland Jacques, arrived in the region in 1887 to form the conglomerate United African Companies (UAC). Although the company was established with the

purpose of business trading, it became involved in governmental activities when Goldie signed treaties with at least 37 local chiefs and subsequently organised and maintained a fleet of 20 gunboats to harass and threaten anyone who challenged his authority (Agbonifo, 2002). Goldie was exploiting the Royal Charter granted to the company by the British government, which empowered it to operate as a government entity.

This company continues to operate as both business entity and British Empire in this area until the amalgamation of the region with the Northern and Southern Protectorate, which came into existence in 1914 by Lord Lugard. After the amalgamation, which marked the beginning of colonial rule in Nigeria, the British government declared its sovereignty over all resources in Nigeria, and subsequently empowered the Governor-General in each region to grant licences and leases to any British company or potential investors/merchants in the country (*see* Agbonifo, 2002). It was also reported that on this basis, Shell Nigeria was granted a licence in 1938 to use the entirety of Nigerian land for the purpose of oil exploration. Shell oil drilling did not commence until 1956, however, the first explorations were carried out in Oloibiri, Afam, Bomu and Ebubu and this was followed with commercial exportation in 1958 (Agbonifo, 2002).

Prior to the country's independence in 1960 and until 1972, a majority of the corporations were in the hands of foreign investors. However, the Nigerian Enterprises Act of 1972 gave more rights to Nigerian citizens to own more shares in some reserved and key industries. This included Shell Petroleum, British Petroleum, United Africa Company, Leventis Ltd, and John Holts Group, which had hitherto been solely for foreign investors (The Nigeria Enterprises Act, 1972;

Ariyo, 2008; Uche, 2011). In addition, in 1975, the Nigerian government bought 60 percent of the equity of all the oil companies in Nigeria such as Chevron, Shell, Mobil and Total. However, in spite of this Act and the subsequent majority acquisitions by indigenous Nigerians of formerly controlled foreign companies, the government still found it problematic to exercise full nationalisation in order to further its programme of indigenization (Isichei and Smith, 1976; Angaye and Gwilliam, 2009). Nevertheless, in an attempt to liberalise its economy and attract more direct foreign investments, some restrictions were relaxed. This included capital transfer, tax relief for MNCs willing to invest in the country and the pursuit of privatization and commercialisation of some key government industries such as West Africa Portland Cement Plc, Peugeot Automobile of Nigeria, Nikon Insurance Company Plc, African Petrol (Public Enterprises Act, 1999; Ariyo, 2008; Angaye and Gwilliam, 2009). Although it has been argued that the activities of these corporations have contributed immensely to the economic growth of Nigeria, contrary views have also emerged that industrial activities had adversely impacted the well-being of people, for example, host communities and their environment (Makoju, 1992; UNEP report, 2011; Otaru *et al.*, 2013; Hassan and Kouhy, 2013; Ubong *et al.*, 2015).

3.3 The development of the mining industry: the mining of cement in Nigeria

The solid minerals sector which comprises coal, tin, columbite, and limestone had played a very important role in the socio-economic development of Nigeria, particularly in the colonial period. Even in ancient times, solid minerals played a very prominent role in the civilization of pre-colonial societies in Nigeria. For instance, Dung-Gwom (2007) asserted that the Nok Culture was based on iron

working, whose existence has been traced to more than 2,500 years ago. He also likened the Igbo Ukwu bronze civilization from around 705 AD to solid mineral exploration in the area. Also of note is the Hausa kingdom for its gold mining, around 500 CE which improved living conditions for its people at that time. In addition, Dung-Gwon (2007) contends that both the Ife and Benin Kingdoms were known for their bronze works which flourished between 1163 to 1200 AD and 1630 to 1648 AD; the artistic civilization of these represent a milestone in the history of mining in Nigeria. This narrative shows the contributions of the mining sector to the socio-economic growth and development of Nigeria during pre-colonial and colonial eras.

The mining sector was neglected after the country's independence in the 1960s. The creation of the Nigeria Mining Corporation Act (2007) and the Nigerian Coal Corporation Act as an indigenizing effort failed to turn around the fortunes of the solid minerals industry (Dung-Gwom, 2007). However, in 1985, the Federal Ministry of Solid Minerals Development (MSMD) was established and charged with the responsibility of formulating policy for the solid minerals sector, providing information and knowledge to enhance investment in the sector and regulating the sector's activities (*see* Mineral and Mining Act 1999, 1985; Dung-Gwom, 2007; Nigerian Minerals Act, 2007). The result of these efforts drew prominent Nigerians and foreign investors to invest in this sector, in particular the cement industry. This leads to further discussion on the cement industry in the following section.

3.3.1 The history of cement production in Nigeria

Cement production and exploration for its production has received much attention in the past by the government, and it was one of the industries that the government

had majority shareholding/controlling interest in prior to the 2000s (Azubuike, 2009). However, during the privatisation and commercialisation of some government corporations, the government sold the majority of its shares in cement corporations across the country to both private individuals and foreign investors (*see* Azubuike, 2009; Nigerian Embassy, 2015). Following the unprecedented performance of the new management teams in the cement sector and the sector's significant contribution to the country's GDP, the government has given it more attention, viewing it as another important source of income outside of the oil and gas sector (Mojekwu *et al.*, 2013). In addition, it has become the most patronised industry by foreign investors in recent times.

Mojekwu *et al.* (2013) stated that limestone as the major input to cement production is found in all six of the country's geopolitical zones. They further explained that the other major requirement for cement production is fuel, which is found in abundance across the country too, whether as fossil fuel or even renewables (albeit many of them are yet to be fully exploited), and that this therefore has facilitated the production of cement.

Cement products are in high demand in the country, given the scale of residential and non-residential construction (Molekwu *et al.*, 2013). They describe how pressures of population and high rent have driven demand for housing, and how, in the early 1970s, the post-civil war reconstruction activities contributed immensely to an explosion in demand for cement. In an attempt to meet with the demand of cement consumption and as a way of encouraging its production, the Nigerian Federal Government in conjunction with some state governments

established cement companies in those areas where the required raw materials could be found in large quantities.

Scholars and historians trace the history of cement discovery and production in commercial quantities in Nigeria back to the 1960s with the creation of 'first generation' cement companies. For instance, Mojekwu (2013) was of the view that Nigercem was the first cement company to be established in Nkalagu in the then Eastern Region of Nigeria in 1957. This was followed by the construction of another 600,000 tpa plant established by the Federal Government in conjunction with the then Western Region government in Ewekoro, which was commissioned in 1960. In order to sustain this trend, the Bendel Cement Plant was established in Ukpilla in the then old Bendel now Edo State in 1964, with the capacity of producing up to 150,000 metric tonnes, and it was followed with the establishment of Calabar Cement, which was commissioned in 1965. These all represent investment in the Southern part of the country. In the Northern part of the country was the Cement Company of Northern Nigeria (CCNN) in Sokoto with a production capacity of 100,000 metric tonnes, which was commissioned in 1967.

The literature further shows that the second generation of cement industry commenced after the civil wars, which lasted between 1967 and 1970. These are the Sagamu Plant created in 1978 with a 0.9 metric tonnes capacity, Ashaka in 1979 with a 0.7 metric tonnes capacity and Benue Cement Company (BCC) in Gboko, established in 1980 with a 0.9 metric tonnes capacity (Mojekwu *et al.*, 2013; CMAN, 2012). Although there are nine cement companies¹⁶ operating in

¹⁶Nigercem; Bua cement; Ibeto cement; Bendel cement; Lafarge[WAPCO]; Dangote cement; Calabar cement; Cement company of Northern Nigeria; Ashaka cement; Benue cement; Nigeria-

the country presently, most of them have however either been taken over by a foreign subsidiary cement company or acquired by an indigenously owned Nigerian cement company.

Meanwhile, to further show its commitment to the diversification of the economy from a mono to a multi-economy and to encourage investment in the cement industry, the government made certain provisions in form of incentives to both foreign and local investors. To further this enabling environment, several global conglomerate cement companies acquired majority shares in most of the cement corporations previously owned and managed by Federal and State governments of Nigeria (*see* Pan African report, 2011; Global Cement, 2014). Similarly, some indigenous cement companies took the opportunity to consolidate their investment in the industry by buying majority shares in other corporations that were formerly owned by the Federal/State Governments and not yet acquired by the foreign conglomerates. Cement companies in Nigeria revolve around these two investment structures; that is, as either being a subsidiary of a foreign conglomerate or controlled by another indigenous cement company. In this regard, it is interesting to explore the implications of this ownership structure on corporate environmental accountability practices in Nigeria.

It is evident from the literature that cement production has been one of the prime contributors to the socio-economy of Nigeria since its discovery in the country, about which this section gives further details. For instance, Otaru *et al.* (2013) argued that cement is an essential input into the production of concrete, a primary building material for the construction industry. Business Day (2013) also reported

Spanish cement company; Eastern Bulkchem company; Atlas cement; Unicem (*see* PanAfrica Capital Research, 2011; CMAN, 2014; Global cement 2014).

that the Nigerian cement industry has grown by 95.6 per cent in the period 2005 to 2012.

The websites of some Nigerian cement companies and newspapers reports have also, shown the giant strides being made by Nigerian cement companies in Africa. It has also been reported by news media that some Nigerian cement companies in recent times have expanded their presence to Senegal, Cameroun, Niger Republic, South Africa, Liberia, Ghana, Sierra Leone, Republic of Benin, DRC, Congo Brazaville, Zambia, and Tanzania. For instance, it was reported by the Niger Republic State Radio that one of the Nigerian cement companies invested around \$420m in Niger Republic in 2015 (This Day Live, 26 April, 2015). However, it has been argued that in spite of the increase in cement facilities in Africa, investments in this area are very limited, therefore industrialists need to intensify efforts in their production capacity. It has also been argued that global cement majors such as Lafarge, Holcim, Heidelber cement and Italcement control about 45 percent of Africa's installed capacity (*see for example*, PanAfrica Report, 2011). In contrast to this view, a further review of the presence of Nigerian cement companies in African countries shows that within a couple of years, they would send non-African multinationals back to their home countries (*see* PanAfrica report, 2011; Company B annual report, 2014).

3.4 Environmental pollution/issues in Nigeria

The advent of corporate sector activities in Nigeria has resulted in the massive environmental pollution of the country. For instance, a Christian-Aid Report (2006) shows that Shell which is one of the oil producing companies in the country, since 1958 has been contributing to environmental degradation in the oil

region of Nigeria. This, it does through oil leakages from its pipelines into the community rivers. It was evident that this environmental pollution has caused great damage to the oil areas, affects their main source of economy and subsequently introduced devastating acid rain to the land of the oil producing communities (Christian-Aid, 2006; Lauwo, 2011).

In addition, Echefu and Akpofure (2002) argued that the Nigerian government has not given sufficient attention to the protection of the environment until a report appeared of illegal dumping of toxic waste in Koko, a town in Benue State, in 1987. According to Aina, (1992) and Adelegan, (2004), toxic waste was imported to Nigeria through an Italian shipping line. It was further stressed that the Nigerian Government decided to promulgate the Harmful Wastes Decree 1988, following the out-cry of the people (Adelegan, 2004; Aina, 2002). This degree has been providing the required legal framework for the effective control of harmful waste in the country's environment.

It has also been argued that an attitude of 'taking things for granted' by the Nigerian government and most companies in the Niger Delta has led to incessant political unrest in the region (Ukiwo, 2007). As the extent of environmental impacts in the country became clear, and in particular those in the Niger Delta region, so social and political unrest grew with the breeding of 'militancy activities' amongst people in particular the youth who attacked, kidnapped and killed the workers of oil companies, vandalised oil pipes (see Christian-Aid report, 2006; UNEP report, 2011) and brought incessant court cases against the oil companies (Ebeku, 2003). As Okonjo-Iweala and Osafo-Kwaako (2007) put it, unrest in the Niger Delta remains an important challenge for policy-makers now

and in the future. These scholars have argued further that after 60 years of oil exploration in the Delta, widespread poverty still remain in the region, and has caused further discontent and the breakdown of social capital. Similarly, Okenabirhie (2010) remarks that the Niger Delta region of Nigeria is one of the top most polluted spots on earth with 2.5 BCF of Gas flared daily, and with over 2,000,000 tons of oil spilled to date and over 70% of the oil spill still uncovered.

3.4.1 **Environmental pollution/issues from cement operations**

The cement industry has significantly contributed to degradation of the land, noise pollution through blasting of quarry and loss of life in the mining industry in general and cement industry in particular (see Ade-Ademilua and Umebese, 2007; Ade-Ademilua and Obalola, 2008; the Vanguard Newspapers, 1st August, 2013, The Business Daily, Friday, 25 2014). For instance, the studies of Ade-Ademilua and Obalola (2008) conducted in Nigerian cement area showed that the presence of high levels of chromium, silica, iron and calcium in the production of cement have affected vegetative growth in the areas where such cement factories are located. Further evidence showed that cement operations also lead to the pollution of Nigerian environment, Otaru *et al.* (2013) argued that:

“The air pollution problems related to the production, handling, and transportation of Portland cement are caused by the very fine particles in the product. These fine particles are as a result of production steps which involves mining, crushing, and grinding of raw materials (principally limestone and clay); calcining the materials in a calciner: conversion of the material into clinker in a rotary kiln; cooling the resulting clinker in cooler (Grate Cooler); mixing the clinker with gypsum; and milling, and storing and bagging the finished cement” [56].

On the extent of the damage caused by cement emissions, Aigbedion and Iyayi (2007) argued that the large volume of dust emissions, which are discharged daily in form of air pollution from the cement factories and mining operations have

caused declining effect on the output of ‘kola nut’¹⁷ production from the plantations within the radius of the cement factory in the western part of the country. Otaru *et al.* (2013:57) argued further that “emissions of fine particulates from cement plant have manifold harmful effects to human health because they intrude deeply into the bronchi and even reach the pulmonary alveolus, and they weaken the self-cleaning mechanism of the lungs”. They further posited that cement production is not only a source of combustion related carbon dioxide emission, but, it is also one of the industrial process-related emissions of greenhouse gases and particulate matter to the air [57].

However, for the fact that less attention is given to the negative impacts of environmental pollution from the activities of the miners and the mining, particularly the cement sector thus, this call for research in this area of economic sector in Nigeria. Most especially, giving its recent contributions to GDP, foreign exchange earners through exportation to other countries, major raw materials to construction projects; and negative in terms of dust emissions, land degradations noise pollution, acid rain, and other health related problems. None of these studies have discussed the measures that the cement industry has taken to address CEIs and the mechanisms the cement companies have used in implementing these measures. Details of cement pollution and its impacts on the environment will be examined further in the empirical studies section of this chapter.

¹⁷ Kola nut is one of the farm products that people earn income from and it has at one time been part of the country’s exports to many African countries. It is also one of the trading items from the Western part of the country to the Eastern and Northern parts of the country

3.5 Government initiatives on corporate environmental accountability

Prior work shows that government has undertaken several initiatives on corporate environmental accountability practices. Most especially in terms of promulgating rules and regulations, monitoring and penalising offenders in some cases.

3.5.1 Regulating CEA practices in Nigeria

During the British administration in Nigeria there was no tension regarding environmental issues, therefore, regulation of environmental activities was not an issue. Instead, environmental issues were treated as a sort of nuisance and not viewed as a public matter to receive state attention or clear environmental standards (*see* Adelegan, 2004; Ladan, 2009). However, in 1916, environmental issues took on another dimension, where several environmentally-related matters were criminalized by Lord Lugard through the enactment of Criminal Code Act of 1916 which prohibited both water and air pollution in Nigeria (Usman, 2001; Ladan, 2009).

Following independence in 1960 and of course the subsequent discovery of oil in the 1970s in large and commercial quantities, environmental issues and laws took on new significance. Environmental pollution from petroleum activities was prohibited, for instance (*see* NOSDRA, 2005; Ladan, 2009). Similarly, following the Koko incident as earlier stated, a regulatory body was created (the Federal Environmental Agency) (FEPA), tasked with the responsibility of protecting and formulating environmental laws for the Nigerian environment (FEPA, Decree, 1988, 1992). Other bodies were also created and laws on the environment enacted, such as The National Policy on the Environment, Environmental Impact Assessment, the Department of the Petroleum Resources, The National Oil Spill

Detection and Response Agency among others (NPE, 1989; DPR, 1991; EIA, 1992; NOSDRA, 2005).

However, Okhenabirhie (2010) argued that despite all these regulations, problems from environmental pollution still persist. Similarly, Okike (2007) asserted that setting codes and laws is not a problem in Nigeria, but its implementation is of concern – a common problem in emerging economies and even sometimes in some developed economies. In addition, Ahunwan (2002) argues that what is lacking in Nigeria is an effective judicial system capable of enforcing formal rights.

Apart from government initiatives, the literature and newspaper reports have also identified the impacts of other institutional constituents such as NGOs, the media, communities, environmentalists and human rights activists on corporate environmental accountability (CEA) practices in Nigeria. All these initiatives will be considered in the empirical studies section of this chapter and in chapter seven of this thesis.

3.5.2 Corporate environmental accountability in Nigeria

Evidence from the literature has shown that corporate environmental accountability practices have yet to receive attention in Nigeria as they do in developed countries. However, CEA began to be employed as NGOs started to create awareness through awards on best corporate social responsibility (CSR) practice. Egbas (2013) suggests that CSR advocacy began in Nigeria in 2005, when just three organisations had CSR as a policy document. It was further asserted that out of these three companies only one of them was actually implementing the policy (*ibid*). Egbas (2013) argued further that the role of their

group was to prepare the Nigerian business environment for being socially and environmentally responsible, and encouraging MNCs to align with their objectives. He emphasised that their initial attempts were met with some derision, and that many critiqued that these practices could not take hold in Nigeria or Africa as they do in the West. However, he argued that in spite of these criticisms, the advocacy for CSR started yielding positive dividends as many companies were not only promoting the concept of CSR but had also adopted it in their annual reports. This study intends to explore the outcome of the programme.

3.5.3 Previous studies on CEA practices in Nigeria

Following the above arguments, studies conducted on corporate social and environmental accountability in the context of Nigeria are examined next. This will enable this research to identify the areas covered and those issues that have been marginalised in the existing social and environmental accounting literature.

Amaechi *et al.* (2006) examine CSR practice among indigenous firms in Nigeria, further exploring the meaning ascribed to the concept in a Nigerian context. In order to achieve the objective of the study, a purposive survey method was used, focusing on the banking sector. They found that CSR is localised and socially constructed in the Nigerian context. It means that CSR practice in the country is more philanthropic in nature rather than focusing on economic, legal and ethical responsibility (Carroll 1991).

Owolabi (2011) investigated the disclosure of corporate social responsibility (CSR) in annual accounts, analysing the annual reports of 20 Nigerian companies from 10 different sectors over a five-year period. The investigation gave consideration to those companies considered to have addressed social issues

across many stakeholder groups, and employed a content analysis method to generate data. The results of the study indicated that 83% of the annual accounts and reports reviewed provided some form of CSR disclosure over a five-year period from 2006 to 2010. Other studies that focus on social responsibility in Nigeria include Idemudia (2007) and Owolabi (2008).

The above examples of empirical studies showed that early researchers in corporate social and environmental accounting focused more on social responsibility than the environment. However, the next sub-section will concentrate on those studies that focused on environmental accountability in the country.

Ladan's (2009) study reviews the existing environmental laws in Nigeria with an emphasis on the NESREA Act, 2007, and the performance of the law enforcement agency in the country. He concluded that the agency could not function very effectively because the Act is reactive rather than proactive towards environmental related issues. It also found that the environmental agency staff suffers from a lack of funds and modern equipment, and with corruption allegations against some of the staff. The study claims these are factors as to why the staff could not perform as expected.

Adeoti (2001) investigated the laws underlying the efficiency and nature of emissions reduction in Nigeria, and found them to be weak. He therefore argued that based on this, the manufacturing companies use relatively low-end technologies in controlling emissions. He also argued that in spite of the fact that the laws specify penalties for non-compliance, no single company has been closed down or any of their management staff imprisoned for environmental crime.

Offiong (2011) examines the purpose and the impact of some of the environmental policies in Nigeria. The study argued that some efforts were made by the government through the passing of certain legislations detailing the control of environmental pollution in the country. The result of the study showed that the measures further demonstrated the seriousness of the government in confronting the environmental challenges facing the country, but that the current environmental situation in the country pointed to the fact that the laws have not been effective. The study concluded therefore that all these policies are cosmetic with no objective structure for a plan of implementation to achieve the desired goals.

Furthermore, Hassan and Kouhy (2013) investigated the magnitude of the impact of a number of factors on changes in CO₂ emitted as a result of gas flaring in Nigeria, and how the rate of changes in emissions affects the extent of disclosure of gas flaring information in the Annual Statistical Bulletin (ASB) published by the Nigerian National Petroleum Corporation (NNPC). Other studies on oil and gas sectors are: Galadima and Garba, (2008) on Carbon Capture and Storage (CCS) in Nigeria; Okonmah, (1997) on the right to a clean environment: A case for the people of oil producing communities in the Nigerian Delta; Oloruntegbe *et al.* (2009) examines fifty years of oil exploration in Nigeria: Physico-chemical impacts and implications for environmental accounting and development, and Okenabirhe (2010) on the 'polluter pay' principle. However, since the focus of this study is not on oil and gas but on the cement/mining industry, therefore the section that follows highlights most previous research in Nigeria's corporate environmental accounting that focused on non-oil and gas industries.

Ngwakwe (2009) explores the possible relationship between sustainable business practice and firm performance. He selected sixty manufacturing companies in Nigeria through field surveys. In analysing the data, the study used sustainable indicators (employee health and safety, waste management and community) and expenditure on fines and penalties paid by the companies. The study further categorised sampled companies into responsible and irresponsible. It concluded that there is a significant difference between the return on total assets of the environmentally responsible firms and those of environmentally irresponsible ones. The findings indicated that those corporations that were assumed to be environmentally responsible pay fewer fines and penalties than those who were referred to as irresponsible firms, because it is believed that responsible firms invest more in environmental sustainability measures than irresponsible ones.

The study of Owolabi, (2008) examines environmental disclosures in annual reports of some companies in Nigeria. It specifically investigated the degree of lessons learnt by companies in Nigeria with regards to their attitude towards the environment. The study examines the annual report disclosures of environmental information of 20 companies from 10 sectors out of the 27 listed on the Nigeria Stock Exchange. The study concluded that only 35% of companies sampled 60% of sampled sectors provided some form of environmental disclosure in their annual report over a five-year period from 2002 to 2006. The study further argued that such information disclosed is very brief, and mostly descriptive and narrative in nature. Again, the study showed that the approach adopted was of a positivist paradigm, and by implication fails to capture the perceptions of the managers which a qualitative approach would have done.

Ebimobowei (2011) also examines the practice of social and environmental accounting disclosure in Nigerian companies, using forty companies from eight sectors quoted on the Nigeria Stock Exchange that were randomly sampled. The study used data from the annual reports of the companies for the period 2005 to 2007 and adopted content analysis to analyse the data. The study found that 82.5% of the companies sampled presented social and environmental accounting information in their annual reports. Another study on environmental disclosure in Nigeria was that of Oba *et al.* (2012), which investigates the association between environmental responsibility information disclosure and financial performance. To achieve the objective of the study, eighteen listed firms were randomly selected from four environmentally sensitive industries for the period 2005 - 2009. It uses the ordinary least square and logistic regression to test the research proposition. The study observed that there was a positive significant association between environmental responsibility and financial performance and vice versa.

Studies that specifically looked at the cement industry examined the impacts of CO₂ emissions on the people and vegetation in the areas where the companies were located (*see* Asubiojo *et al.*, 1991; Ade-Ademilua and Obalola, 2008). Recently, the study conducted by Oba (2011) focused on the social aspect of social accounting in a single company, using a qualitative approach.

However, the only study that focuses on corporate social and environmental accountability and using a cement company as the case study was conducted by Olowookere *et al.* (2010). The study examined the relationship between WAPCO Cement and its host communities. It used a simple structured questionnaire to collect data from key respondents including community development leaders,

community chiefs, market women leaders, youth development leaders, religious leaders and other opinion leaders in and around the locations of WAPCO's plants. It also extracted some useful information from the company's annual reports. The research adopted both descriptive analysis and linear regression to analyse its data. The study found that, although the proportion of resources committed to CSR is small, CSR expenditure rises with the firm's sales. In addition, that the host community displays a great knowledge of the adverse effects of the company's operation.

Following from the review of studies conducted in Nigeria so far, it could be concluded that the majority of studies have been around the social responsibility rather than environmental accountability practices. The review showed that the most studied sector of the economy was the oil and gas industry, the preferred corporations are multinationals, and the preferred region is Niger Delta region. The review also showed that very few looked at the cement industry. A further review showed that none of the studies conducted so far in Nigeria look at the environmental management and accountability practices in the cement industry in Nigeria, which this intends to fill.

Furthermore, most of the studies examined above used a quantitative approach, which did not reflect the social construct of the social actors. In other words, they do not consider the social reality of human nature. In addition, most of the studies examined so far did not give consideration to the theories underpinning the phenomenon under investigation. The reason for this is that most studies in Nigeria take a quantitative perspective and do not consider it necessary to find out the rationales underpinning their research topic. Broadly speaking, this thesis will

give both theoretical and methodological contributions to the existing research. In sum, all of the identified gaps observed in the empirical studies above will be the focus of this study. Specifically, (i) the lack of empirical studies on corporate environmental accountability practices in Nigeria generally and in particular in the cement industry; (ii) studies that will adopt a qualitative approach rather than the usual quantitative approach; (iii) studies that will apply theories underpinning CEA practices in Nigeria and (iv) studies that will provide a philosophical direction of the phenomenon being investigated. This implies that research into the gaps highlighted above will provide a significant contribution to studies conducted in Nigeria such as this.

3.6 Summary of the chapter

This second part of the literature of this study has been concerned with the examination of accountability of corporate environmental practices in the context of Nigeria. The chapter explored the socio-political and economic context of the country. It moved on to examine how the socio-political and economic terrain of the country have shaped and re-shaped the practice of corporate environmental accountability in the country. It further discussed the historical background of corporations in Nigeria, with reference to the pre- and post-colonial era. Furthermore, it looked at the history of cement operations in Nigeria and its negative environmental impacts, and the efforts made at reducing its negative effects on the surrounding people and environment. It further examined the relevant studies conducted in the area of social and environmental accounting in Nigeria. The review of studies in Nigeria showed that most focused on social issues and few on environmental ones. It further showed that a number of

environmental issue research focused more on reporting or disclosure in annual reports. The review also disclosed that studies in the country were more quantitative than qualitative in nature and context. Added to this is a lack of focus on philosophical and theoretical perspectives in studies. This study will therefore be contributing to the existing literature in some of these areas identified as gaps.

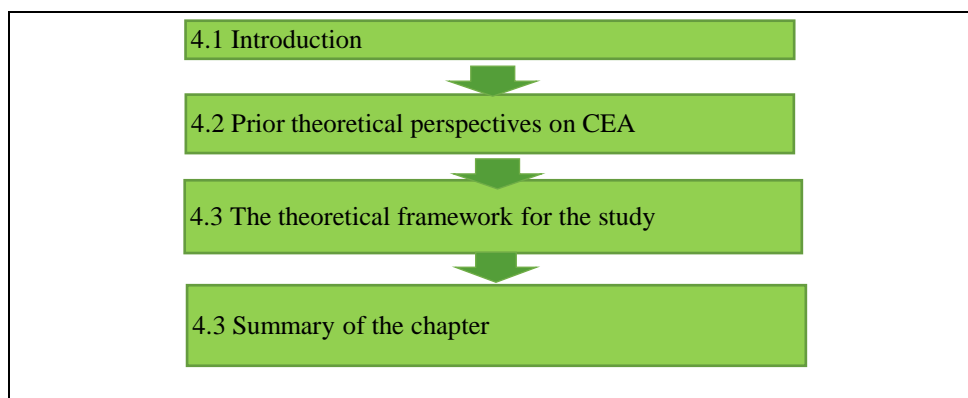
The next chapter focuses on the theoretical perspective of the study.

CHAPTER 4: THEORETICAL FRAMEWORK

4.1 Introduction

Building upon the insights from the previous chapter, this chapter aims to explore the theoretical perspective for the study. The theoretical perspective will provide a lens to better understand the issue being investigated in this research. First, some of the theoretical perspectives mostly used in prior research on corporate environmental accountability practices will be reviewed. Thereafter, the theoretical perspective drawn from the study will be discussed. The chapter concludes with a summary. Figure 4.1 below reflects the structure of this chapter.

Figure 4.1: The structure of Chapter Four



4.2 Prior theoretical perspectives on corporate environmental accounting

This section begins with the review of some of the significant theories that have been used and developed in the area of social and environmental accounting¹⁸, to provide the basis for understanding corporate environmental accounting issues from various theories and to assist in forming the rationale for choosing the

¹⁸ Gray (2002:687) stated that ‘corporate environmental accounting covers all forms of “accounts which go beyond the economic” and for all the different labels under which it appears – social responsibility accounting, social audit, corporate social reporting, employee and employment reporting, stakeholder dialogue reporting as well as environmental accounting and reporting’.

appropriate theoretical lens to understand and explore corporate environmental accounting and accountability in Nigeria.

The literature reveals a range of theories that have been adopted and developed in social and environmental accounting research, among which are political economy theories, legitimacy theory, agency theory, stakeholder theory, accountability theory, media agenda setting theory, resource dependency theory and recently institutional theory (*see*, Greening and Gray, 1994; Barley and Tolbert, 1997; Buhr, 1998; Jamil, 2008; Julian *et al.*, 2008). However, the most widely used theories are legitimacy theory (Patten, 1992; Brown and Deegan, 1998; O'Donovan, 1999, 2002; Deegan, 2006; Magness, 2006; O'Dwyer, 2011), stakeholder theory (Clarkson, 1995; Deegan and Blomquist, 2006; Unerman, 2007; Islam, 2009), political economy theory (Cooper *et al.*, 2005; Lee and Cassell, 2008; Spence, 2009; Buhr, 1998; Otusanya *et al.*, 2012; Lauwo and Otusanya, 2014), contingency theory (Tetlock, 1992; Husted, 2000; Volberda *et al.*, 2012), and institutional theory as a stand-alone or 'converged' with other theories (Meyer and Rowan, 1977; DiMaggio and Powell, 1983, 1991; Scott, 1987; Oliver, 1991, 1997; Greening and Gray, 1994; Carpenter and Feroz, 2001; Suddaby, 2010; Pache and Santos, 2010; Greenwood *et al.*, 2011; Suddaby *et al.*, 2013). This section will review some of these theories, in particular those that are claimed to be relevant for the study of emerging economies: i.e. legitimacy, institutional and stakeholder theories (Islam, 2009; Lee and Cassell, 2008; Islam and Deegan, 2008; Belal *et al.*, 2015).

4.2.1 Legitimacy theory

It has been argued that legitimacy theory provides an insight into why corporate organizations attempt to ensure that their actions or activities are in congruence with certain societal norms, beliefs, and expectations (O'Donovan, 2000). O'Dwyer *et al.* (2011:37) claim that “most practices (corporations) will attain legitimacy through carefully conforming to and selecting their environment”. One of the reasons for this is that corporations want to guarantee their continued existence in the places where they operate (*see* for example, Suchman, 1995; O'Donovan, 2000, 2002). O'Donovan (2000) further argued that for an organization to be truly legitimate it must combine its economic viability and its adherence to laws with generally accepted social values and norms. This position portends that for an organization to continue its existence where it is operating, its activities must conform to the expectations of the society that provides the enabling environment for its operation.

Similarly, a legitimization of corporate activities by society has been linked to the social relation/contract that is assumed to exist between society and corporations (*see* Patten, 1992; Brown and Deegan, 1998; Magness, 2006); as Magness (2006:541) claims, “legitimacy has its roots in the idea of a social contract between the corporation and the society”. It has also been suggested that the concept of social contract influences social and environmental information disclosure in companies' annual reports (*ibid*). It was further argued that the social contract concept ensures that companies truly reflect how they have been responsive to the expectations and demands of the society because of the belief that it will invariably lead to the survival and legitimization of their businesses (O'Donovan, 2000; Deegan and Rankin, 1996; Brown and Deegan, 1998;

Magness, 2006). For instance, O'Donovan (2000:4) posited that, “a corporation will publicly disclose information if its reputation or ability to continue to operate successfully is threatened”. In contrast to this view, others have argued that legitimization is not the only reason why companies disclose non-financial issues such as social and environmental issues in their annual reports, but rather, some do so as evidence of sustainable operations and performance (*see* Gray *et al.*, 1996; Oliver, 1991; O'Dwyer *et al.*, 2011). This criticism notwithstanding, as Oliver (1991) argues either of the two could be a rationale for an organizational response to external demands or expectations.

The literature has further shown that most studies use legitimacy theory to explain the relationship between corporate disclosure and the impact on their legitimization in the society where they operate (*see* Deegan and Rankin, 1996; Brown and Deegan, 1998). Despite the adoption of this theory by many social accounting researchers, it has been observed that it has failures including the motivations to employ legitimization and how it works in practice, differences in context, and strategic responding to societal expectations and demands. For example, Oliver (1991:145) states: “Notably lacking in the literature on legitimacy theory, however, is explicit attention to the strategic behaviours¹⁹ that organizations employ in direct response to the institutional processes that affect them”.

Other identified limitations of the theory are that it concentrates most on why corporations disclose corporate responsibility in the annual report but focus less on how they are doing it, what influences the practice, what makes them comply or constraints and what could make them report the practice differently, and the

¹⁹ This includes the strategies/tactics used by corporate organizations in responding to external constituents' demand and expectations.

strategies put in place; some of which have been addressed in Oliver's (1991) convergent institutional and resource dependence theories²⁰. It has also been argued that legitimacy theorists have been focusing on legitimation interest alone and neglected other institutional factors that could influence corporate management behaviours that are different to public expectations. One of the areas identified by critics is that legitimacy theory gives limited discussion of the socio-cultural and political contexts of emerging economies such as Nigeria, where companies are looking beyond legitimation (or are powerful enough that legitimation is not a constraint), but rather conjoins with other institutional challenges such as securing finance/capital and international best practice (*see* Oliver, 1991; Greening and Gray, 1994; Guerreiro *et al.*, 2012). This means that the theory is inadequate in portraying a comprehensive picture of CEIs of Nigeria. Although legitimacy theory may not be appropriate for this study, its contribution to previous research is acknowledged.

4.2.2 Stakeholder theory

In the view of Freeman (1984: 46), "stakeholders are any group or individual who can affect or is affected by the achievement of the organization's objectives". A number of scholars who have discussed stakeholder theory in the context of social and environmental accounting conclude that identification of the 'powerful' stakeholder is key, and as such special attention should be given to them (*see* Donovan, 2000; Deegan 2002; Unerman and Bennett, 2004; O'Dwyer, 2005; Jamali, 2008). For instance, O'Donovan (2000:39) states, "the identification of important stakeholders is the basis of stakeholder theory when viewed from a

²⁰ This theory focused on the various external institutional pressures on the organizations to incorporate certain practices and the strategies adopted by the corporations to confront external pressures. This will be discussed further in this chapter as the adopted perspective for the study.

managerial perspective”. This means that managers will give preference to the demands and expectations of key stakeholders who they consider could exercise significant power or control over their organizations’ operations and decision-making. In contrast to this assertion, some theorists have also argued that in recent times corporate management teams no longer rely on satisfying stakeholder demands alone, but rather give consideration to other institutional factors such as content, context and causes (*see* Oliver, 1991; Greening and Gray, 1994; Carpenter and Feroz, 2001; Guerreiro *et al.*, 2012).

Evidence from the literature show that stakeholder theory has been widely used in social and environmental accounting research, either as a stand-alone or in conjunction with other theories (e.g. stakeholder theory combines with legitimacy theory or institutional theory) (*see*, Islam, 2009; Islam and Deegan, 2008; Deegan and Blomquist, 2006; Jamali, 2008; Zaman *et al.*, 2011). Some of the scholars using stakeholder theory within the context of social accounting view it as the corporate social responsibility of organisations to their constituents – powerful stakeholders. They also view it as a prompt to corporations to be more responsive and accountable to the expectations and demands of stakeholders (*see* Reed, 1999; Unerman and Bennett, 2004; O’Dwyer, 2005; Islam and Deegan, 2008). Several of these theorists argue that stakeholder theory specifically explains the management of the relationship between an organisation and its stakeholders (*see* Clarkson, 1995; O’Donovan, 2000; Deegan and Blomquist, 2006; Bebbington *et al.*, 2008; Jamali, 2008).

However, it could be inferred from the above explanation that the theory has paid little attention to the mechanisms organizations put in place to manage social

contract relationships. In other words, stakeholder theory has not addressed the power used by organizations in manipulating the expectation and demands of powerful stakeholders. As presented in Chapter Three in the Nigerian context, the issue of corporate power/strategy and its relationship with stakeholders is significant due to the economic, political and social development infancy of the country. Due to its limitations, stakeholder theory will not provide a sufficient basis for one of the research question of this study: how do corporate managers deal with and are accountable for environmental issues in Nigeria?

Based on the argument of Islam and Deegan (2008), stakeholder theorists viewed contending issues in a narrower context than legitimacy theory affords, therefore it will not be appropriate for this study that intends to explore an in-depth investigation of the practice CEA in the context of the chosen cases. Hence, CEA practices has been viewed to go beyond satisfying key stakeholder only. For instance, they posited that:

“While, legitimacy theory focuses upon the expectations of ‘society’ in general, stakeholder theory explicitly refers to issues of stakeholder power. The focus of stakeholder theory is therefore narrower than that utilised within legitimacy theory given that legitimacy theory tends to consider the expectations of society in general (856)”.

Based on the review of the above theories, it can be argued that they do not provide a holistic approach to better understanding the context and research questions being investigated. Other theories have also been reviewed (many are outside the scope of this thesis due to space limitation) in the search for the appropriate theoretical lens. It was found that the theories that are likely to do this are the convergent institutional and resource dependence theories that were conceptualised by Oliver (1991). This is discussed further in the section that follows.

4.3 **The theoretical framework for the study: the strategic responses perspective/model**

In search for a theoretical framework and theory(s) that would provide a better understanding of the phenomenon being investigated in this research, however, after extensive review as discussed earlier in this chapter, the theoretical perspective that is most appropriate for this thesis is a convergence of institutional and resource dependence theories which will hereinafter be referred to as the strategic responses perspective, as conceptualized by Oliver (1991). As envisioned by Greening and Gray (1994) and Guerreiro *et al.*, (2012), it was observed that this perspective would assist in explaining the rationale for corporate environmental management and accounting practices in Nigeria, for instance. In addition, these theories would be able to explain how corporations strategize to meet challenges arising from their environmental impact without compromising their corporate objectives/goals. These theories are arguably different in concept but complementary in focus, as both point to institutional pressures on corporate organizations and corporate organizational responses to institutional pressures (*see* Oliver, 1991; Greening and Gray, 1994; Carpenter and Feroz, 2001; Guerreiro *et al.*, 2012). Greening and Gray (1994) claim that the integration of both theories portends that organizations exercise strategic choice within the confinements/constraints of the environment. This section will initially discuss the two theories separately, as perceived by different theorists (Pfeffer and Salancik, 1978, 2003; DiMaggio and Powell, 1983, 1991; Oliver, 1997; Dillard *et al.*, 2004; Adhikari and Mellemvik, 2011; Adhikari *et al.*, 2013). Thereafter, the section will explore the conceptualisation of the two theories into a framework/model by Oliver (1991) and as adopted by other theorists (*see* Greening and Gray, 1994; Carpenter and Feroz, 2001; Julian *et al.*, 2008; Pache

and Santos, 2010; Guerreiro *et al.*, 2012; Adhikari and Mellemvik, 2011; Suddaby *et al.*, 2013).

4.3.1 Institutional theory (IT)

Early institutionalists have provided a platform that later theorists found useful in the development of institutional theory. For instance, Selznick (1957:16) viewed “institutionalization as a process, which reflects an organization’s own value, the people that shapes its activities and how such organization responds to the society”. This view was supported by Sumner (1906), who contends that the institution consists of both concept and structure. According to Sumner, the concept explains institutions in terms of its purpose or functions, while the structure embodies the idea of the institution itself. He claims that the structure provides the instrumentalities through which the idea is put into action. The deduction from this argument is that the institution is viewed in terms of its ideals, functions and what influences its actions and how they influence the organizations in their environment. Dillard *et al.*, (2004) argue that an institution is an established order comprising rule-bounded and standardised social practices, which corresponds to the arguments of other theorists that institutions external to the organizations usually exert certain influences on organizations in their corporate practices. For instance, Meyer and Rowan (1977:341) argued that institutions inevitably “involve normative obligations but often enter into social life primarily as facts that must be taken into account by actors; a no smoking symbol, for instance, is an institution with legal status as well as an attempt to regulate smoking behaviour”. What this mean is that institutional rules and the institution itself will have an effect on organizational structures and what they do in a real sense. Drawing from the foregoing arguments, Zucker (1983:4) theorised

that “external institutional environments could constrain an organization, determine its internal structure, growth and/or decline its survival”. These early institutional theorists in sociological research provided significant insights into the development of institutional theory. Researchers have used the theory to study issues relating to the values underlying organizational characteristics and practices (*see* Tolbert and Zucker, 1999).

The use of institutional theory is a contemporary phenomenon and gaining popularity in accounting research. Various calls from accounting researchers have been made in recent years to refocus efforts towards a better understanding of how accounting practice influences and/or is being influenced by both the internal and external actors/factors (such as the NGOs, the government’s agencies and the organizations’ parent) (*see for example*, Miller, 1994; Adhikari and Mellemvik, 2011; Adhikari *et al.*, 2013). Bebbington *et al.*, (1991) used it to explore managers’ perceptions and attitudes towards corporate disclosure. On the other hand, Freedman and Jaggi (2009) used it to examine the external pressures from a society perspective on corporate disclosure of social and environmental reporting. In summary, it could be deduced that their focus has been on pressures from external actors on corporate organizations, rather than a focus on what the organizations are doing to conform or restrain these challenges. The latter has been explored in some accounting literature (*see e.g.* Greening and Gray, 1994; Guerreiro *et al.*, 2012; Adhikari *et al.*, 2013). For instance, Adhikari *et al.* (2013) claim that their study evidenced corporate resistance to the implementation of accrual accounting reform within the Nepalese and Sri Lankan governments.

Meanwhile, in the context of corporate social and environmental accountability, increasingly research has drawn on institutional theory (IT) to examine contemporary issues in this area of research (*e.g.* Hart, 1995; Kagan, Gunningham and Thornton 2003; Delmas, 2003; Islam, 2009). For instance, Kagan, Gunningham and Thornton (2003) used it to explain internal and external factors influencing firms' improved environmental performances; Jennings and Zandebergen (1995) adopted it to explore the effectiveness of coercive environmental regulations on firms' environmental management; Christmann and Taylor (2001) on customer influence on corporations complying with minimum environmental management standard ISO 14001 in China; Delmas (2002) on the role of government in the adoption of ISO 4001; Spence and Gray (2007) on perceptions of managers on social and environmental practices. Others are Aragon-Correa, 1988; Greening and Gray, 1994; Hoffman, 2001; Islam and Deegan, 2008; Pache and Santos, 2010; Zaman *et al.*, 2011. What is common to all is that they explore how organizations are pressurized by society, which as such eventually impacts on corporate performance.

A number of limitations inherent in the theory have been identified in the literature. For instance, Donaldson (1995) contends that IT has given little consideration to the managerial/agency role and strategic choices adopted in confronting external environment pressures. This means that it has not directly addressed managerial discretion which could be assumed to be important, and it has not show how companies have been coping with external institutional challenges. Similarly, Oliver (1991:150) contends that 'IT has tended to de-emphasise both the ability of organisations to dominate or defy external demands, and the usefulness in pursuing particular strategies'. Furthermore, it was observed

that the theory does not explain the power of organisations in terms of strategies that can be used to confront external pressures, which can be found in Oliver's model. Other inherent limitations of IT include: an emphasis on external issues with a lack of focus on internal conflict and power (Rebiero and Scapens, 2006). Also, of note, is its negligence towards fundamental issues of business strategy, such as why organizations in the same institutional field or industry pursue different strategies, in spite of their exposure to the same pressures (Hoffman and Ventresca, 2002; Guerreiro *et al.*, 2012).

In an attempt to overcome some of the inherent limitations attributed to institutional theory, some scholars have extended the framework by combining it with other theories so as to provide a better understanding of the issues being investigated. Specifically, Oliver (1991) developed a model integrating institutional and resource dependence theories to investigate corporate responses to institutional pressures/processes, where some factors were not considered by previous institutional theorists. Later, her model was adopted by Greening and Gray (1994), Carpenter and Feroz (2001) and Guerreiro *et al.*, (2012). For instance, Carpenter and Feroz (2001) used it to examine how institutional pressures have compelled four state governments to adopt generally accepted accounting principles (GAAPs). Dillard *et al.* (2004) integrate institutional theory with structuration theory to develop a theoretical framework for their study, which they used to explain the relationship between institutions and accounting practices with changing processes in organizations. Suddaby *et al.* (2013) adopted it and used it in conjunction with the strategic-as-practice (SAP) theory to explore the influence of the macro-environment on the micro-level of individual actions.

Giving consideration to the above contentions, it could be argued that institutional theory would be appropriate as providing some basis to explain how and why the chosen cases for this research interact with their external environments, and how such interactions have impacted on their corporate environmental accountability practices. The review of previous literature and theories has indicated that other factors that are not taken into account in institutional theory, as highlighted by the ‘convergent theorists, are crucial to provide a more insightful comprehensive view of corporate environmental issues in Nigeria. Consequently, this study will explore and adopt a ‘convergent theoretical approach in order to offer some findings to the research question, integrating institutional theory with resource dependence theory.

4.3.2 The resource dependence theory (RDT)

The genesis of resource dependence emanated from the fact that corporations are always in need of resources to function as business entities – resources that are in the possession of certain groups such as government and communities. In the view of Pfeffer and Salancik (1978, 2003:258):

“To survive organizations, require resources and to achieve this, the organizations must interact with others who control those resources. In that sense organizations depend on their environments. Because the organization does not control the resources, it needs, resources acquisition may be problematic and uncertain”.

In return for providing corporations with the required resources, society always expects a commitment to the sustainability of the environment/society. It has been argued that in an attempt to conform to or resist these demands from the environment/society, most corporations put in place certain strategies (Oliver, 1991). The literature shows that early theorists attempted to develop a number of

theories as to what transfers between the corporations and the environment/society. One of the theories that were subsequently developed was known as resource dependence theory. Contributing to the development of this theory, Pfeffer and Salancik (1978, 2003: xii) stated that, “the need for resources, including financial and physical resources as well as information, from the environment, made organizations potentially dependent on the external sources of these resources – hence the characterization of the theory of resource dependence”. They argued further that the theory also embedded how organizations strategically alter their environment²¹. The understanding from Pfeffer and Salancik is that resource dependence theory focuses on constraints placed on the organizations and how the organizations are strategically responding to these constraints from the environment.

Aldrich and Pfeffer (1976) argued that resource dependency theory has been adopted in academic research since the early 1970s to explain the challenges which corporations are facing due to their interdependence on those that control the resources used in their operations. Aldrich and Pfeffer (1976:83) explain further that:

“[the] resource dependence model proceeds from the indisputable proposition that organisations are not able to internally generate either all the resources or functions required to maintain themselves and therefore, organizations must enter into transactions and relations with elements in the environment that can supply the required resources and services.”

The significance of the statement above is that the resource dependence perspective portrays organizations as bodies that rely on society for the provision of resources used for their operations. Given the fact that the environment places

²¹ Resource dependence predicts that organizations will attempt to manage the constraints and uncertainty that result from the need to acquire resources from the environment (Pfeffer and Salancik, 2003: xxiv).

some constraints on the organizations, which they must conform to, most organizations explore certain strategies that enable them to conform to or restrain from compliance (Aldrich and Pfeffer, 1976).

The literature has further shown that the adoption of this theory has gained momentum in recent times either as a stand-alone or as a complement to other theories; though it specifically focuses on the power of the organizations as an active member of wider society (Greening and Gray, 1994; Carpenter and Feroz, 2001; Guerreiro *et al.*, 2012; Adhikari *et al.*, 2013). For example, Oliver (1991:148) contends that the main focus of the theory is on a wide range of active choice behaviours that organizations make to manipulate their external dependencies constraints. She argues further that the strategic responses/choice behaviour ranges from conforming to resistant, from passive to active, from preconscious to controlling, from impotent to influential, and from habitual to opportunistic. She stresses that these responses would depend on the types of institutional pressures being exerted on the corporations with which they must conform. Similarly, Greening and Gray (1994:471) contend that RDT lays an emphasis on “the impacts of external forces on how firms organize”. They further argue that it has two broad tenets: that organizations are constrained by and depend on other organizations/institutions that control critical resources for them; and that organizations attempt to manage uncertainty and their dependencies on external groups in order to acquire more autonomy and freedom. However, the first tenet of Greening and Gray is in consonant with the views of those institutional theorists that focused on IT (*see* Meyer and Rowan, 1977; DiMaggio and Powell, 1983; 1991; Scott, 2001), whereas the second shows the variation between IT and RDT and falls within the definition of RDT. These theorists argue

that both theories explain how organizations respond to external pressures in order to enjoy legitimacy and stability/efficiency of their operations (Pfeffer and Salancik, 1978; Greening and Gray, 1994). In contrast, Greening and Gray (1994) describe that unlike RDT, institutional theorists had not directly addressed managerial discretion or strategic choices employed towards mitigating the pressures on their corporations. In addition, Pfeffer and Salancik (2003: xv) argued that IT has largely neglected issues of power and interest that were prominent in RDT.

As a follow-up to the position of Greening and Gray (1994), some researchers that have used the two theories separately saw the need to converge both together, in order to compensate for each other's limitations and further provide a robust understanding of issues in context (*see for example*, Hitt and Tayler, 1991; Oliver, 1997). It could be argued that the position of these theorists formed part of the basis for integrating the two theories into a single model/framework²².

In providing further justification for the integration/convergence of both theories, Oliver (1991:146) posited that RDT could be used in predicting how organisations strategize to complement the most limited range of organisational responses to institutional pressures, to which IT has given less attention. She further stated that RDT could provide a better understanding of how organisational behaviour varies from passive conformity, to active resistance, to institutional pressures and expectations. In arguing this further, Pfeffer and Salancik (1978, 2003) contend that organizations can respond by adapting and changing corporate objectives and practices to fit into environmental requirements/demands or attempts to alter the

²² Convergent theories by Oliver (1991, 1997); Pache and Santos (2010) and contingent approach by Greening and Gray (1994), Carpenter and Feroz, (2001).

environment, so that they fit their corporate capabilities. What this portends is that the type of response would depend on the corporations' objectives to either influence the environment or being influenced by the environment itself. This has been argued as lacking in institutional theory (*see* Greening and Gray, 1994; Pache and Santos, 2010; Guerreiro *et al.*, 2012).

To buttress the above views on the need for integration of both institutional and resource dependence, Greening and Gray (1994:469) posited that, while institutional theory on one hand focuses on the direct impacts of institutional rules, pressures and sanctions on organizational structure, on the other hand resource dependence theory is complementary as it lays emphasis on structural adaptation in the face of dependency on external organizations. However, they argued that RDT is more explicit regarding managers exercising strategic choices within the context of corporate constraints; in other words, while institutional theory tries to explain the role of external influence on certain corporate practices such as corporate environmental accountability, resource dependency explains the various measures put in place to either comply with or restrain these pressures/influences (*see* Pfeffer and Salancik, 1978, 2003; Oliver, 1991).

Limitations of resource dependence theory

Despite the views expressed on the usefulness of RDT as a strategic response that could be adopted by an organization, the literature has further identified some of its inherent limitations. Pache and Santos (2013) questioned the inability of the theory to explain how institutional factors have been re-shaping organizational responses to societal demands and expectations. They further queried its inability to explain the degree to which such institutional influences affect organizational behaviour. In addition, Guerreiro *et al.* (2012:484) criticised its limited focus on

how institutional environments are influential and delimiting (i.e. how the environment with which an organization operates affects the reaction of the organization to institutional pressures).

4.3.3 Oliver's (1991) strategic responses perspective (SRP) based on the convergence of institutional and resource dependence theories

Oliver's (1991) convergent theoretical framework comprises two theories: institutional theory (IT) and resource dependence theory (RDT). These theories were integrated and/or combined to form what this study called the 'strategic responses perspective' with two intertwined concepts to explain corporate actions: 'institutional factors' and 'strategic responses'. According to Oliver, institutional factors explain many different pressures on the organisation to conform to certain demands and expectations, which in the context of this study refers to environmental accountability practices. On the other hand, strategic responses reflect those measures/tactics adopted by organisations to either conform to or resist external expectations and demands. She further identifies and discusses five institutional factors (the five Cs): cause, constituents, content, control and context, and the five strategic responses: acquiescence, compromise, avoidance, defiance, and manipulation. These are examined next.

The institutional factors:

This section describes each of the five Cs mentioned in Oliver's (1991) convergent theories.

Cause: According to Oliver, this is linked to why organizations are pressurised to conform to institutional rules/norms which require them to show some level of efficiency in their practices such as environmental management and reporting. *Cause* intends to explain the rationale, set of expectations or intended objectives

that underlie external pressures for conformity with what is required by law. Overall, this would lead to either the legitimization of companies' operations or showing how companies have been (in)efficient in their performance. This is an area that this study will focus on, i.e. to explore the rationale of Nigerian corporations engaging in CEA exercises, and whether they do so due to legitimization issues or on a voluntary basis.

Constituents: Here she posited that *constituents* represent those exercising pressures on an organization, which could be single/critical or collective/multiple actors such as government agencies, regulators, NGOs, media, professional bodies or interested groups. These *constituents* usually compel organizations to ensure that their practices are in line with regulations or social/environmental norms. This concept is used to explain how those that influence or are affected by the companies' operations play significant roles in ensuring compliance with existing norms, regulations and best practice. This aspect is particularly useful for this research in order to answer the research question about how different parties (and which parties) play a role in achieving corporate environmental accountability in Nigeria; more specifically, to examine and analyse how different (both external and internal) institutions have influenced the chosen case studies' corporate environmental practices.

Content: This concept gives an explanation to the norms or requirements the organisation is being pressurised to conform to. Oliver (1991) argued that most organizations will view the requirements in line with their corporate goals, whether they are consistent with or constrained by them (i.e. a compatibility with or negative impact on their company and company objectives of maximized profits). In the context of this study, the norms or requirements are corporate

environmental accountability. This concept of *content* will be used to explain whether the selected case studies consider their practices as being in line with Oliver's prediction.

Control: This relates to the means used to exert pressures on corporations to conform to the expectations and demands. She identified two means: legal coercion/enforcement or voluntary diffusion of norms by the organization itself. She stated that legal coercion is in the form of regulations imposed by government or its agencies to carry out certain practices (in this research: corporate environmental issues management and reporting) efficiently and in accordance with the laws. In Nigeria, some environmental regulations and laws are in place to stipulate CEI management and only recently, the Nigerian Security and Exchange Commission Act of 2011 required corporations to report their corporate environmental activities in their annual reports. On the other hand, voluntary diffusion is when companies initiate practices by themselves with/without regards to law implementation/enforcement. Both coercive and voluntary diffusion have been considered in the literature by institutional theories (Meyer and Rowan, 1977; DiMaggio and Powell 1983; Scot, 2005). This study will examine this prediction in relation to the chosen case studies.

Context: This is the final aspect of institutional factors. She stated that *context* provides a base to enable a prediction of how a company might behave in any given environment or circumstance. She identified two broad *contexts*: uncertainty and interconnectedness. *Uncertainty* determines whether an organization will comply or restrain from engaging in activities. It is argued that if the tendency of uncertainty is high, then an organization is most likely to comply with what they are being coerced to do or vice-versa. On the other hand, *interconnectedness* has

been argued to connote the inter-organizational relationship between one or more organizations (e.g. parent/subsidiary relations). It was observed that the density of this relationship will go a long way in determining the strategic response of an organization to institutional expectations/demands. The next section examines the second part of Oliver's (1991) convergent theories.

The strategic responses:

Acquiescence: This comprises habit, imitation and compliance. Habit refers to “unconscious or blind adherence to preconscious or taken-for-granted rules or values” (Oliver, 1991:152). She contends that imitation is “consistent with the concept of mimetic isomorphism which refers to either conscious or unconscious mimicry of institutional models” (152); for instance, when one organization copies or follows the success of similar organizations in implementing their corporate goals/objectives (see, Carpenter and Feroz, 2001, Adhikari *et al.*, 2011, 2013). Compliance is a “conscious obedience to or incorporation of values, norms or institutional requirements, as enshrined in laws or regulations” (152). Oliver (1991:153) contends that “compliance tactic is more active than habit or imitation”. She stressed that, compliance tactic can be used to further explain the situation where an organization will have to abide by the rules/regulations. *Acquiescence* is particularly relevant in Nigeria based on the literature review in previous chapters.

Compromise: Compromise strategy is viewed as “the thin edge of the wedge in organizational resistance to institutional pressures” (Oliver, 1991:153). According to Oliver, this strategy may be adopted if organizations are often confronted with conflicting institutional demands or with inconsistencies between institutional expectations and internal organizational objectives related to efficiency or

autonomy. It has been contended that organizations that adopt the strategy may attempt to use balancing, pacifying or bargaining tactics while dealing with external constituents. *Balancing* tactics means giving consideration to varied constituent demands in response to institutional pressures and expectations. In other words, *balancing* is the organizational attempt to achieve parity among or between multiple stakeholders/constituents and internal/corporate interests, in particular when external expectations are in conflict e.g. shareholder demands for increased efficiency versus public pressure for the allocation of corporate resources to an environmental impact. In most cases, organizations' interests may be served more effectively by obtaining an acceptable compromise on competing objectives and expectations. *Pacifying* tactics on the other hand means partial compliance with the existing regulations or expectations of one or more constituents. They could be adopted to win the hearts of the actors, and done in a way not necessarily in line with regulations. *Bargaining* tactics entails all or some of the tactics/attempts employed by organizations to exert concessions from an external constituent in its demands or expectations. In Nigeria, the literature (*see e.g.* Hassan and Kouhy, 2013) indicates that most corporations have some influence on government policies and agencies in order to ensure that policies or regulations they are being coerced to follow are congruent with their corporate objectives.

Avoidance: *Avoidance* relates to organizational attempts to “preclude the necessity of conformity” (Oliver 1991:154). According to Oliver, organizations achieve this by *concealing* their non-conformity, *buffering* themselves from institutional pressures, or *escaping* from institutional rules or expectations. *Concealment* tactics have been used to avoid and disguise “non-conformity behind a façade of

acquiescence” (Oliver, 1991:154). It has been contended that organizations adopt this strategy to provide comprehensive plans in order to look as if they are complying with the institutional requirements when they are not. It is just an attempt to disguise or hide under acquiescence (i.e. to show in the eyes of the public that they are performing) (*see* Oliver, 1991; Greening and Gray, 1994; Suddaby, 2010; Guerreiro *et al.*, 2012) – also referred to by some scholars as ‘window-dressing’, common among global corporates/MNCs (Dunn and Sikka, 1999; Irvine, 2008; Otusanya, 2011; Adhikari *et al.*, 2013). Another subset of the *avoidance* strategy used by organisations, according to Oliver (1991), is *buffering* where an organization attempts to prevent itself from being scrutinized or inspected by external institutional such as regulators or media. The last part of the suggested *avoidance* strategy is *escape*. According to Hirschman (1970), escape is the most dramatic avoidance response to institutional pressures towards conformity. A scenario, where an organization may decide to move from a highly institutionalized to a less institutionalized area. However, Oliver stated further that *avoidance* is motivated by the desire to circumvent the conditions that make conforming behaviour necessary. Evidence from the literature (e.g. Otusanya, 2010; Hassan and Kouhy, 2013) demonstrated that two of these (concealment and buffering) are practised by companies in Nigeria; for instance, Hassan and Kouhy (2013) argued that non-disclosure of both financial and non-financial information by companies is common practice in Nigeria. This further demonstrates that companies engage in concealment tactics in the country.

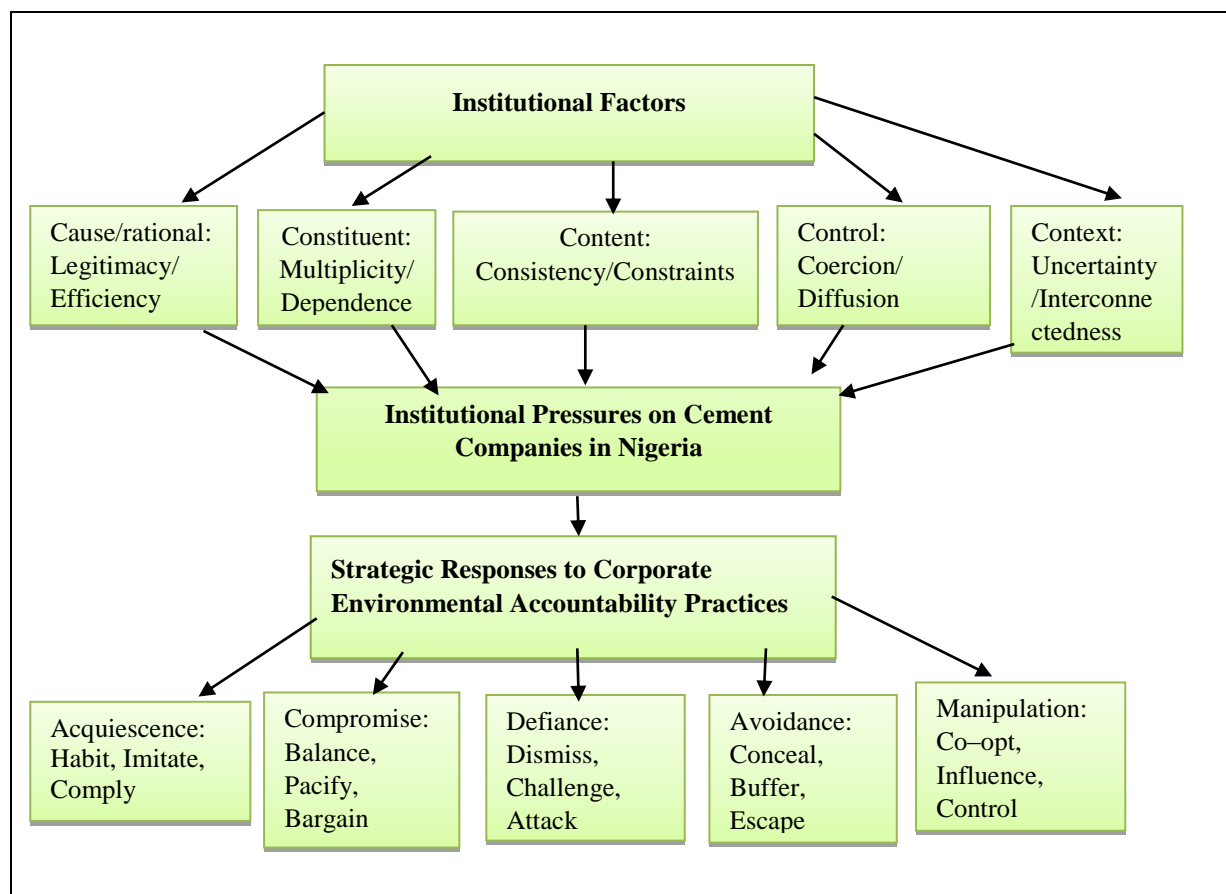
Defiance: *Defiance* strategy has been viewed as the most active form of resistance adopted by organizations as they respond to institutional pressures. Oliver (1991) categorised this into dismissal, challenge and attack. *Dismissal* entails that a

company does not take cognisance of institutional rules and values for instance. Usually, organizations adopt this “when the potential for external enforcement of institutional rules is perceived to be low or when internal objectives diverge or conflict very dramatically with institutional values or requirements” (156). The *challenge* is viewed as a more active departure from rules, norms, or expectations than dismissal. She argued that any organizations that challenge institutional pressures go on the offensive in defiance of these pressures and may indeed make a virtue of their insurrection. The last part of defiance is the *attacking* tactic: a situation when organizations strive to assault, belittle, or vehemently denounce institutionalized values and the external constituents that express them. A typical example is when an organization strategizes to respond to increasing public criticism of its operation. She further stressed that an *attacking* strategic posture is most likely to occur when institutional values and expectations are organization-specific rather than general.

Manipulation: *Manipulation* strategy is a “purposeful and opportunistic attempt to co-opt, influence, or control institutional pressures and evaluations” (Oliver, 1991:157). Pfeffer and Salancik (1978) opined that companies may rely on co-option of the source of the external pressures such as government agencies as a tactical approach in responding to the pressures. Another suggested tactic is to persuade an institutional constituent such as a prominent community leader or government official to join the management team of the company. Furthermore, an organization may adopt the *influence* tactic which is usually “directed towards institutionalized values and beliefs or definitions, and criteria of acceptable practices or performance or when organizations strategically influence the standards by which they are evaluated” (Oliver, 1991:158). The last is the

controlling tactic which she assumed to be a more actively aggressive response to institutional pressures than co-optation and influences because the organization's objective is to "dominate rather than to influence, shape, or neutralize institutional sources or processes" (158).

Figure 4.2: Strategic Responses Model for Corporate Environmental Accountability Practices in Nigerian Cement Industry



Source: The Author's model based on Oliver, 1991

Having explained the various components of Oliver's (1991) predictions as specified in her convergent theoretical framework, it is essential at this point to discuss how the theoretical framework will provide a lens to the research objectives and questions for this study.

4.3.4 **The justification to apply Oliver's convergent institutional and resource dependence perspectives in this study**

This study has seen the need to integrate IT with other theories so as to accommodate the agency role and the (strategic) responses of the chosen case studies in dealing with corporate environmental matters. This argument has been put forward in some previous studies that combined two or more theories in analysing institutional/accounting practices (*e.g.* Greening and Gray, 1994; Oliver, 1997; Islam and Deegan, 2008; Julian *et al.*, 2008; Guerreiro *et al.*, 2012). Consistent with Guerreiro *et al.* (2012), it can be argued that Oliver's model enables researchers to take into account other factors (not restricted to financial consequences) that could impact on institutional choices/actions/decisions; for this study, the corporate decisions/actions to (or not to) account for their impacts on the environment. It will be crucial to take into consideration various interested and affected actors (*e.g.* regulators, community, NGOs, environmentalists) in the study of corporate environmental accountability (CEA). These actors are accommodated in the first part of Oliver's framework. There is a growing concern over CEA and pressures on the cement industry in Nigeria in recent years to reduce and be accountable for their environmental impacts. The second part of Oliver's framework would help to explain the various tactics/measures put in place by the chosen case studies in relation to CEA practices. It is also expected that Oliver's SRP would assist in explaining how the chosen companies have created strategies to engage in the management and reporting of their environmental activities in the context of Nigeria. As, she argued that corporate

management makes both economic rational²³ and normative choices²⁴ which are underpinned by economic and social contexts. What this connotes is that companies will usually make choices in their approach to issues that involve both economic and social challenges. Social challenges are those that relate to the legitimization of companies as a result of the social contracts between the companies and society, whereas economic challenges are those that relate to the corporate goals of profit maximization/reputation risk management (*see* Oliver, 1997; Bebbington, Larrinaga and Monera, 2008). The SRP will be used to explain how CEA practices by the management of the case studies interplay between these two contending challenges. Oliver's (1991) approach can therefore be argued as the most appropriate theoretical approach for this study because her model accommodates some of the ideals/contents of other theories (e.g. stakeholder, legitimacy and agency). It further gives consideration to the *context*, *content* and *constituents* as well as corporate *responses* that were restricted/neglected in other theories, which will help this study in examining and analysing CEA in Nigeria.

Furthermore, the review of other important theories in social and environmental accounting demonstrated that most of them could not provide a better understanding of the research objectives and research questions of this study without integrating with other theories. For instance, as it can be deduced from the research objectives, most of the theories identified and discussed in this section have not been able to provide a holistic or an in-depth understanding of corporate social and environmental accounting practices (*see* Lee and Cassell, 2008; Belal *et*

²³ Oliver (1997:701) contends that economic rational choices are bounded by uncertainty, information limitations and heuristic biases and are motivated by efficiency and profitability of the companies.

²⁴ Oliver (1997:701) argued that normative choices are bounded by social judgement, historical limitations and the inertial force of habits that are motivated by historical precedent and social justification.

al., 2015). Most importantly when it comes to examining both the demands [institutional constituents/stakeholders] and supplier [corporate managers] perspectives. Is either theory one is looking at the supplier or the demands but not both at the same time, and those that did combined other similar or different theories (*e.g.* Islam, 2002; Delmas and Toffel, 2004; Mahadeo *et al.*, 2011; Rodrigue *et al.*, 2015). The review shows that one of the theoretical perspectives that tend to explain corporate practice in the context of both perspectives is the Oliver convergent institutional and resource dependence theories. Thus, the justification for its adoption in this study is that it focuses on both the suppliers and demands perspectives of CEA practices, at the same time. Unlike the stakeholder theory which focused on just the interest and power of the stakeholders and legitimacy theory on the rational for corporate engagement in the practice and the institutional theory on the roles/influences emanating from the institutional environment on the corporations. Another justification for the chosen framework is that it has embedded some of the ideals of other theories in providing better understanding of the phenomenon being investigated. Further examination of the adopted framework of the study has demonstrated that it has accommodated the agents power which other theories such as the stakeholder theory have neglected. This could be found in the second part of the model (strategic responses). This is in addition to an elaborate articulation of the institutional factors that are likely to coerce/pressures the behaviour of corporations.

Based on the above submission, it can be concluded that Oliver's (1991) strategic responses perspective is the most appropriate theoretical framework to assist in providing a better understanding and perspective in achieving the research

objectives of this study. However, the contributions of other theories are being acknowledged. Having said that, it is important to acknowledge Oliver's model's inherent limitations.

4.3.5 Limitations of Oliver's convergent institutional and resource dependence Model

A review of Oliver's SRP model demonstrates that many contending issues/areas are covered, most especially those that were identified as limitations in certain theories such as in IT. However, the following are several limitations noticed in her framework. In the first instance, Pache and Santos (2010) argue that Oliver's model did not state the impacts of the strategies adopted on corporate practices in a given context, as it does not address the consequence of resistance strategies. They criticised further that the model treats organizations as unitary actors in developing different strategies as responses to external demand, but ignores the role of intra/inter-organizational dynamics in decision-making and the condition under which specific response strategies are used.

Furthermore, Oliver (1991) acknowledged the scope of her model's coverage, such as its failure to address the consequences of resistance strategies and the conditions under which institutional pressures fail in their predicted effect. The model has also been criticized for not displaying its practicability as it only focuses on response predictions to certain external pressures (*see* Greening and Gray, 1994; Pache and Santos, 2010, 2013; Guerreiro *et al.*, 2012). Overall, her model is one of generalized prediction and not specific to certain organizations and/or country contexts. All of these limitations were taken into account in applying the model in this research. This connotes that, this study expands on the

scope of Oliver's model by improving on its limitations, such as, considering the impact of the roles of intra-organizational dynamism of CEA practices in Nigeria.

4.4 Summary of the chapter

This chapter was an exploration of the relevant theoretical perspectives to this study. It started with the review of some of the theories that have been developed and used in social and environmental accounting and other related researches. The most frequently used theories (either as stand-alone or converged with other theories) are legitimacy theory and stakeholder theory, and in recent times institutional theory. In addition, during the course of this review, it was observed that there are some inherent limitations in a theory being able to provide sufficiently detailed explanations to a phenomenon being investigated. It is clear also that some theorists see theory integration as viable (*see* Oliver, 1991, 1997; Greening and Gray, 1994; Gray *et al.*, 1996; Deegan and Islam, 2009; Pache and Santos, 2010; Guerreiro *et al.*, 2012); some theorists converged two or more complementary theories together (*see* Greenwood *et al.*, 2011; Oliver, 1991, Islam and Deegan 2008; Guerreiro *et al.* 2012) to explain the issues being investigated. Out of those that used convergent theories, this study found the Oliver (1991) framework to be the most appropriate in providing explanation for the research objectives/questions, and justifications for adopting it were discussed. The two converged theories (institutional and resource dependence) were discussed separately and later as convergent theories/strategic responses perspective (SRP). It is evident in the literature that components of the framework are complementary and further provide a complete understanding of the topic under review.

The next chapter will focus on the research methodology and study methods.

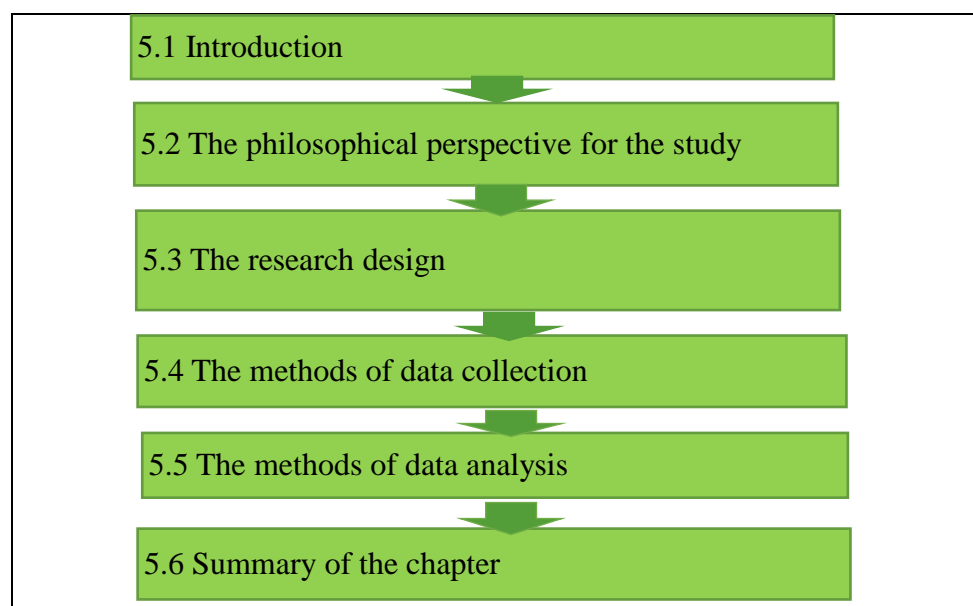
CHAPTER 5: RESEARCH METHODOLOGY AND DATA ANALYSIS APPROACHES

5.1 Introduction

The first part of this chapter focuses on the philosophical perspective that defines the nature of the reality of the phenomenon being examined and the acceptable knowledge of knowing the reality (i.e. corporate environmental accountability practices). Also, this philosophical perspective, constitutes the research assumptions usually made by any researcher before embarking on the research itself and this relates to the ontology, epistemology, human nature, methodology and the nature of the society (Burrell and Morgan, 1979). The second part discusses the methodology and methods for the study, which Collis and Hussey (2013:55) describe as the overall approach to the research process from the theoretical underpinning of the study to the collection and analysis of the data. Having discussed the theoretical underpinning of this study, as envisioned in Collis and Hussey (2013) components of research process in the previous chapter, therefore, this methodological chapter will be providing detail on the operationalization of the theoretical framework. Again, methodology, according to Easterby-Smith *et al.* (2012:18), is the combination of techniques used to inquire into a specific situation, while methods are the individual techniques used in the collection and analysis of data. According to Sinkovics and Alfoldi (2012:111) method is the point of ‘moving the research out of theory and into the field. It also involves the identification of the interviewees, gaining access/negotiating access, collecting and preparing data and secondary data and analysing such data. This will be discussed later in this chapter.

The remaining parts of this chapter are divided into the following sections. Section 5.2 looks at the philosophical perspective that justifies the methods selected for the study. Section 5.3 considers the research designs and the case study approach this study has adopted, shedding more light on cases selected for the study. Section 5.4 explores the methods used in collecting data. It also considers the interview processes adopted for both the management and the institutional constituents external to the chosen case studies/companies. Section 5.5 discusses the ways the data has been analysed. Section 5.6 is the summary of the chapter. Figure 5.1 below gives a synopsis of the chapter.

Figure 5.1: The structure of chapter four



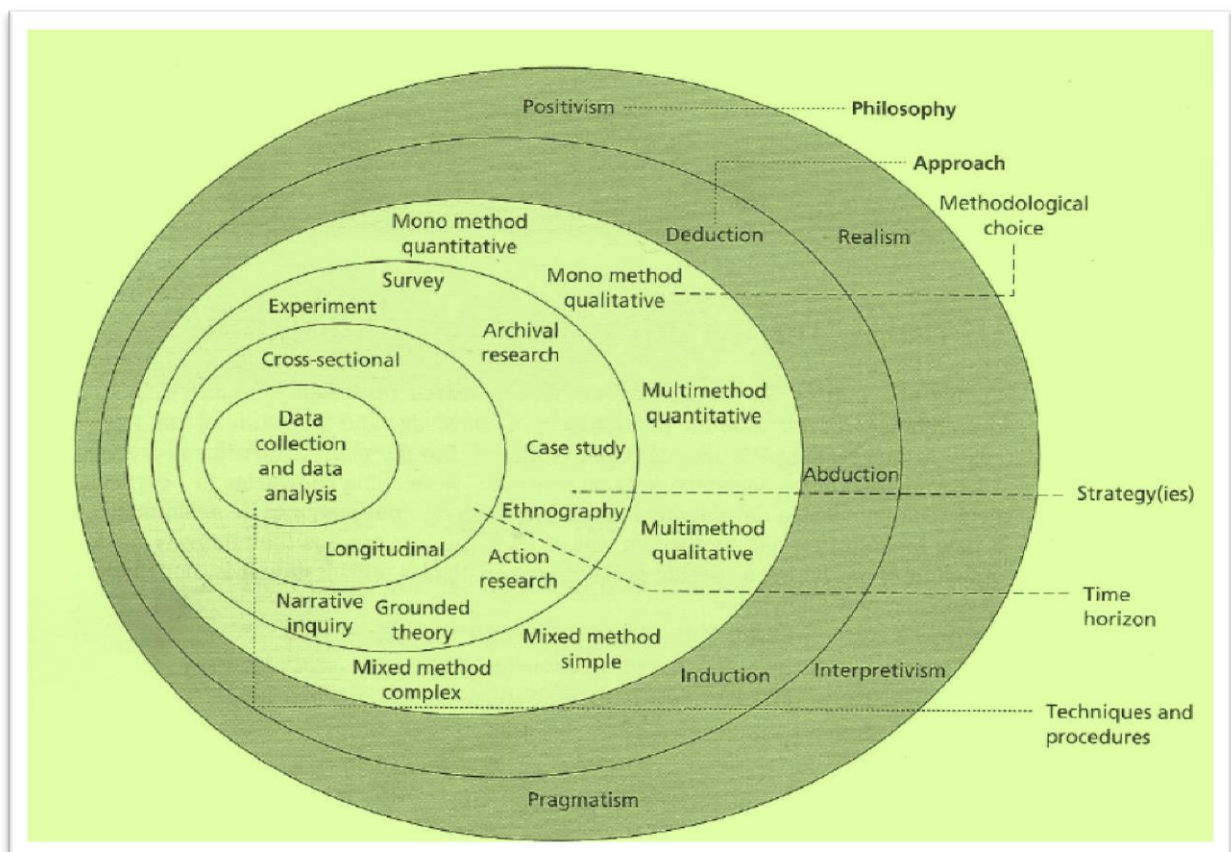
5.2 Philosophical perspective

In an attempt to give an understanding of corporate environmental accountability (CEA) practices in Nigeria, this study has adopted a qualitative approach. This means that the ontology will be subjective/socially constructed and the epistemology will be interpretive (Easterby-Smith *et al.*, 2012; Saunders *et al.*,

2009, 2012; Bryman and Bell, 2015). This position will be discussed further in this chapter.

This study is inspired by the ‘philosophical onion’ as conceptualized by Saunders *et al.* (2012) to show the life cycle of a research. It presents each of the stages any given research would follow, irrespective of whether it is positivist, interpretive or critical. Therefore, this study will adopt the steps as given in the philosophical onion (see figure 5.2 below) from an interpretive perspective. Before expatiating this further, it is necessary to provide a brief discussion of the philosophical onion.

Figure 5.2: The research Philosophical Onion



Source: adopted from Saunders *et al.* (2012:128).

5.2.1 The research onion's layers

The first/outer layer of the onion presents the four philosophical perspectives (positivism, pragmatism, interpretivism and realism), followed by the approaches, methodological choices, strategies, time horizon and with the final layer being on data collection and analysis.

As this section focuses on the first layer of the onion, its concern is not to discuss these perspectives in detail, but rather to focus on the interpretive paradigm that is drawn upon in facilitating the understanding of this study. The interpretivism paradigm is chosen for the study, as it underpins the relativist ontology (subjective/socially constructed) (the nature of reality) and epistemology (the acceptable knowledge of knowing the reality of the study) (Saunders *et al.*, 2012; Cassell, 2015). The interpretive approach is considered to be suitable in explaining the social reality (such as CEA practices) that is socially constructed by the social actors²⁵, which in the case of this study will be the selected managers of the case studies and the external constituents as earlier mentioned in this thesis (*see*, Burrell and Morgan, 1979; Bryman and Burgess, 1999; Morgan and Smircich, 1980; Cunliffe, 2010). Morgan and Smircich (1980:497) posited that in the interpretive approach “knowledge rests within subjective experience”. They also claimed that the interpretive paradigm enables one to appreciate that the world’s phenomena are dependent on the way in which human beings shape the world from inside themselves (Morgan and Smircich, 1980). Thus, this study will develop knowledge on the construction of CEA practices in the context of Nigeria. Saunders *et al.* (2009:107) argued that in research philosophy for

²⁵ According to Morgan and Smircich (1980:494), human beings are social actors in interpreting their milieu and orienting their actions in ways that are meaningful to them. They have the capacity to interpret, modify and sometimes create the scripts that they play upon life’s stage.

instance, ‘interpretive’ relates to the development of knowledge and the nature of knowledge. They further claimed that what researchers are doing when they embark on research is attempting to equally develop knowledge in the field being investigated.

The philosophical perspective chosen for any research usually contains important assumptions that will enable a researcher to select the strategies appropriate for the phenomenon to be investigated. For example, Cunliffe (2010:3) contended that “researchers need to figure out their assumptions about the nature of social reality and what it means to be human and the nature and purpose before deciding which research methods might be appropriate”. Similarly, Saunders *et al.* (2009:108) stated that “the research philosophy you adopt contains important assumptions about the way in which you view the world. These assumptions will underpin your research strategy and methods you choose as part of that strategy”.

To buttress this point, they gave an analogy that:

“A researcher who is concerned with facts, such as the resources needed in a manufacturing process, is likely to have a very different view on the way research should be conducted from a researcher concerned with the feelings and attitudes of the workers towards their managers in that same manufacturing process” (Saunders et al., 2009:108).

Briefly put, what this statement apparently suggests is that two pieces of research could be conducted on the same phenomenon, but the investigation, methodology, and the outcome will depend on the ontology and epistemology of both researchers. Going by this analogue, this study is assumed to fit-into the latter which is concerned with the investigation of the feelings of the respondents with regards to CEA practices, and by implication an interpretive in nature.

In summary, the research objectives as stated in chapter one of this thesis has guided the researcher towards interpretive paradigms as the most appropriate perspective that will drive the research and suggest the methods to be adopted. The research methods arising from the adoption of this paradigm will be discussed further in this chapter.

5.2.2 **Ontology**

Easterby-Smith *et al.* (2012) stated that ontology is about the nature of reality and existence (how things really are). It is the philosophical study of being, existence, and reality, that deals with the questions regarding whether or not entities can be said to exist (Cassell, 2015). Saunders *et al.* (2012:132) identify two aspects of ontology: “objectivism and subjectivism”. According to Saunders *et al.*, (2009) objectivism portrays the position that social entities exist in reality externally to social actors who are concerned with their existence; there, therefore exists a separation between the researcher and what is being researched. According to Johnson *et al.*, (2006:136), ‘realists assumed that social reality has an independent existence prior to human cognition, whereas a subjectivist ontology assumes that what we take to be reality is an output of human cognitive processes’. This has been the position of most researchers regarding ontological philosophy. However, Llewellyn (2007) tends to take a step further as she promotes/canvasses for differentiated realities (i.e. more than one social reality), as a departure from the prior assumption of what ontology entails. Llewellyn (2007:57) reformulates reality of the world into five schema/differentiated realities: The physical/natural [bodies and objects situated in the space and time], the structural [institutions, roles and rules reproduced by people], the agential [projects undertaken by human agents], the cultural [knowledge, concepts, values, beliefs and ideologies that are

articulated and/or written down] and the mental worlds [Thoughts, feelings, emotions, interests and mental constructs of individuals]. The import of this proposition is that it further shows that having a better understanding of these differentiated realities of the world will enable researchers to look beyond the existing objective-subjective ontology. These differentiated realities can then be used to describe distinct aspects of the world. In this context, Llewellyn (2007:55) argued that, ‘the world of articulated and /or written ideas (such as theories, beliefs and arguments) has a mode of existence that is independent of the thoughts that reside in peoples’ heads even, when these thoughts are ideational in nature’. This means that there is distinction between the realities out there and how each individual/group of individuals will have perceived them. So, the relationship between the realities and the individuals as either independent/dependent on the realities will proof/justify whether they are real out there or socially constructed. Having this thought in mind, it could be argued that the objective-subjective ontology cannot be ignored. As, Llewellyn (2007:68) argued, ‘even though the social reality is differentiated into structural, agential and cultural realities, however, the mode of existence of these realities all encompasses both objective and subjective aspects’. She stated further that the subjective ontology, do objectively exist but subjectivity is its mode of existence. It was further stressed that the extent to which one can, for example, validate, generalize and predict case study findings depends upon what is the focus of the study, i.e. what aspects of differentiated reality are being investigated and under what conditions the investigation is being done.

The literature further shows that natural science research usually adopts an objectivist perspective (Morgan and Smircich, 1980; Cunliffe, 2010; Saunders *et*

al., 2009, 2012; Easterby-Smith *et al.*, 2012), as this gives a distinction between the researchers and the object of research. Further evidence in the literature has shown that in recent times much social science, and accounting research has adopted an objectivist paradigm and quantitative approach (*see for example*, Magness, 2006; Darnall *et al.*, 2009; Bebbington and Gray, 2001), if their position is in line with positivists. In terms of subjectivism, Cunliffe (2010:3) argued that it centered on how people give meaning to, interact with, and construct their world. Similarly, Saunders *et al.* (2012), hold that social phenomena in subjectivity paradigms are created from the perceptions and consequence actions of those social actors (i.e. they are socially constructed). This portends that the creator of a phenomenon is part of what is being created. In other words, reality is socially constructed by people in order to understand the reality itself (Hopper and Powell, 1985). Since it is assumed that CEA practices the focus of this research is socially constructed by the interview participants, therefore, its ontology is subjective. Furthermore, the involvement of the researcher in some aspects of the study connotes the subjectivity of the issues under investigation. In other words, the active participation of the researcher in the collection and analysis of data, in particular during the interview process, suggests that the researcher is part of the study. The involvement of the researcher in the process will also, suggest that the researcher is not value-neutral, but rather part of the process (Burrell and Morgan, 1979; Morgan and Smircich, 1980; Cunliffe, 2010). This is corroborated by Easterby-Smith *et al.* (2012) who argue that in social sciences for instance, the interest of researchers is in the behaviour of people rather than inanimate objects. Similarly, it was claim that:

“We as researchers interpret our everyday social roles in accordance with the meaning we give to these roles. And we interpret the social roles of others in accordance with our own set of meanings” (Saunders et al., 2012:137).

The above statement further articulates the significant role that a researcher could play in the creation and interpretation of the social reality, as part of the creator of social reality and not independent of it. This further resonates that a researcher is a relativist (social constructionist) and not a realist (positivist), if he is actively involved in the research process. Although, according to the realists’ ontology (positivists), it was argued that reality which is to be investigated exist out there as a real entity independent of the researcher (Cassell, 2015). This means that reality has a high degree of permanence which is assumed to predate and independent of the social actors. However, this study would suggest that CEA practice is a social reality which by implication, is a subjective creation of the interviewees and further interpretation by the researcher in the context of this study. This implies that the phenomenon in question does not exist independent of the social actors as suggested by the realist, but is constructed by them. This is in line with the view of Lee (2012:403) that “constructionists see social reality as constructed and sustained in the course of social interaction”. Therefore, as the ontological perspective portends, this study considers the subjective interpretation given by the respondents interviewed on CEA practices and subsequent analysis and interpretation by the researcher as socially constructed.

CEA has been epitomised as a social reality and socially constructed by the individuals/groups. For instance, Llewellyn (2007:64) contends that ‘if a researcher is seeking information about how frequently an accountability regime such as a performance review takes place, then the finding has an objective status because it is dependent upon a physical mode of existence, i.e. time’. In contrast,

she argued that if the concern of the study is on whether or not performance reviews are seen as 'fair' by reviewees then, the finding will be subjective because it depends on individual opinion. Arguably she stated that, if, the physical and mental realms are involved in a phenomenon like accountability (i.e. accountability as structure, practice and idea) it is primarily social in nature. In sum, she concludes that considering accountability as a social phenomenon, research findings on accountability will have objective as well as subjective aspects.

CEA practice in the context of this study is seen to have been constructed differently by the corporate and non-corporate respondents. For instance, it was observed that the corporations used/construct it as a way of promoting their corporate image of being environmentally friendly and accountable. Although, they pretend to be complying with the regulations evidence showed that they are practising it in line with their corporate philosophy, which tends toward the promotion of their corporate image and the maximization of shareholders' wealth. It is argued here that this is how corporations have been constructing CEA practices in particular, Nigeria and other emerging economies. In this study, it was observed that CEA practice was constructed by the case studies as a platform of promoting their corporate image of being environmental responsible and accountable or environmentally friendly. On the other hand, CEA was constructed by non-corporate participants as corporate responsibility to manage and provide the account of the management of environmental impacts to the institutional constituents. This resonates with the submission of Llewellyn (2007:59) that 'unlike the objective phenomenon, subjective phenomenon is internal to the human mind and is dependent upon human perspective, judgement or opinion'.

This connotes that the construction of the social reality depends on individual judgement and opinion. In this context, on the opinions of corporate and non-corporate participants for the study.

The literature has shown that knowing the reality is not complete without considering the acceptable knowledge that would help to understand the reality, and this is considered next.

5.2.3 Epistemology

Easterby-Smith *et al.* (2012:17) contend that ‘epistemology is about the best ways of enquiring into the nature of the world’. Neuman (2006:80) views the different components of philosophical paradigms as the different ways of “looking at the world – ways to observe measure and understand social reality”, whereas, Saunders *et al.* (2012:132) state that epistemology is ‘concerned with what constitutes the acceptable knowledge in a field of study’. They consider this philosophical perspective within four areas: interpretivism, positivism and realism and pragmatism (*see* the research onion in figure 5.2 above). Saunders *et al.*, (2012) posit further that if a research reflects the philosophy of positivism, then it means it is adopting the philosophical stance of the natural scientist. According to Saunders *et al.* (2009), the natural scientist usually collects data about observable reality and searches for regularity and causal relationships in the data collected with a view to creating law-like generalizations. It is further argued that natural scientists will usually use existing theory to develop a hypothesis – a deductive approach (*see* Easterby-Smith, 2012, Saunders, *et al.*, 2012). Another characteristic which scholar identify with natural scientists – and therefore positivism – is that research is ‘undertaken in a value-free-way (on the face of it)

and is concerned with facts rather than impression, with an assumption that the research is value neutral' (Saunders *et al.*, 2012:134). Given the qualitative nature of this study, therefore, the quantitative approach as identified in this chapter would not be appropriated.

The next epistemology highlighted in the philosophical onion is the interpretive paradigm. Easterby-Smith *et al.* (2012:137) contend that 'the heritage of interpretivism comes from two intellectual traditions: phenomenology and symbolic interactionism'. Phenomenology relates to the ways in which humans make sense of the world around them and symbolic interactionism is the continual process of interpreting the social world around us (Easterby-Smith *et al.*, 2012). This relates to where the researchers interpret the actions of those with whom they interact. The interpretation is supposed to lead to the adjustment of the researcher's own meanings and actions. In sum, it can be argued that considering the two strands together connotes how the social actors interpret the reality around them and how the researcher will process the interpretations given to the reality by the actors (see Easterby-Smith *et al.*, 2012). This will mean in the context of this study that the interpretation that the participants will give to corporate environmental accountability practices and the processing of their interpretations by the researcher in order to make it more meaningful to the larger audience is socially constructed. This is also drawn from the conclusion of Easterby-Smith *et al.* (2012) in that the focus of interpretivism is on how human actions arises from the sense that people make of different situations, rather than as a direct response to external stimuli (p24).

Furthermore, since this study is not intended to test a natural science hypothesis nor observe objects, again, the adoption of the interpretive perspective became imperative. This position of the study is further supported by Easterby-Smith *et al.* (2012), who contend that the data in research using an interpretive approach should be measured subjectively through sensation, reflection or intuition properties rather than objectively as in a positivist approach. In addition, Cassell (2015:4) posited that data in this context will be non-numerical, [but] textual or visual in nature with specific focus on the subjective understanding, meaning or sense-making processes of people or group. Reality in the context of this study (CEA practices) is not objective and exterior, but will be assumed to be socially constructed and given meaning by both the corporations and institutional constituents in Nigeria (Burrell and Morgan, 1979; Morgan and Smircich, 1980; Cunliffe, 2010; Easterby-Smith *et al.*, 2012).

The study collects an in-depth and varied (subjective) views of the actors. This is in the purview of prior authors (Burrell and Morgan, 1979; Morgan and Smircich, 1980; Bryman and Burgess, 1999; Cunliffe, 2010). For instance, Bryman and Burgess (1999: XII) argued that researchers should take account of people's interpretations in understanding social behaviour. This thinking informs this study in seeking the views and perceptions of the identified actors both within and outside the chosen organisations, to generate better understanding on the topic.

Although qualitative research generally is not without critics (*see* Held, 1980; Morgan and Smircich, 1980; Cunliffe, 2010; Easterby-Smith *et al.*, 2012; Bryman and Bell, 2015), its significance however in engendering a holistic understanding of the phenomena under investigation is widely accepted (Morgan and Smircich,

1980; Saunders *et al.*, 2012). Furthermore, while acknowledging all the perspectives in this discourse, it is assumed that the adoption of qualitative approaches in this study will go a long way in explaining the position of the researcher in this study as an interpretivist, and it will further provide direction to the research in terms of a theoretical framework and methodological choice for the study.

5.3 Research design: case study approach

According to Bryman and Bell (2015:68), ‘the case study approach is associated with a geographical location such as a workplace or organization, and is distinguished from other research designs because it focuses on a bounded situation or system; an entity with purpose or functioning parts’. This means that in any given context, research using a case study strategy will usually focus on an individual or organization. They argue further that the ‘case’ in a case study is an object of interest in its own right, and that when used is intended to provide an in-depth elucidation of the object of investigation. In situating the position of the case study approach in research, Yin (2003:13) suggested that “a case study approach revolves around conducting empirical investigation into contemporary issues/phenomena, within its real life context, most especially when the boundaries between the phenomena and the context are not clearly in evidence”. Additionally, Neuman (2006) contends that qualitative research uses a case-oriented approach that places cases and not variables in centre stage, as they examine a wide variety of aspects.

Furthermore, it has been postulated that case studies have been used in accounting research as they enable researchers to provide an in-depth understanding of the

phenomenon being examined (*see* Liew, 2005, 2007; Sikka 2010; Otusanya *et al.*, 2012). For instance, Sikka (2010) used a case study to illustrate the gaps and contradictions between corporate ‘talk’ and actions, in order to problematize the claims of corporations on social responsibility practices. Similarly, the literature demonstrates that several studies on CEA practices have also adopted a case study design approach (*see* Larrinaga and Bebbington, 2001; Adams, 2004; O’Dwyer, 2005; Deegan and Blomquist, 2006; Spence and Gray, 2007; Islam, 2009; Belal *et al.*, 2015).

Some researchers have however criticised the adoption of a case study approach in qualitative research (Scapens, 1990; Liew, 2007; Easterby-Smith *et al.*, 2012). The critics notwithstanding, a case study approach will be adopted in this study in order to provide an in-depth elucidation of CEA practices in the chosen cases, and to subsequently expand the existing theory from the findings of this study (*see* Scapens, 1990; Eisenhardt, 1989; Saunders *et al.*, 2009; Bryman and Bell, 2015). In other words, because qualitative research intends to use data from empirical studies to expand the existing theory, it could therefore be argued that the adoption of a case study approach will be appropriate for this research.

Further, this study intends to use multiple cases as a growing amount of literature supports the use of multiple cases in research and is also appropriate in providing a better understanding of the phenomenon being investigated. According to the argument of Saunders *et al.* (2009:146), a case study research could use multiple cases if there is a need to establish whether the findings in one case can occur in other case. Similarly, Scapens (1990:273) contends that multiple cases could be used for the replication and development of a theory. The two case studies

selected for this are Nigerian cement sector companies, and are among the leading cement companies in the country. The two cases will hereinafter be referred to as Case A Cement Company and Case B Cement Company. This is based on confidentiality that was agreed with the companies' representatives during the fieldwork. Case A represents a company principally owned by foreign investors and Case B represents a company principally owned by Nigerian investors. It is assumed that the consideration of the two cases along the ownership structure/investments context would further enhance understanding of the practice of the phenomenon being investigated (*see* Belal and Owen, 2007). This study will be contributing to prior work that is focused on multinational companies (Deegan and Islam, 2008; Hassan and Kouhy, 2013; Belal *et al.*, 2015; Lauwo and Otusanya, 2014), and at the same time focusing on the low researched area [i.e. by bringing forth locally owned companies in the context of emerging economies].

Further reasons for choosing the companies/industry have been discussed in chapters one and three of this thesis. One such reason is the recognition of the contribution of cement industry to the political and the socio-economy growth of the country, and the criticism it receives for the negative impacts on the environment (*see* Makoju, 1992; Adamson, 1994; World Bank, 1995; Owolabi, 2008). Therefore, the adoption of these two cases will be valuable in generating knowledge on the topic in the context of ownership structures, will fill the existing gaps as highlighted above, and will contribute to the existing literature in accounting from the Nigerian perspective. Further discussion on the chosen case studies is found in chapter six of this thesis.

5.4 Methods of data collection

It has been argued in the literature that qualitative methods are central to an interpretive approach because they assist in collecting and analysing data (*see* Burrell and Morgan, 1979; Cunliffe, 2010, Saunders *et al.*, 2012). This study adopts semi-structured interviews, documentary evidence and visual methods in its data collection. These methods are drawn by the extant researchers in social and environmental accounting research in emerging economies (for example, Belal and Owen, 2007; Islam and Deegan, 2008; Islam, 2009; Lauwo, 2011; Obby, 2014; Belal *et al.*, 2015). This study also notes that in Nigeria, existing work has drawn from the quantitative approach such as in the use of survey questionnaires (Mamma, 2004; Ngwakwe, 2009; Owolabi, 2008, 2011; Hassan and Kouhy, 2013). Details of each method are given in the following sub-section, starting with documentary analysis as discussed below.

5.4.1 Documentary analysis

The essence of using documentary evidence is to generate data from documents that have not been produced by the qualitative researcher (*see* Bryman and Bell, 2015:554). This study elicits information from both companies' reports and from official government documents, with the aim of drawing out the companies' and government's commitments and constraints to CEA practices. A number of writings have shown the importance of adopting the documentary analysis method in qualitative research (*see* Carley, 1993; Elo and Kyngäs, 2008; Lee 2012; Bryman and Bell, 2015).

This study examines the companies' documents to extrapolate their corporate policies, decisions made, and reported practices regarding the phenomenon being investigated. In support of the use of companies' documentary evidence in

qualitative research, Bryman and Bell (2015) write that these would include both inside and outside of the public domain²⁶. They argue that documents could be used to provide the researcher with valuable background information about the companies being observed, and that the documents can also be used in case study research to build up a profile of the organizations and insights into the decisions and actions of the management (p561), as has been possible in this study. Hard copies of annual reports and accounts of the two companies were obtained from the Nigerian Stock Exchange office in Nigeria through the staff of the Commission. The researcher also accessed some soft copies from the companies' websites, and additionally press releases and environmental reports. During the fieldwork, the researcher also obtained some documents and CDs from Social Enterprise Reports and Awards [SERAs²⁷], which were used in the analysis of data.

The study also obtained and examined official government documents in order to have first-hand information on the regulations and control measures in place, and other commitments and constraints to CEA practices in the country. These include environmental regulations Acts [FEPA, 1988, 1992; EIA, 1992; NESREA, 2007], Nigerian Security and Exchange Commission Act (2011), Nigerian Mining Act 2007, Federal Ministry of Environment Act 1999, UNEP (2006, 2011) reports on Nigeria, Nigeria Bureau of Statistics reports (2011, 2012, 2013, 2014, 2015). The reports and regulations were obtained from the offices of the government bodies concerned and/or through their websites. Bryman and Bell (2015:558) describe

²⁶ Those in the public domain are: annual reports, mission statements, reports to shareholders, transcripts of chief executives' speeches, press release, advertisements, and public relations materials in printed form and on websites. Those documents that are not in the public domain are newsletters, organizational charts, external consultancy reports, minutes of meetings, memos, internal and external correspondence, manuals for new recruits, policy statements, company regulations and so on (Bryman and Bell, 2015:561).

²⁷ An NGO that engages in merit awards for outstanding organizations in Nigeria.

how “... the state is [a] source of a lot of textual material of potential interest, such as Acts of Parliament and official reports”.

The above shows that the examination of both government and company documents will assist this study, as they provide the existing commitments and constraints of both parties in the practice of CEA in Nigeria. The information obtained from these sources will further be used to triangulate with the data that will be generated from the interviews and visuals used in this study, notwithstanding the criticism of some scholars on the use of this method (Carley, 1993; Fairclough, 2003; Bryman and Bell, 2015).

Evidence from the media was also used as a source of information for the study, for instance from daily newspapers, magazines, and environmental reports from print media websites. The use of media sources has also been emphasised in the literature (Carley, 1993; Fairclough, 2003; Bryman and Bell, 2015); for instance, Bryman and Bell (2015:562) contend that “newspapers, magazines, television programmes, films, and other mass media are potential sources for business and management study”.

5.4.2 Semi-structured interviews

The semi-structured interview has been acknowledged as the most appropriate method for gathering the views and perceptions of a targeted audience in qualitative research (Liew, 2005, 2007; Burgess, 1982; The King, 2004; Saunders *et al.*, 2009²⁸; Cunliffe, 2010; Bryman and Bell, 2015²⁹, Cassell, 2015). For

²⁸ In stressing the role of the semi-structured interview, Saunders *et al.* (2009: 324) state that both semi-structured and in-depth interviews give the researcher the opportunity to probe into responses.

²⁹ They argue that it has the following advantage ahead of other forms and in particular of quantitative methods: it gives insight into what the interviewee sees as relevant and important; interviewers can depart from any schedule or guideline that is being used; it tends to be flexible as

instance, Saunders *et al.*, (2009:324) argue that the approach is appropriate where the researcher is adopting an interpretive epistemology, and the concern is to understand the meanings that participants ascribe to various phenomena. It has further been argued that it can be used to gather data from the targeted audience directly as against other forms (Yin, 2003; Liew, 2005, 2007; Deegan and Blomquist, 2006; Adams and Frost, 2008). For instance, Liew (2005:108; 2007:13) argued that the semi-structured interview is preferred to the structured interview, as “it imposes some structure on the interview situation and will therefore assist in framing subsequent analysis”. On the other hand, a structured interview is mostly used in quantitative research, using questionnaires to collect data. The structured interview is therefore referred to as a quantitative research interview/interviewer-administered questionnaires (Saunders *et al.*, 2009:320). More specifically, Cassell (2015:1) postulated that ‘one of the key difference of the research interview is that it is conducted as part of research project and must produce data that can be analysed appropriately to come to some conclusions regarding a research question or area of interest.

Based on the qualitative nature of this study, semi-structured interviews were adopted in order to secure an in-depth information from the respondents interviewed. The adoption of semi-structured and in-depth interviews in this study has enabled the researcher to gather first-hand information from those interviewed during the fieldwork. This has helped to overcome the problems that usually arise from the use of the survey questionnaire approach (Islam and Deegan, 2008). The body language/behaviour of the audience was also examined during the interview

it responds to the direction in which the interviewees take the interview and perhaps adjusting the emphasis in the research as a result of significant issues that emerge in the course of the interviews (Bryman and Bell 2015:480-81).

process, which the other methods may not capture, and enabled the researcher to put forward probing questions (Saunders *et al.*, 2009). The next section considers the interview process of this study.

5.4.2.1 Interview process

As earlier stated, interviews were conducted with two sets of respondents: senior staff, and members of society (which are hereinafter referred to as institutional constituents). This sub-section intends to discuss the process adopted for the first group of interviewees and it will be followed with the process adopted for the second set of interviewees.

A number of interviews were conducted with senior management staff at case studies A and B. Also, interviews were conducted with some key players in Nigeria³⁰, those who either influence corporate practice or are influenced by corporations (*see* Freeman, 1984). During the fieldwork that took place between December 2013 and January 2014, twenty-four participants were interviewed face to face. Between January and April 2015, a follow-up of eight interviews was conducted through Skype³¹. Interviews took place with an accounts/finance staff member within Company A and B, one senior CSR manager at Company B and one senior manager of the ecological department of Company A, plus four institutional constituents (one regulator at a standard Nigerian organization, two media practitioners and one NGO). The full breakdown of the interviewees is given in tables 1, 2 and 3 respectively in appendices 1,2 and 3.

³⁰ See the sub-section that follows and details of those interviewed in the analysis chapters of this thesis.

³¹ It has been argued that using Skype interviews further advanced the Internet as a medium to create the most feasible alternative to face-to-face interviews. Also, that it reduces cost, promotes ease of access and minimization of ecological dilemmas, and the live video feed helps to partially surmount issues surrounding spatiality and physical interaction (Hanna, 2012:241).

The fieldwork interviews covered a period of two months in Nigeria. The Skype interviews on the other hand stretched over a period of four months as they were conducted at times convenient to the interviewees. The researcher adopted the Skype interviews in the first instance as they were re-scheduled interviews for those who either could not be reached during the fieldwork or were later identified as relevant for the study because of their experience, knowledge and involvement in the decision-making and the implementation of such policies/plans for CEA of their companies/organizations. The adoption of the Skype method has been argued in the literature as another technique in conducting interviews (Saunders *et al.*, 2009; Hanna, 2012; Deakin and Wakefield, 2013; Bryman and Bell, 2015; Seitz, 2015; Cassell, 2015). Seitz (2015:2) contends that the rise of video-based software applications, like Skype, offers some exciting possibilities for qualitative interviewing. Unlike telephone interviews, both the interviewer and the participants can see each other during the interview, while being in a different location. The importance of using Skype was further buttressed as Cassell, (2015:26) mentioned that ‘the biggest advantage of Skype is that you can interview at a distance, so, it is particularly appropriate where interviewees are not easily accessible, for example other international locations or zones’. In addition, Hanna (2012:241) argues that it facilitates recording the visual and audio interactions through simple software, thus replicating the face-to-face interview experience. In the instance of this research it also enhanced data collection with benefits to the researcher in terms of money, time and risk, obviating the need for travel to follow-up interviews; in particular, when some of the respondents repeatedly cancelled the scheduled interviews due to other pressing official/corporate assignments.

The interviews took between 45 minutes and 2 hours, depending on the interviewee and the mode of recording the conversations. Those interviews that used audio recordings took less time than those that included note taking. The interviews with the management staff were conducted in the English language. Likewise, those with most institutional constituents except for those conducted with community leaders and members, which combined the English and one of the local Nigerian languages (Yoruba).

Audio recordings were used in some cases having secured the consent of the interviewees, and when this was declined the note-taking method was adopted. However, in other cases, both methods were used i.e. audio recording and note taking. The interviews with senior management of the chosen companies were held in their various offices. The interviews with government officials, media practitioners and NGOs were conducted in their offices, except those with community leaders and members that were held at their residences or other spaces provided for the exercise³². The Skype interviews on the other hand were monitored from the interviewer's residence in the United Kingdom. It is of note that all interviewees were male, except for the senior official of the NESREA who was female.

5.4.2.2 Selection of the interviewees

Initially, the researcher intended to interview the top management staff of the two selected companies from the following departments: accounts/finance, corporate communications, corporate social responsibility/environmental, plant/factory, health and safety, legal departments/units, because of their involvement in policy formulation and implementation of the companies' environmental impacts

³² This relates to the interviews conducted with members of the community.

management and accounting. Letters (a copy is in appendices 7, 8 and 9) were sent to the head office of the respective companies and the heads of the aforementioned departments. The interviewer contacted some of the interviewees on a one-on-one basis, and through links with another member of the accounting profession both within and outside the organizations who helped to facilitate the successful interviews. As expected, not all of the respondents agreed to proceed with the interview. Some gave the reason as time and schedule pressures, while others cited the sensitivity of their positions in the organizations, despite giving the assurance of confidentiality. Some were willing, but due to timing requested that it should be conducted after work hours and through Skype when they would be relaxed. Because of the cost implication (power and Internet service) of conducting Skype interviews in Nigeria, it was mutually agreed that the interviews could be conducted when the researcher returned to the UK. In the event, interviews were conducted with those mentioned in tables 1 and 2 in the appendices 1 and 2.

In order to respect the anonymity of the respondents in case studies A and B, their identities were coded³³ as reflected in tables 1 and 2 in the appendices. All management staff interviewed were referred to as senior managers in their various departments/units irrespective of their real positions in the organizations, however their departments/units were retained and coded against their positions. The section that follows presents the interview process for the key institutional constituents/actors in this study.

³³ This falls within the purview of many studies that have used the coding system to guarantee the anonymity of the interview participants (see for example, Liew, 2005, 2006; Obby, 2014; Contrafatto, 2014, Belal *et al.*, 2015; Deegan and Blomquist, 2006; Islam and Deegan, 2008).

5.4.2.3 The interview process for the key institutional constituents

In an attempt to have detailed and reliable data, this study also attempted to conduct interviews with those that could impact on CEA practices of companies, in particular focusing on cement companies in Nigeria because of their perceived roles, and/or those that are assumed to be affected by the environmental impacts of cement production in the country (Gbadebo and Bankole, 2007; Ogunkunle and Fatoba, 2013; Ogunkunle *et al.*, 2013). This study also attempted to do so with the NGOs and media practitioners whose views have either re-shaped or contradicted the views and information provided by the companies (Lauwo, 2011; Rodrigue *et al.*, 2015).

The research initially proposed to interview government environmental regulators, members of the National Assembly, Members of the Judiciary, NGOs, environmental/human rights activists, community leaders/members where the cement companies are located, and news media. Letters were despatched to most of them and in some cases, personal contact made. Those that agreed to be interviewed are listed in table in appendix 3. These respondents are herein referred to as ‘key institutional constituents/actors’³⁴.

The interviews for the community leaders/members took between 1 hour and 1 hour 50 minutes. Interviews with media practitioners, NGOs, and regulators/government officials took between 1 hour 30 minutes and 2 hours 15 minutes.

In order to provide an in-depth understanding of CEA practices in the Nigerian context and to corroborate the evidence from both the documentary analysis and

³⁴ This is because they are either affected by the companies’ operations or affected the companies’ environmental practices in one way or the other – Friedman, 1970

the interviews conducted, this study also adopted a visual technology method as evidence (i.e. photographs) (Warren, 2002, 2008; Vince and Warren, 2012; Easterby-Smith, 2012).

5.4.3 Visual technology method

In recent times, visual technology has gained momentum in research, either acting as a complement/supplement to other methods of data collection or as a source of data in its own right. Some ethnographic researchers comment on its uses, usefulness, and placement in research³⁵. In addition, it has been argued that progressions in technology have increased its relevance and usefulness to research. For instance, Bryman and Bell (2015:469) state, “in addition to field notes, changing technologies have opened up greater potential for the use of photograph, video, and hypermedia as methods of data collection in ethnographic research”.

The photographs in this study were sourced by the researcher and by some of the interviewees. The researcher took most of the pictures, some were provided by the interviewees, in particular by the communities’ representatives and through the social media. Further discussion on this is presented in chapter six and seven of this thesis. The choice of the photographs was based on a perceived relevance to the study, the flow of the responses during the fieldwork and the concern of the respondents. This method was adopted to strengthen the evidence collected and to depict real life experience. Warren (2002:18) suggested that the choices of what to

³⁵ Vince and Warren (2012:2) state, “In recent years there has been a steady growth in the visual within organizations and management studies itself as evidenced by the formation of inVisio...”. In addition, Bryman and Bell (2015:467) emphasised that photographs are the main visual medium receiving the greatest attention in recent times.

photograph and how to place it within the frame are inextricably bound up with the visual culture of the photographer and his or her intentions and motives.

However, Vince and Warren (2012) argue that “the more challenging aspect of visual method, is obtaining the consent of those who are photographed”, and that “permission has to be granted by a person before you can take their photograph in a way that jotting down their comments in a notebook may not” [p23]. Considering this, most of the pictures were carefully taken, to the extent that the locations would only be identifiable by people who had been there. This is in consonant with the view expressed by Vince and Warren (2012: 24) that “Unless you have visited Department X, you are unlikely to be able to guess the identity of the company by looking at the photographs”.

In an attempt to provide a better understanding of what the images intended to convey, they were placed very close to the text in the thesis that they represent (for example, see chapter six and seven). This practice is corroborated by Vince and Warren (2012), who advocate that “images should, if possible, be published alongside the text in order not to lose the very richness that image-based research seeks to generate and capture” (p13).

Considering the importance of the visual method, adoption of it here enhances the other methodologies used, and builds upon existing studies that have used the visual method in accounting research (*see* Warren, 2002, 2008; Lauwo, 2011; Vince and Warren, 2012; Agyemang 2015). The significance of this method is predicated on the assumption that it associates what exists in reality (the impacts of environmental activities of the companies in places where the pictures were taken) with what has been said in interview. In other words, here it was used to

triangulate with the information from other sources used in the research inquiry. The next section discusses the methods adopted in analysing the data collected for the study.

5.5 Methods of analysis

This study adopts both textual/documentary and thematic discourse strategies to analyse data generated from the documentary evidence, the interviews conducted and the pictures from the fieldwork. A textual/documentary analysis technique was used to analyse the annual reports of the two selected cement companies in Nigeria, with a view to ascertaining how they have been managing and accounting for their corporate environmental issues/practices through reporting. Furthermore, the thematic discourse strategy was used to analyse the transcribed data from the semi-structured interviews conducted with the respondents. Each of these methods is further discussed below.

According to scholars, textual analysis is appropriate for documentary evidence made available in the public domain such as annual reports, company websites, official publications of governments and newspapers (*see* Guttrie and Parker, 1989; McKee, 2003; Krippendorff, 2004; Ogden and Clarke, 2005; Islam and Deegan, 2008; Mäkelä and Laine, 2011). This is in contrast to content analysis as used in quantitative studies (*see* 1989; Patten, 1992; Islam and Deegan, 2008).

Many scholars view documentary analysis in different ways and give it different connotations. For examples: Bryman and Bell (2015) view it as content qualitative analysis, and suggested that each of these approaches could be employed to analyse documents: qualitative content analysis, semiotics, historical analysis and discourse analysis. It was argued further that out of these techniques, qualitative

content is most prevalent of all in qualitative research [p:569]. In consistent with this assertion, that qualitatively is most appropriate for documentary analysis, this study follows the suggestions of Elo and Kyngäs (2008:109) that ‘for documentary analysis there must be evidence of preparation, organization and reporting’. This study adopted the suggestion by initially presenting/organizing relevant information extracted from the two selected companies’ annual reports into tables and thereafter reporting on what they represent in the context of the study. Information derived from both the companies and government official documents were also organized and presented logically. This method of data analysis has enabled the research to contrast and compare information from this source with those from other sources adopted in this study (Saunders *et al.*, 2012; Cassell, 2015). This method was used extensively in the analysis chapters.

In addition to the textual/documentary analysis used in this study, the research adopted a thematic analysis technique to analyse the interview and visual data. According to Braun and Clarke (2006:79), thematic analysis is “a method for identifying, analysing and reporting patterns (themes) within data”. Ritchie and Spencer (2002:316) state that, “The method has mainly been applied to the transcription of individual and group interviews”. This connotes that it is mostly applicable to data generated and subsequently transcribed from the interviews, such as those in this study. However, it has also been argued for in terms of its flexibility as a tool to enrich data; for example, Braun and Clarke (2006:78) argued that “one of the benefits of thematic analysis is its flexibility..., as it provides a flexible and useful research tool, which can potentially provide a rich and detailed, yet complex account of data”. Furthermore, Cassell (2015:77) posits that: “Thematic analysis can be used in a range of epistemological traditions and

is a fairly flexible technique”. She contends further that one of the most well-used forms of thematic analysis in the business and management field is template analysis, where the researcher produces a list of codes (a template) representing themes identified in their textual data. She concludes that it enables the interviewer to put a clear structure on the analysis of their study.

Following the suggestion of Cassell (2015) that in research, the next step to follow after the transcription of the interview data is to reduce the large amount of text generated by something that is empirically and theoretically interesting, this study was able to reduce the transcribed data to themes and sub-themes (see chapter six and seven). Thereafter, the study identified how those themes and sub-themes fit together in order to make sense out of them. This was followed by generation of some quotes from the interviews that provide and enhance better understanding of the themes and sub-themes. Using of quotations in this context resonate with Cassell’s (2015:83) suggestion that quotes can be used to present a range of alternative views that emerged from the transcripts and to illustrate points made in the interviews. Although, it has been acknowledged that providing extensive quotes is not favoured by all researchers (Islam and Deegan 2008:858), however, this study considered it relevant as it provides a richer insight into the perceptions of the interviewees to the phenomenon being investigated. It further enables the research to discuss CEA practices in the context of Nigeria. More importantly, as, Cassell (2015) observed quotes can be used to conceptualize findings and further enable a researcher to come out with thick and vivid descriptions of what is being investigated as was done in this study.

Sinkovics and Alfoldi (2012) have identified two basic thematic strategies for analyzing qualitative data: topic coding and analytical/axial coding. According to these scholars, the topic coding entails coding of materials of study into a subject-based structure and is assumed to be the first step in the formal analysis of newly gathered data. On the other hand, the analytical coding, as to do with a situation when a researcher coded data into an evolving structure based upon the researcher's on-going interpretation of the views being expressed or actions taken by others (Richards, 2005). It was stated further that the analytical coding is a build up from the topic coding process and the progressive interaction between theory and data. (Sinkovics and Alfoldi, 2012: 123). In line with this description, it is seen that the thematic analysis adopted in this study has relied more on the theoretical and conceptual inputs in addition to the empirical data from the fieldwork. What this means is that the themes and sub-themes that form the basis of the thematic analysis were derived from the theoretical framework of Oliver (1991) and the review of the literature in chapters two and three of this thesis. In addition, these themes are also derivable from and related to both the research questions and the focus/objectives of this study (Bryman and Bell, 2015: 601). The adoption of this method has enabled the researcher to move backward and forward between conceptualization, data collection, analysis and interpretation in the empirical chapters of this study (Bryman and Bell, 2015: 569). The thematic analysis adopted in this study can also be said to be both data-driven and theoretical/analytic driven. According to Braun and Clarke (2006:83-84), 'data-driven connotes coding the data generated without necessarily trying to fit it into a pre-existing coding frame or the researcher's analytic preconceptions. On the other hand, the analytic/theoretical driven thematic analysis is described as a

situation when the researcher's theoretical and conceptual interest in the area is given consideration, which makes it be more explicit-driven. In this study, as can be seen in the empirical chapters highlighted some themes/patterns in line with some concepts from the theoretical framework, which suggest that it is theoretically analytic-driven and at the same time has some patterns generated from the views expressed by the interviewees. As suggested by Ryan and Bernard (2000), the end points of the thematic analysis of this study is the reporting of the contents and meanings of the patterns/themes in the data. This was done through analysis, narration and discussion of the contents of the patterns/themes (see chapters six and seven for further details). This pattern of end points of thematic analysis was buttressed by Braun and Clarke (2006:86), who hold that analysis involves a constant moving back and forward between the entire data set, the coded extracts of data the researcher has produced and subsequently analysing same. At the end of the analysis and reporting, the study was able to identify the story each of the themes/patterns is telling and how they fit into the overall research questions and objectives (see the empirical chapters for details). This further follows the suggestion of Braun and Clarke (2006:97) that 'a rigorous thematic approach can produce an insightful analysis that could answer particular research questions, and at the same time that the chosen method of analysis would be driven by both chosen research objectives/questions and the broader theoretical assumptions of the study'.

5.5.1 The reliability, validity and limitations of these methods

One concern of using a qualitative method is its reliability because of the subjectivity inherent in the approach (Saunders et al., 2012). For instance, the semi-interview technique depends on the perceptions of the respondents, and to

ensure its reliability in this research their approval was therefore sought during the interviews, triangulation of data and re-interviews. In addition, the research ensured that similar questions were asked of all the respondents in the same setting. In order to validate the data, the researcher also ensured that all the interviews were documented and recorded. The information was also validated by sometimes asking questions in different ways and at times probing further. However, some of the limitations of each of the qualitative methods/approaches have been highlighted in this chapter.

5.6 Conclusion of the chapter

This chapter has focused on the methodologies and methods adopted for the study. It initially explored the interpretive perspective as the philosophical paradigm appropriate for the study, as the research tends to be qualitative in nature. It further emphasised the case study as the research design of the study and provided detailed discussion on the case studies for the research – two cement companies in Nigeria. It further explained ‘multi-method’ (Saunders *et al.*, 2012) qualitative data collection as used for the study; i.e. documentary evidence, semi-structured and in-depth interviews and visual strategy. The interview process was the core method of collecting data and was discussed extensively, as were the study analysis methods of documentary analysis and thematic discourse analysis.

The next chapter explores the first part of data analysis of this thesis, which focuses on corporate environmental accountability practices in the Nigerian cement industry from an institutional perspective.

**CHAPTER 6: CORPORATE ENVIRONMENTAL
ACCOUNTABILITY PRACTICES IN THE NIGERIAN
CEMENT INDUSTRY: AN INSTITUTIONAL
PERSPECTIVE**

6.1 Introduction

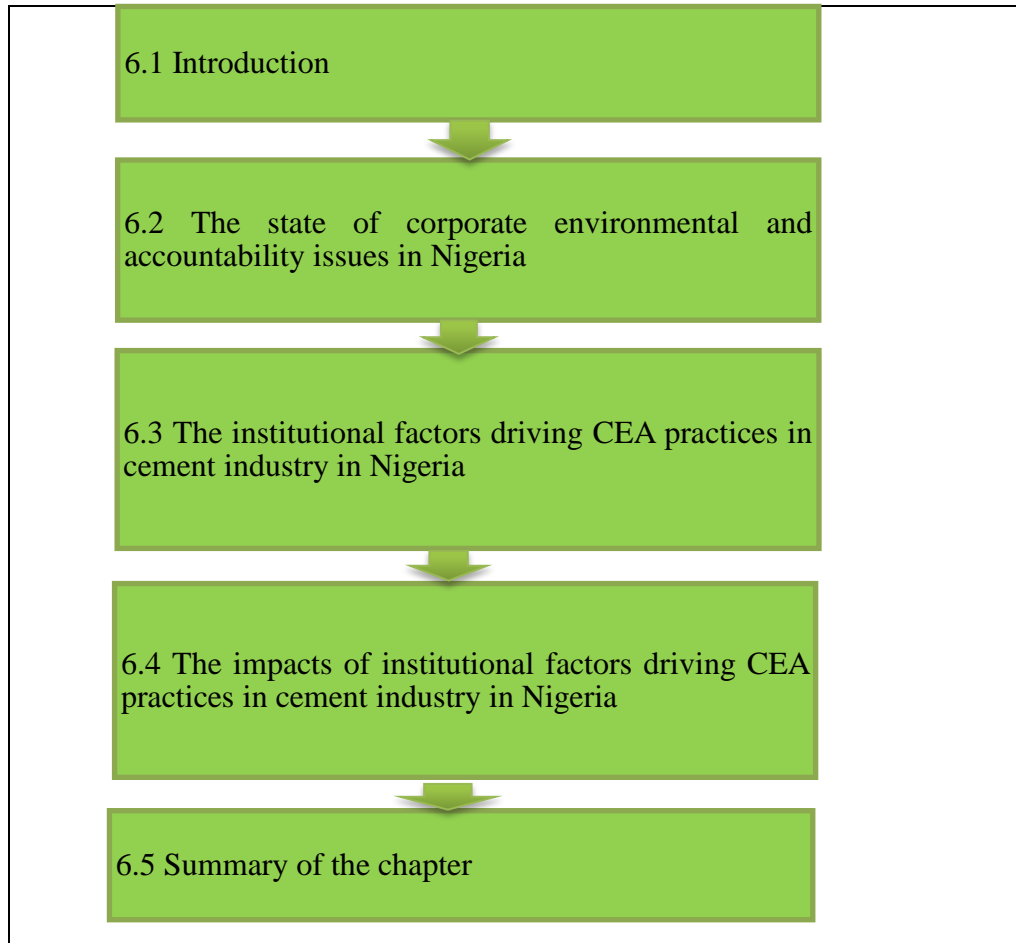
This chapter analyses and presents the views of the management staff of the two selected cement companies, and other key external institutional actors who play significant parts in the development of corporate environmental accountability (CEA) practices in Nigeria. The chapter presents the analysis of the key themes relating to CEA, in particular environmental management and reporting practices as perceived by some of the respondents interviewed from the two selected cement companies and other institutional constituents. This chapter examines the institutional factors that drive CEA practices in Nigeria (in general and in the cement industry specifically), perceived to be important by interview participants. It further considers the impacts of those institutional factors on the practices in the cement companies (although this was not included in Oliver's model, it is acknowledged as a limitation that will be considered in this research).

It also considers relevant documents relating to the subject matters being investigated in this study. During the course of the discussion, relevant aspects of the adopted theoretical framework for the study will be deployed to explain the practices of CEA in the context of Nigeria as well as the cement industry. In addition, and where appropriate some photographs that were taken during the fieldwork will be presented to complement/triangulate with the views of the respondents interviewed. Furthermore, the use of the pictures serves to illustrate information that could not be captured by the interview process (Pink, 2001; Vince and Warren, 2012) such as environmental pollution and impacts (Vince and

Warren, 2012; Warren, 2002; Bryman and Bell, 2015). It should be noted that the coding of the respondents/interviewees as depicted in Tables 2 and 3 (appendices 2 and 3) and will be used throughout this chapter.

The remaining parts of this chapter are organized into the following sections. Section 6.2 explores the state of corporate environmental and accountability issues in Nigeria. Section 6.3 analyses the institutional factors driving the development of CEA practices in the cement industry. Section 6.4 discusses the impacts of the institutional factors on CEA in the cement industry. Section 6.5 summarises the chapter. Figure 6.1 below depicts the structure of this chapter.

Figure 6.1: The structure of chapter six



6.1.1 Background of the two cement companies in Nigeria

This section provides a brief description of the two cement companies selected for the study. This information will enable researchers to have a better understanding of the context of the study, as well as of the selected companies' historical background, ownership structure, nature of business and their contributions to the development of Nigeria in particular and, Africa and the world.

6.1.1.1 Company A in brief

Company A is a subsidiary of a multinational cement company. It started cement production in the late 1950s in Nigeria. It was reported that its production capacity

at inception was estimated to be around 200,000 metric tonnes, and by 2014 this had risen to around 8.5 million metric tonnes. The Nigerian government continued to hold the majority of its shares, which were largely sold out to the multinational cement company in the early 2000s. It was further reported that at the floor of the Nigerian Stock Exchange it merged with other local cement companies, which allowed it to increase its operational activities to another region of Nigeria. The merger also increased its local shareholding in the country. However, following the sale of the Federal Government shares there, subsequently was an acquisition of its majority shares by the foreign multinational cement company (MNCC) in the early 2000s, so becoming a subsidiary of the conglomerate cement company. This action further culminated with the company changing its name in the late 2000s to reflect its new position. In addition, in the late 2000s, the foreign parent company further acquired major shares in three other local cement companies in Nigeria.

Interestingly, the take-over of Company A was by a member of a group, therefore, the expectation was that it would implement the group's corporate policies and at the same time incorporate its best corporate practices across the board, especially in the areas of CEIs practices. It was also claimed that the company previously and as a subsidiary had been contributing to the socio-economic development of the country, in particular given the use of its product in the construction of notable buildings in Nigeria, such as the National Assembly, National Stadium Complex, and National Theatre among others. It was also claimed that the company had been part of a group of companies that had enabled the country not only to reduce cement imports but also become a cement-exporting country to other African countries. Furthermore, the company contended that it had been contributing to

the socio-economic development of the local areas around its plants. To support its claims, reference was made to its Biomass plantation project as an example of how it has been providing job opportunities to the large populace in their plant locations, most especially for young people, and that this is notwithstanding its initial objective to create an alternative energy supply for its operations. The company has therefore become an important part of the socio-economic development of the country as a whole. In its report, the company explained how it has helped improve living standards for the people in the 50 years of its existence (*see* The Company, 2011, 2012, 2013 and 2014 annual reports).

The company remarked that in an effort to boost the socio-economic profile of the country, which requires an increase in its production capacity, it launched its state-of-the-art 2.5 metric tonnes brownfield cement plant in December 2011. The production of cement from this new plant doubled the company's production capacity from 2.0 million metric tonnes to 4.5 million metric tonnes in the year following the commencement of operation from the plant. Furthermore, its production capacity increased to 8.5 million metric tonnes as at 2014. (Company's A 2011, 2013, 2014 annual reports).

To further its commitment to the management and reporting of environmental issues, the following key principles of the company were highlighted in its annual report: health and safety, people's development, corporate governance, customer care/market orientation, corporate social responsibility, respect for employees and local culture, environmental protection, and conservation of natural resources and energy. The section gives a particular focus to how the company discharges its obligations to environmental related issues (such as environmental protection, conservation of natural resources and energy). As stated earlier, there is little prior

research into how cement companies have been managing and reporting such practices (*see* Ade-Ademilua and Obalola, 2008; Otaru *et al.*, 2013).

It is also interesting to study the company's environmental performance, given the fact that it has been recognised both locally and internationally for its commitment to corporate environmental practices. For instance, in its 2014 annual report, the company claimed that it has received many awards in the last two decades including the NIS certificate for product quality by the Nigerian Standard Organization. It further stated that these awards cover both pre- and post-foreign subsidiary periods/acquisition by the MNCC. The company also remarked that it has grown from being a local Nigerian to an African cement company by expanding to other African countries such as Benin, Kenya, Cameroon, Uganda, Zambia, Zimbabwe and South Africa (*see* Company's A 2011, 2012, 2013, 2014 annual reports). The next sub-section gives an overview of Company B.

6.1.1.2 **Company B in brief**

Company B is a Nigerian home-grown cement company³⁶. It was established in the early 1980s as a trading business with an initial focus on cement, but later diversified into a conglomerate trading group. In the late 1990s the company transformed to a fully-fledged manufacturing cement company. In the early 2000s, the company acquired majority shares in one of the cement companies that were wholly owned by the Nigerian government, which the company claimed as a landmark achievement.

The journey of the company from a private cement company to a conglomerate started in early 2000s when its shares were quoted on the Nigerian Stock

³⁶ It has majority of its shares owned by Nigerian investors and in the subsequent discussions the company will be addressed as both an indigenous Nigerian owned company/Nigeria home-grown cement company/national company.

Exchange, following a merger with other cement companies operating in the country. The acquisition of majority shares in most cement companies were hitherto owned by the government and private entrepreneurs/investors. It is argued here that focusing on the company as a Nigerian majority owned/indigenous company will enable the researcher to provide an in-depth and comparable analysis from another corporate perspective; it will represent the practice of other, similar cement companies.

Following the merger, the company consolidated all its cement entities both in Nigeria and across African countries into a single business entity in the mid-2000s (*see* Company's B 2014 annual report). It had more than three plants, and many terminals in Nigeria and in other African countries. The company's annual report goes further to state that the company has made giant strides from a company that was established in Nigeria as a trading business to a conglomerate cement company spreading across most countries in Africa (*see* Company B's 2014 annual report). In addition, information in the public domain corroborates the presence of the group in the following countries in Africa: Senegal, Zambia, Tanzania, South Africa, Congo, Ethiopia, Cameroun, Ghana, Sierra-Leone, Ivory Coast, and Liberia. This conveys how it has evolved from being a local to an international player in the cement industry (*see* Pan African Capital Research, 2011; Business Day, Wednesday, 11 January, 2013).

This change in ownership structure of the company from a Nigerian indigenous company to an African cement company has increased the socio-economic profile of the government and people of this region. It is also evident from the documentary reports that the company has contributed to the GDP of most countries in Africa. For instance, a newspaper report demonstrated that the

company projected to increase its output from 20 million metric tonnes in 2011 to 46.3 million metric tonnes by 2015 (The Business Day, Friday 11 January 2013). The report further stated that the company has substantially grown its market share through its massive capital expenditure of \$6.5 million in 2011 to make it one of the leading cement companies in the country. The company also reported in its 2014 annual report that its production capacity has increased from 21 million tonnes in January of that year to 34 million tonnes at the end of the financial year. As a supplier/exporter to Nigeria and across Africa, it reduces the foreign currency that would otherwise have been used to import cement.

Like any other cement company, limestone remains the major raw material for the company, which is sourced from various quarries near their factories both in Nigeria and in other African countries. As reported by the group, its operations involve the manufacture of cement which entails crushing, grinding, firing/blending of basic raw materials at different stages of production and the final production of cement. The company posited that its activities through manufacturing of cement have contributed and are still contributing to the socio-political and economic growth of the country in particular and Africa in general.

Having provided a brief background of the two cement companies chosen for the study, the next section presents the analysis of the management and reporting of environmental issues by these companies; their corporate environmental accountability practices and the strategies adopted.

6.2 The state of corporate environmental and accountability issues in Nigeria

In recent times, increasing numbers of scholars have expressed concern over escalating environmental impacts resulting from corporate activity, and in

particular that of the cement industry, with this being endemic in Nigeria (*see* Aigbedion and Iyayi, 2007; Okonjo-Iweala and Osafo-Kwaako, 2007; Kabiru and Madugu, 2010; Ogedengbe and Oke, 2011; Yale 2012; Otaru *et al.*, 2013). To gain a better understanding of this from the perspectives of those involved in environmental issues in the country, attempts are made in this chapter to analyse the views of the case study companies' management staff members and other institutional constituents.

This section begins with the examination of the state of environmental issues in the country, followed by the situation in the cement industry. Their views were sought on environmental situations and accountability practices generally in Nigeria and in the cement industry in particular. Specifically, the participants were asked questions about the causes of environmental pollution, the role of companies and the impacts of environmental problems from corporate operations in Nigeria.

On the general environmental situation in the country, one corporate staff member claimed that:

“Environmental pollution is common among individuals and companies in Nigeria. But the fact still remains that the practice is more severe in the industries than on an individual basis [EA3]”.

This statement indicates that corporations are the main environmental polluter in Nigeria, which is similar to the arguments presented in existing literature. Most senior managers interviewed saw environmental issues as closely related to environmental impacts, which was evident in the following statement:

“Environmental issues varied along sectorial lines. Some common examples are; land degradation, chemical and industrial waste, dust emissions, and climate change... each of these has its own negative impacts on the society and the people in general”. [HA4]

There is a consistent view amongst those interviewed that environmental issues are not new to the country and that they have been under discussion for considerable time. Participants expressed their concerns over the serious environmental issues in the country, and two of the institutional interviewees in the media commented that:

“Pollution has been with us for ages but people lack knowledge of the consequences of being exposed to environmental hazard of it ... in Africa, people don’t see it as a cause of death ... its effect may take 20-25 years before people know the level of its damage to their [health]”. [MP4]

“With the coming of various industries there are more environmental pollution problems here compared to other countries... Most manufacturing companies here pour their chemicals into the rivers where other people drink from”. [MP3]

Interestingly, in contrast with the above and the existing literature (e.g. Yale, 2012) which showed that Nigeria is one of the worst environmental performers, most of the interviewees are of the view that environmental problems in Nigeria are mainly due to the oil industry while other corporations have been managing environmental issues accordingly:

“Those rating Nigeria as a poor [environmental performing] country is doing this because of the activities of the oil companies. ... The country is not as bad as they view it. Over the years, we go to the field to verify what [companies] are doing. But a company like Chevron has the policy to restore best practices. Some other companies are doing their best in terms of sustainability practice” [NGO5].

While specifically discussing environmental issues in the cement industry, the corporate staff of the two cement companies had a propensity to defend and provide justification for their environmental activities. They further highlighted that their corporate activities had caused few environmental impacts as compared to oil and gas companies. For example, one of the management staff of cement company A (EA3) said:

“...The people living much closer to our plant claimed that our operations have affected their vegetation and noise pollution during the cause of quarry blasting. ... This [complaint by host communities] is not new in Nigeria! People in other locations too also complain, for example, those living in the Niger-Delta areas where oil is being produced did similar things [complain]. By and large we cannot run away from this accusation, since every production process does have its side environmental effect”.

Since, interviewees have their own understanding and interpretation with regards to the pollution by cement companies, a respondent from the corporate communication department (CB5) pointed out that *the “cement industry in Nigeria only produces gaseous emissions that is, in the process of production, produced carbon dioxide emissions”*. Interestingly, another respondent in the health and safety department (HB4) claimed, *“cement operation has limited impact on the people and the environment. ... No big hazardous impact as far as cement production is concerned as accountants have apparently taken a position of ensuring legitimacy in the area”*. In defending the minimal environmental impacts from cement operations, an interviewee from the account department exclaimed: *“In the community No! No! It is untrue that the dust is affecting them, except in the parking areas that the problems exist. But we have very heavy ventilation. I am not aware of any damage from the company operation in the community”* (AB2). In a similar vein, another corporate manager (SB3) was very confident that they created little negative environmental effects to the community: *“I want to assure you that we do not produce dangerous emissions as it is being widely spread in some quarters. Our company, like any other manufacturing company is bound to have some air pollution, in a situation where there is any technical problem in the use of our equipment”*.

Apart from what looks like the defence of corporate environmental impact in the community, the majority of the corporate managers interviewed also claimed that

their companies always abide by regulations. For instance, a corporate staff member from cement company A remarked that:

“...The global standards and regulations on the limit of dust emission into the environment are being met. ...All our activities are within our group’s standard. ...We shall continue to do more within the ambit of the laws for our stakeholders” [AA1].

Some of the corporate managers went further to state that their corporations performed beyond the given environmental regulations, saying that they have adopted internationally accepted standards and have attempted to reduce the environmental impacts of their operations. CB5 assured that their company is environmental friendly and that their factories are being managed beyond the local – but within the global – acceptable standards. He alluded further that the company dust emissions level of 30 mg is far less than the European Union 50 mg which is their corporate benchmark. Similarly, HA4 stated that: *“In our company, we do not only comply with the local laws, we also strive to meet the international best practices. For instance, we have our policy on Partners Protective Equipment which is meant to protect not only our staff, but also our customers and visitors”*. This argument of performing beyond what the regulations stipulate was also evident in Company A’s (2011) annual report, as it stipulated that: *“We operate our facilities in a manner that meets and surpasses the local laws, standards and regulations. We, through our accredited consultants carried out Environmental Impact Assessments for our plants and decommissioning of our old plants”*.

Most organizations that engage in environmental practices, as evident in the above illustrations, do so either for legitimacy or reputation risk management (Oliver, 1991; Bebbington and Larrinaga, 2008). This was echoed by a senior manager of cement company B (AB1), who said that: *“We take into account the views of our*

local communities. We have to work with them. We believe it is very hard to be successful if you work against the local community". In a related development, another respondent from the same cement company also commented: *"You see the people are very vigilant. If there is a lot of emissions people will react negatively. We talk to the people and that's proof we are not harming them. It is very dangerous not to take care of the environment and people's health"* [CB5].

In contrast to the view expressed by the company staff, most institutional interviewees have been criticising the cement companies for their role as one of the key contributors to the environmental pollution in the country. Most of the institutional actors are, however, critical of cement companies and their activities. Their views to some extent resemble the findings of prior studies in Nigeria (as discussed in chapter three, e.g. Asubiojo *et al.*, 1991; Ogedengbe and Oke, 2011; Global Cement, 2014). A non-governmental organization member (NGO3) commented that:

"The impacts of cement [production] on the environment are so much! In fact, it pollutes the environment in such a way that people living in the areas have catarrh and cough. It has affected their farm yield, the people and the food they eat..."

Apart from the NGO, a media practitioner (MP3) also held a negative view towards the pollution caused by cement factories. The media respondent commented that: *"the chemicals coming out of cement production create a lot of environmental hazards, which its effects might not be immediate but in the long run it will surely have great effect"*. Also, one local community leader living near the cement plants contended that:

"Our roofs, our beds and our vehicles are covered daily by dust and other particles from cement production in our area. As a result of this, we wash

our vehicles daily because of the dust pollution in our surrounding. Some of us also have the fear that the emissions might be dangerous to our health” (CL2).

During the interviews, some of the community leaders drew attention to the presence of cement particles on their buildings, vehicles and rivers/streams. The researcher also took some pictures relating to the facilities affected by the cement operations in the vicinity. These pictures supplement the views expressed by the respondents and became physical evidence of the negative impacts of cement pollution in the areas. Specifically, figure 6.2 below depicts the flow of cement particles to one of the community’s flowing streams, which according to CL1 and CL3 have been affecting the quality of water they have been drinking for a long period of time:

“We have spring water here but we cannot drink it, because it has dust deposits ...all the streams in the community have been contaminated by limestone and cement particles”. [CL3]

Figure 6.2: Evidence of the flow of cement particles to the community stream



Source fieldwork 2014

Along with locals, the other institutional constituents interviewed also emphasised how the environmental pollution has a direct impact on the people living in the cement producing areas. NGO4 remarked:

“You could imagine what happens, as the chemical from the dust emissions goes into their [residents of the host communities] skins and once it is absorbed into their skin, it affects their body systems generally. So, the person is as good as dead”.

This concern was also highlighted by local community leaders, e.g.

“If these particles are so damaging to the painted vehicles [which he pointed at], one can imagine the impact they would have on our heart and other organs of our body.” (CL2)

Another community leader raised another significant issue, which is that their community lives off the land and produces food for market, suggesting that the cement companies’ environmental pollution has affected both their health and finances:

“The impact of dust emissions is an open thing. You also can see it...We are predominantly farmers. Our people cannot take their farm produce to the market square to sell because they have been infected by the dust emissions from the cement production”. (CL1)

The environmental impact as expressed by the communities’ representatives are evident in the pictures presented in Figure 6.3 below. It depicts how the particles from the dust emissions of Company A fell on the houses, the food, vegetation, ground, and the people. This picture further shows how the emissions are being discharged continuously to the air which adds to the pollution within the local community, the country and the society; this has increased the possibility of acid rain and climate change in Nigeria and Africa (as discussed in chapters two and three). There are increasing concerns that this environmental challenge will have serious implications on the local people and the environment in the short and long term.

Figure 6.3: Dust emissions from cement production in a residential area in Nigeria



Source: Fieldwork 2014

The above analysis and evidence confirmed the findings in the literature that cement pollution is one of the key pollutants in Nigeria, and has produced many negative impacts to the environment and society (*see* Makoju, 1992; Kabiru and Madugu, 2010; Ogedengbe and Oke, 2011; Otaru *et al.*, 2013). Interestingly, the views expressed by some of the corporate staff interviewed and presented earlier supported the fact that cement production emits carbon dioxide into the environment³⁷, while defending the extent of its impact on the society. It further resonates with the results of previous studies that the dust from the cement companies not only affects the environment near the cement plants but also their source of livelihood, which among others is their farm produce (Otaru *et al.*, 2013; Ubong *et al.*, 2015). The views expressed by some of the respondents show that environmental impacts from cement operations also have short and long term

³⁷ Scientifically, carbon-dioxide is claimed to contribute to global warming [*see* Buhr, 1998; Ogedengbe and Oke, 2011)

effects on people's health. Based on the interview data and photographic evidence, it could be contended that the cement companies are still inadequate in managing their environmental impacts in the country and are therefore not fulfilling their environmental accountability and responsibility.

Environmental accountability of the cement industry in Nigeria

In this section, interviewees' views on the management and reporting of environmental issues will be presented and discussed. It has been noted by many interviewees that there were changes in both the attitudes of government and corporations – particularly the cement industry – in not only managing but also making an effort to account for environmental issues in their operations.

In terms of government initiatives and efforts, some of the respondents from both the cement companies and institutional constituents outlined the nature of the legal framework dealing with environmental issues whilst praising the government's effort in controlling environmental pollution. For instance,

“To be fair to the Government, they have tried their best in the area of promulgating environmental laws. There are some environmental laws that are general and there are others that are industry specific. Apart from putting the laws in place, the government also established some regulatory agencies that did the monitoring, controlling and penalising the environmental laws offenders. If I could re-collect, we have the FEPA now NESREA, NOSDRA, Standard Organisation of Nigeria, Federal Ministry of Environment and other related Ministries...” [EA3].

Related to the above, the following came from a media practitioner interviewed who stated that:

Governments in succession in Nigeria had made various efforts to tackle environmental impacts in the country. For instance, in the exploration of oil and gas companies, the government has done various activities to control oil spillage in the Niger Delta [MP2].

Similar to the above was the claim by an NGO member who highlighted the efforts of the company on the management of environmental pollution in their location.

“In fact, they have seriously controlled the effect of environmental pollution, if not you would have heard them protesting in those areas as we have in the oil and gas producing areas. You do not hear any unrest from those areas because if they [the companies] have not been controlling it you will be hearing unrest here and there. I have not heard of any that shows the companies have been doing something on it” [NGO3].

In addition to this view, one of the communities’ representatives observed that:

“The company is trying their best, though not so good in the past, but now, they are fulfilling their corporate social responsibility to the community. But, in terms of environmental responsibility they are not doing much” [CL2].

There are many consequences that a corporation may face for not being ‘environmentally’ accountable, ranging from legitimacy problems, risk/image management, loss of profit, shutting down business operations, reduced foreign direct investment/capital and sanctions from regulators (Bebbington and Larrinaga, 2008; Contrafatto, 2014; Parker, 2014). This will depend on the nature of the company’s business, size, resource dependence, social contract and the context of operation (a developed or developing country) (Oliver, 1991; Julian *et al.*, 2008; Jones, 2010; Pache and Santos, 2010; Bebbington and Larrinaga, 2014). In the case of one of the cement companies in the context of this study, the concern relates to the issues and fear of losing international trade and recognition. This is implied in the view expressed by one of the respondents: *“...They [the European Union] lay down stringent norms for suppliers. They want suppliers with very good environmental policies that do not generate a lot of pollution...” [HB4].*

Another reason put forward principally by interviewees from the regulatory agency is the fear of sanctions for non-compliance, e.g. one of the regulators claimed that “...*If we noticed that any company is doing something inimical to the environment, we usually sanction such erring ones*” [R2] and similarly, another commented that “*Before we came on board many organisations don’t prepare or take EIA seriously, but now they do. We compel them to do it. We encourage them to bring up their certificate of EIA, if they don’t; we seal their premises*” [R3]. Interestingly, none of the interviewees from the two cement companies made any comments on the fear of sanctions with non-compliance, but rather emphasised how they have been successful in managing their environmental impacts.

The illustration above highlighted some of the reasons why the selected cement companies may have chosen to pay more attention now than before on corporate environmental practices in Nigeria. However, there may also be other factors driving the change in attitude to environmental management and reporting in the cement industry in Nigeria. Therefore, it became imperative to examine further how some institutional factors have continuously re-shaped the focus of cement companies from being environmentally irresponsible to demonstrating an effort towards being environmentally accountable and responsible. In general, there is a need to examine the drivers of corporate environmental issues management and reporting in Nigeria due to the lack of research in this area. In this study, the drivers are considered along the five ‘C’ institutional factors of Oliver (1991) model (cause, constituents, content, control and context). The discussion that follows explores and presents how institutional factors have influenced environmental management and reporting within the cement companies selected for the study.

6.3 The institutional factors driving CEA practices in Nigerian cement industry

Institutional factors have been identified as the major driving force of corporate activities/practices, including corporate environmental accountability (*see* Oliver, 1991; Guerreiro, 2012). These driving forces have been discussed extensively in chapter four of this thesis, but the intention in this section is to draw from the institutional factors highlighted in the theoretical framework to explain CEA practices in the two selected cement companies, and to provide insights on the development and practices of corporate environmental accountability in the Nigerian cement industry (one of the main objectives of this study). Some of the key issues that emanated from the fieldwork are considered under each of the five institutional ‘C’s of the adopted theoretical framework, i.e. Oliver’s strategic responses perspective. It is important to note the inter-relatedness of these institutional ‘C’ factors and a clear separation/isolation of them in discussing issue is impossible. For example, the *cause* could be initiated, led and implemented by an influencing *constituent* in a particular *context*. In this research, a number of examples could be observed, e.g. the NGOs (as the ‘who’/*constituent*) exert their influences through advocacy, organized protests, independent findings and organizing merit awards for corporate organizations to promote efficiency of CEA practices (as the *cause and control*); the government and its agencies (as the ‘who’/*constituent*) influence corporate environmental practices through the enactment of laws, monitoring, enforcing, inspecting and persuasion of corporations (as the *control*); the communities (as the ‘who’/*constituent*) organize protests/complaints to both the government and company management, engage in community involvement programmes, hold meetings with the company representatives, and attend Annual General Meetings of companies (as both the

cause and *control*); and the media (as the ‘who’/*constituent*) through negative/independent reporting, organized interviews with the general public, affected communities and corporations (as the *control*). All of these were emphasised by the interview-participants as the approaches adopted in exerting controls and pressures on the cement companies. The following sub-sections will discuss the five ‘C’s driving the CEA development in the Nigerian cement industry individually, while acknowledging the inter-relatedness among these factors.

6.3.1 Cause (or rationale)

The first institutional factor considered in this section is the *cause*. The *cause* is the reason why organizations are engaged in or being seen to engage in certain practices. In other words, these are the specific/general demands and expectations the institutional actors are requesting corporations to conform with. This may be conformity to environmental best practice or to being environmentally efficient in the use of production equipment, such as emissions control technology in the cement industry. At times the conformity to best practice may originate from within the organizations i.e. if a corporation aims to achieve a zero tolerance for carbon dioxide emissions (Oliver, 1991). In this context, this *cause/rationale* is viewed from the perspectives of both corporate organizations and institutional constituents and is further explored within the context of the two cement companies.

Access to international recognition and financial resources

An attempt to seek international recognition and eventually gain access to capital have been identified as twin driving forces that compel a growing corporate organization to engage in certain practices outside its corporate objectives.

According to the literature, most companies from emerging markets fall within this category. One of the corporate staff from Company B claimed that: *“We used the equipment that is complying with the European norms and all that the advanced countries laws and standards stipulate”* (HB4), so that they could be recognised as complying with international standards. Similarly, in the annual report of Company A was the following: *“To this end we are continuously improving our performance, through the effective implementation of the ISO 14001 environmental management systems”* (2014 Annual Reports). Based on both documentary evidence and interviews, it is evident that, in order to be internationally recognised, there is a corporate ‘idea/philosophy’ in both companies that they need to benchmark against and to be in line with the so-called ‘international environmental best practices’ (rules/provisions from the UK, USA or the EU).

This issue was also raised by some respondents from Company B (which has limited access to international finance at the time of research) but linking recognition to access to financial resources. For instance, a senior manager contended:

“Because we want to comply with the London Stock Exchange [LSE], international best practice and become part of the prestigious companies in the world. And when you become part of the prestigious companies, you have to meet certain standards. We want to meet up with LSE requirement at the beginning of 2015 so that we can be listed in LSE. You have to meet certain requirements in terms of corporate governance. My understanding is that it [environmental practices] should be in line with what is operating at the international level, in particular, the LSE” (AB1).

As part of the theoretical framework that relates to resource dependency theory, it can be argued that these companies ‘engage’ in managing their environmental activities in order to obtain financial resources that are key to their survival and

development. One of the interviewees also discussed how the process of securing finance/loans has caused them to manage their corporate environmental practices:

“Our bankers usually required us to produce our EIA [Environmental Impact Assessment] before granting us financial support. So, we are in compliance with this requirement when preparing our projects documents for loan. This request influences our corporate environmental practices too as we have to show the environmental impacts of the projects we are seeking loan on.” (CB5).

This implies that demand for financial support in form of loan could drive an organization to engage in corporate environmental practices.

Community agitation/demands for a sustainable environment

Campaigns within local communities for a clean and green environment demands has been taken seriously by corporate organizations in most parts of Nigeria, giving what is happening in oil producing areas of the country (Ukiwo, 2007); demands from communities have therefore been identified as another significant cause for corporate environmental accountability (*see* Ojikutu, 1996; Ukiwo, 2007; Friends of the Earth, 2012). In order to avoid the consequences that always follow agitations/protests from local communities in the country, many companies consider the interests, demands and expectations of key institutional actors in their corporate plan (*see* Ukiwo, 2007). Arguably, this factor as a driver for corporate environmental performance in the cement industry is evident in the views expressed by the management staff interviewed. For instance, a manager from Company A (HA4) commented that:

“... the people of our host communities have been demanding zero emissions, but I can assure you that due to the combined efforts of our management staff, our corporate emissions today are not or are not as such that could pose any health risk to them”.

Similarly, another respondent from Company A noted:

“The relationship with our host communities is very cordial now as we attend to their demands promptly through their representatives. Unlike before when they will first take protests to our company premises and block the entrance of our quarries as they await our decisions” [BA5].

However, a member of the local community expressed anger that such a level of protest is required:

“The company has not been managing their used bags properly. They still result in the old method of burning their used bags. This is very dangerous to people’s health. We have confronted them most of the time. We have even reported them to the State government and the State House of Assembly and NESREA as well....” [CM4].

This illustrates that environmental problems created by companies are only dealt with when the local community demands or takes action against the companies.

Corporate environmental achievement awards

Merit awards for corporate best practice have been highlighted as a cause leading to more corporate environmental awareness and corporate environmental accountability in Nigeria. This was noted by some of the senior managers interviewed. This corroborated the submission of many researchers that action and inaction by both the media and non-governmental organizations have become a rationale behind CEI practice globally (Unerman and Bennett, 2004; Islam and Deegan 2008; Belal *et al.*, 2015). The senior manager interviewed from Company A claimed that:

“As a way of recognising our giant stride in sustainability commitments, our company won three awards at 2013 SERAs³⁸ corporate achievement awards. This recognition has enabled us to do more in these areas.” (AA1)

This statement was further corroborated by one of the organizers of the social merit awards for corporations:

³⁸ SERAs is a non-government organization that conducts and awards companies on best corporate social responsibility practice every year in Nigeria. This organisation was considered for interview in this research inquiry.

“What we have done over the years is to encourage them [companies]. One of the things that helped companies in imbibing the ethos of CSR is the award. We produce report that shows what the companies are doing. The report that everyone can keep. ...People came from all over the world to attend the programme, to see how we organize it. They say that if we can put [advertise] it on BBC then we need to wake up [improve upon the present practice]. So, people started to wake up. But in Nigeria, people tend to join band-wagon effect very, very slowly.” (NGO5)

The establishment of corporate environmental and social awards by some NGOs was noted as an attempt to increase the awareness and motivation of corporate environmental issues and reporting, although the development of corporate environmental management remains at a basic level.

6.3.2 Constituents

This concept relates closely to ‘who’ is influencing how and what companies do in alleviating environmental problems. It was highlighted frequently by interviewees when discussing the influencing factors on how companies plan and implement their corporate activities. It has been argued in the literature that institutional constituents play a significant role in corporate engagement on environmental accountability practices (Unerman and Bennett, 2004; Deegan and Blomquist, 2006; Dahlmann *et al.*, 2008; Bebbington *et al.*, 2008; Darnall *et al.*, 2009; Gray *et al.*, 2014; Bebbington *et al.*, 2014). Oliver (1991) further considered institutional constituents along two divided lines of multiple and dependent factors/actors. The key institutional constituents highlighted by the interviewees are government agencies, NGOs, transnational/international organisations, media and the community due to their influence and involvement in the development of CEA practices in the country and the cement industry. The institutional constituents can be considered here as a factor that influences environmental practices.

Some interviewees discussed how these institutional constituents usually confront the companies with one or more demands, depending on the situation and the nature of the issues in context. At times, they may have pressurised the organisations on the same issue such as environmental best practice, but using different approaches. The former scenario Oliver's model refers to as 'multiplicity demands', while the latter is known as 'dependent demands'. It has been argued that corporations give consideration to the power/position of an institutional constituent and who exercises control on them (whether single but key or multiple). However, evidence from this study showed that in the case of Company B whose focus was on international recognition, they paid more attention to the influence/expectations from international organizations such as the OECD, European Commission, London Stock Exchange and ISO than to local community/actors, media reports and local regulations (*see for instance the view of HB4 in section 6.3.1*). Company A however gave preference to the implication of local laws, community satisfaction and NGOs advocacy (*see for instance the view of BA5 in section 6.3.1*). It was clear from interviewees that Company A gave consideration to the demands of their local community because they have seen a need for their continued support in order to survive.

6.3.3 Content

This concept focuses on how other influencing factors are consistent with or constrain corporate objectives/goals. Institutional constituents have applied pressure in different ways on cement companies in order to manage and account for their CEIs in the country. In an attempt to meet the constituents' demands and expectations, these companies consider the implications for their corporate goals/objectives. For example, a community leader claimed that: "*We are no*

longer farming because the operations of the company have affected our farm produce a lot” (CL2), while one of the staff at Company B commented that: *“We plan to reduce dust that affects their crops. We also **plan** to teach them [the farmers] more skills in modern farming”* (AB2) (emphasis added). It can be seen that Company B was considering the implications of the local community’s complaints both on their legitimacy and their corporate goal to survive, by commenting that there were plans to resolve the environmental pollution they created, without stating that they had policies to manage it (which they probably ought to have had from the beginning).

In the same vein, it is argued further in this discourse that companies would also consider how government agency control might affect their corporate philosophy on environmental practices and economic goals. For instance, a staff member from Company B remarked that: *“In our licencing agreement it is stated that we have to comply with the maximum requirement... we have to make good the damage we have done to the environment”* (AB1). The implication of this is that in an attempt to comply with this requirement, the two companies do assess how other institutional factors fit into their corporate environmental and economic goals. This concept will be discussed further under control as an institutional factor, as they are both closely related.

6.3.4 Control

Control has been perceived in the literature as the means by which organizations are pressurised to carry out certain task such as CEA practices. It could be exercised in the form of coercion (DiMaggio and Powell, 1991; Oliver, 1991, Adhikari *et al.*, 2013) or diffusion by organizations (Oliver, 1991; Greening and Gray, 1994; Pache and Santos 2010, 2011; Guerreiro *et al.*, 2012). In the context

of this study, some *control* elements were identified and used to explain CEA issues and how they drive CEA practices in the cement industry in Nigeria.

Coercion/control: promulgation of environmental regulations/standards

As argued in the literature, it is expected that any responsible government such as the Federal Government of Nigeria should put in place some *controls* and measures to prevent, control and manage environmental pollution in the country. These may include the promulgation/enactment of environmental laws, and the establishment of ministries and agencies that implement the policies. The Nigerian government is also expected to ensure it domesticates some international laws such as the Kyoto protocol and United Nations Conventions on environmental accountability practices (Federal environmental protection agency decree, 1988, 1992; Eneh, 2011). Some of these initiatives have been discussed in chapters two and three, and this section will examine the views of the respondents on these initiatives (and others as identified by respondents). It also draws some evidence from the two case studies' annual reports.

In defence of government efforts and to show that necessary mechanisms are in place to ensure that corporations adhere to best environmental practices in the country, some government officials interviewed commented as follows:

“In Nigeria, we have regulations that compelled corporate bodies such as mining industry on gaseous and dust emissions. For instance, one of the laws stipulates that the maximum airborne dust from cruising, grinding, gaseous emissions and others should not exceed 100 mg. This we have been ensuring they abide by it. ... We have sets of rules and guidelines for the companies operating in Nigeria on environmental management, control and prevention...” (R1)

In reinforcing the claims of regulatory efforts on CEIs management practice in cement industry, another regulator remarked that they visited companies on a

regular basis and asked companies “...*how they are handling their environment issues, the measures they put in place to cushion the effects*” (R2).

Similarly, interviewees from the two case studies emphasised the environmental regulations that they have to comply with, e.g. one of the corporate interviewees remarked that: “*The government of Nigeria does set limits [environmental emission] and we have to comply with such limits. There are always legal requirements to comply with those standards...*” (AB1, emphasis highlighted by the interviewer). Another interviewee from Company A interestingly noted the importance of complying with some internationally recognised rules (particularly the ISOs): “*we also ensure quality management systems with all our products, manufacturing activities and production sites are in line with the ISO requirements*” (HA4). This was further acknowledged by Company A: “We comply with relevant laws, conduct our businesses in a way that is consistent with the principle of sustainable development and take into account the views and opinions of our stakeholders” (Company A 2011 annual report).

The quotations above show that there are certain specific industrial environmental regulations (both nationally and internationally) which cement companies are expected to comply with; there are regulations that coerce the companies in the area of environmental practices in the country. The compliance of Nigerian companies to environmental regulations has been described by Ladan (2009) and Okhenabirhie (2010). These prior studies on environmental regulations in Nigeria have found that existing laws could no longer satisfy the current environmental issues faced by the country (*see Adeoti, 2001; Ladan, 2009; Okhenabirhie, 2010*). In recognition of the ineffectiveness of some of the existing environmental laws and the need for their review, a regulator remarked that:

“At the Ministry of Environment, we have set up a committee on 7th January 2014 to review the present Environmental Impact Assessment Act so that it could reflect the international best practices among our companies in Nigeria” (R1).

Furthermore, another interviewee emphasised that:

“No organ of the government is really functioning. Both the people that are supposed to enforce the law and the company staff are willing to take and give bribes. Let’s say if a company wants to spend N1 million to mitigate an environmental hazard that emanated from their corporate activities and the government official who is to ensure that the company carries out the mitigation agrees to collect a bribe of N100,000.00 to seal the company, the company staff will prefer to give the government official such money than to pay the N1 million for the mitigation. This is just the scenario we find ourselves in the country” (NGO2).

Apart from the efforts put in place in reviewing the existing laws, some of the regulators have also discussed loop-holes in the way environmental issues are handled at both macro and micro level in the country. One of the regulators expressed his dismay on the efforts of government so far, despite that he is an agent of the government:

“The efforts are not enough as we can still find everywhere the environmental impacts of the companies’ operation. More preventive policies need to be provided” [R4].

Despite the above contentions, documentary analysis shows that the government is making some progress on the promulgation and modification of some of the existing environmental laws. For instance, a new law (the Nigerian Security and Exchange Commission Act of 2011) was established in 2011 which included a corporate governance code where listed companies are now required to report on governance and environmental issues. This law has significantly influenced the reporting/disclosure of environmental activities by many corporations including cement companies in the country. The Code of Corporate Governance for Public Companies in Nigeria (2011, section 28.3, hereafter the Code of Corporate Governance) mandated any prospecting/existing company to be/or listed in the Nigeria Stock Exchange to reflect in its annual report the nature and extent of its

social, ethical, safety, health and environmental policies and practices. The coercive effect of the new law and corporate governance code can be seen in the two case studies, as both emphasised it in their annual reports. For example, Company A's annual report stated that: "The Security and Exchange Commission in February 2011 released the new Code of Corporate Governance... In line with the requirement of the code...our company is committed to pursuing and maintaining the highest level of Corporate Governance and International Best Practice". It also stressed that the company's sustainable social and environmental programmes include initiatives on health and safety, affordable housing, dust control, stakeholder engagement, alternative fuels, diversity and inclusion. Similarly, Company B reported that: "[Our] sustainability encompasses three key areas: environmental care, health and safety and social investment. The company is collating existing policies and developing new group-wide policies to manage our approach to these important activities of our businesses." This issue will be further discussed in chapter seven as it is more appropriate to analyse this matter as the part of the strategic responses to environmental issues by the two case studies.

In an attempt to exercise *control* on corporations, the regulatory agencies have instituted some mechanisms such as corporate sites and factories inspections, monitoring of corporate environmental performance, environmental audits, and sanctions and sealing off corporate premises. These mechanisms are considered part of those institutional factors that drive CEI practice in the Nigerian cement industry. For example, one of the regulators interviewed remarked that:

"...We look at so many things they said they are doing [on environmental impacts] and find out whether or not it is true. Those they are doing

rightly; we commend them and those they are being found wanting we provide better and alternative guides” [R2].

Specifically related to the cement industry, a regulator (R4) emphasised that regulators not only focus on what cement companies are doing on site but also on the quality of the products going to the market, so as to prevent/and or alleviate any environmental hazards:

“We have to ensure the quality of cement sold in the market and that cement grades are noted on the cement bags and standards are followed. We presently ensure that all cement companies adhere to the new cement standards NIS 444-1:2014” [R4].

Both regulators and the public can easily trace the company through the identification code inscribed on the bag of cement. This new cement standard (NIS 2014) and the requirement of inscribing identification codes were regulatory responses to incessant building collapses in the country, due to the low quality of cement produced (see BBC News, 2013; Daily Trust, 2013).

The above indicates some of the measures used by the regulators to exercise *control* and authority over corporate environmental impacts. These measures were used to assess the environmental and social performance of the companies and eventually the overall environmental and social impacts within the country.

Persuasive control

Another significant institutional factor in driving corporate environmental development is the ‘soft control’ by means of persuasion by the public and other constituents; that is to say, advocacy to improve environmental consciousness and management. For example, a respondent highlighted how they have been persuading corporations to manage and control environmental pollution by illustrating financial benefits:

“The first thing we did was to convince people [companies]. We told them that your balance sheet could look better if you pay a little bit of attention to the issues of environment and make it part of your published presentation” (NGO5).

Public ‘sensitisation’ by means of campaigns and organised protests by the public is a ‘soft control’ that is noticeable in the interviewees’ comments. Interviewees from the two cement companies stated that they were being coerced/pressurised to conform to acceptable environmental practices. For instance, a corporate staff member from Company B remarked:

“Our company is one of the largest companies in the world. And if you want to be the best company you should go by what the government says you must do. Like I said earlier, if you want to go beyond that, you need to adopt the best practices in the world” [HB4].

Similarly, a respondent who worked in the media stated that:

“We also embark on the sensitisation of the people and orientating them on the consequences of environmental issues such as oil spillage, carbon dioxide emissions, effluent from the cement production, water pollution and other environmental hazards, which resulted from their [corporate] activities ...Also we embarked on a campaign to re-awaken the members of the affected communities on the responsibilities of these companies to them at various intervals and improving on their living conditions” [MP5].

Similarly, an NGO claims that:

“We normally do what we call international environmental day. On this day, we move around to those vulnerable areas to educate people on environmental issues prevention, protection and control...How they can be whistle blower to government whenever they see or notice environment problems in their areas” [NGO3].

The same respondent commented that:

“We normally advise them [host communities] to use modern cover clothes on their farms which will prevent the dust from falling on their farm produce and other modern farming equipment that will reduce the effect of the cement on their produce. We talk to the companies too, to provide the farmers with fertilizers that will boost their farming due to the effect of the dust” [NGO3].

Apart from efforts from voluntary sectors to enforce public sensitisation as a ‘soft control’ in persuading corporations to operate in an environmental friendly

manner as well as increasing the public's awareness and their rights on the environment, another NGO interviewee who actively used the public media to advocate for environmental accountability contended that:

"I have written a lot of articles in the newspapers to sensitise the people on the implications of pollution generally on the environment and what the government and companies should be doing to reduce its [environmental pollution] negative impacts" [NGO1].

Similarly, a number of non-corporate interviewees commented on the benefits of independent negative reporting as a 'soft control' tool to force companies to imbibe the culture of corporate environmental practices and to improve their environmental performance. For example, a media practitioner stated that: *"We have been useful in the area of checkmating these companies...Any time we discover any of them is violating any pollution law or its reporting standards, we put it on the pages of our newspapers immediately"* [MP5, emphasis added]. He buttressed his point further that:

"At times, we even write on how their emission is affecting people in the villages where these factories are located and this has made these companies spend hundreds of millions of naira on community services, as in giving back to the communities. ...As the Editor in Charge of the environment section of [MP5's news media], I am constantly looking out for updates to environmental laws. Although I have reporters on the field, but I also go out to the field in order to guard against omission of vital reports by our reporters..." [MP5].

The implication of this persuasive 'soft control' approach is that it has encouraged some companies including the two case studies to be more committed to managing their corporate environmental impacts. This was acknowledged by corporate staff, as one of them said that: *"Our corporate environmental responsibility practice is being influenced by the media, by the activities of the non-governmental organisations such as social media award organisation and the reactions from our host community"* [AB2]. This is also reflected in chapter seven

where corporations' responses to institutional factors are discussed in detail. However, this evidence contradicts the assertion of Sikka (2010:164), who argued that "whilst the contradictions between corporate talk, decisions and action may be exposed by media or well-resourced government departments in developed countries, the same is very difficult in developing countries as they often lack the required administrative and enforcement resources".

6.3.5 Context

The *context* is an institutional factor that tends to explain how uncertainty and interconnectedness between two or more business entities could drive the activities of any given organization (Oliver, 1991) and between/among countries, companies and individuals (Belal *et al.*, 2015). Considering both macro (institutional/industry level) and micro (corporate level) issues of the two case studies, it could be noted that each was facing some similar and different uncertainties and this will arguably affect their commitment to corporate environmental practices. For example, the similar uncertainties faced by both cases were the national/industrial regulations and community demands; a staff member from Company B stated that "*The Federal Ministry of Environment also influences our practice as they monitor what we do and we usually submit relevant documents to them annually. So, we are very careful in what we disclose in the documents we submit to them*" [CB5]. He remarked further that:

"Since the regulatory agency that monitors our environmental activities expected us to have in place environmental audit, we have made it a point of duty to periodically carry out environmental audit of our operating facilities including our staff performance" [CB5].

Similarly, an interviewee from Company A emphasised that they needed to follow rules and procedures whenever prescribed by the government so as to maintain

their operational licence, for instance, the changes of cement quality after numerous building collapses in Nigeria:

“We have to make sure what we do in terms of what we produce is in line with the international best practice. The cement we produce is 42.5 grade and our competitors are still producing 32.5 grade. Ours is much stronger and suitable for building big buildings. We did this in order to respond to the building collapses in recent times in the country.” [AA2].

Both companies also faced similar uncertainties of community agitations/complaints/movements/protests, as quoted by both. This was evident in the views expressed by some of the corporate staff members interviewed. One of such was the reporting protest to the State parliament by the local community representative (*see* CL2 and CB5 comments below) A corporate member who also confirmed that the community did protest, but not on environmental issues.

“There has always been agitation from host community as regards employment and when accident occur” (SB3).

A few members of the community interviewed confirmed that they would continue to fight with corporations for environmental improvement by reporting corporate environmental pollution to the government, as well as considering the drastic option of militant action: *“We have confronted them most of the time. We have even reported them to the State House of Assembly” [CM4].* Another community member exclaimed that:

“The management of the company also promised to build schools, provide bore-holes and employment for our youths as well as building a hospital. All these have not materialised. But we are still weighing the option of militancy in the future if nothing is done as promised” [CM3].

Also, another community respondent claimed that:

We reported the environmental activities of the cement companies operating in our communities to the State House of Assembly. One of our grievances was the re-location of the communities very closed to quarry

blasting. Both our representatives and the companies' representatives were invited by the committee set-up. Some agreements were reached and the companies were mandated to attend to the issues we complained about [CL2].

In reacting to the complaint by the community that they have reported environmental impacts of companies operating in their locality to the State Government, one of the corporate staff of the companies interviewed stated that:

Our company was not under probe by the State House of Assembly for dangerous emissions in the area. I can tell you authoritatively that our company was not invited because the committee that was set up by the House said they were satisfied with how we have been controlling our environmental pollution in all our locations [CB5].

Although the company denied their invitation, it is however a recognition that the community representatives are prepared to go the extra mile to report the activities of the companies to the parliament.

Whereas case study A admitted that theirs was actually invited, as [AA2] respondent said: *"Recently, one of our host communities reported us to the State House of Assembly over dust emissions into their community. The issue was amicably resolved with the intervention of the government"*. Also, another interviewee from case study A commented that:

"We have also entered into an agreement with those villages very closed to our quarries to re-locate them to a faraway distance from our plants to avoid incessant complaints on noise pollution. Though we are yet to commence the relocation because of some documentations and complaints from the affected communities to move along with their ancestors and huge financial commitments that are involved" [BA5]

The differences in uncertainty between the two cases were for Company A is the unexpected protest from the community, whereas international recognition was great concern for Company B [AB1 in section 6.3.1] so as to gain access of foreign capital, while Company A is a subsidiary of an international company

where international ‘recognition’ was deemed to be part of their policies, while their main *context* factor was more on the interconnectedness with their parent company. For example, a respondent from the account/finance department of Company A remarked that:

“...the expertise knowledge we received from our parent company has impacted significantly on environmental impacts management in our production processes and procedures too. ...consequently, it has resulted to reducing environmental hazards of our production output and cost too” [AA2].

Another respondent from the media echoes the influence of the parent company on the Company A:

“Yes! I think it is a cultural thing! They run the companies around the world with the same [approach]. ...wherever they operate, the corporate culture compels them to practice environmental management. ... [the company] must meet up with international best practice. For other companies, I don’t think so! They are not doing the same thing like cement company A” (MP4).

However, another corporate staff expressed a contrary opinion regarding being part of the group:

“We are better off when we have not join the group. The parent company kill our company. When we learnt, we are joining the group we know we are finished. You know the group has a very good package but people poisoned their mind. You know selfish interest plays in” [EA3].

For Company B, a staff member AB2 claimed that: *“We see ourselves as an international company. For us we have to behave really in international context. We want our standards to be acceptable in UK. We want to be a good corporate citizen. Whatever we are doing, we want it to be acceptable anywhere in the world”.*

“...In term of international standards, we work very hard to ensure that environment didn’t damage” [AB1].

So far, the above illustrations have demonstrated how the various institutional factors influence the management practice of CEIs by the cement industry in particular and Nigerian companies in general. It also corroborated the findings from previous studies that submitted that corporations strategized when confronted with complex, demanding, multiple or single pressures from the external institutional constituents (Julian *et al.*, 2008; Guerreiro *et al.*, 2012; Pache and Santos 2010, 2013).

6.4 The impacts of institutional factors on CEA practices in the cement industry in Nigeria

This section explores further how the institutional influences discussed in Section 6.3 had impacted on corporate environmental management and reporting practices in the country and the two case studies. As discussed in chapter four, this is an area that Oliver’s model has not been able to address specifically, but this study will be exploring this as part of its contribution to the literature in this area.

6.4.1 Impact of cause

Commitment to corporate environmental practices

One of the interesting areas of the impact of institutional influence/coercion is the increase in the commitment shown to the practice by the management of the two companies, which can be viewed alongside the cause/rationale for CEI practice. This commitment to an increase in the rationale for the practice was implied in the views expressed by a majority of the interview-participants for the study. For example, NGO5 stated that:

“When we started promoting ‘CSR’ in 2005 to 2006, Nigeria was rated 12 in Africa in terms of corporate responsibility business ahead of South Africa, Egypt and Malawi, but now Nigeria is rated 2 behind South Africa. In 2006 only two companies have CSR policy in documentary form, because most companies are not practising it and the environment is not conducive for such practice”.

Although the above assessment was based on the impact of the award programme (as an institutional factor) on corporate organizations generally in Nigeria, the respondent further made specific reference to cement companies – which included the case study companies – that have benefitted from the programme gaining the 2012 and 2013 merit award. This resonates with the impact of the rationale for CEI practice by most companies in the country and cement companies in particular. This impact was further concurred with by one of the corporate staff interviewed, who said: *“the award is a reward for our commitment to environmental management. It has made us be more environmentally responsible”* [HA4]. This implies that the merit awards programme as an element of institutional factors has influenced corporate environmental practice in Nigeria.

Sustainable/improved livelihood of the local community

A key driver for this ‘coercion’ of corporate organizations is to ensure a sustainable quality of life for the immediate community around their operations, as well of course to the environment. This is also viewed as one of the impacts of the *cause/rationale* of institutional factors. The impact of such a *cause*, as it relates to the sustainability of the people and their environment, are further considered here. For instance, a media respondent claims that:

“There was a time that villagers around a cement plant were being diagnosed with diseases in their hundreds. We ensured it was properly reported in our newspaper, and a well-equipped medical centre was built for the community by the cement company” [MP5].

The impact of this was attested to by one of the corporate staff interviewed: “*We built hospital and equipped the hospital to provide them with medical care*” [AB1]. The respondent further claimed that: “*...Our EHSS [Environmental Health and Safety and Social] activity is an all-encompassing programme to improve their living standards and to make them more comfortable in the community*”.

Although there was not a specific correlation between the environment and illness, it does however corroborate the impact of the pressure exerted on the corporations to improve the well-being of the community.

6.4.2 Impact of institutional constituents on CEIs practices

Related to the impact of soft control is the effect of the institutional constituents as institutional factors/actors, as a regulator claimed that:

“Through our activities, more people are now aware of environmental impacts of these companies in Nigeria. Most especially the cement company and they have taken precautions” [R2].

It was further claimed that people that are affected by the practice of corporate organizations can and have been taking some positive steps to challenge the impact of environmental pollution in their area, as NGO3 stated: “*...people can go to court now to challenge the company on environmental issues. In the past, the court will not entertain any case relating to the environment, but due to our efforts they will now. Unlike in the past where it is the Attorney General that can prosecute, individuals can do now*”. He also gave an instance of a court case relating to environmental issues in the country, “*In recent time three courts in Nigeria have given judgements to people in the Niger Delta areas, where damages were awarded to the people concerned*” [NGO3]. This is a further acknowledgement of the effect of the activities of the institutional constituents as institutional factor.

6.4.3 Impact of content

Reducing the tension between profit and environmental issues

As was earlier argued, *content* is taken together with other institutional factors, and so therefore is its impact. Its impact is viewed on how the ‘demand’ has affected corporate goals, which is more of an internal/micro than macro/external consideration. For instance, a corporate interviewee commented that: “*cement norms on dust emissions is 100 mg ... But our equipment is design to international standards to take care of dust emissions. We have been reducing cement emissions/dust to the lowest in our cement company...All our plants are producing cleanest emission*” [HB4]. This is a manifestation of reducing the tension of conflict between the profit motive of an organization and a cleaner environment (Buhr, 1998). In other words, it shows that the company has been incorporating environmental impacts into its economic goal.

6.4.4 Impact of control

Improved environmental regulations/compliance

Based on the analysis of the institutional *control* exerted on companies, it could be argued that some positive impacts have been attained in their corporate environmental issues practices in the country. One such area was in the improvements to the local law and standards on environmental impacts. NGO3 claimed that: “*I am aware that various States have established environmental authorities. For instance, the Abuja Board has ensured that companies and people complied with environmental laws in the area. You can see the same things in all States*”. He also commented that: “*...the international protocol and conventions which the country is privy to has led to the domestication of the*

international laws into the local laws, courtesy of the activities of the NGOs and human rights activists”.

In confirmation of compliance with the standards, a corporate staff member stated that: *“So much has been achieved! Mind you any violation of safety rules and other environmental issues in our company factories are sanctioned by the appropriate manager in charge of that unit which has improved worker performance” [AB2].*

Similarly, a further proof of the impacts of the control mechanism was emphasised by a corporate staff that:

“In our mining licence, we are required to ensure that when we finish our mining work we should put the place back to a sustainable environment. Not to leave it in such a state that is not environmental friendly. For example, constructing ‘motorable’ roads in the mining area and filling the degraded land in the area. That is part of the licence requirement” [AB1].

Creating environmental consciousness/awareness

One of the impacts of *control* as an institutional factor on the CEI practice in Nigeria is the increase in environmental consciousness of the companies, and most institutional constituents such as the communities and the government regulators. This was portrayed in the views of most of the respondents. For instance, a media respondent commented that:

“We as media practitioners, we cannot enforce laws but we can cry out. That is why you are seeing changes. Because of our activities people are now conscious of the environmental hazards of what they use. Even in the North, they have started drawing the attention of the government to those mining environmental hazards in their areas. Unlike before when they paid unchalant [I don’t care] attitudes to it, now they know that it is their responsibility to draw the attention of the government to the inimical attitude of miners. This has been one of the part of awareness we have created” [MP4].

This is the impact of advocacy/soft control as an institutional factor adopted by the institutional actors to influence CEIs practices in the country. Invariably, all

these are implications of the impacts of compliance with coercion and soft control institutional factors by companies in Nigeria.

6.4.5 **Impact of context**

International/global influence

International context is considered to have significant influence on CEI practice by the two companies under consideration. One of those areas highlighted was the compliance with international laws, regulations and best environmental practice. The study has earlier emphasised that international laws and standards such as GRI, ISO, EU norms and LSE codes are part of the driving force behind the practice of CEIs by the cement companies in Nigeria. The impacts of these international norms and values were further acknowledged by some of the respondents in the study. NGO2 commented that: *“Whatever little effort the government is doing now is as a result of the global initiatives and what is happening in the developed world on environmental management. The awareness from the developed countries that they are borrowing now to see how other countries are doing it”*. To corroborate this view, most of the corporate staff interviewed have stressed the impacts of international regulations and standards on their corporate environmental practices.

Furthermore, the impact of the context as an institutional factor was noted in relation to the interconnectedness between the companies and communities, and the uncertainty they face regarding CEI practice. For example, NGO2 remarked that:

“Yes! In fact, if the corporate body wants to cheat they cannot do it again and as freely as they used to do before, because people are aware as to what the responsibility of the company is in environmental protection...20 years ago, the

companies do not care about environmental protection, but with the awareness of today they take precaution”.

This means that the awareness created by the NGOs and news media has made the response of the community’s representatives and members of society has become unpredictable. Corroborating this is the newspaper report on the press conference organized by representatives of the communities’ local to the cement factories [see the Nation, 23 July, 2014). These are further implications of the impact of the efforts exerted on the companies by the institutional factors/actors in the country, and also indicate that the company is incapable of anticipating what actors might do, as it was apparent that they did not envisage that the people of the community might organize a press conference or report them to the parliament.

6.5 Summary of the chapter

This chapter began with the presentation of the background of the two case studies. The explanation demonstrated that Company A was a subsidiary of a conglomerate multinational company, whereas Company B is a Nigerian-owned company. The analysis concluded that this structurally different ownership has had a significant impact in the way both companies strategically respond to pressures and coercion from institutional factors. It further highlighted the socio-political and economic contribution of both companies in Nigeria in particular and Africa in general. This was followed with discussion on the environmental situation in the country as a whole and the cement industry in particular. The analysis showed that environmental pollution from the activities of corporations in the country is endemic as it affects the communities’ climate change, air pollution and land degradation, people’s health and sources of income. It also identified the

need for action by both the government and the polluting industries in mitigating the problem. It was further argued that environmental issues in the country have become significant due to an increase in industrial activity. In the case of the chosen industry for the study, it was argued that environmental problems were increasing due to a lack of or inadequate commitment on the part of the cement companies, and government agencies not giving adequate attention and demonstrating a lack of 'political will' to monitor, prevent and sanction the companies appropriately. The findings also showed that there was a contradiction between the perceptions of the institutional constituents and the corporate staff interviewed on the impacts of dust emissions in the communities that hosted the cement companies, most especially as regards their livelihood, health situation and climate change. The pictures presented also attested to the arguments of the institutional actors in this area. The analysis showed that the study is congruent with previous studies that implicate companies over environmental impacts in the world and Nigeria in particular (Buhr, 1998; Banerjee, 2001; Aigbedion and Iyayi 2007; Dahlmann *et al.*, 2008; Jones, 2010; Ogedengbe and Oke, 2011; Singh *et al.*, 2011; Otaru *et al.*, 2013; Bebbington and Larrinaga, 2014; Belal *et al.*, 2015).

Specifically, the analysis also illuminated that Nigerian companies may be confronted with similar or different pressures, multiple or single but key issues for CEA practices. At specific company's context, the findings have shown how the selected companies' CEA practice has been influenced.

It was demonstrated from the analysis that the institutional constituents have exercised controls in the promulgations of environmental regulations, inspections of the corporate premises to ascertain the level of compliance with the institutional demands (coercion), and soft controls which includes: persuasive,

sensitisations, merit achievement awards, ‘checkmating’ (through independent investigations and reporting). This finding is in congruent with the studies of (Julian *et al.* 2008; Pache and Santos, 2010, 2013; Guerrero *et al.* 2012; Belal *et al.* 2015) as they argued that corporations are being influenced in their activities through the means highlighted above.

The study also identifies the institutional influence in the area of content (see Oliver, 1991). As resonated from the comments of the interviewees, companies considered the consistency of the demands from the institutional constituents with their economic goals. It was observed that this factors plays out in the response of AB2 to the comment of CL2 regarding the impacts of the company’s environmental activities in section 6.3.3.

Another aspect that was identified to have influenced the CEIs practice of the companies was the context/ environment where the companies are operating. As highlighted by Oliver’s model are the uncertainty and interconnectedness. In this study, it was evident that the interconnectedness between company A and its parent company, contributed to the practice of the company. This resonated with the study of (Momin and Parker, 2013; Beddewela and Herzig, 2013) that parent /head office due influence the practice of the subsidiaries. Regarding uncertain as influencing factors, the findings shows that company’s A concern was with the local agitations whereas the concern of Company B relates to seeking international acceptance and capital.

Further examination was given to the development of corporate environmental accountability in the cement industry and the factors responsible for such practices. The study used the institutional factors as conceptualised by Oliver

(1991) to explain how the practice has been influenced. Further analysis from the study showed the impacts of such factors have had on the CEIs practices by the two cement companies under investigation.

In summary, the chapter has been able to provide an answer to the first research question: ‘What are the institutional factors leading to the development of corporate environmental accountability in the cement companies in Nigeria?’ and by implication, achieving one of the objectives of this study. It further extends the literature by examining the impact of the institutional influence of corporate environmental accountability practice by companies in Nigeria, and creating environmental consciousness among the institutional constituents such as the local communities.

The next chapter – the second analysis chapter – focuses on the strategic responses from the cement companies to the expectations and demands of the institutional factors/actors in order to manage and report their CEIs in Nigeria.

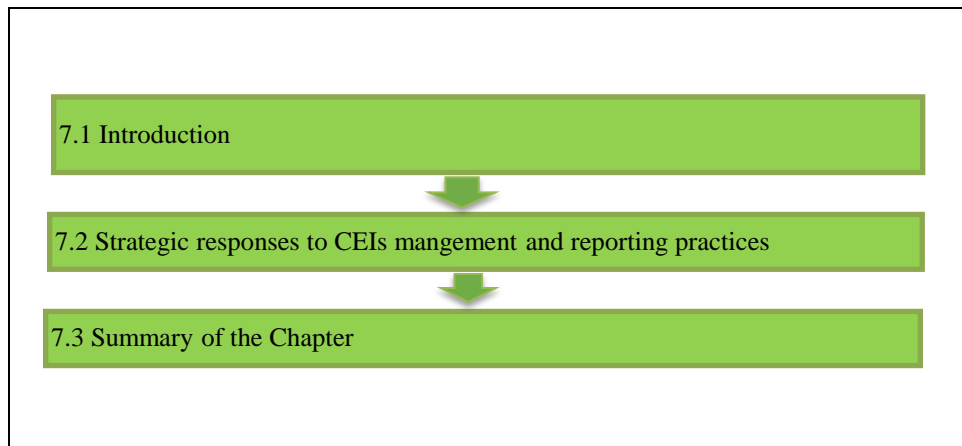
CHAPTER 7: ANALYSIS OF THE CORPORATE (STRATEGIC) RESPONSES TO CORPORATE ENVIRONMENTAL ISSUES

7.1 Introduction

This chapter demonstrates how the two selected Nigerian cement companies have strategized their corporate environmental accountability (CEA) practices; in particular, it focuses on the analysis of the strategies adopted by these two companies as responses to various pressures exerted by institutional factors. The analysis is based on the views expressed by the interviewees from the two companies and the institutional constituents. This is also supported with documentary evidence from the case studies' annual reports and from the media. The chapter further considers how the case studies manage and report their corporate environmental issues (CEIs). The study has used the second part of Oliver's model (i.e. the strategic responses perspective) to explain why and how CEA is practised by the two case studies. The CEA practices and the strategic responses adopted by the two companies are further discussed under the two main themes (corporate environmental management and corporate environmental reporting/accounting practices).

The remaining part of this chapter is structured as follows: Section 7.2 explores the strategies employed by the two cement companies in the management and reporting of CEIs in the country. Section 7.3 summarises the chapter. Figure 7.1 below depicts the structure of this chapter.

Figure 7.1: The structure of chapter seven



7.2 Strategic responses to CEIs management and reporting practices

The strategic responses adopted by the two cement companies are discussed under two sub-sections. The first sub-section focuses on the strategies relating to the management of environmental practices and the second sub-section considers the reporting strategies adopted by both companies.

7.2.1 Strategic responses to CEIs management practices by the two companies

This section is a follow-up to the discussion in the previous analysis in chapter six, which demonstrated that the two companies for this study had undertaken steps to embrace corporate environmental responsibility and accountability as part of their corporate organizational structure. Despite embracing CEA practices, both companies however adopted various strategies to address the challenges of institutional influence. This is also evident in prior studies, which state that organizations facing similar or different challenges such as environmental pollution from external actors usually adopt some strategies to ensure compliance with or restrain from the cause (see Oliver, 1991; Carpenter and Feroz, 2001;

Greenwood *et al.*, 2011; Guerreiro *et al.*, 2012; Sudabby, 2010; Adhikari *et al.*, 2013).

The types of strategy that an organization adopts would however be based on different aspects such as company size, corporate philosophy, nature of business, corporate structure, corporate challenges and country of operation (Greening and Gray, 1994; Carpenter and Feroz, 2001, Buysse and Verbake, 2003). For example, Greening and Gray (1994:492) observed “firm size accounts for those differences”. This means that the larger the size of a company the more strategies it will put in place and vice-versa, because of the numerous challenges they may be facing. The same logic could be applied to companies operating under different ownership structures, such as the two cement companies in this study. The size in this context relates to their ownership structure (an indigenous vs a multinational subsidiary company). Arguably, this study intends to examine further how this distinction in ownership structure has had a significant impact on the way in which each of the two companies respond strategically to practicing CEA.

Another issue that has been identified that may likely have significant impact on the response of the two companies to institutional factors expectations and demands relates to the types of pressures that they are confronting – referred to by Oliver (1991) as multiple choices. As argued earlier, these companies, though operating in the same industry, seem to differ in their approach to environmental issues management and reporting because of the multiplicity in the demands and expectations from external actors. This section explores the strategies that these companies have adopted to respond to these challenges and to develop and implement CEA practices in the country.

As suggested by strategic theorists, organizations might adopt any of the following strategies while attempting to respond to the coercion/pressures from institutional factors as discussed in the previous analysis chapter (i.e. acquiescence, compromise, avoidance, defiance and manipulation – see the theoretical chapter for more detail). Each of these strategies will be used to explain the CEA practices of the two companies.

7.2.1.1 Acquiescence strategy to CEIs management

A company adopts *acquiescence* strategy when the level of compliance with institutional coercion and pressure is high (Oliver, 1991). It is presumed that corporations that usually adopt this strategy are those which are involved in environmental-related issues and have the intention of being reactive, pollution preventers, proactive, and/or ‘compliance plus’ (i.e. going beyond regulation) (Sharma and Vredenburg, 1998; Buysse and Verbake, 2003; Dahlmann *et al.*, 2008). It was further observed that any organization that tends to work within the context of *acquiescence* strategy could use any of these tactics: *habit*, *imitate* and *comply* (Oliver, 1991). In the context of this study *habit* connotes those environmental policies and plans already being unconsciously or routinely implemented, in this instance such as the installation of carbon-dioxide control equipment by the two cement companies; this is what they will have to do ordinarily without regulations compelling them to do so, and so are in effect ‘taken for granted’ as measures. An *imitate* tactic implies corporations mimicking good plans, policies and programmes of other organizations within and outside its industry. The *comply* tactic is where organizations comply with the regulations, norms and pressures from various institutions and embody all of the relevant policies, plans and programmes that could influence its operations.

This section examines how each of the tactics embedded in the *acquiescence* strategic component are reflected in the practice of the two companies.

Habit/taken for granted/ Imitate tactical response

One of the ‘taken for granted’ or unconscious habit usually developed by any organization is the setting of its corporate philosophy in general and specific areas. One such corporate philosophy has been to present the organisation’s commitment to being environmentally responsible/accountable. It is assumed as a sort of response to the ‘soft coercion’ of institutional demands and expectation. This assertion was reflected in both the views of the respondents interviewed and the annual reports of the companies. For instance, a corporate staff member interviewed stated that:

“Part of our corporate environmental plan is to ensure continuous monitoring of the implementation of our planned actions. This has enabled us to detect early deviation from our corporate plan and to ensure prompt application of appropriate remedies. We also plan and do integrate environmental and safety considerations into our product design too” [HB4].

The annual reports of the two companies also resonate with some of their corporate environmental philosophy. For instance, Company A’s annual report stated that its corporate philosophy would focus on the three cardinal points of environmental protection, health and safety and preservation of natural resources. Similarly, Company B’s annual report on its corporate philosophy on environmental related issues encompasses: complying with all local and international laws and standards relating to environmental issues; achieving a better safety performance than their industry peers in the countries where they operate; attending to carbon and dust emissions and resource efficiency

performance in line with or better than industry peers; and implementing a reliable and systematic assurance and sustainability reporting system.

The reports and the statement provide evidence of habit tactics, as companies are not required by law to set such goals but rather they are doing so from the habitual philosophical perspective.

In addition, a corporate member of company B stated that most of what they are doing on environmental management was as a result of habit and not necessarily because the laws mandated them to do so:

“There is no law that say we must comply with the European standards, but we plan to go to LSE, so we try to meet up with the LSE requirements. You know when you meet up with the LSE requirements it make your organization more sustainable. It will allow people to come into your company [invest]. Look at what is happening in Chevron and Shell! you know about Julius Berger Construction Company; the founders have died but the company is still sustainable because they have been complying with the international standards. If you meet up with the international standards your company will outlived you, even if you die the company will continue to exist. That is why we are complying with the LSE requirements to be sustainable in the future” (SB3).

The above statement further demonstrated why company B has formed the habit of imitating international best practice instead of complying with local regulations.

Biomass as alternative source of energy

Biomass as an alternative source of energy has been viewed as more evidence of a habit tactic commitment of Company A towards the management of its environmental impacts in the community and the country.

The majority of the corporate staff of the company interviewed mentioned this.

Also, the company’s annual report:

“In line with the company’s commitment to sustainable development, we embarked on a Biomass Fuels project. ... as an alternative fuel for pyro-processing in the company’s cement kilns, it will go beyond the contribution to the global environmental goal of reducing greenhouse gas

emissions, but also provides a wide range of socio-economic benefits in terms of employment generation within our host communities”.

Similarly, a corporate staff of the company remarked that:

“Our company commenced this viable biomass project two years ago, what we did was to utilize our abandoned quarry land for the project. This was the land that has been mined by our company for some years back...This Biomass project is expected to produce zero-carbon-dioxide emissions when we put it into final use” (BA5).

This initiative reflects the sustainable development of society (Bebbington and Gray, 2001; O’Dwyer *et al.*, 2011; Bebbington and Larrinaga, 2014). It can be argued that the company has shown an effort of commitment towards carbon dioxide emissions reduction in their operations both in the short and long term, and could be categorised as both habit and pacifying tactic. It is pacifying in the sense that both the government and the communities will perceive the company to be working for environmental sustainability and providing job opportunities to the local community. The picture below further provides visual evidence of the project at one of the company’s Nigerian plants.

Figure 7.2: Biomass Plantation of Cement Company A



Source: Fieldwork 2014

Imitate/mimetic tactical response

As the concept portends, some of the environmental practices of the two companies suggest that they have been using *imitate* tactics as a response to the coercion/pressures exerted by institutional factors on their corporate activities. It has been noted from both the views expressed by the corporate staff of the two companies interviewed and evidence from their annual reports that they resort to imitation tactics by mimicking the good practices of other companies at local and international levels. In the case of Company A, this includes the best practices of its parent company as demonstrated in the views of some of the interviewees. For instance, in the view of EA3 the interviewee contended that their company is more committed to CEA practices as a subsidiary of the conglomerate than when they were not part of the group. On the part of Company B, it was argued by some of the corporate staff interviewed that their desire is to be a prestigious international company as such it behoves them to imitate the best practices of other companies, most especially at the international level (see AB1 in section 6.3.1). This was also, demonstrated in the company's 2014 annual reports, as discussed in this thesis.

Comply tactical response

Researchers argue that *comply* tactics are the most active response to institutional factors coercion/pressures (Oliver, 1991, 1997; Guerreiro *et al.*, 2012). Specifically, it is suggested that if an organization faces an uncertainty, its responses will tend towards compliance or else it may adopt partial or non-compliance tactics (Pache and Santos, 2010, 2013). This aspect of acquiescence strategy was envisaged during the interviews with the corporate staff and institutional constituents. The two companies' annual reports further confirmed

how they have been complying and the different kinds of tactics they have been deploying in ensuring compliance with both local and international standards and regulations. For example, a corporate respondent from company A remarked:

“We make sure that our operating facilities meet the local environmental regulations requirement including cement production quality standards in the country. One thing we did was using the best and latest modern dust escalation facilities in all our plants across the country. We are aware that most of our equipment is obsolete given their long usage, so we are trying to replace them gradually” [AA2].

In company A’s 2011 annual report it states that it is committed to the implementation and maintenance of the National Institute of Standards ISO 14001 (Environmental Management System-EMS), which defines how and what corporations must do to manage environmental pollution arising from their operation. Furthermore, it states that, “the air pollution equipment in one of our plants was upgraded from electrostatic precipitation to a flitter bay dust collection system. This has reduced dust emission from the plant and is part of the company’s continued investment in environmental best practice technology” (emphasis added) (Company A’s annual report, 2011). This was also illustrated by the interviewees.

In addition, another corporate interviewee from the company commented that:

“We ensure the use of efficient dust control and management equipment as a way of complying with the best local and international best practices in our operations. We also ensure proper maintenance of our equipment before and after use” [EA3].

In a related development, staff from Company B also commented on how they have been *complying* with environmental management regulations. For instance, corporate staff member HB4 commented: *“So right from the process up to the parking, we put in dust escalator. A back filter has been installed, which controls*

the dust too". Similarly, another respondent from the company echoed: *"Hardly is dust being emitted, because we have escalation equipment that takes care of that"* [AB1]. Furthermore, CB5 stated that: *"As part of our corporate commitment, we normally suppressed the dust concentration by using water to spray the part of the land that was exposed to the people in our operating areas"*.

A corporate staff member further gave the reasons behind their compliance with regulation:

"We are meeting up with Nigeria and European standards. What we do is comply with European standards because it is more stringent. If you comply with the European standards, you will end up complying with the Nigeria standards. Let me give you an analogue if the European standards with 5 mm and Nigeria standards is 3 mm, so, by the time you meet up with the European standards you would have meet up with the Nigeria standards. I know you get my point" (SB3).

Added to this was the development of a maintenance culture of factory equipment as a comply tactic: *"The dust emissions into the environment is being controlled by regular maintenance of our equipment"* [AB1].

One of the regulators also confirms the position:

On our inspection of Company B's premises, and because it is new to the cement business in the country, I can say that the company production facilities are environmentally compliant. They have been given awards for this achievement. I cannot say that of any other cement company. They also have environmental plans, policies, staff, inspection officers and facilities. Generally speaking, the company knows what they are required to do and they are doing their best [R3].

A corporate respondent from Company B also emphasised how the research conducted by the company became an environmental management comply tactic:

"We have conducted some research in conjunction with some environmental organizations in the local communities where we have our plants. The results show that the dust emissions are non-toxic or dangerous to people's health, however, we have put in place some adequate measures such as the installation of modern equipment like Electrostatic Precipitators (ESP) and fabric filters just to see that dust emissions are reduced to the minimum level" [HB4].

Also of note are the recycling activities of the companies, which border on compliance with regulation. Their engagement in this area further shows that they are displaying compliance tactics:

“The company also has a good policy on recycling for used bags. We are doing this because we don’t only see ourselves as a Nigerian company but as an international company. The standard we set for our company is to be in line with what operates in the international communities” [AB2].

This view was supported by HB4:

“We are employing recycling measures for our used bags of cement... We also appointed accredited vendors in those areas we cannot handle on our own, for example, in the area of recycling of used bags, wooden pallets and paper among other measures in place”.

One of the regulators re-affirmed that: *“NESREA required them [the companies] to employ a consultant that we accredited and recommended for them”*. This suggests that the appointment of experts or consultant where the company lacks technical knowledge is part of a regulatory requirement, and in turn suggests it is a compliance tactic to achieve one of its regulatory requirements. However, one of the community representatives complained bitterly of the casual attitude of the company regarding the way it was disposing of used cement bags (burning instead of recycling), as against the claim made by respondent HB4 above. To support his argument, the representative of the community made available to the researcher one of the pictures they took at a location where the company usually burnt its used bags (Figure 7.3)

Figure 7.3: Burning of used bags of Cement Company B



Source: Fieldwork 2014- presented by community representative

There is a clear conflict between the image the company wishes to portray and what the community see.

Environmental audit practice/ 'audit before being audited' tactics

In Nigeria, all industrial businesses are required to do environmental audit reports. Such reports should demonstrate how they are handling their waste, chemicals, storage and plants, so that the government can monitor their environmental activities. It also state how they are monitoring impacts within the areas they operate. One of the agencies that regulates, monitors and controls corporate environmental issues in Nigeria (NESREA) [R3] claims that:

They[companies] will have to provide environmental reports of all their processes including their facilities, processes, and employees and submit to us every three years.

Further to this, the researcher asked some of the senior staff questions relating to environmental audits. In response, one of the interviewees said that:

"Our environmental audit procedure covers all aspects of our production processes. The regulatory agencies like NESREA and SON have commended us in this area, as we adopt the culture of 'audit before being

audited'. Since we are aware that one of the documents the agencies will request from us is the environmental audit procedure, so we don't play with it" [AA2].

Another respondent corroborated the above view, and emphasised further how the audit is done by company personnel.

We conduct regular environmental audits to monitor our production processes in order to ascertain the level of our commitments towards ensuring that we are still environmental friendly with our operations and products [BA5].

The above comments suggest that there is an element of habit as emphasised by the staff members interviewed that the company staff carried out environmental audit because it is part of what the regulators will demand from them. Also, it is a form of compliance with regulations that will enable the regulators to conduct an assessment on companies in this area (Oliver, 1991; Carpenter and Feroz, 2001), and the subsequent response to this coercive isomorphism (Powell and DiMaggio, 1991). It is argued here that the company is not just carrying out environmental audits for the sake of it but because the government requires them to do so and failure will bring sanctions. Furthermore, the above claim by the respondent shows that the company adopted auditing as a way of demonstrating their environmental credentials.

Training and re-training of staff

Most of the respondents also commented on the commitment of the company to training and re-training their staff on the use of the equipment installed, which can be viewed as a corporate strategy for managing environmental impacts. For instance, respondent AA2 claimed that:

"We have committed a lot of financial resources in the training and re-training of our staff on the use of modern environmental equipment both at home and abroad. Every year we sent some of our staff members abroad in conjunction with our parent body to receive training on the use of modern environmental technology in production processes. This is part of

the agreement we entered into with our parent company on training of our staff at the corporate head office to provide for uniformity in the group operation across the world” [AA2].

Added to this was the observation made by respondent CB5, that the company organises in-house educational training programmes on new equipment for their staff. It was further claimed by the respondent that the company’s management has a mechanism in place that monitors internal efforts of staff against compliance and how they could provide remediation in case of damage.

These tactical approaches arguably ensure environmental compliance by those staff using the equipment, and give evidence to show the commitment of the company to manage its CEIs. This illustration further shows that the two companies have adopted some element of the acquiescence strategy in the context of their corporate philosophical perspective of ensuring a clean, liveable and sustainable environment. This further demonstrates the impact of the institutional factors influence on the development and CEIs practice by the companies.

7.2.1.2 Compromise as a strategy for CEIs practices

In contrast to acquiescence strategy, compromise is adopted by companies that believe in partial and not total compliance with coercion/pressures. This is a situation when a company is selective in terms of what demand to give priority in case of multiple demands and expectation from institutional constituents. This tactic is also applicable to companies that intend to maintain a compromise between social/environmental fitness and corporate economic fitness (Oliver, 1991; Greening and Gray, 1994). In an attempt to ensure partial compliance, it is assumed that a company may employ balancing, pacifying and/or bargaining tactics; all three can be applied if a company intends to comply with external demands and expectations, whilst promoting its own concerns, i.e. the company is

not dogmatic in its compliance. The applicability of these parts of the model of CEIs practices is discussed next.

Balance tactics

Balance tactics involve the measures or policies in place, which companies use in order to incorporate the views, demands and requests from local communities into their overall economic goals of profit maximization. They can also be used when a company wants to maintain a balance between what the regulations stipulate and what and how it intends to go about the implementation of the regulations, with few effects on their activities. This is also a good response to the *content* that institutional factors influence (*see* chapter six for further detail). Evidence from the views expressed by the interview-participants showed that both companies employ these tactics in the management of their environmental activities. Some of the tactics highlighted by the respondents are discussed below.

“The regulatory agencies do visit our factory. They do come around to our company and we tell them what they want to hear i.e. what we are doing that is good on environmental impact. They will give us what we want from them. They will give us a good report!” [EA3].

Although this does not explicitly state that the company is deploying balancing tactics, it could however be suggested that it is a form of it to comply with what the regulators want from the company, whilst at the same time the company is able to promote its objectives. This tactic is relative in the sense that none of the corporate staff member interviewed stated that they are trying to balance their corporate objective of profit maximization with the institutional demands, but it was inferred from what professed they are doing.

Pacify tactics

Pacifying tactics are predominantly used on government regulators, shareholders, investors and local communities. Companies in this category may also devise

strategies to show that they are reducing their environmental and community impacts. The two companies in this context claimed that they have been meeting the demands and expectations of the communities local to their plants, both in their annual reports and through the corporate staff interviews. The measures deployed by the companies can therefore be viewed as pacifying tactics in the management of institutional factors. The companies' representatives' views are further discussed in this chapter.

Health and safety management tactics

One of the core areas where both companies expressed satisfaction in terms of performance on environmental management is on health and safety of their staff, visitors and the hosts' communities. This is also considered in the context of this study as an attempt by the companies to pacify the institutional constituents. For example, one of the senior managers from Company A remarked:

“Apart from the fact that we [the company] built and equipped hospitals for our host communities, we also sent our medical personnel team to conduct random medical test and examinations on the people in order to ensure that nobody is at risk as a result of our operations” [HA4].

In addition, a corporate staff member from Company B commented on the health and safety tactics of the company:

“In conjunction with the state health ministry [the state where their company is located] we conduct a comprehensive and periodic test exercise for the staff and their families and the local community clinic[people]. Health and safety is one of the priorities of our company, so we don't joke with it, most especially with our local community” [HB4].

However, a member of one of the communities expressed reservation to the claim of the company in this area. He remarked that: *“The Company did not equip the clinic at all, because the community is beside my office [sic], but they do come to give malaria drugs to the people of the community. I mean the clinic is besides my office”*. (CL4)

Another corporate staff member ascended to the above tactics as he commented that:

“As I told you before, we give livelihood to the people. We are giving better life care to ensure local people are taken care of. For example, in 2012 there was a flood throughout the country, and we provided financial support to those affected” [AB2].

The above expressions from the corporate staff show the level of commitment of the company not only to their staff and their family members but also to wider society; a commitment that will ‘pacify’.

Relocation of affected communities to safe havens

Another significant area which sees pacifying tactics playing out is regarding the relocation of some affected communities to a less environmental hazardous area, something that was mentioned by most of the company staff interviewed. This measure is a tactical response to local community agitation as discussed in chapter six of this thesis. One of the company staff claimed that:

“Among the complaints of our host communities, most especially those located where we do our quarrying and blasting of limestone, is that they want to be relocated to somewhere else. We have cleared the agreed place for them. The next process is to move them there, which will be a long process. But we are doing our best to ensure they move there quickly as soon as possible. You know as human nature; they want it to happen now. This involves the movement of the people, so, it requires a lot of documentation among the stakeholders” [HA4].

Communities’ involvement/investment in the communities

Involving the community representatives in company’s activity can be assumed to be another pacifying tactic. As one of the corporate respondents from Company A claims:

“We have a very good cordial relationship with our host communities and other stakeholders as well. We have a very good perception from the people, that was why we won several awards on CSR in 2012” [AA1].

This position was confirmed by one of the community representatives (CM4) that was interviewed. He claimed that the company usually invites some representatives of the community to attend the company's Annual General Meeting [AGM]. Similarly, it was observed that Company B deployed pacifying tactics in order to meet the demands and expectations of the institutional constituents. Some of these tactics are community involvement, investment into environmental activities and other developmental projects. One of the corporate staff interviewed commented on the company's investment into environmental and other community projects/activities:

“In terms of mining requirements, we used to make a provision in our accounts every year. The provision gets built up to the life of the mining. To repair environmental damage resulting from mining work. We work very hard to look at [care for] the community. A lot of money goes to the development of the community. We provide things like education, infrastructure, and building of roads. We did everything to assist the community close to our company” [AB1].

The views expressed by corporate staff AB1 are manifestations of the company's efforts towards pacifying society that they are socially and environmentally responsible. It was observed that the company deployed this tactic not only to create this impression externally, but also to promote their company. It was noticed that the company was tactically promoting social but not environmental responsibility. This further resonates with the argument of Amaechi *et al.* (2006), that corporations in Nigeria are more philanthropic than environmentally responsible.

Bargaining with the community

This is another tactic deployed by companies in an attempt to maintain partial compliance with the demands and expectations from institutional factors. This tactic could take the form of negotiation with the source of the pressure e.g.

community representatives and government officials. The negotiation may be initiated either by the company or other parties. At the end of the negotiation, it is expected that an agreement would be reached. In the context of this study it is considered as one of the tactics the companies have adopted to manage their CEIs in the country. One of the corporate respondents interviewed testified to the adoption of this tactic in the management of environmental impacts in the area of their operations.

“Recently, one of our host communities reported us to the State House of Assembly over dust emission into their community. The issue was amicably resolved with the intervention of the government. We were mandated by the recommendations of the meeting to relocate those communities to another safe location” [AA1].

The outcome of this negotiation has been discussed under the relocation of affected communities to safe havens, as described by HA4. This shows that the tactic has been successfully deployed by the parties involved.

7.2.1.3 Avoidance as a strategy for CEIs practices

This is another strategy that an organization could adopt if it intends to pretend to be doing what it is being pressurised to do, sometimes referred to as ‘window dressing’ (Sikka, 2010; Adhikari *et al.*, 2013). To achieve this objective, the organization may apply *concealment, buffer/decoupling and/or escape tactics*. Each of these tactics would be adopted by a company when it wants to circumvent compliance to regulations and pressures from the institutional constituents (for further details see chapter five). However, the concern here is to see how each of the two companies has used them in the management of their CEIs.

Concealment tactics

An organization would resort to *concealment tactics* when it is not complying with regulations, norms and other demands, e.g. hiding or failing to disclose facts

about environmental impacts, the extent of its environmental pollution or its damage to the community in whatever form. This study further shows that this tactic was employed by the two companies in practising CEIs in the country. This was evident in some of the views expressed by non-corporate interviewees, the reported environmental impacts of the companies in the media and the pictures generated from the fieldwork, some of which have been displayed in chapter six. For instance, one of the media practitioners interviewed stated that when they confronted the company management:

“You do put in the annual report that you are doing so, so and so things? ... And when we challenge them that where is the project you said you have spent so much money? ...Because they are aware we are going to challenge them next time, then in the following year annual report they did not put any amount to specific project, instead they put it as miscellaneous expenses” [MP3].

During the fieldwork, it was evident that the environmental impact of the companies still persists in the local communities, most of which was denied by the corporate staff interviewed and also not captured in their annual reports. For example, figure 7.4 below depicts a physical confirmation of the presence of environmental impacts that were concealed by the companies: a tactical approach of the company to present itself in a certain way.

Figure 7.4: Evidence of dust emissions in the local community



Source: Fieldwork 2014

Although the picture above is an example of a given scenario of what exists in cement producing areas, one of the company staff members concealed this as a fact and defended the company, saying: *“We have been doing a lot in reducing our environmental impacts to the public. We employed safety dust reduction technologies”* [BA5].

A newspaper in Nigeria also reported that an explosion from one of the cement companies in the country during limestone blasting hit and killed someone. This was concealed by the company concerned but reported by most of the media in the country (see e.g. The Vanguard 1st August 2013). This was alluded to by one of the non-corporate interviewees.

“Yes, I am aware of the industrial hazards at one the cement plants. It happens inside and not outside the company’s premises. It injured some of the staff and caused the death of one of them. I am aware that the dust flew to the near-by farm but it was later curtailed” [NGO3].

The illustration above and the physical evidence show that the company was tactically unwilling to disclose their negative environmental impacts in the society. This could be argued as evidence of concealment tactics employed by the company. However, the company representatives interviewed instead of acknowledging this tended to deploy defence tactics.

Buffer/decouple tactics

A *buffering tactic* is a possible scenario with an organization that is lacking in their environmental management, for instance, whilst pretending or appearing to be complying with what is required. In some cases, organizations may be doing things in their own way and not necessarily as required by law, referred to as decoupling (DiMaggio and Powell, 1991) and impression management tactics (Greening and Gray (1994). Companies that adopt these tactics take significant measures in preventing inspections or scrutiny by regulatory bodies or NGOs. It was noted from the views expressed by the interviewee-participants that the companies adopt decoupling tactics in some instances, with a media interviewee stating: *“They come up with [some] bogus amount of what they have spent on the environment so that government can give them tax holiday, tax relief. They post that on their annual report. That is the system because they don’t want to pay tax”* [MP3]. (Further discussion on this is found in section 7.3.2).

Escape tactics

This is the tactic expressed by a physical move or escape – a relocation – in order to escape total compliance; for instance, a relocation from a highly to a lowly regulated country/area. The findings show that neither of these two companies engages in this act of relocating from the areas of their operations due to pressure from institutional constituents. This was alluded to in the views expressed by the

majority of the corporate staff interviewed. They commented that they did not only want to comply with the laws but be prepared to go beyond. Although none of the corporate staff emphasised that they wanted to escape from compliance, a non-corporate interviewee gave an example of how both companies and regulatory government officials engaged in escape tactics:

When you go to the company they will say they are not a specialist in the field you are seeking for information. You should meet so, so and so person. And at the end you will not find anybody to pick on [MP3].

With regard to government staff adopting escape tactics relating to independent findings by the media on environmental impacts, a media respondent remarked:

“...And if you go to the government staff they will tell you that they are civil servant. You should go and meet the Minister in Charge” [MP3]

These remarks reflect an evidence of ‘escape’ by both companies and governments responsible for creating and enforcing environmental regulations in the country.

7.2.1.4 Defiance as a strategy for CEIs practices

It has been alluded that this is the most active resistant strategy adopted by organizations that are not willing to comply with what they are being pressurised to do e.g. the management of their environmental impact (Pache and Santos, 2010; Guerreiro *et al.*, 2012). This is an outright dismissal tactic, a challenge to the sources of the coercion/pressures or even an attack on the institutional constituents mounting pressure. Overall, the strategy is used as a total rejection of the laws, demands, norms and best practice by an organization, with the belief that its adoption will not have adverse effects on its operation. In this section, each of the tactics will be viewed alongside the CEIs practices by the two companies.

Dismissal tactics

Companies that adopt *dismissal tactics* feel that complying with regulations/pressures will jeopardize or adversely affect their corporate goal of profit maximization, assuming they are not too dependent on those exerting the pressures (e.g. media) (O'Dwyer and Unerman, 2007; Belal *et al.*, 2015). The applicability of this tactic was observed in the views expressed by the respondents, and it was evident from the study that the companies adopted this tactic. For example, one of the corporate staff claimed that their company was not one of those invited by a parliamentary committee to investigate a complaint brought by some representatives of the local communities over environmental impacts (*see* the response of CB5 in section 6.3.5).

Challenge and attack tactics

Both challenge and attack tactics are active move by companies to not comply with pressures/coercion from institutional constituents. Companies in this category adopt the same approach in resisting compliance, and therefore have been considered together here. Specifically, companies adopting challenge tactics may go to any length to defend themselves from what they are being accused of; in most cases, such companies will use the media, press conferences or challenge the issues/actors in court.

Attack tactics are usually adopted if a company believes that it is not fairly treated by those exerting the coercion/pressures on them (e.g. the government regulators and the community). In some instances, a company may employ this tactic if they feel they are not adequately represented e.g. by the NGOs and the media in the reporting of the company's activities. It is also contended that a company may decide to attack the source of pressure if it has nothing to lose, or what to lose is

minimal. In the context of the case studies there were some instances when each of the two companies adopted the tactics to drive their argument. However, none of the corporate staff were willing to discuss this tactic, instead resorting to defending their corporate efforts in CEIs management.

7.2.1.5 Manipulation as a strategy for CEIs practices

This strategy is considered the best for an organization moving away from being reactive to being proactive with an intention of controlling the sources of coercion/pressures. Organizations that fall within this category intend to apply co-option, influence and control tactics. All of these are demonstrated in CEIs practices by the companies in this context.

Co-option tactics

Co-option tactics can be applied when lobbying government officials, members of the Stock Exchange/professions or prominent community leaders to become members of its board of directors, in order to neutralize the opposition or for better performance. The adoption of this tactic was illuminated in the views of the interviewees and the annual reports of the companies.

Co-option of professionals/expertise

In an attempt to withstand and participate actively in the competitive cement industry in the country, Company A adopted co-option tactics. It drew expertise from both the headquarters of its parent company and other subsidiaries of the group in other African countries in particular. This tactic has been acknowledged by one of the non-corporate interviewees as what drove the social and environmental performance of the company in recent times.

“In 2012 Company A won the best CSR award not because what they did was perfect but for demonstrating buying from the top. On the buying from the top, the CEO of the company came from country X in Africa. He drove the CSR of the corporation in country X. And he took upon himself the

CSR practice of the company in Nigeria. In fact, he changed the entire system within 3 years in the company. He works with the CSR department to change the whole system. That is what a good leader must do where there is a blue print to implement” [NGO5].

Co-option of regulators and government officials

In an attempt to strengthen their legitimation among the institutional constituents that exerted certain pressures, both companies have resulted to co-option of both serving and retired government officials in the country. One of the companies had also extended this tactic to members of the London Stock Exchange. This move resonated with the staff interviewed and is also demonstrated in their annual reports. For instance, on the Board of Directors of Company A were the former Governor of the Central Bank of Nigeria and former Minister of National Planning, and at Company B the Group Chief Financial Controller had been playing an active role at the London Stock Exchange. It is assumed that having this expert knowledge on the board will enable the companies to influence decisions that could otherwise have an adverse effect on their operations.

Co-option of community members

Most companies that require the legitimation of society, in particular of local communities will adopt co-option tactics of members of the communities. This was reflected in the Board of Directors of the two companies. For instance, in recent times the Chairman of the Board of Company A was a traditional ruler in one of the communities in Nigeria. In addition, the company claimed in its annual report on the involvement of the local communities’ representatives in key decisions relating to the well-being of the people: Our approach is to involve the communities at all stages of conception, decision-making and implementation of development projects. To this end, we have around each of our plants, a Community Development committee comprising of well-meaning and

accomplished indigenes across different strata of the society whose membership is determined by the community leaders. Regular meetings are held with representatives of neighbouring communities to deliberate upon issues of common interest to both the company and the communities' (Company A's annual report). This is a manifestation of adoption of co-option tactics by the company

Attending AGMs

Part of the co-option tactics employed by Company A was to invite the representatives of the local communities to its annual general meetings (AGMs). This move was acknowledged by a majority of the community members interviewed. For example, one of the community representatives commented that:

"The company has given this community the opportunity to be attending their annual general meeting every year except last year. We were not invited. When we confronted, they said it was an error on their part and they apologise for this. They also said that this was due to the changes in the leadership of their company" [CM4]'

This is further demonstration of the involvement of the institutional constituents in the decision-making and providing them accounts on issues relating to the environment for instance.

Influence tactics

Influence tactics often take the form of a public relations exercise or of offering bribes to the regulators in order to escape sanctions. The most common tactic however is providing the local community with social/developmental and environmental protection facilities.

Influencing source of coercion

Given the situation in the country, where most of the major companies are owned either by government officials (serving or retired) or their cronies, implementing laws became difficult for the law enforcement agencies. To support this point, one

of the media interviewees [NGO4] used the case of his experience during an encounter with a company that was violating the laws. He stated that about two years ago, they ‘busted’ a company in order to conduct investigative reporting but they were prevented from taking further action by a government official. He said that this continued until a human rights group came on board to compel the government official to ensure the company did everything possible so as to mitigate the problem. He posited further that in an attempt to cover-up and allow the issue in context to die down, the government official closed the company, which after some time was re-opened. What this signifies is that the law enforcement agency has been influenced by the management of the company in one way or another. The interviewee further gave a scenario that alluded to the fact that the government officials might have been influenced.

“Like I said earlier, not that there are no laws in the past, but those that flawed them have never been penalized. Since nobody has been prosecuted in the past the problems still persist. As you can see most of the politicians own those major companies or have major shares in them. So, when their companies are sanctioned, what they do is to call the superior government official who will order it re-opening” [NGO4].

Control tactics

Although controlling the sources of coercion, such as government agencies has been common practice of multinational companies (see Sikka, 2011; Belal *et al.*, 2015), local companies also exercise control on the agencies. A media interviewee commented that:

“We went to any flash points to report what happens and even took some pictures. For instance, there was an environmental issue we reported and the State House of Assembly invited such company, but at the end we did not see anything coming out of that. This is because the company’s top management staff are linked to the politicians. The management team or major shareholders of the company are their [government] big friends and all in the pretext that they want more internally generated revenues [IGR] from them” [MP2].

In a similar vein, an NGO illuminated that:

The enforcers of the law are found of taking bribes, which makes it difficult to implement it. In order words, the enforcement of the environmental law is the number one problem in the country. Their efforts become fruitless, most especially, given the various level of corruption among the government law enforcement in the country. It is obvious that both the people that enforce the law and the company management staff are too selfish and corrupt. That is why it has been difficult in implementing the law as regards environmental issues in Nigeria. [NGO2]

A community representative interviewed also remarked that the regulators are weak, saying:

“Following the complaints by representatives of the community just two weeks ago, the representatives of NESREA came to our community and made a courtesy call on the company. They instructed the company to cover the dump they created. But the company took no action and no further action on the company. The reasons being that the owner of the company is a crony of government” [CM4]

This section of the chapter has given explanation to how the two companies have been strategizing in order to manage the environmental impacts arising from their operations. The analysis further showed that the adoption of each of the strategic response perspectives varied with the corporate philosophy on environmental management, with those institutional factors the companies perceived would have greater impact on their operations if they complied or resisted coercion/pressures, and the consistency of the demands and expectations with profit maximization. The analysis has further provided answers to the second research question. It demonstrated that companies tend to employ certain strategies in an attempt to respond to the coercion/pressures emanating from the institutional factors as presented in chapter six. Overall, it is congruent with prior studies in developing countries that demonstrated that companies have developed a culture of practising corporate environmental management (*see* Imam, 2000; Banerjee, 2001; Islam 2009; Belal *et al.*, 2015).

7.2.2 Strategic responses to reporting of CEIs in the cement industry

Chapter three outlined that there are specific regulations that mandate companies to demonstrate more commitment to the management, prevention and control of their environmental impacts (*see* FEPA, 1988, 1992; EIA, 1992; NESREA, 2007; Mining Act, 2007). Arguably, these regulations have enhanced the development and practice of environmental and sustainable programmes by corporations in the country (Adelegan, 2004; Ladan, 2009; Owolabi, 2011; Ebimobowei, 2011). This assertion was also evident in the findings in chapter six.

Furthermore, the extant literature showed that there are laws in Nigeria that require companies to prepare, report and submit relevant documents to the appropriate regulatory and enforcement environmental agencies, relating how they have been complying with the management of their corporate environmental issues (EIA Act, 1992, FME Act 1999; NESREA, Act 2007). This was also emphasised by one of the regulators:

“You see our own activities are all-encompassing. The companies have to report all their industrial activities to us, whether you are cement, chemical construction or domestic, you have to submit environmental audit reports to our agency and if you don’t, then you are violating the laws of Nigeria. We have to sanction you and close you down” [R4].

It was noted that the existing environmental laws in the country have not until recently made public corporate annual reports/accounting for corporate environmental issues. This changed however when the Security and Exchange Commission code of corporate governance for public companies Act of 2011 came into existence. This code required listed companies to commence disclosure of corporate social and environmental activities in their annual reports (*see* SEC Act, 2011 and earlier discussion on this in section 6.3.4, page 164 in chapter six). However, a further look at the code shows that it did not specify any penalty for non-reporting/disclosure, and there is a lack of a template on what to report.

The above gaps notwithstanding, the code specifically dealt with disclosure and accountability of corporate environmental issues in either annual reports or stand-alone reports. In particular, section 34 of the code stipulated that in order to foster good corporate governance, companies should engage in increased disclosure in Nigeria beyond the statutory requirements in the companies and allied matters act (CAMA, 1990).

In the light of the above explanation regarding the provisions of this code, this section explores and presents the views and perceptions of the management staff of the two companies as to how they have engaged in accounting for and reporting CEIs in Nigeria. This practice will be explained using the strategic responses perspective adopted for the study.

7.2.2.1 Acquiescence strategic response

As discussed in section 7.3.1.1, acquiescence strategy comprises the three distinct but interrelated concepts of *habit*, *imitate*, and *comply*. The reporting of CEIs practices will therefore be discussed in the context of these. Reporting of corporate environmental issues by the two companies did not begin at the same time because of different characteristics of the companies including nature, ownership structure, corporate philosophy, and professional skill and commitment of some top management staff towards environmental issues. For instance, Company A did not display commitment towards reporting its environmental activities until it became a subsidiary of a multinational cement conglomerate. On the other hand, Company B did not commence reporting until it changed its corporate approach to become recognised as an international company. It can be suggested that the reporting motivation for Company A was largely based on its connection with the parent conglomerate. Similarly, this can be related to

responses to compliance with the legal reporting requirement existing in the home country of the parent company. In a related development, this action can be attributed to imitation and habit tactics by the company, to show that they are part of the company group.

Company B began reporting CEIs in 2014 because of the motive highlighted above and as discussed in chapter six, and this further resonates with the tactic to be seen as an environmentally friendly corporation, complying with the new code of reporting in Nigeria and imitating best global environmental practice. All these assumptions/contentions have been noted in the views of corporate staff of Company B in section 7.3.1 above.

Given this background to the reporting of CEIs management, this part of the study presents evidence from the interviews and documentary analysis to support this point. Table 7.1 below depicts the reporting of environmental and other related issues by Company A. It also highlights that the company started to report social and environmental issues from 2007. Furthermore, it specifically presents the number of pages that the company sets aside for reporting environmental issues. However, certain key issues identified in the table will be explained using the strategic responses under consideration.

Table 7.1: Disclosure of environmental related issues in Cement Company A's annual reports

Environmental Issues	Years and Number of pages							
	2007	2008	2009	2010	2011	2012	2013	2014
Environment & Safety	X/5	-	-	-	-	-	-	-
Health & Safety	-	X/2	X/1	X/1	X/1	X/2	X/2	X/2
Environment	-	-	X/1	X/2	X/2	X/1	X/1	X/1
Developing Community	-	-	X/4	-	-	-	-	-
Partnering with Communities	-	-	X/2	X/2	-	-	-	-
Human Resources & People Development	-	X/1	X/2	X/1	X/2	X/1	X/2	X/2
Corporate Social Responsibility	-	-	-	-	X/2	X/2	X/4	X/4
Total	5	3	10	6	7	6	9	9

Source: Annual reports of Company A

It should be noted that the X stands for disclosure and the numeral shows the number of pages that contains the items being reported.

In the first instance, an examination of the table 7.1 above shows that the reporting of environmental issues by the company became more prominent when it was integrated into the parent company (this is evidence of habit, imitate and compliance, as explained earlier in this section). This resonates with Oliver's (1991) acquiescence strategy. For instance, habit tactics have been highlighted here and were confirmed in one of the annual reports of the company as it stated:

“The company since its integration to the Group in 2002, has integrated into the group culture, implementing process, re-engineering and imbibing the group’s best practices” (Company A’s annual report, 2009). This habit of reporting was corroborated by one of the corporate staff interviewed:

“I think the company is reporting everything, because the awareness now with the group is better than before when we had not joined the group. I work with the company for over thirty years, the awareness is not like before, there are many things you have to report now” [EA3].

The table displaying CEI reporting from 2007 to 2014 gives further confirmation that Nigerian companies are engaged in this as a habit/imitation of international best practice. It is clear however that this company’s reporting has been possible due to its interconnectedness with its foreign multinational parent company, as suggested by Oliver’s (1991) model. This is to say that the company has imbibed the disclosure culture of the parent company, and in so doing is satisfying Nigerian regulations and complying with international best practice. This resonates with institutional and resource dependence theories of imitation (Oliver, 1991) and mimetics (Powell and DiMaggio (1991) and the context of Nigeria as an emerging economy (Belal and Owen 2007; Belal *et al.*, 2015), and consistency of the practice with group philosophy (Guerreiro *et al.*, 2012).

In the same vein, the reporting of the corporate social and environmental activities of Company B was reviewed for the period 2007-2014, using its annual reports. Although the period covered in table 7.2 starts in 2007, however the actual period that relates to the company’s social and environmental reporting was from 2010 when it was listed on the Nigerian Stock Exchange. Despite this, 2007 was selected as the start point of the research in order to enable a comparison between the two companies. The information presented in table 7.2 will be used for further discussion on the company’s reporting in other headings in this section.

Table 7.2: Disclosures of environmental-related issues in Cement Company B's annual reports

Issues involved	Years							
	2007	2008	2009	2010	2011	2012	2013	2014
Health & safety and work environment/CSR	-	-	-	X/1	X/1	X/1	X/1	-
Donation & charity	-	-	-	X/1	X/1	X/1	X/2	X/2
Approach to sustainability	-	-	-	-	-	-	-	X/5

Source: Cement Company B annual reports

Note: The X denotes reporting of those issues in the year under review and the numeral connotes the number of pages covered.

It was noted that the company commenced reporting on environmental issues from 2014. The researcher enquired of the interviewees why this was the case; some senior managers interviewed acknowledged the fact that the company had not been giving much attention to environmental issues in their annual reports, but that as from the 2014 accounting year there would be a section devoted to it. This remark by the corporate respondents is viewed in line with compliance tactics with both local and international regulation/best practice, and habit and imitation of best corporate environmental practices. It is also perceived in this context as a tactical response to international investors' expectations, demands and standards.

A corporate staff member interviewed remarked:

“This year we are developing a report that will comply with the international standards that is The London Stock Exchange [LSE]. In our 2014 report, there will be a section for EHSS. Since I have joined the company, I want to ensure that the report complies with the international standards” [emphasis added] [AB1].

In the same vein, another corporate staff claimed that:

“At the moment, the annual report of the company doesn’t contain these things [i.e. environmental issues]. We have a foundation for the group EHSS. As from 2014 we will reflect what our company is doing. At the moment, we are not doing so but as from 2014 we will start reporting. There will be a section on that...” [AB2].

The understanding from this is that annual reports are seen as a way of convincing international investors that the company is complying with international standards and best practice. AB1 corporate respondent remarked further that the motive was a response to the need to gain international capital and recognition, especially in terms of meeting London Stock Exchange requirements. This correlates to the assertion of Belal and Owen (2007) that disclosure of environmental issues in annual reports is a strategy adopted by companies as a response to the concern and expectations of powerful stakeholders. In this context, it is assumed to be a compliance tactic as reflected in the emphasis added by the respondent.

The following extracts from the annual report corroborate the manager’s position as to why the organization had not been reporting CEIs.

“When the Company’s EHSS staffs are in place, implementation of standards will commence in 2015 to align existing EHSS practices and standards with the newly formulated policies. We expect to have a team in place in the first half of 2015. They [the new team] will implement the EHSS strategies across the Group [sic]” (Case study B’s 2014 annual report).

The above indicates that the company is creating a strategic policy to implement an all-encompassing programme that will incorporate environmental issues management and reporting in their economic goals, but can also be viewed as buffering, decoupling and concealment tactics; decoupling as it entails ‘window dressing’ (Adhikari *et al.*, 2013), concealment as it is used to maximise corporate goals, and to provide an elaborate rational plan and procedure as a response to institutional demands (Oliver, 1991; Pache and Santos, 2013). The illustration is

congruent with the findings of Dahlmann *et al.*, (2008:273) that reporting practices in organizations at an early stage such as is the case with Company B will be concerned with the development of plans, rather than giving specific targets for delivering improvements or reviewing previous practices. In other words, case study B who is just at the point of implementing CEIs practice is not expected to be reporting in the manner of companies such as case study A, which has been practising for several years.

7.2.2.2 **Compromise strategic response**

It was demonstrated previously that compromise strategy comprises the three elements of balancing, pacifying and bargaining. The two companies' CEIs reporting practices can be seen to be using these three tactics. Islam and Deegan (2008) outlined that disclosure is strategic and can be used by companies to respond to institutional demands and expectations; so, in this context of this study, it is viewed in terms of pacifying local and international communities, balancing and bargaining the corporate economic objectives with environmental ones (Oliver, 1991). A further insight into the company's annual reports shows that the company has not given much attention to CEIs since 2010 (when it was listed on the Nigerian Stock Exchange) until 2013. During this period, it instead disclosed its environmental issues initially under the Chairman's statement and later as part of their corporate social responsibility statement. This position was emphasised by a corporate staff member:

"Our annual report is a true reflection of our corporate social responsibility practices. No separate reporting for our environmental practices, this is done generally under the CSR section of our annual report in the previous years, but we have plans to report it separately in the future" (CB5).

This was supported further by another corporate respondent: *“In the past our reports had been in term of filing documents rather than a formal document”* [AB1]. However, it shifted its position in 2014 when it started to disclose its CEIs in its annual reports. This action is perceived in this context as a habit tactic being deployed in order to gain international recognition and pacify international investors, most especially from European countries such as the UK.

As presented in table 7.2, it was revealed that environmental issues were initially summarised within one page of the company’s annual report but the number of pages containing environmental issues increased to five pages in 2014. This further corroborates the views of some of the corporate staff members of the company interviewed on the commitments of the company to improve their environmental reporting. A further reflection on table 7.2 shows that Company B gave priority to social issues such as donations, building of schools, and community development rather than environmental issues. The motive behind these actions can be assumed to be creating ways to pacify the institutional constituents as to the socially responsible credentials of the company, which resonates with the findings of Amaechi *et al.* (2006) that CSR practices in Nigeria are philanthropic in nature in order to seek legitimation. This is considered as habit and imitation of other companies whilst also being a pacifying tactic to legitimise itself with society.

Corporate financial commitment to the community

The study also identified corporate financing of community projects (including those relating to managing environmental impacts in the community) as a corporate strategy to practice environmental accountability. The researcher sought the views of the respondents from Company A on these financial commitments

which included a commitment of several million naira. The 2007 annual report stated how it budgeted for environmental-related issues in order to ensure compliance with the new Group standards. Although this suggests imitation tactics/mimetic isomorphism because of the interconnectedness between the company and the parent company (*see* DiMaggio and Powell, 1983; Guerreiro *et al.*, 2012), it is viewed in this context primarily as a way of pacifying the local communities that it is socially and environmentally responsible, and accountable too. It can also be viewed as a tactic to balance and bargain its corporate objectives with its corporate philosophy of promoting social and environmental responsibility and accountability. The breakdown of this expenditure can be found in table 7.3 below.

Table 7.3 Amount expended on the management of corporate-communities' relationship by Company A

Items involved	Years and amount expended in N '000							
	2007	2008	2009	2010	2011	2012	2013	2014
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Retained earnings	10,678,652	11,252,030	5,055,398	4,881,363	8,639,387	14,711,676	28,267,183	34,385,275
Community development projects	96,300	125,000	143,000	142,000	173,950	185,000	189,000	259,820
Environmental issues	-	-	186,936	123,955	278,500	273,402	162,174	301,672
Total	96,930	125,000	329,936	265,955	452,450	458,402	351,174	561,492

Source: Company A's annual reports

However, a further analysis of the breakdown of the entire amount expended by the company shows that most of it went to social responsibility/community developments, and just a few expenditures were on environmental related issues. For instance, out of the N 561, 492,000 expended in 2014, N 301, 672,000 went

towards environment-related issues, and in 2013, N 162, 174,000 of N 351,174,000 was spent on environment, while in 2007 and 2008 the entire amount went towards community development projects and social responsibility. The reasons for focusing more on community development rather than environmental issues were stated in some part of the company's annual reports; one report stated that it viewed CSR as an investment necessary for the continued survival of the company. This kind of practice is evident in the study of Amaechi *et al.* (2006), whose findings show that most companies in Nigeria focused more on social/philanthropic activities rather than environmental related issues. The same evidence could be found in the study of Ite (2004).

7.2.2.3 **Avoidance strategic response**

Again, the three core contents of this strategy as postulated by Oliver (1991) are concealment, buffer, and escape. They are further employed to explain the reporting of CEIs practices by the two companies.

The review of the annual reports of Company A demonstrated some traits of concealment of its environmental impacts management. This it does by providing a minimum of information as compared with the oil and gas industry in Nigeria and globally (*see* Shell 2011 annual reports). The review further showed that the number of pages that covered environmental issues were far fewer than what is expected of a subsidiary multinational conglomerate. The review also demonstrated that the company reported its social and environmental issues in between three and ten pages and out of which environmental issues were reported in a maximum of two pages (see table 7.1 above). This further revealed that the company has been giving less priority to environmental issues in particular and social and environmental issues in general as they relate to its operations. This

characteristic is alluded to in the submission of one of the NGOs [NGO5], who posited that in most cases it is not that the company did not want to disclose information, but that there was no sufficient data to present. A lack of CEI reporting is therefore either due to a non-availability of data or that it has been deprioritised in general. The respondent commented further that:

I think generally in Nigeria reporting is a problem. Why it is a problem is because organizations think that if they say it now people will come to take them up. But in the developed world, they see it as what will lead to their improvement” [NGO5].

In some cases, what the company disclosed in its annual reports was not explicit enough. For instance, Company A’s 2011 annual report stated that it had reduced its CO₂, SO_x and NO_x, waste and consumption of finite natural resources per cement production. Apparently, the same report did not disclose the extent to which all these environmental problems have been reduced and the subsequent impacts of such reductions on the environment (a concealment trait). This suggests that there is evidence of the concealment of information on environmental impacts of the company. It also connotes that the company was either economical about what it disclosed or it thought it was not sufficiently important to warrant disclosing the mitigations it had taken so far. This attitude was evident in Oliver’s (1991) description of concealment tactics³⁹, which an organization usually adopts in order to avoid or disguise non-conformity.

Generally, it has been viewed that most companies in the country – including the cement industry – deploy buffer tactics when they inflate the figures they present in their annual reports. A non-corporate interviewee remarked that:

I didn’t agree with their reports which they put on the internet. Although, it is worthwhile to do so. There are incidents of inflating what they are doing. This is our concern with what they are reporting. They want to

³⁹ Disguising non-conformity behind a façade of acquiescence.

portray themselves well in the eyes of the public, whereas they are not always doing what they say they are doing [NGO1].

It was also observed that the companies employ escape tactics. This was evident from the expression of a respondent: *“They never make any attempt to tell the people how cement [production] impacted their life negatively, such as how it affected their health”* [NGO1].

7.2.2.4 Defiance strategic response

This strategy as explained earlier revolved around dismissal, challenge and attack tactics, and as a strategy deployed by both companies has been highlighted in section 7.3.1.4 above. Also, these tactics are adopted in this section to explain the reporting practices of the two companies. Although in section 7.3.1.4 it was mentioned that the case study companies employed this tactic, however there was no evidence to show from the views of the corporate staff member interviewed that they use any of these in their reporting or none-reporting.

7.2.2.5 Manipulation strategic response

The manipulation strategic response is, according to Oliver, appropriate when a company intends to move beyond compliance. Such an organization might use co-option, influencing and controlling tactics, and all of these have been used by these companies as discussed in section 7.3.1.5 above.

7.3 Summary of the chapter

This chapter began with the presentation of how the selected companies have been managing and reporting their corporate environmental issues. For instance, the analysis showed how company A was committed to CO₂ reduction through the installation of modern equipment, facility upgrades, employment of a number of experts to operate the equipment, and equipment training and re-training

programmes for its staff both locally and internationally. It was also evident that the company had shown a commitment to the reduction of CO₂ emissions in their operations through its Biomass energy project. Similarly, the analysis demonstrated that Company B, whose initial commitment to environmental accountability was not encouraging or noticeable, did however progress and become committed to it. The analysis further suggested that the company shifted from a non-reporting culture to a commitment to reporting following its incorporation to a conglomerate company. The management staff interviewed confirmed this observation. The analysis further demonstrated that reporting of environmental issues by Nigerian companies has become an established practice. It also showed that companies in Nigeria have started to comply with the corporate governance code in the inclusion of environmental issues in their annual reports. It further illustrated how the underlying strategic responses perspective has been adopted and used by both companies. This portends that companies in emerging economies are institutionally influenced and they in turn strategically respond to those pressures and controls.

Overall the analysis demonstrated congruence between this study and the existing studies on corporate environmental accountability in emerging economies (Banerjee, 2001; Islam and Deegan 2008; Belal and Owen, 2007; Belal *et al.*, 2015). As argued in chapter three, the analysis of accountability of CEIs became an extension to the existing studies that focused on the impact of environmental pollution in Nigeria alone (Dung-Gwom, 2007; Otaru *et al.*, 2013; Ade-Ademilua and Obalola, 2008; Asubiojo *et al.*, 1991) and building on those, focusing on how corporate environmental impacts have been managed (Dahlmann *et al.*, 2008; Parker, 2014; Cho *et al.*, 2012; Islam and Deegan, 2008). It was also evident that

the companies' activities in their local communities were more of social rather than environmental commitments, such as commitments to community development projects (see distribution of funds in managing corporate-communities' relationships in table 7. 3). This finding resonated with studies that focused on social responsibility (*see* Carroll, 1991; Amachi *et al.*, 2006; Belal, 2008; Owolabi, 2008, 2011).

It further revealed that the companies have strategies in place as responses to the coercion and pressures from institutional factors as discussed in chapter six. In addition, it confirmed that Oliver's model as created and adopted in a developed country is applicable to an emerging economy such as Nigeria. The study was also able to provide a response to the second research question.

The next chapter presents the discussion, summary and conclusion of the thesis, reflecting the conclusion of this intellectual journey. In the chapter, the findings of the study are discussed with a view to seeing how the set objectives have been achieved through providing answers to the research questions put forward. It will also be considering the contribution of the study to the existing literature, the limitations of the study and the identified areas of further studies.

CHAPTER 8: SUMMARY AND CONCLUSION

8.1 Summary

This study has attempted to explore corporate environmental accountability practices in Nigeria. Two research questions have been proposed to unfold the ways corporate environmental issues (CEIs) are accounted for in the country: (1) what are the institutional factors leading to the development of corporate environmental accountability in the Nigerian cement companies? and (2) how the Nigerian cement companies manage and report their environmental practices in achieving corporate environmental accountability?

As the focus of the study is the social and environmental accounting, review of existing literature in this field was conducted both in developed and emerging economies. It was discovered that, most studies concentrated on the developed nations and very little on emerging economies and Nigeria. This prompted the conduct of research in the emerging economies. Some of these prior studies that reflected on the socio-political, historical and economic context of the emerging markets were further articulated and presented in Chapters two and three of this thesis. The study also reflects how the socio-political and cultural context of Nigeria, have contributed to the development and practices of CEA. It highlighted the roles and impacts of the three arms of government in Nigeria (Executive, Legislature/Parliament and the Judiciary). Specifically, the study mentioned how the executive has ensured the enforcement, monitoring, prevention and control of CEIs practices (see NESREA Act 2007); the parliament through enactment of laws and intervention on environmental crisis between the companies and communities (comments of AA1 in section 7.3.1.2) and the Judiciary that

entertain complaints relating to environmental issues (see section 3.2.3). For further details on this evidence see chapter three, six and seven.

The study has drawn on Oliver's convergent institutional and resource dependence theories which are referred to in this study as: 'strategic responses perspective' in order to provide a basis for the analysis of CEA practices in Nigeria and in particular within the cement industry. Data for this study has been collected via semi-structured interviews with corporate staff members at the two cement companies selected for the study, as well as other external institutional constituents who have either involved in the CEA processes or being affected by corporate environmental practices. In addition, documents and visual methods have proved useful in supporting the interviews findings and in undertaking a thematic analysis.

Like previous research (e.g. Ade-Ademilua and Obalola, 2008; Ideriah and Stanley, 2008; Olowookere *et al.*, 2010; Otaru *et al.*, 2013), this study demonstrated that the cement industry has been identified as a key environmental polluter in Nigeria. It further shows that environmental accountability practices among Nigerian companies in general and specifically the cement industry are influenced by the external institutional environment/factors. These institutional factors (discussed in Chapter Six) are: the degree of pressures being exerted by institutional constituents on the companies to conform to social norm of corporate environmental practices; the extent of the required conformity that would constrain with the companies' objectives of profit maximisation; the effect of institutional controls and regulations on companies; and the interconnectedness/relationship between the companies and the society. As is the

case of other emerging economies, this study *inter alia*, has observed that the CEA practices of the Nigerian cement companies are to a large extent influenced by the external institutional factors. Further, the study has revealed that CEA practices have become a means used by companies to consolidate their legitimacy in the communities where they operate. This was expressed by both corporate staff and the institutional constituents interviewed (see Chapter Six and Seven for details of their responses). However, these institutional factors have influenced the two companies to a variable extent. For instance, it has enabled Company A to imbibe the CEA reporting practices which were as a result of the parent company's influence. On the other hand, it has enhanced the commitment of Company B from non-reporting to adopting international/European norms as its bench mark for reporting CEA. The study unfolds two motives which have led companies to practice CEIs: legitimacy and acceptability at the international market / become a premium international company. While, legitimacy seems to more potent than international acceptance, nonetheless the latter has also been considered as important too.

The study contends that all these institutional factors identified to be influencing the companies practice fall within the institutional typology of Oliver (1991) and prior studies that examine what factors/motives that influence corporations in engaging in CEA (Delmas and Toffel, 2004; Spence and Gray, 2007; Islam and Deegan, 2008; Thoradeniya *et al.*, 2013; Parker, 2014). For example, Parker (2014) found that businesses are motivated by the mixture of business case agendas of profits and their personal philosophy. In addition, Spence and Gray (2007) claimed that one of the main motives usually put forward by companies is to resolve the conflict of tension between corporate economic goals and the

environmental desirability of the company. The analysis of cause/rationale as one of the factors that influence CEA practices in Nigeria, shows that companies have been able to incorporate their corporate environmental activities within their economics objectives of profits maximization

What is striking in environmental accountability practices, as articulated in this study is that CEA has become more a means of ensuring legitimacy, rather than how it would improve the wellbeing of citizens and the society? What this means is that the companies have used CEA practices to secure legitimacy or promote their corporate image from the institutional constituents at both local and international levels, rather than for the sustainability of the environment. It is argued that such legitimacy has been ensured when the companies deploy various strategies. For instance, some of the notable strategies which demonstrated that the companies are pursuing legitimacy are: investment in dust control equipment, involvement of the communities' representative, investment in biomass plantation, co-option of government official, relocation of affected community to safe haven, health and safety projects as ways of pacifying the communities where their plants are located. The study has further illuminated that most of the strategies adopted by the companies were in congruent with those proposed by Oliver (1991) and discussed in prior studies (Greening and Gray, 1994; Carpenter and Feroz, 2001; Pache and Santos, 2010, 2013; Guerreiro *et al.* 2012). This was observed during the review of Oliver's model that was used to predict what the reaction of a corporate organization will be under similar or different context. So, the strategies adopted by the companies show that they have reacted both rationally and proactively as the corporate staff interviewed argued that it is their

desire to perform in environmental management beyond what the regulations stipulate (see the comments of the SB3 in section 7.3.1.1).

This study has also observed the theoretical gaps in the literature regarding the studies that adopted Oliver's model. Most of these studies that adopted this model concentrated in developed countries and very little in emerging economies and none in Nigeria. The findings show that most prior studies that adopted Oliver's model used it in other research fields and very view in accounting and CEA. For instance, Pache and Santos (2010) in organizational research; Greening and Gray (1994) in Political issues; Rivera *et al.* (2009) on Policy Science, Guerriero *et al.* (2012), Greening and Gray (1994) on Accounting research. Given that institutional factors and the way they influenced can be different in developed and developing countries, this study has made a contribution by being one of the very few studies to adopt convergent institutional and resource dependent theories in emerging economies and the first in Nigeria. For instance, it was mentioned in the studies that company adopted pacifying tactics in order to gain the support of the local community which is not peculiar to the developed countries, and co-option of community members, government official. Also, as articulated in section 7.3.1.1, regarding the adoption of environmental audit as tactics that explores the theory underpinning and at the same time provide a better understanding of how corporate organizations like Cement Companies managed, accounted for and reported their CEIs practices.

8.2 Discussion of the key findings

Specifically, the findings of this study have demonstrated that the two research questions have been answered and as such enabling the researcher in achieving

the set objectives. This section further articulates some of the key findings of this study. In the first instance, it was observed that the operation of cement companies has had adverse environmental impacts in the locality. This was evident in the comments of the majority of none corporate interviewed (see chapters six and seven).

The study resonated that those impacts were felt most in the contaminated/polluted water in the communities where the companies are located, in the quality of the air they breathe in, the state of health and their sources of livelihood (farm produce) (see section 6.1 in chapter six for more details). This evidence is consistent with prior studies in Nigeria that companies and in particular the cement industry were one of those contributors to the environmental impacts in the country (see for example Majoku, 1992; Kabiru and Madugu, 2010; Ogedengbe and Oke, 2011), impact on sources of livelihood (Ade-Ademulia and Obalola, 2008; Ubong *et al.* 2015).

In addition, it was observed that in an attempt to reduce the environmental impacts from the activities of companies in the country, the institutional constituents exerted some pressures on the polluting companies. The study has shown that these pressures have led to the development of CEA practices among corporate organizations in the country and has enabled them to demonstrate further commitments to the practice. Further analysis pointed out how the pressures of practice CEA were developed and exerted on the companies. The analysis illuminated that the pressures from the institutional constituents follow the same pattern postulated by Oliver five Cs (cause, content, constituents, control and context) model of institutional factors.

The study has also exhibited that the practice in the two companies is similar in one context and dissimilar in another context. These scenarios are highlighted in their attitude and approach to CEA practices and responses to institutional influence. For instance, the findings demonstrated that both of them are similar in their commitment to comply with both local and international best practices, laws and standards. Both of them are committed to reporting corporate environmental practices. On the other hand, the findings showed that both differ in the way they react to institutional demands and expectation and how they are being influenced. For instance, the comments of AB1 of Company B, portends that they were driven by the commitment of the company for acceptance at the global level whereas Company A concern was on the legitimation with and satisfaction of the local community and government (see HA4 in section 7.3.1.2).

The study also identifies the impacts of the various institutional factors in CEA practices of the two companies in Nigeria. These impacts of institutional influence on CEA practices have been observed in the following aspects: increased commitments of the companies on sustainable environment and improved livelihood of the local communities, congruent between a corporate goal of profits maximizations and clean environment. These findings corroborated the findings of (Dahmann *et al.*, 2008) which found that motivation for engaging environmental management is now overwhelming among corporations. Similarly, Spence and Gray (2007) concluded that despite the desire of corporate organizations to incorporate social and environmental practices to their economic goals, environmental practices and reporting continues to be subsumed to the main motive of shareholder wealth maximisation. Corroborating Spence and Gray's view, it is argued that the selected case studies companies still give

preference to profit maximization rather than environmental sustainability. Put in another way, this means that despite the argument put forward by the management of the cement companies to be committed to environmental sustainability, the facts remain that they are not willing to compromise their desire to maximize corporate profits.

In addition, the study illuminates that the strategies employed by each of the two companies depend on ownership structure, corporate philosophical perspective and their approaches. It was observed from the analysis that both companies employed mostly acquiescence, compromise, avoidance and manipulations than defiance strategies because they are committed to complying with institutional controls and pressures than to resist. The reason attributed to this, according to the findings relate to the desire of the companies for survival/legitimation at both local and international levels. This assertion was demonstrated by the majority of the corporate staff members interviewed. The study further observed that though both companies used habit/imitate and comply tactics in CEA practice, however, they differ on the motives and the approach that signify the adopting of these tactics. Some of the acquiescence tactics found to be adopted by each of the companies are: setting and implementing corporate environmental philosophy through the installation, and training of staff on the use of the modern environmental dust reduction equipment. The view of the corporate staff of Company A on the Biomass project and the view of a corporate staff member of Company B on why their company is complying with international/European standards (see section 7.3.1. for further detail). It was also observed from the study both companies adopted pacifying and bargaining tactics than balance tactics. The specific compromise adopted by both companies are involvement of

the communities in environmental decisions, relocation of affected communities to another safe haven, health and safety programmes, negotiation with the local communities with the involvement of the State Parliament. This action demonstrated that the companies emphasised this tactic in that they perceive is more effective in ensuring legitimacy as evident in prior work (see Bebbington *et al.*, 2008; Islam and Deegan, 2008; Bebbington and Larrinaga, 2014; Belal *et al.*, 2015).

Further analysis of how the companies have been managing their environmental issues shows that they employed certain elements of avoidance strategy in responding to the institutional pressures/control. It was observed from the investigation that the most used avoidance tactics in the context of compromise were the concealment of the negative/adverse impact of their operations, in their annual reports. In addition, the majority of the corporate staff member interviewed tends to pretend that their corporate activities are not a threat to the environment, as they argued in defence of their operations (see CB5 section 7.3.1). However, most of the non-corporate interviewees viewed this as an act of concealment tactics (see NGO3, MP3, CL1 and CM1 in chapter seven).

In addition, the study shows that the companies used the manipulation strategy. This they do in co-opting professional experts from international bodies, government officials and prominent members of the communities. The findings show that even though there have been some similarities in their approach one can still notice some dissimilarity. For instance, while company A co-opted member of the communities to its board of Directors, company B focused on the co-option of the foreign experts. The adoption of this tactics was confirmed by some of the

interviewees (see NGO5, CM5). Apart from the adoption of these strategies in the management of the companies' environmental impacts, it was also found that they employed it in reporting. Majority of the views expressed by the interviews participants reflected this (see section 7.3.2). This resonated with the studies that argued that companies used reporting as a strategical response to institutional influence (e.g. Belal and Owen, 2007).

Overall, these findings have shown that CEA practices by companies in Nigeria and in particular in the cement industry are largely influenced by institutional factors and that the companies have in place certain strategies to withstand the pressures. It also reflects the commitments of the two companies in the practice of corporate environmental accountability in the Nigerian context.

8.3 Contribution of the Study

Having discussed and presented the findings of this study, this section presents some of the key contributions of the study to the existing literature in general and social and environmental accounting in particular. The contributions of this study centred on empirical, theoretical and policy implications.

Empirical contributions

The study has contributed to the existing literature as it presents empirical findings of how cement companies from the emerging countries such as Nigeria have been managing and accounting for their CEIs, the sector which is marginalized in the social and environmental literature. This is also contributing to a response to the gap between research in CEA practices in emerging economies and Nigeria (UNCED, 1992; Islam and Deegan 2008; Imam, 1999;

2000; Clapp, 2005; Hassan and Kouhy, 2013; Belal *et al.* 2015). As the findings suggest that most studies in emerging economies provide little evidence on the motives/ reasons/rationales behind CEA practices (see Islam 2009; Islam and Deegan, 2008). In this regard, this study can be envisaged as an extension to the scope of existing literature from the emerging economies perspective. This it does by providing evidence that the rationale behind CEA practices is that most companies are influenced by the role played by various institutional factors (see chapter six of this thesis). Thereby enunciating the significant impacts of the roles of non-corporate on the activities of corporations. This further support the argument in the existing literature on the importance of the roles of stakeholders (Gray *et al.*, 1996; Mahadeo *et al.*, 2011; Unerman and Bennett, 2004)

In the context of Nigeria, the findings have illuminated that most studies in social and environmental accounting, focused more on the social aspect and less on environmental practices (*see* Ite, 2004; Amaechi *et al* 2006; Owolabi, 2008, 2011; Idemudia, 2010). This was so because most of the researchers believed that corporations in Nigeria viewed corporate ‘social’ responsibility as a powerful tool they could use in making positive contributions and at the same time, in addressing the needs of disadvantaged communities in emerging economies (see Ite 2004). In addition, the literature review shows that some researchers considered environmental issues as a subset or part of CSR (Egbas, 2013; Amaechi *et al.*, 2006). Furthermore, CSR has been the common corporate practice and taking a centre stage in the country’s business discourse (Idemudia, 2007; Amaechi 2012; Owolabi, 2011).

However, it is argued that this study provides a guide to future research on environmental issues in Nigeria. In addition, the study has helped in understanding the motives and adoption of qualitative approach as it provides an in-depth understanding of CEA practices in Nigeria and in cement industry. As highlighted in the findings, the study suggesting qualitative methodological and methods approach to research in Nigeria as the focus in the past has been on positivism and quantitative paradigms.

Furthermore, most studies in emerging economies concentrated on the activities of the multinational companies and pay little attention on the national companies (Islam and Deegan, 2008; Hassan and Kouhy, 2013; Belal *et al.*, 2015). The investigation of CEA practices in a multinational subsidiary and a national company in Nigeria will enable audience/public to have a platform for comparison.

Theoretical contributions

As articulated from the literature review and the theoretical perspective chapter that most studies that adopted the theoretical framework to explain the logic underpinning their research were mostly resonated within the developed countries and very few in emerging economies. In other words, there is a lack of theories underpinning studies in emerging economies. Furthermore, it has been observed that the chosen theoretical framework for this study is still under-utilized in developing countries and Nigeria. As the findings on the application of the theories for this study suggest, then it is argued here that it has contributed to research from emerging economies. This further confirms the assertion of some

scholars that theory and/or models adopted on research in developed countries can also be adopted on research on emerging economies (Tsang, 1998).

This study has also joined other studies from the emerging economies that adopted theories as the lens that provide better understanding of issues being investigated such as CEA practices in Nigerian cement industry (Newson and Deegan, 2002; Islam and Deegan, 2008; Islam, 2009; Belal and Owen, 2007; Lauwo, 2011, 2014; Lauwo and Otusany, 2014; Belal *et al.*, 2015). The strategic responses perspective adopted provides an alternative platform as against the most commonly used theories in emerging economies (stakeholder theory and Legitimacy theory), while, explaining CEA practices (Islam, 2009, Islam and Deegan, 2008). Specifically, this study has demonstrated its contributions in explaining the theory underpinning how cement companies have been influenced and the strategies in place to ensure this CEA practices.

In addition, one of the limitations identified in Oliver's model was that she treated organizations as unitary and did not consider the inter/intra-organizational dynamics in decision making such as practicing CEA. This study has illuminated the impact of the inter/intra-relationship/interconnectedness between the two companies/government/and communities. This thesis has discussed extensively some of the impact of the interconnectedness between the selected companies and the institutional environment and the influence of the parent company of Cement Company A on its corporate activities in Nigeria. Furthermore, the impact of the activities of those co-opted members of the communities where the companies are located. It also enunciated the specific institutional factors that influences the strategies adopted by each company, such as the personal involvement of the top

management staff of company A in the implementation of its CEA practice [see NGO5's comments in chapter 7 pages 223-224] This study has further expanded on the limitation of Oliver's model. Her model was designed to explain the general phenomenon and not specific to a particular organization or setting. This study has been able to apply the model to two companies in a specific industry (i.e. two companies in the cement industry in Nigeria) thus extending beyond the work of Oliver whose model was applied in the study. In other word, this study was able to identify and explain how each of the two selected companies strategized in practicing CEA in the country. For more details on this, see the discussions on sections 7.2 and 7.3 of chapter seven.

Policy contributions,

Based on the findings of the study, it is argued that most of the existing environmental regulations in the country are no longer applicable to the present global trend on CEA practices among corporate organizations. Also, as it was suggested by a majority of the interviewee participants that the existing environmental laws are very weak and need an urgent review. It is the belief of the researcher that the findings of this study will provide the enabling template to do this. The findings will also enable the government to re-assess the existing laws with the intent of becoming proactive in formulating new ones and amending or improving the existing one on environmental issues in the country. In particular, as the law on reporting has not been explicit enough. It was observed that no framework on what to report, how to report and sanctions for non-reporting their environmental issues in the country. The study has shown that companies hide under this weakness in the law to report what they want and how

they want it to be done. In addition, it is anticipated that the outcome of this study will assist the management of companies in Nigeria, in particular, in the cement industry to improve on their existing environmental management and reporting practices.

8.4 Concluding remarks and recommendation for future study

To sum up, this study has been able to contribute to the extant literature on corporate social and environmental accounting research from an emerging economies perspective. It has shown that though environmental issues are problematic in emerging economies as companies continue to increase in numbers. The findings also emphasised on the significant roles played by the institutional constituents in the development and practice of CEA in the Nigeria context. The findings also revealed that companies in emerging economies substantially practiced and report their CEIs, though largely influenced not by the dictates of laws but the corporate philosophy. Companies in emerging economies adopt some certain strategies at meeting the demands and expectations of the institutional factors/actors in the system. Legitimacy, rosy picture, representation (are the objectives of companies in Nigeria). Despite the contribution this study will be making to the existing literature, it is however, not without limitations. The limitation is that it is confined to one particular industry, so more studies covering other industry are needed. In other words, it focused on an industry which was the cement sector of the economy. The fact that the study considered two cement companies is also a limitation. The limitation also extends to the key institutional constituents interviewed as it was observed during the fieldwork that both the investors and customers also exerted certain influence on the companies'

CEA practices in the country. Further studies will be required in deepening further the impact of the strategies responses perspective employed by the companies in Nigeria in the management and reporting for their CEA practices. This theory has been applied in the profit-seeking organizations similar studies can be conducted in non-profit seeking organizations. Furthermore, this study was unable to examine the impact of CEA practices on the profitability of the selected companies and Nigeria in general, which could be the focus of further research. Part of the limitations of this study was that the research did not probe further the monitoring measures put in place by the regulators and how often they carry out such exercises on corporate organizations in the country. So, academics/researchers may find it difficult in understanding the ongoing monitoring systems of emissions of corporate organizations in the country. This is acknowledged and it is suggested that further study be conducted in this area.

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APPENDIX 1

Appendix 1: The categorization of interviewees for the study

The respondents	No of the respondents interviewed				Total
Companies:	CSR/Environmental Department	Health & Safety/Biomass Fuel Department	Corporate Communication Department	Accounts/Finance Department	
Company A	1	2	0	2	5
Company B	1	1	1	2	5
Institutional Constituents:					
The Community Leaders					4
The Community Members					4
Regulatory Bodies:					
Federal Ministry of Environment					1
NESREA					2
Standard Organisation of Nigeria					1
Media Practitioners:					
The Guardian					1
The Sun					1
The Punch					1
The Vanguard					1
The Nation					1
NGOs/Environmentalists					5
Total					32

APPENDIX 2

Appendix 2: Coding for the managers of the two cement companies interviewed for the study

Participants interviewed for Company A: A Foreign Subsidiary Cement Company			Participants interviewed for Company B: An Indigenous Cement Company		
Departments/Units	Number of Participants	Coding	Departments/Units	Number of Participants	Coding
Accounts/Finance	2	AA1, AA2	Accounts/Finance	2	AB1, AB2
Environment	1	EA3	Corporate Social Responsibility	1	SB3
Health & Safety	1	HA4	Health & Safety	1	HB4
Biomass Project	1	BA5	Corporate Communications	1	CB5

Note: the first letter for the coding represents the department and the respondent interviewed, the second letter represents the company and the number represents the number attached to each of the participants.

Meanwhile, the information provided in respect of the interviewees in tables 1, 2 and 3 respectively were used in chapters six and seven of this thesis. The coding was used to represent the identities of the interviewees in chapters six and seven.

APPENDIX 3

Appendix 3: Coding of the participating institutional actors in the interview process

The institutional constituents/actors interviewed		
Departments/Units/Positions	Number of interviews	Coding
Communities Leaders	Four-----	CL1, CL2, CL3, CL4
Community Members	Four-----	CM1, CM2, CM3, CM4,
Regulators:		
Federal Ministry of Environment	One-----	R1
NESREA	Two-----	R2, R3
Standard Organization of Nigeria	One-----	R4
Media Practitioners:		
The Vanguard	One-----	MP1
The Punch	One-----	MP2
The Sun	One-----	MP3
The Guardian	One-----	MP4
The Nation	One-----	MP5
Non-Governmental Organizations [NGOs]	Five-----	NGO1, NGO2, NGO3, NGO4, NGO5

The above gives the interviewee breakdown as: four members/leaders of host communities; four regulatory officials; five media practitioners; four NGO members, and one social media enterprise.

APPENDIX 4



Postgraduate 2012- 2015

Accounting for Corporate Environmental Responsibility [CER] in Emerging Economies: The Case Study of Nigeria.

By

Abdurafiu Noah

The Research Questions

- 1. How Corporate Environmental Issues [CEIs] are being practiced and reported in Nigeria?**
- 2. How Corporate Environmental Issues [CEIs] Management is being reported in Nigeria?**

Interview questions for corporate organisations

Section A: Introduction of the interviewer

1. Name: Abdurafiu Olaiya Noah, A PhD Accounting student
2. Where from: Essex Business School, University of Essex, United Kingdom
3. An introduction of the topic: Corporate Environmental Responsibility (CER) Reporting practices in Nigeria
4. The purpose of the interview/questionnaire: To elicit the views of selected stakeholders on CER Reporting practices among Nigerian's Cement companies

5. Ethics of the interview/questionnaire: raising and assuring them on the issue of confidentiality and anonymity of the interviewees and company's identity

Section B: Introduction by the interviewees

1. Name [optional]
2. The name of his/her company [optional]
3. His role/position in the company

Section C: General and specific questions for interviewees

1. In recent time corporate environmental responsibility [CER] practices and reporting have received a huge attention in the media on its impact on the society. Accounting professions, corporations and governments in most countries have been implicated in this practice. I would therefore like to hear your view on your understanding of CER management and reporting practices in Nigeria

a. How would you describe environmental pollution situation in Nigeria and the measures put in place by government towards reducing its impacts on the people, the economy and the society?

c. How would you assess the various governments' efforts in reducing environmental impacts in this country?

2. In recent times cement industry is seen as another source of revenue to the Nigerian government apart from the oil industry. By your assessment how would you describe the contribution of your company to the economic growth of Nigeria and West /Africa?

3. Can you tell us the types of environmental pollution impacts of your company's operation and how your organisation is managing them [i.e. corporate initiatives/efforts]? [Environmental plans, policies, and implementation]

4. Can you please describe the positive results of the various initiatives of your organisation in the management, protection and control of the environmental impacts of your operation on the people, communities and the economy?

5. Can you tell us if there have been any major environmental disasters arising from your company's operation and if there is any? How was your company able to overcome it?

6. In most countries and Nigeria, corporate environmental responsibility practice and reporting has remained voluntary, what can you say has influenced it in your corporation and why? [i.e. Government, Community agitation, best practice, industrial norms, other industry and international best practice, media, NGOs?]

7. what measures, strategies, plans do your organisations put in place in responding to external pressures on environmental management and reporting?

8. How would you describe; the ways your organisation has been reporting/accounting for your corporate environmental responsibility practice? [e.g. Annual report, or stand-alone/separate document or both]?
9. As a senior officer of the company, how would you explain your specific role in your company's environmental management and reporting/accounting practices?
10. Can you tell us some of the future plans of your organisation towards making your production processes and your product environmental friendly as is existing in other developed countries? [e.g. bags that can easily be recycled, dust control technology]
11. How would you explain your company's relationships with your host community/government agencies and the general public? What specific environmental programme in the host community can you ascribe to your organisation? Please provide examples
12. How do you generate feedback from the society on your corporate environmental performance and how beneficial that has been to your subsequent corporate plans and actions?
13. A quick glance at your company's annual report shows that you have not been giving much attention to environmental issues [i.e. report less]? What can you say are responsible for this?
14. How is the dust emanating from the company's operation being monitored and controlled in order to reduce environmental hazard on the people and the farming activities of the host community?
15. The major occupation of the people where your operations are located is farming, what has been the plan of your organisation in ensuring zero environmental impact on their production and the use of modern farming facilities?
16. Can you tell us how your interest in environmental management impacted your production and consumption design? Has this any impact on your profit?
17. Your company has received awards on environmental management best performer for some years and from different organisations. What has been the impact of it on your performance thereafter?
18. In general, what is your thought on CER management and reporting in Nigeria [other suggestions]? What else can you tell us apart from what have been said so far?

APPENDIX 5



Postgraduate 2012- 2015

Accounting for Corporate Environmental Issues [CEIs] in Nigeria.

By

Abdurafiu Noah

The Research Questions

How Corporate Environmental Issues [CEIs] are being managed by corporations in Nigeria?

Also, how corporations are accounting for and reporting the management of CEIs in Nigeria?

Interview questions for Media Practitioners and NGOs

Section A: Introduction of the interviewer

6. Name: Abdurafiu Olaiya Noah, A PhD Accounting student
7. Where from: Essex Business School, University of Essex, United Kingdom
8. An introduction of the topic: Corporate Environmental Issues (CEIs) management and reporting practices in Nigeria

9. The purpose of the interview/questionnaire: To elicit the views of selected stakeholders on CEIs management and reporting practices among Nigerian's Cement companies
10. Ethics of the interview/questionnaire: raising and assuring them on the issue of confidentiality and anonymity of the interviewees and company's identity

Section B: Introduction by the interviewees

4. Name [optional]
5. The name of his/her company [optional]
6. His role/position in the company

Section C: General and specific questions for interviewees

1. In recent time corporate environmental Issues [CEIs] such as dusts/carbon emissions, pollution, environmental hazard, and land degradations have received huge attention in the media on their impact on the society. Accounting professions, corporations and governments and their regulatory agencies in most countries have been implicated in this practice. I would therefore like to hear your view on your understanding of CEIs management and reporting practices in Nigeria

- a. How would you describe environmental pollution situation in Nigeria and the measures put in place by government towards reducing its impacts on the people, the economy and the society?
- c. How would you assess the various governments' efforts in reducing environmental impacts in this country?

2. In recent times cement industry is seen as another source of revenue to the Nigerian government apart from the oil industry. By your assessment how would you describe the contribution of cement industry to the economic growth of Nigeria and West /Africa?

3. Can you tell us the types of environmental pollution impacts specific to cement industry operation and how and what your organisation/media is doing in ensuring that the player in the industry manages and report it in their annual report or other medium?

4. Can you please describe the positive results of the various initiatives of your organisation in the management, protection and control of the environmental impacts of cement industry in Nigeria on the people, communities and the economy?

5. How would describe any major environmental disasters arising from cement industry operation and if there is any? What steps/ measures were taken by your organisation in ensuring mitigations or otherwise from such company?

6. In most countries and Nigeria, corporate environmental Issues management and reporting have remained voluntary. But in recent times more companies now engage in this practice, in particular cement companies. What could you ascribe to this [i.e. Government, Community agitation, best practice, industrial norms, other industry and international best practice, media, NGOs' efforts/influences]?
7. Your media organization/NGO has been engaged more in reporting environmental issues in Nigeria, how would you describe your organisations role in this direction?
8. How would you describe the responses of players in the cement industry to your actions in ensuring best practices?
9. How would you describe, the management and reporting of environmental issues by cement companies now as against what they are doing in the past and with other industries such as oil and gas in the country?
10. As a senior officer of your organisation, how would you explain your specific role in environmental management and reporting/accounting practices by cement companies in Nigeria?
11. Can you tell us some of the future plans of your organisation towards ensuring efficient production processes and cement product environmental friendly as is existing in other developed countries? [e.g. bags that can easily be recycled, dust control technology]
12. How would you explain your organization relationships with the cement industry? Please provide examples?
13. How would you describe what your media organization/NGO is doing in ensuring that the dust emanating from the cement companies' operation are being monitored and controlled in order to reduce environmental hazard on the people and the farming activities of the host community?
14. The major occupation of the people where cement companies' operations are located is farming, what has been the plan of your organisation in ensuring zero environmental impact on their production and the use of modern farming facilities?
15. Your organisation has been giving awards to companies in particular cement companies on environmental management best practice yearly. What inform this practice, what have been your achievements/impacts on the practice and it shortcomings?
16. In general, what is your thought on corporate environmental issues management and reporting in Nigeria [other suggestions]? What else can you tell us apart from what have been said so far?

APPENDIX 6



Postgraduate 2012- 2015

Accounting for Corporate Environmental Issues [CEIs] in Nigeria.

By

Abdurafiu Noah

The Research Questions

How Corporate Environmental Issues [CEIs] are being managed by corporations in Nigeria?

Also, how corporations are accounting for and reporting the management of CEIs in Nigeria?

Interview questions for Regulators

Section A: Introduction of the interviewer

11. Name: Abdurafiu Olaiya Noah, A PhD Accounting student
12. Where from: Essex Business School, University of Essex, United Kingdom
13. An introduction of the topic: Corporate Environmental Issues (CEIs) management and reporting practices in Nigeria

14. The purpose of the interview/questionnaire: To elicit the views of selected stakeholders on CEIs management and reporting practices among Nigerian's Cement companies
15. Ethics of the interview/questionnaire: raising and assuring them on the issue of confidentiality and anonymity of the interviewees and company's identity

Section B: Introduction by the interviewees

7. Name [optional]
8. The name of his/her company [optional]
9. His role/position in the company

Section C: General and specific questions for interviewees

1. In recent time corporate environmental Issues [CEIs] such as dusts/carbon emissions, pollution, environmental hazard, and land degradations have received huge attention in the media on their impact on the society. Accounting professions, corporations and governments and their regulatory agencies in most countries have been implicated in this practice. I would therefore like to hear your view on your understanding of CEIs management and reporting practices in Nigeria

- a. How would you describe environmental pollution situation in Nigeria and the measures put in place by government towards reducing its impacts on the people, the economy and the society?
- c. How would you assess the various governments' efforts in reducing environmental impacts in this country?

2. In recent times cement industry is seen as another source of revenue to the Nigerian government apart from the oil industry. By your assessment how would you describe the contribution of cement industry to the economic growth of Nigeria and West /Africa?

3. Can you tell us the types of environmental pollution impacts specific to cement industry operation and how and what your organisation is doing in ensuring that the player in the industry manages and reported it in their annual report or others?

4. Can you please describe the positive results of the various initiatives of your organisation in the management, protection and control of the environmental impacts of cement industry in Nigeria on the people, communities and the economy?

5. Can you tell us if there have been any major environmental disasters arising from cement industry operation and if there is any? What steps/ measures were taken by your organisation in ensuring mitigations or otherwise from such company?

6. In most countries and Nigeria, corporate environmental Issues management and reporting have remained voluntary. But in recent times more companies now engage in this practice, in particular cement companies. What could you ascribe to this [i.e. Government, Community agitation, best practice, industrial norms, other industry and international best practice, media, NGOs' efforts/influences]?
7. Your organization has been engaged more with the cement industry than any other industries. How would you describe your organisations role in the regulation, monitoring, award for best practices and penalty for violators of the regulations in the country?
8. How would you describe the responses of players in the cement industry to your actions in ensuring best practices?
9. How would you describe, the management and reporting of environmental issues by cement companies now as against what they are doing in the past and with other industries such as oil and gas in the country?
10. As a senior officer of the organisation, how would you explain your specific role in environmental management and reporting/accounting practices by cement companies in Nigeria?
11. Can you tell us some of the future plans of your organisation towards ensuring production processes and cement product environmental friendly as is existing in other developed countries? [e.g. bags that can easily be recycled, dust control technology]
12. How would you explain your organization relationships with the cement industry? Please provide examples?
13. How do you generate feedback from the society on corporate environmental performance in the country and how beneficial that has been to your subsequent organization plans and actions?
14. How is the dust emanating from the cement companies' operation are being monitored and controlled in order to reduce environmental hazard on the people and the farming activities of the host community?
15. The major occupation of the people where cement companies' operations are located is farming, what has been the plan of your organisation in ensuring zero environmental impact on their production and the use of modern farming facilities?
16. Your organisation has been giving awards to companies in particular cement companies on environmental management best practice yearly. What inform this practice, what have been your achievements/impacts on the practice and it shortcomings?
17. In general, what is your thought on corporate environmental issues management and reporting in Nigeria [other suggestions]? What else can you tell us apart from what have been said so far?

APPENDIX 7



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Email: ebspgtad-col@essex.ac.uk

Website: www.essex.ac.uk.

10th September, 2013.

Dear Sir/Madam,

REQUEST TO CONDUCT INTERVIEW WITH YOU

First and foremost, I am **Abdurafiu Olaiya NOAH**, a PhD student of Accounting at University of Essex, United Kingdom, under the supervision of erudite scholars [**Dr. Pik Kun Liew and Dr. Pawan Adhikari**]. I would be grateful if I could conduct an interview with you to solicit your views on the issues relating to corporate environment responsibility generally as well as in Nigeria. My doctoral research topic 'Accounting for Corporate Environmental Responsibility [CER] in the Emerging Economies' is a contemporary issue faced by both developed and developing countries. Your view and experience in relation to this matter will certainly enhance value to my research and contribute to new knowledge in this research area.

Specifically the interview will centre on the following themes focusing on the Nigerian context at both macro and micro levels: The existing accounting practices [policy formulation, processing and reporting] of corporate environmental responsibility; The motivations/pressures behind CER accountability/reporting practices; The appropriateness of the existing regulations/standards in ensuring accountability of corporate environmental responsibility and the appropriateness/otherwise of the accountability/reporting mechanisms of corporate environmental responsibility.

I would really appreciate if you could provide me the opportunity to interview you and the interview would generally take about thirty to forty-five minutes. I wish to assure you that all information provided will be treated with utmost confidentiality and the anonymity source will be protected. More so, I wish to state that I am flexible in term of the time and date of the interview. However, I would prefer the interview to be conducted between **Monday, 16th December, 2013 and Monday, 6th January, 2014**.

APPENDIX 8



**ESSEX
BUSINESS
SCHOOL**

Wivenhoe Park, Colchester CO4 3SQ, United Kingdom

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Email: ebspgtadcol@essex.acuk

Website: www.essex.ac.uk

10th September, 2013.

It is my belief that your kind assistance in this context will give the research the much-needed credibility in contributing meaningfully to the existing practices and literature on corporate social/environmental responsibility in Nigeria in particular and the world at large.

In the meantime, I wish to appreciate you for your kind assistance in advance as I await your positive response. More so, please do not hesitate to contact me through the emails and phone numbers stated below if you required further information. I really look forward to hearing from you.

Thank you very much.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Abdurafiu Olaiya NOAH'.

Abdurafiu Olaiya NOAH

PhD Accounting Student,

Essex Business School,

University of Essex,

Wivenhoe Park,

Colchester CO4 3SQ

United Kingdom.

T: +447774853007

E: aonoah@essex.ac.uk

APPENDIX 9



**ESSEX
BUSINESS
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Tel: +44(0)1206873072

Fax: +44(0)1206873429

Email: ebspgtad-col@essex.ac.uk

Website: www.essex.ac.uk

10th May, 2015.

Dear Sir/Madam,

REQUEST TO CONDUCT INTERVIEW WITH YOU

First and foremost, I am **Abdurafiu Olaiya NOAH**, a PhD student of Accounting at University of Essex, United Kingdom, under the supervision of erudite scholars [**Dr. Pik Kun Liew and Dr. Pawan Adhikari**]. I would be grateful if I could conduct an interview with you through **SKYPE** to solicit your views on the issues relating to corporate environment responsibility generally and as well as in Nigeria. My doctoral research topic 'Accounting for Corporate Environmental Issues [CEIs] in the Emerging Economies' is a contemporary issue faced by both developed and developing countries, with particular reference to **cement industry in Nigeria**. Your view and experience in relation to this matter will certainly enhance value to my research and contribute to new knowledge in this research area.

Specifically the interview will centre on the following themes focusing on the Nigerian context at both macro and micro levels: The existing accounting practices [policy formulation, processing and reporting] of corporate environmental responsibility; The motivations/pressures behind CER accountability/reporting practices; The appropriateness of the existing regulations/standards in ensuring accountability of corporate environmental responsibility and the appropriateness/otherwise of the accountability/reporting mechanisms of corporate environmental responsibility.

I would really appreciate if you could provide me the opportunity to interview you and the interview would generally take about thirty to forty-five minutes. I wish to assure you that all information provided will be treated with utmost confidentiality and the anonymity source will be protected. More so, I wish to state that I am flexible in term of the time and date of the interview.

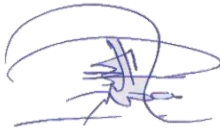
In addition, I will be glad to receive some relevant documents on the topic, your dealings with cement industry [standards, commendations, penalties] and lot more.

It is my belief that your kind assistance in this context will give the research the much-needed credibility in contributing meaningfully to the existing practices and literature on corporate social/environmental responsibility in Nigeria in particular and the world at large.

In the meantime, I wish to appreciate you for your kind assistance in advance as I await your positive response. More so, please do not hesitate to contact me through the emails and phone numbers stated below if you required further information. I really look forward to hearing from you.

Thank you very much.

Kind regards,



Abdurafiu Olaiya NOAH

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