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EDITORIAL GUEST: CALL FOR ACCOUNTING AND FINANCE RESEARCH ON THE NATURAL RESOURCES IN AFRICA

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ABSTRACT

This editorial summarizes eight (8) papers published in this special issue of the Business Management Review (BMR) journal. The papers presented in this special issue focused on accounting and finance disciplines in the oil and gas sector in Africa. They are mainly motivated by potential contribution of oil and gas sector in catalyzing economic development of African countries and limited research on accounting and finance in oil and gas sector in the emerging economies overall. Using different theoretical frameworks, the papers cover a wide range of areas including risk management, internal auditing, accounting choice, capital structure, environmental reporting, environmental costs, sustainability reporting and corporate governance practices. Whilst the presented papers somehow address the paucity of accounting and finance research in the oil and gas sector in the African contexts, more engagement is needed to research and report potential role of natural resources in addressing sustainable economic development of African countries overall.

Key words: *Accounting, Africa, Finance, Natural Resources, Oil and Gas*

INTRODUCTION

This special issue of the *Business Management Review (BMR)* journal is dedicated to accounting and finance disciplines in the oil and gas sector in Africa. The initiative is partly motivated by the paucity of accounting- and finance-related research and dissemination of such literature focusing on the African context and its emerging economies, as well as the potential contribution of the oil and gas sector in catalyzing economic development in African countries. This gap in the research inspired the Department of Accounting and Department of Finance of the University of Dar es Salaam Business School (UDBS) of the University of Dar es Salaam (UDSM), as well as Department of Accounting and Finance of the Institute of Finance Management (IFM) to organize an annual conference titled the *International Conference on Natural Resources Accounting and Finance (ICNRAF)*. The first conference was held in December 2014, followed by a second in November 2015, and a third in December 2017. The main focus of the three conferences was the accounting and financial management challenges and opportunities within the oil and gas industry in the aforementioned emerging economies. In an attempt to ensure wide dissemination of the research on natural resources in the emerging economies and address its scarcity in the extant literature, in early 2016, a call for papers for special issues on oil and gas appeared in *BMR Journal* and other media, with 30 June 2016 as deadline for the submission of papers.

In response to the call for papers, a substantial number of papers was submitted, and after two rounds of review, eight (8) were accepted for publication in this special issue to which this editorial provides an introduction to the papers published therein. Before embarking on the nature of papers

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published in this special issue, we will present a brief status report on the research on natural resources in Africa. The core underlying argument of this special issue centers on the fact that despite Africa possessing abundant natural resources, such as oil, gas, mining, diamond, copper, and coal, little has been reported on the status of these resources. In fact, the contribution of these natural resources in the development of the African countries is not sufficiently or clearly examined. In fact, the oversight is even worse in the accounting- and finance-related research which tends to neglect, to a large extent, natural resources in Africa. In this context, appraisal of accounting and finance research on natural resources in Africa will be presented. We will then summarize the papers in this special issue and position them within this context. Finally, this editorial will present a concluding reflection, pointing out some suggested areas for future research on accounting and finance on natural resources in Africa.

ACCOUNTING AND FINANCE RESEARCH ON NATURAL RESOURCES IN AFRICA

Research on natural resources in Africa is still at its early stage despite the fact that Africa is among the resource rich continent. Most papers started to appear in mid 2000 after the discoveries of oil and gas in the continent. For example, in Ghana, Obeng-Odoom (2015) noted that the earliest papers on oil discovery were published in 2008 and the basis of the claims in that paper included other sources such as, interviews, media accounts, reports and almost nothing from academic published papers. As a result of the discovery of oil and gas in most countries such as Sierra Leone, Uganda, Mozambique, and Sao Tome and Tanzania, few researches started to appear in 2010.

With regards to accounting and finance, this editorial issue suggests that research on these areas focusing on natural resources in Africa is scanty. As a result of the paucity of research on this important area, our understanding on how natural resources contribute to the development of African continent is limited even at a time when Africa is positioned as a central player for the supply of energy and as a result of this, scramble for natural resources amongst global power such as China and America is becoming intense (see Frynas & Paulo, 2007; Klare & Volman, 2006). For example, in 2002, it was reported that 15 percent of US imported oil is from Sub-Saharan Africa (Klare & Volman, 2006). Therefore, it is no wonder that US asserts a robust military presence in Africa overall, and it has been argued that the same is used to prevent China from establishing itself economically in Africa (Frynas & Paulo, 2007; Klare & Volman, 2006). In this context, it is important to know to what extent the array of natural resources in Africa contributes to the development of the continent.

While an attempt has been made to study natural resources and its contribution in the overall development of the respective African countries, most prior studies on natural resources in Africa concentrate on certain geographical areas such as Nigeria (Tantua *et al.*, 2018; Frynas *et al.,* 2000; Genova, 2010; Ikelegbe, 2005) and South Africa (Chang et al., 2010; Leon, 2012; Maylie, 2013). There is also a sizeable number of prior studies which focus on Mozambique (Gqada, 2013; Andreasson, 2015; Levy & Williams, 2014). These studies show generally that African countries are yet to fully benefit from the natural resources obtained in their areas. In some of these countries, conflicts are noted between the state and the communities in those places where natural resources are obtained. In Nigeria, for example, where revenue from oil accounts for about 40% of Gross Domestic Product (GDP) and 70% of Government revenue, Ikelegbe (2005) and Tantua *et al.* (2018) reported persistent violent conflict surrounding the struggle over oil resources in the Niger Delta Region where communities employed militia to protect oil (see also Frynas *et al.,* 2000; Genova, 2010; Lawal, 2004). A similar situation is frequently reported in South Africa where local

miners are claimed to be exploited by both the government and the international companies (see Andreasson, 2015).

In general terms, there is a complex web of tension between the local communities (natives), the state (as represented by the government) and those multinational companies involved in natural resources in Africa. Often times, local communities feel that the state is helping multi-national companies to harness the countries' natural resources for their own self-interest (Chang et al., 2010; Leon, 2012; Maylie, 2013; Poncian, 2019). In this context, more studies are expected to be conducted in this area, potentially increasing our understanding of these relationships and molded accordingly. For instance, one would be keen to understand the environmental consequences resulting from the natural resource-related activities in the neighbouring communities and to observe the reactions of the communities on the same. Also, it is important to appraise corporate social responsibility activities and programs undertaken by multinational companies and to establish the extent to which these activities and programs are beneficial to the targeted communities. Similarly, studies on taxation regimes which would enlighten policy makers and practitioners on the appropriate fiscal policies collectively benefiting the respective state, local communities, and multi-national companies are needed. Furthermore, importance of understanding the overall management and governance of natural resources in African countries cannot be over-emphasized. In fact, poor management and governance of natural resources in Africa are considered responsible for the continued conflicts which exist in some of the African countries (Tantua, *et al.,* 2018; Ikelegbe, 2005; Frynas, 2000).

As part of governance, studies are needed on the topic of transparency, that of both investors and host countries regarding the conduct of oil and gas businesses. There is strong evidence that transparency has positive political, economic and social effect, thereby improving information flow and ensuring that financial truths are reported to a wide audience in a publicly accessible and comprehensive manner. Moreover, transparency improves a country's credibility among foreign investors and the international banking community. To clearly understand some of these issues, studies which combine different methodological and theoretical underpinnings are needed. Hence, this special issue attempts to address some of these concerns by presenting accounting and finance papers within a variety of theoretical foundations and methodological approaches focusing on different aspects of management and governance of important natural resources (oil and gas) in the context of African countries. The following section briefly discusses the papers presented in this special issue.

THE PAPERS IN THIS SPECIAL ISSUE

Baimwera, Wang'ombe and Kitindi examine the financial risks of continued extraction and use of fossil fuel, in the face of growing concerns about climate change in East Africa. The research uses literature and secondary sources to argue that the implementation of global climate action to reduce carbon emissions is likely to undermine fossil fuel investments. Baimwera et al. caution East African countries, which have all, incidentally, struck significant fossil fuel reserves lately, that as the world increasingly limit carbon emissions and move to alternative energy sources, huge investments made and continued to be made by these countries will be adversely affected. However, they argue these countries have low levels of development, which contrast with the discoveries of significant fossil reserves, and it would be illogical to curtail their development due to climate change concerns. Their paper further notes that transitioning the world to a low carbon develop-

ment pathway will require the East African countries to implement the envisaged clean development mechanism under the Paris Climate Accord, to which they are signatories. The implementation of the clean development mechanism is likely to clash with their development goals, primarily the exploitation of the fossil fuels reserves, a conflict of interest which in turn might expose these countries to greater effects of climate change, in addition to what is being experienced, such as extended droughts, temperature spikes, and floods. In an attempt to address challenges associated with climate change in East Africa, Baimwera et al. argue that these countries require both financial and technological support from rich countries if the exploitation of fossil fuels is to cease. The paper presents a seemingly plausible precaution on the potential impact of global trend of reducing carbon emissions in the context of an on-going discovery of oil and gas in the East African regions. The paper shows that as the world embraces clean development mechanisms, a vast amount of fossil fuels are discovered and will continue to be discovered in the East African countries such as Kenya, Uganda and Tanzania, which are likely to be stranded.

The second paper, by Mbelwa and Lenatusi, explores the factors that influence management reliance on internal audit functions of the 17 oil and gas companies operating in Tanzania. The paper applied a positivism approach to identify the extent to which independent variables, such as independence, scope, competence, work performance, and communication influence management's reliance on the internal audit function within the studied companies. In particular, the paper finds that competence of the internal auditors in terms relevant education background and experience of the studied oil and gas has increased the reliance of the internal audit function. However, it establishes that knowledge of risk management amongst internal auditors did not play a significant role in the reliance on the internal audit function. Because risk management is highly embedded in oil and gas operations (see Richard and Leonard in this special issue), stakeholders did not attach special emphasis on the same on the part of internal auditors. Mbelwa and Lenatusi establish further that the independence of the internal auditors increases reliance on the internal audit function. In the context of internal audit, assessment of independence primarily focuses on three aspects: appointment, execution of audit work, and reporting. Whilst these forms of independence are implied presented in the paper by Mbelwa and Lenatusi, the question remains as to what extent does each form of independence influence reliance of internal audit function. The paper also finds that scope, work performance, and effective and efficient communication between internal auditors and management all increase reliance on the internal audit function. In general, the paper by Mbelwa and Lenatusi increases our understanding of the factors which affect reliance on internal audit function in the context of oil and gas. The paper shows, albeit to a varied extent, that competence, independence, scope, work performance and communication increase reliance on internal audit functions of the studied oil and gas companies operating in Tanzania.

Chalu's study focuses on accounting choices and their determinant to major global oil and gas companies in the world. Using a non-parametric test, the study by Chalu shows the existence of significant variation in terms of accounting choices and their treatment of oil and gas activities. In this regard, the study establishes that out of 83 accounting choices assessed, the companies were found to use 68 different accounting choices. Chalu argues that company size, location, and duration (years) are responsible for the variation of accounting treatment in oil and gas activities. In terms of company size, Chalu establishes that company size significantly influences the choice of accounting treatment in oil and gas activities on only one item; initial measurement of decommissioning liabilities and their related capitalized assets at the best estimate of the costs required to settle decommissioning liability or to transfer it to a third party. On the other hand, company size

exerted a weak influence on three mechanisms, namely, using proven developed reserves as a basis for unit of production; using fair value to measure non-controlling interests; and recognizing both cash payments received and the value of future assets to be received, in case of unproven reserves. In the case of company location, Chalu finds that company location influences the choice of accounting treatment on oil and gas activities, meaning that oil and gas companies, operating in similar circumstances or in a similar environment, were found to use similar accounting treatments. In particular, Chalu finds that location had strong significant influence on two items, namely, the use of LIFO to value inventories and not dismissing deferred taxes upon the initial recognition of the decommissioning liability. On the other hand, company location had weak influence on the application of successful effort methods, such as the recognition of cash payments received, only in case of unproven reserves, and the recognition of provision for physical restoration of an area of activity to its original or better-than-original condition.

In terms of duration, Chalu finds that the number of years in which the company is in operation significantly influences two accounting treatment choices, namely, using the reducing balance method to depreciate assets and disregarding deferred taxes at initial recognition of the decommissioning liability. The study by Chalu presents the accounting flexibility provided within the accounting standards in this domain. This is manifested, for instance, on the accounting exploration and production activities where International Financial Reporting Standards (IFRS) No. 6 allows the application of either Full Cost Method or Successful Efforts Methods. Whilst the selection of an accounting treatment is allowable, we argue the same could be used by oil and gas companies to purposely reduce the corresponding taxable amount to be payable to the respective countries. Therefore, harmonization and contextualization are urgently needed. In this context, as argued by Chalu in this special issue, there is a need for the accounting standard-setters to strike a balance between harmonization and flexibility.

A co-authored paper by Chalu, Richard and Ngohelo examines determinants of capital structure of the eight (8) oil and gas companies operating in Tanzania. The study used pecking order theory and trade-off theory to test the influence of tangibility, firm size, growth, profitability and tax shield on the capital structure of the studied companies. In terms of tangibility, Chalu *et al.* find that tangibility of a company has an insignificant positive relationship with capital structure, meaning that companies with a higher percentage of tangible fixed assets are likely to be leveraged. In addition, the study establishes that company size is negatively related to leverage ratio. However, its effect was not significant; therefore, large companies are likely to have a lower leverage ratio and vice versa. The paper by Chalu *et al.* further finds that a firm's growth has a negative but insignificant effect on capital structure, so that growing firms are likely to experience a low leverage ratio. In terms of profitability, the study shows that profitability is negatively related to capital structure which means that highly profitable companies are likely to use accumulated profits for investment purpose (ploughing back profit) something which reduce gearing ratio. An unrelated finding was observed regarding the relationship between corporate tax and capital structure within which the study establishes an insignificant positive relationship. And thus an increase in corporate tax is likely to increase gearing ratio. The paper by Chalu *et al.* increases our understanding of the relationship between the five (5) studied variables and capital structure in the context of oil and gas companies in Tanzania. Because all of the studied companies are multi-national and undertake various projects in different countries, findings presented in this paper provide a seemingly appropriate financing framework or guideline for oil and gas projects in the emerging economies.

Using Global Reporting Initiative (GRI) guidelines, Kikwiye, in this special issue, analyses social and environmental reporting of oil and gas companies in Tanzania. The paper uses content analysis of online documentary reviews of annual reports and the websites of the six (6) companies. Kikwiye finds that economic empowerment was only disclosed by one company, Exxon Mobil, and this was related to manual irrigation pumps provide to dwellers in areas surrounding company operations. In terms of social activities, Kikwiye finds that the studied oil and gas companies tend to disclose more information on social issues, including improvements to individuals' livelihoods, fair competition to land owners, community development work, involvement of women in the global women initiatives, and the distribution of solar lanterns used for lighting in rural areas. The study shows that companies such as Songas Tanzania Limited, Pan African Energy and Exxon Mobil have been highly involved in social activities in the areas of their operations. Regarding environmental activities, the paper by Kikwiye establishes that a number of the studied companies disclosed their environmental activities. The reported environmental activities include the conservation of the environment and improvement of livelihoods by providing fresh water supplies to communities (Songas Tanzania Limited), minimizing the negative socio-economic and environmental impact on the people, by considering the appropriate technical and economic factors during gas production (Exxon Mobil) and planting trees in Schools (Ophir Energy). Kikwiye's study further shows that social aspects including health and education are disclosed more often as compared to economic and environmental issues. In fact, as presented in the paper by Kikwiye in this special issue, almost all the studied companies were involved in health- and education-related programs in their respective areas of operations. For instance, BG Tanzania was involved in the prevention of malaria, the construction of dispensaries, and the purchase of hospital related facilities and equipment, as well as the purchase of ambulances. A similar observation was recorded with regard to other studied companies. The paper by Kikwiye provides a thorough narrative on the various activities conducted by the studied oil and gas companies to the communities surrounding their areas of operations. However, we argue that multi-national companies involved in oil and gas business in Africa are not fully committed to the wider development agenda of the countries where oil and gas activities are carried out. Instead, minimal, and in most cases unsustainable and un-programmed contributions are given and highly publicized for the sake of legitimacy and image painting. As a result, contribution of oil and gas (like other natural resources) towards development of African countries is daunted.

An article by Mabonesho and Ngole, in this special issue, conduct a textual analysis of the disclosure practices on the environmental impact of nine (9) oil and gas companies operating in Tanzania. The overall objective of the study was to determine the practices of disclosing information on environmental costs of the studied companies. The paper by Mabonesho and Ngole shows that the incidences of narrative defensive and narrative aggressive disclosure of the nine annual reports are 254 (96.6%) of the total disclosed sentences. The numerical disclosure (disclosure which indicates level of commitment to attending the environmental issue) represents only 9 sentences (3.4%) of total disclosure. They further find that sentences regarding environmental prevention, protection, environment impact studies, and environmental management systems are highly disclosed, reflecting 92 out of 130 incidences (70.1%). Two major observations can be related to these findings. Firstly, the studied companies disclose more environmentally defensive costs than environmentally aggressive costs. Secondly, the studied companies disclose information on environmental costs in a purely narrative way rather than numerically. In a broader sense, Mabonesho and Ngole's paper suggests that the studied companies are not effectively implementing the claimed preventive

environmental disclosures. Mabonesho and Ngole also observe that disclosure of aggressive environmental costs on gas or oil spills, pollution management, waste management, treating disposals, and compliance with environmental standards have been disclosed in more than ten (10) incidences, while other types of information, for example penalties/fines, recycling, clean up, restoration and injury claims have been disclosed in fewer than ten (10) incidences. The authors also noted that some companies disclose more environmental impact information than others and find out that despite being small in size, Maurel and Prom disclose more environmental costs as compared to relatively large companies, such Equinor (formerly Statoil) and BG Group. In general, the paper by Mabonesho and Ngole call for accounting standard setting boards and country regulatory authorities to mandate appropriate disclosure of environmental costs and liabilities associated with oil and gas activities (see also Ibanichuka & James, 2014). We argue this call is particularly important in the emerging economies, such as those of the African countries. As resource rich African countries are attracting multi-national companies, the environmental costs associated with the operations of these companies and their related consequences need to be known and considered accordingly, in the overall governance of the sector.

A paper by Christopher and Chalu examines the factors influencing voluntary sustainability reporting for oil and gas companies in Tanzania. In particular, the study used non-probabilistic sampling to determine the influence of organizational factors (top management support and perceived benefits), governmental factors (governmental support and government regulations) and environmental factors (professional involvement, NGO-involvement and media involvement) on voluntary sustainability reporting. In terms of organizational factors, Christopher and Chalu found that there is no significant relationship between top management support and voluntary sustainability reporting, indicating that the assistance and resources provided by top management had no influence on voluntary sustainability reporting. In contrast, the paper found that perceived benefits had significant influence on voluntary sustainability reporting. In particular, actors were of the strong view that voluntary sustainability reporting carries the potential to attract both financial and non-financial benefits to the organization. In relation to the governmental factors, the paper by Christopher and Chalu found that both government support and government regulation had no significant influence on voluntary sustainable reporting. These findings suggest there is inadequate involvement of government in ensuring voluntary sustainability reporting in the country. In fact, as Christopher and Chalu claim, there is no regulation controlling voluntary sustainability reporting in Tanzania. As for environmental factors, the study found that professional involvement had no significant influence on voluntary sustainability reporting. On the other hand, involvement of NGOs and the media was found to assert significant influence on voluntary sustainability reporting, suggesting that the studied companies are more likely to engage in voluntary sustainability reporting once they are exposed with the external pressures from NGOs and the media community. Christopher and Chalu's paper shows that multi-national companies operating in most of the African countries are self-interested entities with weak intention of helping the communities surrounding their operations. As evidenced in Christopher and Chalu's paper, even the decision to adopt voluntary sustainability reporting is highly influenced by self-serving motives (such as perceived benefits) and the act of seeking legitimacy from NGOs and the media. This increases our understanding on the nature and operations of the multi-national companies and their potential consequences on the development of the African resource rich countries.

Using a content analysis of annual reports of the ten (10) oil and gas companies operating in Tanzania, Mzenzi, Mori and Kurt explore the corporate governance practices of the studied companies.

In particular, the study examined two broad aspects of corporate governance, namely, board structure and composition, in addition to the functioning of the audit committees and boards. The paper by Mzenzi *et al.* found that given the size and scale of operations, the number of board members of the studied companies ranged from six (6) to eleven (11). It was also observed that most of the members of the board of directors were foreigners, indicating a high presence of foreign ownership of the companies. In fact, out of the ten studied companies, only one which is a local company. In terms of gender, the paper found less representation of females on the board of directors. Regarding this, two (2) of the studied companies had no females on their respective boards. Mzenzi *et al.* also found that number of executives and non-executive directors varied from one company to another. Notwithstanding the fact that all Chief Executive Officers (CEOs) of the studied companies were members of the board of directors, the majority of members reflected non-executive directors which assures effective undertaking of board's oversight functions. With regard to the functioning of the board of directors, the study found that the boards of directors of the studied companies conducted, on average, two to three meetings, annually. Further, Mzenzi *et al*. in this special issue found that the studied companies tended to carry out board evaluations, normally by audit committee or shareholders. The study also found that members of the audit committee are well-educated, with sufficient experience and skills. As most of the oil and gas companies operating in African countries are foreign based companies, and as some have been registered with the stock exchange in their respective country of origin, it is not surprising, therefore, that governance practices of these companies are somehow effective. However, we argue the benefits associated with the improved governance practices are not sufficiently reflected by the countries where they operate. In particular, most of the companies are not contributing enough towards development of the countries where they operate.

CONCLUSION AND REFLECTION

The extant literature shows clearly that accounting- and finance-related research on natural resources is scanty and worse yet for Africa where accounting and finance research, overall, is marginalized (Broadbent & Guthrie, 2008; Goddard, 2010; Mzenzi, 2015). In this context, eight (8) accounting and finance papers focusing on oil and gas sector presented in this special is one of the important steps in addressing this evident neglect. Of the eight (8) papers, six (6) deal with accounting-related subjects and two (2) cover finance-related matters. It is not surprising that most of the papers focused on oil and gas companies operating Tanzania. With the exception of two, all the other authors of the papers originate from Tanzania. In fact, as presented in the introduction, papers from this special issue were selected from the conferences organized by UDBS and IFM, both located in Dar es Salaam, Tanzania. It is interesting to note that the papers cover, seemingly, a wide range of topics related to the overall management and governance of the oil and gas sector. These include risk management, internal auditing, accounting choices, and capital structure. Other papers cover social and environmental reporting, environmental costs, sustainability reporting and corporate governance practices. The papers in this special issue used a variety of theories including agency theory, institutional theory, resource dependency theory, positive accounting theory, and contingency theory. There are also other papers in this special issue which used legitimacy theory, social contract theory and stakeholders' theory. In terms of research methodology, only the paper by Mzenzi *et al.* employed a purely qualitative research approach with semi-structured interviews as the main data collection method. This observation is partly attributed to the availability of database. However, it is important to acknowledge that the quantitative approach is still dominant in both accounting and finance research overall. Thus, this special issue reiterates earlier call by Mzenzi (2015) on the need for more interpretive research on the emerging economies.

All of the papers in this special issue demonstrate the importance of engagement between state (as represented by the government), local communities, and International Oil Companies (IOCs). The studies outline matters of importance which could shape engagement among these three important agents which are involved in the overall management and governance of natural resources in Africa. Obtaining an in-depth understanding of the way in which these three important agents interact with one another, in the context of accounting and finance of natural resources in Africa, requires a comprehensive set of research methods and theoretical frameworks. These frameworks could potentially increase our understanding on the manner in which accounting and finance are implicated in the overall management and governance of natural resources in Africa.

Given the potentials of natural resources towards development of African countries, this special issue calls for the increased engagement of researchers on the African continent. There is a need to increase African accounting and finance research which focused on the natural resources such as gold, oil, gas, coal, copper and diamonds. These studies are recommended to be undertaken in different parts of the Africa where a particular natural resource is paramount. For instance, Democratic Republic of Congo (DRC) is known for its gold reserve. However, the manner in which the gold reserve contributes to the welfare of the majority of Congolese population has yet to be well-documented. This gap could easily be addressed by accounting and finance researchers through a longitudinal study on the contribution of gold on the overall economy of DRC. In addition, Botswana is claimed to be a prime example of the management of natural resources amongst African countries. However, a detailed, cross-analysis on how Botswana has managed, while other African countries have failed, is yet to be conducted. This is an area where accounting and finance researchers could contribute in bringing together contextual differences and similarities amongst different African countries and make recommendations, accordingly. Interested researchers in this area could augment the findings obtained from comparative analysis conducted by Andreasson (2015) in three African resource rich countries, namely, Nigeria, South Africa and Mozambique.

Furthermore, countries such as South Africa report constant clashes between local miners and the state. Despite having some literature documenting the same (see for example, Chang *et al.,* 2010; Maylie, 2013; Butler, 2013; Andreasson, 2015), a detailed analysis of the relationship between state, local communities, and international companies, is missing. This is a research opportunity for accounting and finance researchers. Engaging in ethnographic research, with its emphasis on living with researched communities, could be an appropriate research strategy. Moreover, following recent major discovery of gas in southern part of Tanzania, it is evident that the country will be leading exporter of gas in the near future. As argued by Poncian (2019), it is important to study how the country is effectively prepared for the same and what are likely impact of the discovery to the common Tanzanians. Similarly, given experience of Tanzania in the mining sector, accounting and finance related studies which compare between mining and oil and gas are very much welcomed (for similar approach, see Lange & Kinyondo, 2016). Research on this area would provide insights and lessons to the policy makers and practitioners and this could potentially minimize possibility of repeated mistakes which were made in the past. In African countries overall, accounting and finance studies in natural resources could equally focused on forestry products, mountains, land, and water bodies including sea, lakes and river. In general, there is a need for paradigmatic accounting and finance research on natural resources in Africa. In order to effectively understand the management of natural resources in Africa, the proposed research need to employ various theoretical frameworks using different research methodologies.

As evidenced in this special issue, there is also a clear neglect of finance related subjects focusing on management of natural resources in Africa. Future studies in this area could focus on the finance-related aspects such as risk management, financing options, and working capital management. Also, role of financial institutions and capital markets in financing natural resource projects in African countries are worthy to be studied. These studies could as well establish and appraise financing arrangements available in capital intensive projects, such as those involved in the exploration and development of oil and gas. A similar approach could be extended to accounting research. For instance, studies on governance and transparency of natural resources management in Africa are highly needed. These studies could potentially increase our understanding of the interaction between state, multinational companies and communities. Extraction of natural resources is claimed to be responsible for environmental problems existing worldwide. In this case, studies on environmental accounting could further highlight environmental management practices available in African countries and provide appropriate policy recommendations. In addition, accounting-related studies such as those focusing on corporate social responsibility, taxation, cost and management accounting as well as auditing are highly needed. Such studies could potentially increase our understanding of how accounting is implicated in the overall management of natural resources in Africa. In order to enhance plausibility and generalizability of the findings of the proposed accounting and finance studies, we recommend comparative analyses of the related subjects across different African countries.

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