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The effect of organised hypocrisy: Compensation committees and fair compensation in the Ghanaian mining industry

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ABSTRACT

Compensation committees are established by mining companies to negotiate fair compensation on behalf of farmers. However, prior studies suggest that compensation packages are considered unfair by farmers. The failure of compensation committees to deliver fair compensation can signal inconsistencies between espoused ideals and action. The aim of this study is to explore how compensation committees are implicated in inconsistencies between talk, decisions, and actions which undermine fair compensation as well as the effect of such inconsistencies on mining companies. We rely on data collected from a mix of qualitative interviews with various stakeholders and secondary documents. Drawing on the theory of organised hypocrisy, the findings suggests that mining companies use inconsistencies between talk, decisions, and action with respect to compensation committees to facilitate, manage and defend unfair compensation. We contribute to studies on organised hypocrisy in revealing four effects of organised hypocrisy. Namely, organised hypocrisy can be a source of dysfunction, function, aid, and pose a threat to legitimacy.

1. Introduction

Displaced farmers whose land are acquired by mining companies for mining operation are entitled to fair and adequate compensation. Mining companies in attempting to demonstrate their commitment to this ideal often establish compensation committees to negotiate fair and adequate compensation. Mining companies often establish compensation committees as legitimate institutions for negotiating compensation through its representation and processes (Andrews, 2018; Adonteng-Kissi, 2017). Despite this, complaints continue to linger about unfair compensations paid to farmers (Kidido et al., 2015). In other words, mining companies have been criticised for inconsistency between espoused ideals and action with regards to fair compensation for farmers. Some segments of society¹ argue that compensation committees open the doorway to acts of hypocrisy which lead to unfair compensation. This paper explores how compensation committees are implicated in inconsistencies between talk, decisions, and action which undermine fair compensation as well as the effect of such inconsistencies on companies.

Prior studies have been concerned with the link between compensation committees and fair compensation (Anderson & Bizjak, 2003; Hermanson et al., 2012; Newman & Mozes, 1999; Vafeas, 2003). However, these studies are unsuitable for understanding our research problem. First, these studies focus on excess compensation as opposed to inadequate compensation in the study of unfair compensation. Second, these studies focus on the determination of executive compensation rather than the negotiation of crop or

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resettlement compensation. Third, these studies utilise agency theory as the lens in explaining the principle-agent relationship between owners and executives. The focus is on how corporate executives influence on compensation committees within the organisation. This relationship dynamics contrast with this context where there is an absence of an agency relationship. The only set of accounting studies that refer to the issues of fairness in compensations packages paid to mining communities make no link to compensation committees (Khalid et al., 2019; Lauwo et al., 2016; Lauwo & Otusanya, 2014).

Therefore, this paper explains the link between compensation committees and unfair (inadequate) compensation practices by using the lens of organised hypocrisy. Organised hypocrisy represents a response by organisations to conflicting norms, interests and demands (Lipson, 2007; Mörkenstam, 2019). The response features differences between statements and practices where an organisation meets some demands by talk or decisions and other demands by action (Mörkenstam, 2019). Also, organised hypocrisy produces different effects (Egnell, 2010; Lipson, 2007). As a theoretical lens, organised hypocrisy serves as an appropriate analytical framework for explaining how organisations engage in actions that are inconsistent with talk and decisions in managing conflicting societal demands as well as the effect of such inconsistencies (Brunsson, 1989; Lipson, 2007). Understanding the effect of organised hypocrisy helps to explain why mining companies despite facing criticisms of unfair compensations still rely on compensation committees to negotiate fair compensation on behalf of farmers.

This study explores the context of Ghana where there is often contestation between farmers and mining companies over unfair and inadequate compensation in land acquisition. In Ghana, mining companies use compensation committees to negotiate fair compensation. Using a qualitative method, this paper makes three key contributions. First, this paper suggests that mining companies use inconsistencies between talk, decisions, and action with respect to compensation committees to facilitate, manage and defend unfair compensation. Second, this paper identifies four effects of organised hypocrisy. It can be a source of dysfunction and function as well as aid and threaten legitimacy. This paper builds on the work of Lipson (2007) which highlights the effects of organised hypocrisy as a source of dysfunction and function. Third, the paper provides insight into inadequate compensation to farmers as a form of unfair compensation rather than excess compensation linked to corporate executives. The paper is divided into several sections. The literature section which engages with literature on compensation, compensation committees, and organised hypocrisy. The subsequent sections include the method, findings, discussion, and conclusion.

2. Unfair compensation, and compensation committee

Compensation has been the subject of interest in academic literature within the accounting community. Some of the literatures explore compensation in relation to executive payment (Anderson & Bizjak, 2003; Hermanson et al., 2012). Other literatures refer to compensation in relation to land acquisition within the mining industry (Khalid et al., 2019; Lauwo et al., 2019). Here, these literatures draw attention to corporate exploitation of communities in the payment of compensation. For instance, exploitation is exemplified in reported cases of companies withholding compensation payment or paying inadequate compensation (Lauwo et al., 2016; Lauwo & Otusanya, 2014). These incidents of unfair compensation practices still persist despite compensation committees negotiating compensation packages on behalf of affected communities. So far, the literature has yet to question why fair compensation remains elusive despite the presence of compensation committees.

Instead, the academic community has been mainly concerned with the role compensation committees play in determining fair compensations. Some of these studies make loose connection between compensation committees and unfair executive compensation practices (Hermanson et al., 2012; Vafeas, 2003). For example, Vafeas (2003) uncovers opportunism in exploring how compensation committee affect compensation. Other studies challenge the notion that top executives in organisation influence compensation committees (Anderson & Bizjak, 2003; Newman & Mozes, 1999). For example, Anderson and Bizjak (2003) find little evidence greater the independence of compensation affects compensation packages. Compensation committee consisting of executive management did not culminates in excessive pay. Newman and Mozes (1999) reveal similar findings. However, the authors uncover a bias in favour of Chief Executive Officers when linking compensation to performance. Overall, these studies indicate that the composition of the compensation committees has limited effect on the fairness of compensation.

All in all, these studies build a connection between compensation committee and the fairness of compensations (Anderson & Bizjak, 2003; Newman & Mozes, 1999; Vafeas, 2003). However, these studies are unsuitable for understanding our study as their main focus is on excess executive compensation. Furthermore, these studies are underpinned by agency theory where the focus is on principal-agency relationship while the context of this study require a focus outside this form of relationship. Other accounting studies that attempt to move beyond agency theory in the use of alternative lens still maintain the focus on executive compensation (Hermanson et al., 2012; Malsch et al., 2012). For example, Hermanson et al. (2012) use a variety of lenses in documenting the struggle of compensation committees to set fair compensation and legitimate its action. Other accounting studies that adopt a critical lens make only a little reference to unfair compensation that occurs in negotiations involving mining companies and community displaced from their land (Khalid et al., 2019; Lauwo et al., 2019). To resolve the research problem, this paper turns to organised hypocrisy which can help explaining how compensation committees are implicated in fair compensation through inconsistencies between talk, decisions, and action as well as the effect of inconsistencies on companies.

3. Organised hypocrisy: The concept and its operationalisation

Organised hypocrisy refers to inconsistencies between output resulting from conflicting demands and pressure (Lipson, 2007). Organised hypocrisy is exemplified in counter-coupling, and de-coupling. Counter-coupling involves organisations operating a parallel set of inconsistent structures to separately address different incompatible demands. In organised hypocrisy, counter-coupling is

exemplified in the reverse relationship between talk and decisions on one hand, and action on the other hand. In other words, there is a compensatory relationship between talk/decisions and actions in dealing with incompatible demands. Thus, each demand is adequately compensated without losing support from constituents (Brunsson, 1993; Lipson, 2007). Mörkenstam (2019) aptly describe counter-coupling in organised hypocrisy as involving the endorsement of values through talk and decisions to compensate for actions in the opposite direction. Nickell and Roberts (2014) give an example of a mining company talking about its commitment to protecting the environment, yet the companies are involved in destroying wildlife areas as part of its routine mining operations. The authors argue that counter-coupling makes it easier for organisations facing contradictory demands to manage its legitimacy.

Decoupling refers to the separation of organisational action from talk and decisions (Lipson, 2007; Mörkenstam, 2019). Decoupling can occur because an organisation lacks the resources to meet demands. Organisations are faced with incompatible demands or are unwilling to meet external demands (Lipson, 2007; Mörkenstam, 2019). Decoupling helps preserve the credibility and legitimacy of organisations without disruption from external pressure (Egnell, 2010; Lipson, 2007). Mörkenstam (2019) notes that there are different ways organisations decouple talk and decisions from actions. For example, talk and decision are decoupled from action using time (i.e. there is a reference made to future action while the present focuses on talk and decisions), topics (i.e. constraining some topics to talks and decisions, while other topics are linked to action), organisational units (i.e. placing a unit or committee in charge of talk and decisions on an issue and a separate unit or committee is placed in charge of action on a different yet conflicting issue to avoid cross interference). Decoupling and counter-coupling are forms of organised hypocrisy. Organised hypocrisy produces different effects which are explained in the next section.

4. Organised hypocrisy: The four different effects

The work of Lipson (2007) suggest that organised hypocrisy is a source of dysfunction and function. Organised hypocrisy engenders dysfunction by producing gaps between organisational talk and action (Lipson, 2007). For instance, an organisation may regularly engage in media intervention and with non-governmental organisation to assure stakeholders of its willingness to adopt changes in order to meet their demand. However, the organisation might be subject to constraint and so continue with routine practices (Sikka, 2010). This conduct creates a commitment gap. Organised hypocrisy can also undermine reforms (Lipson, 2007; Mörkenstam, 2019). Consistent with organised hypocrisy, talk and decisions are used to express support for the adoption of particular laws. However, decoupling is used to prevent substantive reforms that would have ensured consistency between talk, decisions, and action. Organisations can make promises without accomplishing reforms. (Lipson, 2007). The use of organised hypocrisy to stifle the possibilities of reforms is found in the mining sector. Mining companies can engage in talk and decision that assure stakeholders of potential positive changes without corresponding material change to business practices in order to safeguard their economic interest (Maroun, 2018).

Lipson (2007) also notes that organised hypocrisy can serve a function when organisations are confronted with conflicting pressure in the environment. It helps organisations differentiate or manage the distinction between statements that can be made and actions that can be taken. In essence, organisations can provide satisfactory talk without taking corresponding actions to satisfy a diversity in opinion (Brunsson, 1993). Second, organised hypocrisy acts as a solution for handling conflict by dealing with irreconcilable demands separately through talk, decisions, or actions (Cho et al., 2015; Lipson, 2007; Nickell & Roberts, 2014). Nickell and Roberts (2014) cite an example in which organised hypocrisy is seen as valuable in the management of tension arising from conflicts between the demands of an internal auditor and the profit-oriented demands of an organisation. Therefore, organised hypocrisy offers a solution that satisfies different conflicting demands (Lipson, 2007). Third, organised hypocrisy can trigger reforms as organisations attempt to reconcile inconsistencies between talk, decisions, and action in the face of external pressure (Cho et al., 2015).

In this study, we pull together literature in arguing that organised hypocrisy has other effects such as aiding and threatening legitimacy. First, we argue that organised hypocrisy can function as an instrument of external legitimation for organisations (Brunsson, 1990; Christensen et al., 2013). She and Michelon (2019) find that corporate talk and decisions aid legitimation management as stakeholders react positively to talk and decisions. However, stakeholders appear to value disclosures of actions more than talk, and decisions. Corporate actions generate greater negative reaction from stakeholders. According to Brunsson (1990), organisations generate legitimacy from constituents by matching their actions with societal values. Similarly, the use of talk and decisions separately can aid external legitimation. Basically, organisations can secure legitimacy by acting in accordance with some set of norms, making decisions in accordance with another, and using talk to meet others. This is possible because inconsistencies between talk, decisions, and action provide solutions to conflicting stakeholder demands that help gain and maintain organisational legitimacy. Organisations can switch between talk, decisions, and actions in legitimacy management (Brunsson, 1990; Maroun et al., 2018).

Second, we argue that organised hypocrisy can become a source of legitimacy threat (Bellucci et al., 2021; Christensen et al., 2013). Organised hypocrisy may remain hidden in the short term. In the long-term, inconsistency between talk, decisions, and actions do not go undetected by constituents (Lauriano et al., 2021; Lipson, 2007). According to Cho et al. (2015) stakeholders may question the credibility of communication from organisations. Constituents eventually uncover organised hypocrisy. Such exposure damages the legitimacy of organisations and leads to negative public reaction in the form of discontentment and opposition. Exposure reduces the “credibility and legitimacy of the strategic narrative that it is supposed to explain” (Egnell, 2010, p.467). Sikka (2010) argues that exposure of organised hypocrisy may lead to negative publicity and loss of legitimacy for affected organisations. In effect, a withdrawal of support from external constituents. In response, organisations can seek to align corporate practices with societal expectation to win back support. The author argues this initiative does not last long as organisational politics and interest disrupts this new direction leading to a return to organised hypocrisy. The theoretical arguments are illustrated in the findings after providing an insight into the context and methods.

5. Unfair compensation, compensation committees and the State

Mining companies involved in the acquisition of land from communities are required to pay fair and adequate compensation in Ghana. Community members such as farmers often claim that compensations are unfair (Adonteng-Kissi, 2017). In essence, indicating inconsistency between talk on fair compensation and actions that appear to reflect unfair compensation. Studies identify different reports of farmers considering corporate payment of compensation as unfair and inadequate compensation (Adonteng-Kissi, 2017; Andrews, 2018; Kidido et al., 2015). Andrews (2018) report that some farmers expressed concern about the size of compensation. The amount of compensation was considered small compared to the value of the acquired land. Unfair compensation is also associated with the method of valuing crops in calculating compensation. Mining companies often use land acreage method. The land acreage method only includes the current market value of crops and ignore the cost of dispossession in the calculation of compensation (Andrews, 2018).

Ofori and Ofori (2019)'s study is an exception to these studies. In their study, some farmers reported receiving compensation based on a calculation of the economic life expectancy of a crop rather than land acreage method. The former method of valuation is associated with the counting crop method. The compensation calculation reflects the opportunity cost incurred by farmers over the economic life of a crop. Essentially, it calculates the economic benefit of a crop on the assumption that the crop could have reach maturity. Therefore, farmers viewed this compensation payments were fair and adequate.

Unfair compensation cannot be disconnected from the actions of compensation committee and the State. Compensation committee sometimes called Compensation Negotiation Committees are usually set up by mining companies to negotiate fair and adequate compensation for affected farmers. Mining companies seek cooperation from Chiefs, Elders, and traditional rulers to legitimise the committees. This is because Chiefs can give consent and validity to the process of land acquisition. They wield the political power needed to convince their constituency that corporate actions are aligned with the interest of the community (Blocher, 2006; Kidido et al., 2015). A common tactic used in facilitating co-operation is the co-option of Chiefs and traditional authorities into the compensation committee established by mining companies to negotiate compensation. The committee is often comprised of Chiefs, representations from affected farmers, the District Assembly, surveyors from the Lands Commission (Land Valuation Division), the mining company and members of the affected community (Kidido et al., 2015). Mining companies rely on consultants to facilitate negotiation (Ofori & Ofori, 2019). However, the ability of compensation committees to pursue fair compensation is partly influenced by the role of the State.

The role of the State limits the ability of farmers to obtain fair compensation in several ways. First, the State cedes the responsibility of negotiating with mining companies to claimants which often means the burden is placed on farmers (See Section 74 of the *Minerals and Mining Act, 2006* (Act 703). This arrangement puts the mining companies with access to vast resources in a dominant position compared to farmers in the negotiation process (Adonteng-Kissi, 2017). Second, the legal framework limits the right of farmers to decide whether to give up their lands. This is because the State exercises discretionary power over the award of mining licence. Therefore farmers are forced into a negotiation with mining companies. Third, in 2012, the State provided legal backing to the use of compensation committees through *Minerals and Mining (Compensation and Resettlement) Regulations, 2012* (L.I. 2175). This action by the State has helped to concretise the right of mining companies to use compensation committees in the process of negotiating fair and adequate compensation. It helps give credibility to compensation committee and weakens the power of farmers and non-governmental organisations to oppose the use of compensation committees.

Fourth, the guidelines provided by the State is ambiguous regarding the valuation method to be used for valuing crops and resettlement in designing compensation (Obeng-Odoom, 2016). The *Minerals and Mining (Compensation and Resettlement) Regulations, 2012* (L.I. 2175) provides details on the compensation principles and requires mining companies to use price list of crops regularly published by government agencies. However, the mining companies often use land acreage method instead of measuring the life expectancy of the crop leading to complaints about inadequate compensation payments to farmers (Andrews, 2018; Kidido et al., 2015). The Act states that farmers should seek redress in courts where there is a dispute over the fairness and adequacy of compensation. However, courts tend to have so many land cases pending, the process is laborious and costly for claimants at a financial disadvantage (Obeng-Odoom, 2016). Without State intervention, a gap persists between regulation and enforcement of law as mining companies are not subjected to heavy fines over unfair and inadequate compensation by communities. All in all, this situation is not surprising given that Ghana relies significantly on generating revenue from tax on mining companies. Therefore, priority is given to promoting a cordial relationship between the State and the mining companies.

6. Research method

This research is part of a wider study to understand the relationship between mining companies and community members. The first stage of the study commenced in 2013. It involved collecting mainly primary data between the period 2013 to 2014. The interviewees consist of financial accountants, environmental managers, community relations officers working for the mining companies, as well as regulators, and members of the communities and non-governmental sector. The interviews were conducted mainly in the office of the interviewees. The length of the interviews was between 20 and 66 min. 10 of the face-to-face interviews provided insight into community engagement practices, and compensation. The information on compensation was limited, however, it showed that compensation involved a complex process of negotiation that often generates displeasure amongst farmers.

The second stage of the study involved analysing secondary documents to provide a deeper insight into the issue of fair and adequate compensation. This process involved reading literature that covered the payment of compensation by mining companies. Other secondary documents include media reports, court judgments on compensation, community newsletter on compensation in

Ghana, press release by mining companies, and corporate annual reports of different mining companies and non-governmental organisations which specifically covered the mining regions in Ghana. A key theme that stood out was the difference between corporate talk, decisions, and actions. More importantly, the role of compensation committees in negotiating fair and adequate compensation. Therefore, to capture corporate talk, this study focused on two companies, Newmont, and another mining company, given a pseudo-name, Maro-Gold Ghana. The study relies on official reports from these two companies. "Official reports enable us to understand organisational concern and access information from an official perspective (Graham & Grisard, 2019).

Example of official reports include annual reports and sustainability reports of Newmont, a multinational mining company in Ghana. Newmont is amongst the top players in the mining industry in Ghana. This mining company operates through several subsidiaries. The subsidiaries are named after the location of their mining site. The subsidiaries for Newmont are Newmont Ghana Gold Limited Ahafo Mine, Newmont Ghana Goldfields, and Newmont Ghana Gold Akyem Project. The data collection involved examining the company's annual reports from 2015 to 2020 to find evidence of disclosure on compensation. This timeline has been selected because Newmont was dealing with a dispute over unfair compensation at that time. The timeline also overlaps with the timeline around the interviews. The data collection process also included reviewing the sustainability report covering 2017 to 2020. Between 2017 and 2020, Newmont faced protest from farmers over a case involving accusations of unfair compensation. Additionally, a guidance document on compensation for 2005 were reviewed. This report demonstrates how the company used talk on compensation committee to manage stakeholder concern about unfair compensation. The corporate perspective on compensation is uncovered through archival data on Newmont press release from 2002 to 2020. The company made its first press release in 2002. Around 2020, Newmont was trying to deal with accusations of unfair compensation. The intention was to avoid missing any incident. So, the press release within that period was reviewed. The data collection involved extracting data from the press release for the following dates, 2009, 2010, 2020. The three dates represent time periods when there was serious dispute between the company and farmers on unfair compensation. The company used press release to talk about the problem of unfair compensation to farmers during those periods.

The official reports of Maro-Gold Ghana were obtained to understand and analyse compensation agreements. The private documents collected were the compensation agreements contracts and covered the period for 2019 and 2020. The compensation agreements were copies of signed agreements. The extracts from the agreements were utilised in a manner that ensured anonymity and confidentiality. Compensation agreements illustrated decisions reached between mining companies and the compensation committees. It is important to note that documents from Maro-Gold Ghana and Newmont were used because both companies use compensation committees to negotiate compensation on behalf of farmers. Also, insight was drawn from other secondary sources such as community newsletter affiliated to Newmont, media statements on compensation disputes, press release in the media by farmers and Newmont regarding compensation disputes were drawn upon to understand the different interpretation giving to compensation. See Appendix 1 for the summarised list of secondary documents.

The third stage involved semi-structured interviews to provide a richer understanding into compensation processes and the effect of organised hypocrisy. Particular attention is paid to stakeholder reaction to the issues of fair and adequate compensation. Stakeholder

Table 1
Lists of Interviewees and Codes.

Number	Code	Role
1	R1	Regulator
2	F3	Financial Manager (MNNMC)
3	C1	Community Relations Officer (MNNMC)
4	M1	Community Member (mining Community)
5	C3	Community Relations Officer (MNNMC)
6	M3	Community Member (mining community)
7	F4	Assistant Financial Controller (MNNMC)
8	S2	Programs Officer of an NGO with focus on extractives
9	R2	Head of Monitoring and Evaluation of a regulatory body within the extractive industry
10	I1	Head of Research and Policy at an industrial body relevant to the extractive industry
11	Farmer 1	Farmer, Kenyasi
12	Farmer 2	Farmer, Kenyasi
13	Farmer 3	Farmer, Kenyasi
14	Farmer 4	Farmer, Kenyasi
15	Farmer 5	Farmer, Kenyasi
16	Farmer 6	Farmer, Bibiani
17	Farmer 7	Farmer, Bibiani
18	Farmer 8	Farmer, Bibiani
19	Farmer 9	Farmer, Bibiani
20	Farmer 10	Farmer, Obuasi
21	Farmer 11	Farmer, Obuasi
22	Farmer 12	Farmer, Obuasi
23	Farmer 13	Farmer, Obuasi
24	CV1	NGO representative
25	CV2	NGO representative
26	CV3	NGO representative
27	CCP1	Crop Compensation Officer

*MNNMC-Multinational mining company.

reaction to talk, decisions, actions help us understand the effect of organised hypocrisy (She & Michelon, 2019). The interview guide focused on the adequacy of compensation, the compensation packages, compensation practices and process, and the use of compensation by recipients among other concerns on farm compensation. Most of the farmers interviewed had little knowledge regarding the way mining companies calculated compensation or the activities of compensation committee. However, the farmers pointed out that it was the compensation committees that negotiated on their behalf. The findings drawn from the interview data was understood within the context of the secondary data.

For the second stage of interviews, 17 interviews were conducted between 2020 and 2021. The interviews were conducted over the phone due to covid-19 protocol restriction. The average interview length was 45 min. All interviews for the first and second stage were recorded and transcribed. The interviewees consisted of 13 farmers, two representatives from different non-governmental organisations, a crop compensation officer from the anonymised mining company, Maro-Gold Ghana. In the data analysis, farmers were coded farmer 1 to farmer 13. The farmers were almost equally drawn from three mining communities, in Ghana, Bibiani Obuasi, and Kenyasi. The representatives from non-governmental organisations were coded CSV1, CSV2 and CSV3. A representative from a mining company was labelled using the person's official role i.e crop compensation officer. See Table 1 for list of interviewees.

The data is analysed using first and second order theoretical analysis to construct our theoretical expectations (Gioia et al., 2013; Shkedi, 2004). This form of analysis has been used in accounting research (Cooper et al., 2019; Klein Jr & Reilley, 2021; Stolowy et al., 2019). The initial coding was carried out as part of the first order coding. Shkedi (2004) conceives first order theoretical analysis as a process of translating descriptive categories into theoretical categories. Descriptive categories relating to the structure of compensation committees for example, financial structure and operational structure were brought together under counter-coupling of structures as a theoretical category. Government policy on compensation and corporate policy on compensation were brought together under decoupling of policy. Basically, the descriptive categories were compared to the theoretical concepts in the literature on counter-coupling and decoupling. Drawing on theoretical concepts in the coding process helps develop theoretical explanations by drawing relationships between descriptors (Charmaz, 1983). For our study, this process meant unpacking the link between the different forms of counter-coupling and decoupling and unfair compensation. The coding process also revealed new theoretical concepts such as the two types of counter-coupling. Counter-coupling of principles and counter-coupling of structures.

Next, we conduct a second-order theoretical analysis. A second-order analysis "is a process that is conducted when the translation procedure does not yield data sufficiently rich for constructing theoretical explanation and we need to 'convert' the descriptive categories into theoretical explanation" (Shkedi (2004, p. 628). Shkedi (2004) conceives second order theoretical analysis as involving the conversion of descriptive categories to provide theoretical expectations.

Gioia et al. (2013) states that this analysis explains the theoretical storyline by addressing what is going on within the data. The second order theoretical analysis helps to make sense of the theoretical categories in the first order analysis by demonstrating a connection using the theory of organised hypocrisy. It builds on first order theoretical analysis. Second order theoretical analysis draws attention to the role of organised hypocrisy in the facilitation and undermining of reforms, commitment gaps, handling of conflict, credibility, and negative public reaction. The theoretical categorisations are connected to the theory on the effect of organised hypocrisy which is used in engaging in the second order theoretical analysis. The findings derived from the analysis is explained in next section under four themes related to the output of organised hypocrisy.

7. Organised hypocrisy as a source of dysfunction

The findings draw attention to counter-coupling of principles and structures as a means of generating dysfunction.

7.1. Dysfunction and counter-coupling of principles

Counter-coupling of principles refers to corporate use of opposite sets of principles to underline talk, decisions, and actions relating to compensation. For instance, the corporate objective of establishing compensation committee conveys the principle of fairness in talk and decisions on compensation. In contrast, the principles underpinning the valuation method used in the payment of crop compensation by compensation committees conveys a sense of unfairness. In this context, counter-coupling of principles can be a source of dysfunction. Counter-coupling of principles produce commitment gaps between talk, and decisions on one hand, and action on the other. Example, Newmont indicated its intention to pursue fair compensation rates through compensation committees that act on behalf of affected communities.

Affected community members elect representatives to negotiate on their behalf, while the chiefs also elect traditional representatives (who may not be affected by the project) to be part of the process. These elected representatives, together with representatives from government ministries, departments and agencies as well as from Newmont, comprise the Compensation Rate Review Committee (CRRC). The CRRC's primary objective is to reach agreement on fair and adequate compensation rates applicable for various crops during a particular year. [Newmont Ghana Gold Ltd, 2005, p.5].

On the other hand, Newmont adopted actions that were in the opposite direction from corporate talk. Newmont used 'land acres' to value compensation for crops often associated with unfair compensation rates rather than 'counting crops' method that reflects the life expectancy of the crops in 2005.

Crop values are also assessed on an area acre rate if a specific crop covers a larger area [Newmont Ghana Gold Ltd, 2005, p.10].

Counter-coupling, in creating a gap between the talk by mining companies and their actions undermines the principle of fairness

thereby causing aggrievement. For example, a farmer received compensation from Newmont under the land acre method felt the rates were unfair,

I was not happy because my yam mounds were about 800 Cedis to 2000 Cedis. And I received 500 Ghana Cedis at that time. [Farmer 10]

Aggrieved farmers that received crop compensation based on the land acre method from different mining companies complained about the inadequacy of the compensation and the loss of land. The amount was seen as small. A lawyer from a non-governmental organisation explains why farmers still accept compensation based on land acre.

The owner of land is at liberty to determine what method can be used. If the farmer decides that crops instead of land acreage, then that will be it. But often times they are forced into such negotiations. [CVS3]

The legal framework of the State also reinforced the problem of unfairness. The Mining Act until recently makes no provision for the compensation of a land where farmers do not have crops or structures on the farm. While mining companies claim to pursue fair compensation in agreements signed with the compensation committees, farmers that are left uncompensated for lost land consider their experience as unfair.

They don't usually compensate of the land they only paid GHC2.50 per the crops. [Farmer 1]
Our major problem was that they had destroyed our cocoa and just gave us small money. They pay in acres. Let's say they will give you GHC 1000 per acre. But right now our major problem is that they have destroyed our cocoa and we have nowhere to go and farm. [Farmer 3]

[Sikka \(2010\)](#) argues that companies often resort to media intervention to defend their actions where there is a backlash from stakeholders as a result of organised hypocrisy. In the case of Newmont, the company issued a press statement in 2005 after the death of two people during a protest over this method of value crops defending its practice. The statement read, "The company understands that the disturbances arose from some farmers' dissatisfaction with the methodology regarding calculation of crop compensation rates being offered by Newmont for the year". In other words, the company recognises that farmers were dissatisfied with the method. The press statement continues,

Newmont believes that the current rates being paid as compensation are competitive in the industry and one of the best in the country. The method of compensation proposed for use in the current circumstances are not innovations by Newmont but are the accepted methods for computing compensation due for farm crops nation-wide... The compensation rates are reviewed every year by a committee made up of independently elected representatives from the communities and the company. [[Newmont press release, November 11th, 2005](#)]

The mining company uses the role of the compensation committees in agreeing compensation rates as a means of defend and legitimising corporate action. Talk in the form of press releases helps deflect pressure. It is important to note that the emphasis on talk reduces the potential for corporate commitment to sincere reforms. The company uses talk to justify their actions and provide a rationale for inaction despite pressure from farmers, community members and non-governmental organisations.

The findings suggest that mining companies tend to be confronted by non-governmental organisations that take up the cause of farmers. The latter take up the case of farmers in negotiations and court. The farmers complained about having to seek the help of WACAM to intervene because of unfair and inadequate compensation as well as cases of non-payment of compensation. See a statement from Farmer, 11.

I was not happy with the process and the compensation, but I will take it like that. And if not for the intervention of WACAM, I would not have gotten what I have now. The compensation was not adequate at all. [Farmer 11]

Two of the farmers reported that the dispute over unfair compensation practice was resolved after the intervention of WACAM that helped seek redress through the court. The farmer continues, "It took WACAM about two years to do this. It went to court and was even referred to the minister. It went back and forth at a point it even resulted in physical exchanges before the matter was settled" [Farmer 11].

There are two main problems with this form of organised hypocrisy. First, commitment gap can persist despite external pressure as organisations continue to face conflicting demands. Second, the counter-coupling of talk and actions will undermine reforms as talks are expected to compensate for action. In this case, Newmont even after different court cases over time, utilise the same crop valuation method thereby creating a gap between talk on fair compensation rates and the practice of applying unfair compensation rates. There was a lack of significant reform to the method of compensation calculations. In 2009, Newmont faced another revolt from farmers over unfair compensation. The dispute attracts media attention.

Newmont had proposed to pay 5,300 Ghana Cedis per acre of cocoa farm instead of counting the cocoa trees and paying for them; a method that would leave the farmers worse off. [[Ghana News Agency, September 2009](#)]

Newmont continues to use talk via press release to assurance farmers of corporate commitment to fair and adequate compensation.

The Compensation Rate Review Committee (CRRC)'s primary objective is to reach agreement on fair and adequate compensation rates applicable for various crops during a particular year. [[Newmont Fact Sheet, 2009](#)].

This was the year Newmont faced significant disruption to its negotiation arrangement with farmers. Most of the farmers were

dissatisfied with the compensation negotiation process. Yet a fundamental reform was not achieved as the ‘land acre’ method remained the primary means of calculating compensation. A farmer who received compensation in 2012 complained about the adequacy of the compensation. The farmer states, “This happened in 2012. The compensation money was not adequate at all because the money that was given to me was very small”. [Farmer 13]. In sum, counter-coupling undermines any hope of reform.

7.2. Dysfunction and Counter-coupling of structures

Counter-coupling of structures can undermine the effectiveness of corporate policy on fair compensation. Counter-coupling of structures denotes corporate use of opposing structures. One structure is supported by talks and decisions while the other opposing structure by action. This form of counter-coupling is illustrated in a situation where mining companies use talk to portray compensation committees as operating as an independent structure therefore able to negotiate fair and adequate compensation. In parallel, the companies pursue actions that make compensation committees operate within a financially dependent structure thereby impeding the possibility for achieving fair and adequate compensation. See an example where Newmont uses talk to portray compensation committees as independent.

Newmont does not unilaterally decide on the rates for crop compensation to farmers. Rates for crops are negotiated by the Compensation Negotiations Committee (CNC) every year and the two parties, after reaching agreement at negotiations, sign a Memorandum of Understanding detailing the terms of the agreement. The two parties in the compensation process have their negotiation process witnessed by various government institutions that provide technical guidance to the CNC. [Newmont Fact Sheet, 2009].

This talk suggesting that compensation committee operate independently contrast with the financial dependent structure of committees. Mining companies were criticised for operating a financially dependent structure by funding members of the compensation committees and consultants that support the compensation committees. Chiefs have a strong representation on compensation committees. The interviews suggest that mining companies often place Chiefs on their payroll. A financial manager at one of the mining companies confirms that Chiefs were also on their payroll.

We have community reps, the chiefs, they come here all the time and we welcome them. Some of them are even part of our monthly payments, we try to recruit from our communities and the chiefs get management fees constantly. [Financial Manager 3]

According to Blocher (2006), Chiefs have been known to promote their self-interest in land acquisition without recourse to the interest of the communities. The problem of self-interest raised questions over the neutrality and independence of Chiefs.

Some of the chiefs have their personal interest to be on the side of the companies. [Farmer 4]

Members of the District Assembly who are usually represented on compensation committees were implicated in the financial dependent structure run by mining companies. Farmers attributed their vulnerability to unfair compensation to the financial payments from mining companies.

From the District Chief Executives, the Municipal Chief Executives the Assembly men. They were all aware the people were cheating us but when they get their ‘social’ they don’t want to speak the truth. ‘Social’ is their pocket money. So the mining company dash them. They give them money. So when they get that they don’t represent us well anymore. [Farmer 2]

The counter-coupling of talk of an independent compensation committee from actions synonymous with financial dependence produced a gap in corporate commitment to fair and adequate compensation to farmers. The problem of counter-coupling undermining operational effectiveness is illustrated in the implication of the gap between corporate talk on the independence of consultants and the practice of financing consultants. Here, operational effectiveness related to the ability of consultants to provide impartial support and guidance to compensation committees charged with negotiating fair compensation. The findings indicate that corporate talk often emphasises the independence of consultants. See an example where Newmont talks about using independent consultants.

The Company has been in a mediation process with the concerned parties, led by an independent arbitrator. [Newmont Press Release, July 24, 2018]

A corporate representative was keen to reiterate that consultants were independent. The independence of the consultant is interpreted in relation to external appointment outside the company. The external recruitment is seen as creating a structure where consultants are to express their opinion without undue corporate influence. A manager in a mining company states,

In the past, we get consultants who are independent minded and have nothing to lose. In the last crop negotiation exercise for example we took the former Vice-Chancellor of a University who was retired, someone who is well to do, a big consultant, I mean you couldn’t influence him to be on your side more than the community. At that level he should be satisfied to provide support for the vulnerable. So he will be inclined to the right thing than any other. [Financial Manager, 4]

However, corporate talk appears counter-coupled from action as the independent consultants were reported as often lacking financial independence. The consultants sign contracts with and are paid by mining companies. This financial structure is attributed to the capacity of mining companies to bear the financial burden unlike communities.

Actually in those engagements (consultative) we typical don't moderate them, we get consultants and independent people to moderate it, so that it doesn't look like we are wrestling people to fall in line with what we wish. Except that you would say you are the guy paying the consultant that is something we can be accused of, but the communities are not in a position to pay the consultants. [Financial Manager, F4]

A farmer who expressed opposition at this funding practice argued that farmers can pay the consultants through the committees after receiving their compensation. Therefore, consultant should sign with the committee rather than the mining companies. The farmer argues that consultants signing contracts with the mining companies undermines the possibility of fair compensation for farmers.

The committees should have been contracting their own independent consultants, but it is not like that. The companies do so on their behalf. So the consultants would be working in favour of who gives them the contract. Because the consultants have signed contracts with the companies meaning the companies can direct them on what to do. [Farmer 4]

An implication of counter-coupling structuring relates to the training process. The farmer continues to explain by raising doubts about the impartiality of the consultants.

The company can contract some specialist of consultant to educate the committee on how to negotiate. The way these experts train members of the committee, my brother when you are there and listen to the information you are sad. The way they do it you would be surprised. So, the company contracts the consultant or expert to train the same committee that is to represent farmers in the community during crop compensation negotiations. [Farmer 4]

A representative from a non-government organisation explains his own stance. The representative argues that he has refused remuneration as a consultant and attributes the issue of poor compensation to the actions of some farmers.

We here (referring to members of his organisation) sometimes act as consultants to farmers most of the times. But even sometimes in the process these farmers can behind you and take whatever is offered by the company. The law prescribes how the consultant is to be paid. For our independence, we take no remuneration because we can be accused of partiality by parties involved. [CVS3]

Essentially, counter-coupling of structures creates commitment gap and undermines the effectiveness of the compensation negotiation process as the financial structure produce a spiral effect in which not only are the impartiality of consultants compromised but also that of the members of the compensation committees.

8. Organised hypocrisy as a source of function

The findings draw attention to decoupling of time and policy. Here decoupling is found to serve a function for mining companies.

8.1. Function and decoupling of time

Decoupling of time can serve a valuable function for organisations. Decoupling of time can enable organisations handle conflict as well as trigger reforms. This type of decoupling is exemplified in the use of time to separate corporate talk and decisions from action. For instance, the mining company in their talk can claim that fair compensation practices will be implemented through future action in a situation where current actions negotiated by compensation committees represent unfair compensation practices to farmers.

Organisations can handle conflicting demands that are seen as unreconcilable by using actions to provide compensation that may be deemed as unfair and later using talk to provide farmers with assurances of its future commitment to fair compensation. An example is documented in Newmont's talk about future action regarding fair compensation during a dispute with farmers over unfair compensation payments. The dispute was published in the media [[Ghana Business News, 2010](#)]. The Newmont talks about the decisions which led to the non-payment of compensation to farmers at that time.

A mining area was declared in late January which required boundary demarcation and some farmers' crops were impacted. Crops affected by the boundary demarcation activities were inventoried. However, farmers have not yet been compensated as the priority was to demarcate the mining area boundary. [[Newmont press release, March 23rd, 2010](#)]

The company uses time to decouple talk and decisions from action by promising to make retrospective payments to address this difference when rates are agreed with the compensation committee in future. See below,

Newmont is currently engaged with the affected farmers to verify affected crops and will be paying compensation as the process of counting is completed. We are compensating at the 2009 rates and when the 2010 rates are agreed, Newmont will make *retro*-active payments for the 2009–2010 increases. There is an established 66-member Compensation Negotiation Committee (CNC) in place in Akyem that has the mandate of the communities in the project area to negotiate compensation on crops. [[Newmont press release, March 23rd, 2010](#)]

This problem of unfair compensation was not restricted to Newmont alone. Interviews revealed that other mining companies make promises about addressing dispute over crop compensation. In the example, the farmer reported that the mining company defaulted. "They have only paid half and not all the money. And they did not bring the rest of the money" [Farmer, 9].

Decoupling is not constrained to present actions but can be related to past action. In the latter situation, past actions are characterised by unfair compensation practices. In this case, mining companies can talk about their present commitment to fair compensation while claiming that unfair compensation practices that were negotiated with compensation committees were reflective of past actions. Here, decoupling can provide an avenue for corporate reforms when mining companies face external pressure from farmers and other stakeholders that demand a closure of the gap between corporate talk, decisions, and actions. Mining companies are compelled to talk about, as well as make decisions that indicate the pursuit of reforms.

In Ghana, for instance, a number of community related demonstrations occurred during 2018 and 2019 in response to the perceived impacts of our operations on the land and on fairness of compensation. [Newmont annual report, 2019, p.27]

For example, between 2017 and 2019, Newmont faced a dispute over unfair compensation in Akyeem mining site. In corporate talk in 2020, unfair compensation practices are linked to past action in the corporate report.

In 2017, Projected Affected People (PAPs) at Akyem petitioned Newmont about perceived discrepancies in the compensation paid, requesting enhanced livelihood support. [Newmont sustainability report, 2020, p.79]

In decoupling, this mining company uses 'present' talk to signal its current commitment to reforming the process associated with unfair compensation. Hence, in 2020, Newmont talks about taking action in response to the protest over discrepancies in compensation payment.

In 2020, we conducted an internal audit of our land acquisition, land management and compensation payments. In response to the audit's findings, we revised our guidance for monitoring resettlement action plans to improve performance and minimize the risks associated with compensation payments and involuntary resettlement. [Newmont sustainability report, 2020, p.79].

In sum, the findings suggest that reforms are by-product of inconsistencies. Inconsistencies can provide an avenue for reforms by creating a basis for mining companies to consider improving the compensation processes.

8.2. Function and decoupling of policy

Decoupling of policy has two functions. First, this form of decoupling allows organisations to manage conflicting demands arising from diversity in opinion by separating talk on fair compensation from action that undermines fair compensation. Mining companies can talk about their commitment to fair compensation in accordance with government policy. On the other hand, the companies can act in accordance with corporate policy in translation and interpretation of government policy within the local context. The corporate policy on compensation may appear unfair to farmers. Second, decoupling talk from action through the use of policies allows companies to achieve corporate objectives of favourable compensation rates that place a lower financial burden on the company which may seem unfair to farmers while asserting corporate support for fair compensation through talk.

This type of decoupling is exemplified in the use of policy to separate corporate talk and decisions from action. The mining company can talk about government policy on the negotiation of fair compensation as complying with law, Mining Act. This policy would meet the demands of farmers and non-governmental organisations. However, the actions of mining companies are shaped by corporate policy thereby meeting the demands of investors on incurring lower cost in compensation pay-outs which may be unfair to farmers. An example is where corporate talk on compensation negotiations emphasises compliance with the law as underpinning government policy. Government policy emphasises negotiation with individual owners.

(7) The holder of the mineral right shall on receipt of the claim for compensation under sub regulation (3), negotiate with the claimant for the payment of fair and adequate compensation from the holder. (Crop compensation Officer)

However, corporate actions are often driven by corporate policy where the emphasis is on following the corporate norm of using compensation committees. For example, Newmont has relied on the use of compensation committees as far back as 2003 before the institution of the regulation that legalised this practice in 2012. For Maro-Gold Ghana, the mining company negotiated with their established compensation committee rather than negotiating with individual farmers while claiming corporate commitment to fair compensation.

Usually, these negotiations are done on behalf of farmers by the crop rates negotiating committee. As you will know, compensation is a key requirement for land acquisition in Ghana. The reason behind compensation is for whoever is acquiring the land to not leave farmers worse off. [Crop Compensation officer]

This form of organised hypocrisy is used to manage conflicting demands as well as achieving corporate objective of cost and time efficiency. And so, for mining companies, differentiating between government and corporate policies was considered beneficial as compensation committee.

The thing is that the law prescribes that compensation committees should be formed. However, this is not mandated because the decision lays with the lawful occupier of the land. The owner can decide to be compensated without the involvement of the compensation committee. So in effect it lays with the owner and the decision they deem fit. So these companies use the committees as facilitators because they are cheaper and faster. [CVS3]

Decoupling of government policy from corporate policy contributed to the de-legitimation of beneficiaries as recognised voices in the negotiation process leading to claims of unfair compensation packages. Farmers interviewed including those compensated by

Newmont complained that the focus on consultation with compensation committees resulted in the exclusion of farmers from negotiations.

It (negotiations) took about 5 months. The negotiation was not done by me. Farmers do not do any negotiations. The committees go there to fix prices not to negotiate and you take the offer or leave it. No farmer has an opportunity to negotiate. I used the money for buying food and household up keeps. It was not money that could be used for any serious investments. For instance we depended on the farm for food and livelihood. So if you take an amount like 500 cedis you can even pay school fees with that, and the money is finished [Farmer 10].

See another example. “We, the farmers were not involved in the bargaining. When the foreign companies come, they usually have people who lead them, so this money was through the people who led them.” [Farmer 8]. Farmer 8 is referring to the ‘money’ received as compensation. Most farmers are not aware of their legal right to individual consultation as part of the negotiation process during the period of land acquisition.

If the law is followed, it will be individual farmers that will have to negotiate with the company before compensation is paid and the law is clear about what must be fulfilled before the company enters the land. We never knew all of this. [Farmer 10]

In sum, decoupling of policy enabled mining companies separate corporate talk and decisions on the need for individual negotiation with farmers from that action of negotiating with compensation committees. Decoupling of policy enabled mining companies manage conflict demands and meet corporate objectives of cost and time efficiency while de-legitimising farmers from the compensation negotiation process.

9. Organised hypocrisy as a source of legitimacy

Organised hypocrisy allows organisations to secure legitimacy. Organisations can act in accordance with some set of societal values and demands to secure legitimacy. For example, mining companies institute a compensation negotiation process that recognises traditional system of local representation by Chiefs, and Elders which is socially valued by communities. A representative of a mining company talks about this issue.

“Firstly, we formed committee of which the members consist of representatives from all our catchment communities, and representatives from the District Assembly as well as the Regional Valuation. [Crop compensation Officer]

The members of communities can bestow legitimacy on compensation committee by accepting to participate in the constitution of the compensation committees. This action by members of communities forms the basis for corporate claim of achieving support from constituents. For example, Newmont claims that its own established compensation committee has obtained acceptance and legitimation from the local community over time.

There is an established 66-member Compensation Negotiation Committee (CNC) in place in Akyem that has the mandate of the communities in the project area to negotiate compensation on crops, immovable properties, and land deprivation and resettlement issues; with advice and support from a team of professional valuers. This negotiation forum has been the accepted process for negotiations at least since 2003 in Akyem [Newmont press release, March 23rd, 2010]

The authors were provided with a copy of a signed agreement by members of a compensation committee for one of the mining companies in Ghana. The agreement includes the names of the 53 members of the committee. The compensation committee consisted of company representatives, Paramount Chiefs, Divisional Chiefs, Chiefs, Chief Farmers, Assembly members, community representatives, and representatives from the farmer’s association, land valuation board, District Chief Executive, District Co-ordinating Director, etc. Such committee membership helps builds the legitimacy of the compensation committee.

The constituents tend to recognise that societal values such as independence, democratic representation and consultation are an integral part of principles underpinning the establishment of compensation committee. Independence and democratic representation provide a form of assurance to communities of corporate determination to respect the autonomy of the compensation committee in the negotiating process thereby ensuring fair compensation. A representative from a non-governmental organisation affirms the recognition these social values,

Members of the compensation committee are chosen based on democratic principles. Communities are allowed to choose their own members to represent them on the committee. ... In some cases, farmers or communities vote to elect members of this compensation committee. In most instances government officials and chiefs are added to the committee” [CVS2]

Mining companies meet the demand for fair compensation by talking about the objective of compensation communities as about ensuring the negotiation of fair and adequate compensation. For example, a general manager refers to one of such consultation in the Newmont Community Newsletter,

The crop compensation review process is continuing, with agreement reached on food and minor tree crops and efforts currently focused on the four remaining tree crops. Since the inauguration of the Crop Rate Review Committee (CRRC) last year, many beneficial committee meetings and workshops have been held collectively with community members and other MDAs, we have been making steady progress in understanding the basis for crop valuation and negotiation for a fair and adequate compensation [Akyem Amanie Community Newsletter, 2007].

Talks, decisions, and actions around the institution of compensation committees can remain isolated from the action of the compensation committee when agreeing fair compensation on behalf of farmers. Thus, organised hypocrisy allows organisations to manage inconsistent demands with minimal damage to corporate legitimacy. Mining companies establish and contract the role of ensuring fair compensation to compensation committees. Where there is a dispute over fairness of compensation, mining companies can shift the responsibility for unfair and inadequate to compensation committees. Additionally, talk about compensation committees by mining companies can be used as mechanism to defend the legitimacy and fairness of the process of negotiating compensation. See an example below.

The parties constituted a committee called Compensation Negotiation Committee (hereinafter called CNC) for the purpose of negotiating and agreeing on acceptable crop rates and framework for assessment and payment for fair and adequate compensation for the affected assets within the area in line with the relevant laws currently in force in the country. [Maro-Gold Ghana Compensation agreement, 2019, p. 2]

10. Organised hypocrisy as a source of legitimacy threat

Exposure of organised hypocrisy poses a threat to the legitimacy of organisations. Constituents may publicly express discontent with the actions of organisations. For instance, Newmont is often confronted with negative reactions in the form of public protest over agreed compensations and the actions of the compensation committee. Some prominent cases were publicly reported in 2009, 2010, and 2018. In 2009, 270 farmers submitted a formal complaint to the Minister of Environment, Science and Technology. A copy of the letter was published in the media.

Newmont has used all manner of manipulations through the Crop Rate Compensation Committee, which is set up by Newmont to impose compensation rate on the poor farmers when section 73 (1) of the Minerals and Mining Act 2006 (Act 703) states clearly that the amount of compensation payable shall be determined by an agreement between the owner or lawful occupier of any land subject to a mineral right and holder of a mineral right (mining company). [Ghana News Agency, Sept. 2009].

As part of the complaint, queries were raised over the legitimacy of compensation committees in negotiating compensations as opposed to individual landowners as stated in the law. Discontentment was expressed in allegations made suggesting that Newmont offered monetary inducement to Chiefs, and low compensation rate to farmers by using land acreage method rather than counting crop method. The incident gathered international publicity with the case also reported on the 'Business and Human Right website. The mining company released a communique defending its action. In sum, Newmont stated that,

The allegation that Newmont has used its Crop Rate Compensation Committee to impose compensation rates on Akyem area farmers is untrue. [Business and Human right, September 2009]

Threat to legitimacy can occur in a situation where inconsistencies between talk, decisions, and actions do not appear to match societal value. In other words, talk, and decisions used by Newmont no longer function as an effective legitimatising device that is capable of garnering support from constituents. This is illustrated in another case that occurred in 2018 where farmers threatened to withdraw from the negotiation exercise thereby undermining the credibility of corporate ongoing action in negotiating fair compensation. Newmont published a statement in response defending its action.

...The company also appealed to the section of community farmers seeking new and additional land and crop compensation to resume the mediation process to achieve mutually acceptable outcomes....The Company has been in a mediation process with the concerned parties, led by an independent arbitrator. The group decided to embark on their demonstration despite the ongoing mediation effort. [Newmont Press Release, July 24, 2018]

The credibility of corporate talk or actions appear to hold little weight before farmers in this type of circumstance. Farmers feel grieved and dissatisfied with the compensation practice. See examples of quotes that highlight such dissatisfaction.

They gave a lot of promises that never materialise. [Farmer, 13]

I was not happy with the process and compensation, but I will take it like that. And if not for the intervention of WACAM I would not have gotten what I have now. The compensation was not adequate at all. [Farmer, 11]

Exposure of organised hypocrisy not only threaten legitimacy but can trigger collaboration between constituents as illustrated in the above quote. Farmers often mentioned seeking the help of non-governmental organisations. Brunsson (2003) argues that interest groups can destabilise organised hypocrisy by increasing pressure on organisations to reconcile talk with action. Collaboration may occur in a situation where constituents also face resource constraint to tackle organised hypocrisy. Example of resource constraint is lack of time, money, and knowledge. Farmers tend to face financial strain.

Farmers do not have money to send them to court. Even when you send them to court, the judge there, the magistrate here they companies will go and bribe them all as there are also in need of money. They bribe them to boycott your case. As of now, since the compensation I am not doing anything now [Farmer, 2]

The farmers do not have the financial muscle to fight in court. Most farmers do not have money to seek redress for injustice in court. The farmers pointed to the futility in taking on mining companies. These companies were seen as able to flex financial muscles. Most farmers would struggle to finance regular trips to the court.

In Ghana now everything you do is about money. They can say go to Sakondi high court and if you don't have transportation or know where the court is you cannot go there. [Farmer, 6]

Most of the farmers are not knowledgeable to negotiate outside the compensation committee in order to defend their interest. A representative of a non-governmental organisation explains the consequence. "Farmers do not have the requisite skills to engage in the process of compensation. This in turn affects the compensation packages given to affected farmers." [CVS2]. A farmer states, "most of the farmers are not literate. Because of this, they use the committee to negotiate but the law says you should negotiate with the individual." [Farmer 4]. This problem of knowledge makes it difficult for farmers to negotiate outside the compensation committee system.

Studies suggest that communities including farmers may accept unfair compensation because of poor bargaining skills, poverty, and lack of power to defend their interest. Communities are at a disadvantage due to their lack of technical expertise and barriers in accessing legal counsel. In contrast, mining companies have greater access to technical and legal expertise. And so, mining companies are more abreast with legislations in comparison to communities (Adonteng-Kissi, 2017; Wan, 2014).

Thus, such constraint in resources makes it difficult for constituents to ensure organisational commitment to consistency between talk, decisions, and actions in the long run. Nevertheless, organisations do respond in the short run. Sikka (2010) argues that companies would attempt to win back support in legitimisation management. In the case of Newmont, as earlier discussed, the company switches from action to talk to resolve the problem of unfair and inadequate compensation. Basically, under decoupling, the company claims to no longer adhere to past or present actions (at the time of reporting) that reflect unfair and inadequate compensation but shifts to talk that reflect corporate commitment to fair and adequate compensation.

11. Discussion

The findings suggest that compensation committees are integral to corporate engagement in the different forms of organised hypocrisy. Mining companies use inconsistencies between talk, decisions, and action with respect to compensation committees to facilitate, manage and defend unfair compensation. According to Lipson (2007), organised hypocrisy can engender dysfunction by widening the gap between organisational talk and action. This study finds that counter-coupling of principles and counter-coupling of structures can produce such dysfunction. The findings suggest that counter-coupling of principles produced commitment gaps between corporate talk and actions thereby undermining the principle of fairness and causing constituents to experience negative emotions. Mining companies use talk on the role of compensation committees in the negotiation of rates to demonstrate their commitment to fair compensation. With regards to action, mining companies adopt compensation valuation methods that undermine the fairness of compensation rates. Farmers were aggrieved by the inconsistency between talk and action. Also, counter-coupling of principles undermined reforms as mining companies used talk on fair compensation to compensate for action.

Similarly, this study finds that counter-coupling of structures can undermine the effectiveness of corporate policy on fair compensation, thereby producing a gap between talk, decisions, and actions. Mining companies were criticised for using talk to portray compensation committees as operating as an independent structure therefore able to negotiate fair and adequate compensation. On the other hand, the mining companies operate a financially dependent structure by funding members of the compensation committees and consultants which leads to accusations of impartiality in their actions.

Organised hypocrisy can serve a function by providing a solution to the handling of conflict and trigger reforms aimed at reconciling demands (Brunsson, 1993; Cho et al., 2015; Nickell & Roberts, 2014). This function is illustrated in cases of decoupling by mining companies. The findings in this study suggests that decoupling of time and policy can enable mining companies handle conflict that are seen as unreconcilable. Companies use talk to provide assurances of corporate commitment to fair compensation in order to compensate for earlier payment of unfair compensation. Decoupling of time can provide an avenue for reforms in the face of pressure from constituents demanding fair compensation. Similarly, decoupling of policy is also beneficial in helping mining companies achieve corporate objective of cost and time efficiency. Consequently, the study finds that constituents such as farmers face exclusion from the negotiation process.

Mörkenstam (2019) points out that reforms can be undermined when laws are translated, interpreted, and reshaped for a local context. Prior studies suggest that organised hypocrisy allows organisations to secure legitimacy (Bellucci et al., 2021; Christensen et al., 2013). This study finds that legitimacy is secured through the use of talk, and decisions that indicate corporate support for achieving fair and adequate compensation for farmers. This goal is consistent with societal values and local demands in communities for fair and adequate compensation. However, in practice, mining companies continue to maintain inconsistency between talk, decisions, and actions when dealing with compensation. Last, the study suggest that organised hypocrisy can threaten the legitimacy of mining companies as well as trigger collaboration between constituents. Resource constraints such as lack of time, money, and knowledge are also underlying factors that reinforce the demand for collaborations amongst constituents in the face of organised hypocrisy. Collaborations are intended to destabilise organised hypocrisy by increasing pressure on mining companies to reconcile talk and decisions with action.

12. Conclusion

This paper highlights three main contributions. First, this paper suggests that mining companies use inconsistencies between talk, decisions, and action with respect to compensation committees to facilitate, manage and defend unfair compensation. Second, this paper identifies four different effects of organised hypocrisy for mining companies. It can be a source of dysfunction and function as

well as aid and threaten legitimacy. This paper builds on the work of [Lipson \(2007\)](#) which highlights two effects, organised hypocrisy as a source of dysfunction and function. This study suggests that organised hypocrisy as a source of dysfunction and threat to legitimacy has drawn public criticism towards mining companies. However, mining companies continue to engage in organised hypocrisy as it performs some beneficial functions and aids legitimacy management. The findings reveal corporate use of counter-coupling, and decoupling in organised hypocrisy to undermine fair compensation. Counter-coupling can take the form of counter-coupling of principles and structures. Decoupling is operationalised using time, and policy. Therefore, the findings from this study develop on [Mörkenstam \(2019\)](#) theorisation on the different forms of counter-coupling, and de-coupling.

Third, the paper provides insight into inadequate compensation as a form of unfair compensation associated with farmers rather than excess compensation linked to corporate executives. Thus, this study builds on two sets of study that are concerned with fairness of compensation. One set of study examines the role of compensation committee in influencing the fairness of executive compensations ([Anderson & Bizjak, 2003](#); [Hermanson et al., 2012](#); [Newman & Mozes, 1999](#); [Vafeas, 2003](#)). This paper contributes to this set of accounting studies in going beyond executive compensation in directing attention to crop compensation arising from land acquisition. The other set of study is concerned with unfair compensation paid by mining companies in the acquisition of land from communities ([Khalid et al., 2019](#); [Lauwo et al., 2019](#)). Therefore, this paper builds on prior accounting studies that indicate that identify the problem of inadequate compensation by exploring how compensation committees are implicated in this problem ([Khalid et al., 2019](#); [Lauwo et al., 2019](#)).

This paper makes a practical contribution in revealing how the institution of compensation committees undermine fair compensation. This study points out areas for future research that can address the limitation of the paper. First, this paper encourages research into negotiations within crop and resettlement compensation committees in the mining industry. Obtaining an insight into negotiations would provide greater clarity and explain why agreements are less favourable to farmers. Second, it encourages research into other forms of unfair compensation beyond crop and executive compensation in future. For example, the payment of unfair compensation to employees and contract workers. Lastly, the paper challenges researchers to build on the theoretical contribution by investigating other empirical settings. Overall, the paper aims to encourage a rich discussion into the problem of unfair and inadequate compensation. All in all, the main objective of this paper as stated in beginning is to explain how compensation committees are implicated in inconsistencies between talk, decisions, and action which undermine fair compensation as well as the effect of such inconsistencies on mining companies.

13. Note

1. WACAM, a local non-governmental organisation in Ghana has been quite critical about the use of compensation committees by mining companies as opposed to holding individual negotiations with farmers.

Data statement

As authors, we are happy to share both primary and secondary data used in the research. The primary data would be shared upon request in transcript format. The secondary data is from the corporate reports and documents. The corporate reports are freely available to the public on the company website.

Declaration of Competing Interest

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

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