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Language and translation in accounting: addressing the “Deafening Silence”

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Guest editorial

Language and translation in accounting: a scandal of silence and displacement?

This AAAJ special issue on language and translation in accounting arose from our own growing understanding of how translation affects accounting research, practice and education. We acknowledge, in our own papers included here (Evans, 2018b; Kamla and Komori, 2018), that this understanding is lacking in some of our earlier publications (e.g. Evans, 2009; Evans and Honold, 2007; Kamla, 2012, 2014). What soon became clear to us is that this lack of understanding and the “deadening silence” (Kamla and Komori, 2018) on the issue is widespread in accounting research more generally, where a little attention is given to language and translation. But increasingly, in our engagement with practice and academe, we could not help notice the critical power of language and the importance of translation. As was stated in the call for papers, translation is required in international trade, in operating and accounting for multinational enterprises, in creating, implementing and enforcing international accounting laws and standards, in delivering accounting education to international cohorts of students and in conducting international and intercultural research (Evans and Kamla, 2015). In spite of this, with a very few exceptions, accounting largely appears to neglect translation – both as a research opportunity and as a methodological and epistemological consideration (Evans and Kamla, 2015). The silence on language and translation is particularly surprising in interdisciplinary accounting research, that has a long-standing tradition of acknowledging the instrumental role played by language in society, and of challenging mainstream market-based research for neutralizing cultures and ignoring the subjective role of the researcher in the process (e.g. Chua, 1986; Power, 1991; Hopwood and Miller, 1994; Hopwood, 2007; Gendron, 2008; Haynes, 2008; Guthrie and Parker, 2012). Therefore, while we expected a degree of neglect of language and translation from accounting research when we began to work on this AAAJ special issue, as we delved deeper we found that the level of this neglect was striking. We found that accounting is far behind developments in other social science disciplines, including international business and management science (e.g. Temple and Young, 2004; Muller, 2007; Regmi et al., 2010; Steyaert and Janssens, 2013, Lamb et al., 2016; Chidlow et al., 2014).

Our motivation for this AAAJ special issue also emerged from a concern that as certain cultures (and languages) dominate the accounting research agenda and accounting thought globally, other less powerful voices, knowledge and insights are kept to the margins or even “lost in translation” (Spivak, 1993; Trivedi, 2007). Reflecting on our own “awakening journey,” we argue that much can be missed when we displace language and translation from our research designs, findings, analyses and publication processes.

As non-native speakers of English, we were also only too conscious of the politics and difficulties of translation, and in particular the fact that exact equivalence in translation is rare. This applies especially in a discipline, such as accounting, which is culture-specific, socially constructed, and inherently indeterminate (Evans and Kamla, 2015). The lack of equivalence (see Evans, 2018b) is a theme in several of the papers included in this AAAJ special issue (Kamla and Komori, 2018; Marini et al., 2018; Alexander et al., 2018; Nobes and Stadler, 2018).

The authors would like to thank all who helped with this AAAJ special issue: foremost, of course the authors; second, the reviewers, who generously committed time to provide advice and guidance, and who, reflecting the issue’s interdisciplinary message, included many colleagues from outside accounting. The authors also offer thanks to the publisher’s technical support and to the editorial office, and last, but not least, to the Joint Editors, James Guthrie and Lee Parker, for their help, encouragement and for making this AAAJ special issue possible.
We chose not to include, in the scope of this issue, translation in the metaphorical sense (e.g. Callon, 1984; Latour, 1994). However, we did not restrict the scope to interlingual translation, but include translation across cultures and disciplines, as well as wider implications of language use, and meaning, for accounting.

We begin with our own perspectives (Evans, 2018b; Kamla and Komori, 2018), both as an introduction to the AAAAJ special issue, and to address the most important concerns for us, as accounting academics: the impact of translation on our research, and on publishing this research. Evans (2018b) has two aims: to help raise awareness of the problems and implications of translation for accounting, and to identify themes for research on the interface between accounting and language/translation. The paper explores the limitations of the equivalence paradigm, which underpins most cross-cultural accounting research and interdisciplinary research – and may be one of the reasons for the silence on and neglect of translation in the accounting discipline. As apparent from the papers within this volume and from other sources (Bassnett, 2003; Gambier, 2016; Pym, 2014; Snell-Hornby, 1988) (natural) equivalence is rare. Evans (2018b) argues therefore that translation is not a simple technical and neutral activity – nor is the use of English as lingua franca (ELF) an unproblematic solution. While it may facilitate communication across borders (House, 2016), its utility is limited, and it may restrict cognitive processes. In addition, the use of English (but also other language skills) represents cultural and linguistic capital (Bourdieu, 1991), creates power inequalities, and has a detrimental effect on group dynamics and boundaries (see also Detzen and Loehlein, 2018). Exploring translation and the use of ELF in accounting standard setting and implementation, education and accounting research, Evans (2018b) stresses the ideological and power implications of translation, and the ethical obligation of researchers to be (more) mindful of language use and translation – but also the research themes that may suggest themselves from this. Several of these are addressed by the papers within this volume (see below).

As mentioned above, several disciplines have embraced a translation turn. This is the case also for international business and organization studies. Steyaert and Janssens (2013, p. 134), for example, call for greater reflexivity in multilingual scholarship. Arguing that “there is currently too little awareness of and agony about the hegemony of English based on a kind of pragmatism that prevents us from being more imaginative and experimental about ways to include other languages and language differences,” they propose three strategies: scandalization, scrutinization and invention. The first strategy, scandalization, is intended to draw attention to, and provoke discomfort about, the uncritical use of ELF, in particular in academia. Citing Snell-Hornby (2010, p. 102):

What is overlooked are the communication problems caused by idiosyncratic usage and the ensuing misunderstandings involved in a lingua franca of this kind, but in particular the stultifying effects of immensely complex cultural and linguistic material being monopolized by a single language. (Steyaert and Janssens, 2013, p. 134)

In accounting, there is a little literature that attempts anything akin to such scandalization. It is attempted by our own contributions to this issue, in particular by Kamla and Komori (2018), who, adopting a postcolonial lens, challenge the silence on translation in qualitative interdisciplinary accounting research. Such silence, they argue, runs counter to its emancipatory agenda, but results from the conflict between the politics of translation and the politics of publishing our research.

Steyaert and Janssens’ (2013) second strategy, of scrutinization, means critically exploring linguistic negotiations. This involves providing examples of non-equivalence, in translation, of culturally embedded concepts, and their implication for political and power relationships. The exploration of non-equivalent concepts is one area in which – perhaps as a result of international harmonization and standardization – a considerable literature exists in accounting (see, e.g. Aisbitt, and Nobes, 2001; Alexander, 1993; Baskerville and Evans, 2011; Douphin and...
Richter, 2003; Evans, 2004; Huerta et al., 2013; Kettunen, 2017), and Nobes and Stadler (2018), and Alexander et al. (2018) provide important contributions. This type of accounting research, however, tends to focuses on accounting rules and their interpretation, rather than the implications for accounting research itself, nor does it usually adopt a critical paradigm.

Scrutinization also involves methodological reflexivity in describing research processes. There is a body of literature in accounting that stresses the importance of reflexivity (e.g. Haynes, 2012). However, this is limited for research that crosses language borders. This gap is addressed by Kamla and Komori (2018), who provide insights by means of critical self-reflection, on their own experience of conducting and publishing research across language and cultural boundaries.

Finally, Steyaert and Janssens’ (2013) third strategy – invention – relates to making translation, and our multilingual diversity, visible. Examples include retaining expressions from the source language, a technique that not only helps to address the problem of non-equivalence, but “can also serve as an instrument to problematize the fixation of meaning and draw attention to the contingency of meaning” (p. 139). Similar to this is “foreignization,” a technique intended to draw attention to the ambiguities involved, and choices made during the process of translation (Steyaert and Janssens, 2013). Examples of such strategies for cross-cultural accounting research are provided and discussed also by Kamla and Komori (2018). However, Kamla and Komori (2018) primarily call for interdisciplinary accounting researchers engaged in cross-cultural research to “help raise awareness of their role and identity as ‘cultural brokers’” (p. 1874).

As should be apparent from the above discussion, translation problems are not restricted to linguistics. Also adopting a postcolonial lens, Marini et al. (2018) explore the role of another kind of cultural broker: fieldworkers as intermediaries and translators of culture. They do so in the context of the accountability practices of a non-governmental microfinance organization in South Africa, a country with multiple (official) languages and dialects, different cultures and different ethnicities. They find that intermediaries, as translators of accountability practices, act in-between cultures, in “spaces of hybridity” (with reference to Bhabha, 1994) and that accountability practices can be transformed by translation, including translation between oral and written cultures. They find that “accounting and accountability practices of the colonizing (finance) culture endure” (p. 1904) and that close attention to translation is required to uncover unequal and exclusionary relationships and practices. Citing Orsini and Srivastava (2013, p. 328), they stress that translation is a “fundamentally political act.”

Translation of ideas across disciplines is explored by Ejiogu and Ejiogu (2018). Here, one might say, is another form of “in-between-ness” or “hybridity,” in the shape of the contact zone between discipline boundaries. Using a historical case study approach, and drawing on insights from the Scandinavian Institutionalist School, from skopos theory (see also Nobes and Stadler, 2018) and from translation practice, the authors suggest that translation outcomes differ, depending on whether translations are created by individuals crossing discipline boundaries, or by interdisciplinary teams, who operate in the “contact zone,” where discipline boundaries become fuzzy. In this zone, they argue, “both disciplines are at once source and target as ideas from both disciplines are edited, fused and translated back into target disciplines” (p. 1981). They also note that such translation is not value neutral, but affected by the translators’ objectives, and that “the spread of the translated idea is dependent on the standing of the translators within the target discipline and limited by the compatibility of the translated idea with the norms of the discipline” (p. 1981).

Apart from their wider conceptual merits, three papers in this AAAJ issue have particular relevance for policy and practice – the papers by Alexander et al. (2018), Nobes and Stadler (2018), Locke et al. (2018). While Alexander et al. (2018) are concerned with the philosophical underpinnings of meaning and interpretation, their detailed examination of the implementation and interpretation of the “substance over form” concept in seven national settings is undoubtedly useful for legislators, standard setters and regulators. Drawing on elements of Searle’s (1995, 2006) and Wittgenstein’s (2005) philosophies of language, they argue that differences in wording
and interpretation originate from the different legal context and socially constructed realities that are reflected in these wordings.

Both Alexander et al.’s (2018) and Nobes and Stadler’s (2018) papers argue that part of the reason for continuing differences in interpretation is a lack of definitions provided in the European Union directives, and IFRS Foundation standards, respectively. This means, in the case of “substance over form” that translators (or those commissioning translations) had considerable flexibility to “craft [their] own definition, regulate the principle without official definition or use a supposed close concept taken from local roots. The result could only be diversity” (Alexander et al., 2018, p. 1975). Alexander et al. (2018) also argue that accounting information may serve different purposes: information purposes (for investors and other capital providers), tax and legal purposes. They point out that “[i]f the role of information differs significantly, then the subjectively-determined ‘substance’ behind that information can logically be expected to differ too” (p. 1975). A similar argument is made by Nobes and Stadler (2018). They suggest, with reference to skopos theory, that, where the parties involved agree on the aim of translations or where they can be controlled by a regulator, translations will likely serve the (standard setters/regulators’) intended purpose; however, where diverse parties influence the translation whose (implicit) interests differ, translations may be subverted. This may be the case, for example, in national implementations.

Nobes and Stadler (2018) support their arguments with reference to translations of the term “impairment,” from IAS 36, into 19 official translations. They innovate by then exploring the terms used for impairment in annual reports translated into English. They find, inter-alia, that the terms used in translations of IAS 36 are often too wide. This may be the reason, then, for the fact that many of the annual reports use terms (to denote impairment) that do not correspond to the English, as used in IAS 36, and may be misleading. They further provide evidence that this leads to errors in databases, such as Worldscope, where information on impairment may not be captured. Nobes and Stadler (2018) raise the question whether the problem may be solved by the use of XBRL, and suggest that this is not the case, because XBRL is not (yet) sufficiently widely used.

A more critical assessment of the potential of XBRL to overcome translation problems is provided by Locke et al. (2018). Drawing also on Searle (1989) and Searle and Vanderveken (1985), as well as Austin (1961) and Locke et al. (2018), explore, like Nobes and Stadler (2018), two sites of translation: the translation of IFRS, and the production of corporate reports. IFRS and other pronouncements are first translated into “taxonomies that can be digitally tagged” (p. 1981), and corporate reports are translated from analogue to digital form. Locke et al. (2018, p. 2006) find that:

[...] the “translation” of corporate reporting information into digital data for online accessibility and automated processing is a ‘manipulative activity’ (Bassnett and Trivedi, 1999, p. 2) that spans technological boundaries and epistemic cultures (Knorr Cetina, 1999). [...] we provide evidence that counters the assertion that digital reporting is simply a different media and that the translation process is simply a “mechanical” one in which the message remains the same. (Hoogervorst, 2012)

As in translation across natural languages, translation and interpretation of XBRL is confronted with the problem of (non-)equivalence, and the need for context. Locke et al. (2018) suggest that the difficulty in choosing the correct tag is confirmed by the frequent, and fundamental, errors made in XBRL reports filed in the USA. The shortage of individuals with expertise in both domains – accounting and IT – means that the topic remains underexplored, and may also result in a situation where “the accountant and others involved in the design and production of what remains conceptually an ‘analogue’ report no longer control the presentation of the data that the user receives” (p. 2006).

A further paper with direct relevance to professional practice is that by Detzen and Loehlein (2018), which explores language use and resources in the “Big Four” audit firms in Luxembourg. Luxembourg itself has three official languages (i.e. Luxembourgish, French and
German), and while English is used by the firms as lingua franca, there is considerable diversity in the native languages of their international staff and clients. Detzen and Loehlein (2018) find that the “Big Four” allocate staff to clients based on the client’s language. This undermines the existence of a single corporate culture. Detzen and Loehlein (2018, p. 2031) argue that:

[…] it is thus the client languages, rather than English as the corporate language, that mediate, define, and structure intra- and inter-organizational relationships. While the firms emphasize the benefits of their linguistic adaptability, the paper reveals tensions along language lines, suggesting that language can be a means of creating cohesion and division within the firms.

The varying linguistic capital of staff can affect inclusion and exclusion, the ability to perform on and participate (fully) in engagements, power relations, hierarchies, interpersonal relationships and professional advancement. Detzen and Loehlein (2018), therefore, challenge the commonly held assumption that fluency in English removes language barriers, and is sufficient for individual career advancement. While the multilingual setting of Luxembourg is unusual, it is not unique. This paper should therefore be of particular interest to international audit firms that work in multilingual settings, but also to international audit firms in any setting, where staff from different language backgrounds work together.

The AAAJ special issue returns, with its final two papers, to conceptual and philosophical themes. Hayoun (2018), drawing on de Saussure (2006, 2011) and Barthes (1968, 1993, 1994, 1997), suggests a semiotic perspective on knowledge construction in accounting – in particular with regard to asset recognition and measurement. He challenges the assertion, in the IASB’s Conceptual Framework Exposure Draft (para. BC5.31), that there is a little “existence uncertainty” resulting from separability for the majority of assets and liabilities, but argues that instead, “separability is the core of recognition for all assets” (p. 2055). Decisions regarding the demarcation – the boundaries – of elements in the balance sheet precede those of measuring these elements. Such decisions are based on active judgment, rather than passively reflecting physical or legal characteristics of pre-existing economic resources, and are never neutral. Acknowledging that the limitations of the representational approach are recognized also by critical accounting, he suggests a turn to semiology for an alternative logic – and in particular to the principles of reciprocal articulation and value constellation.

Finally, in a historical and theoretical investigation that transcends discipline boundaries not only in content but also in the research team, Bassnett et al. (2018) propose that accounting may be understood as the first form of writing, preceding later forms of writing that are based on speech. As such, and as the first articulation of what “ought” to be, against what “is,” counted, it may have had a major transformative effect on human consciousness, suggesting a “possibility that the accounting statement is the great translational event in the history of human thinking” (p. 2083). Combining insights from critical accounting and translation theory, the authors reflect on their interdisciplinarity: “we have been able to ‘find’ things jointly that we would otherwise, separately, not have stumbled upon”(p. 2083). This thought is encouraging for the future of the “translation turn” in accounting research.

**Conclusion**

In this AAAJ special issue, we embraced and were open, despite our own methodological preferences, to diverse methods, approaches, styles and paradigms for the investigation of language and translation in accounting. This openness allowed us to collect the rich insights we hoped for in order to move the research agenda, albeit modestly, toward acknowledging, revealing and addressing the “deafening silence” on translation in accounting interdisciplinary research. The popularity and the varied nature of submissions to the special issue indicated to us that many of our colleagues worldwide are increasingly concerned with the displacement of language and translation from the research agenda.
They might, like us, also be frustrated with the displacement of their culture and indigenous voices from interdisciplinary research thought altogether.

The contributions to this AAJ special issue also demonstrated that there is much still to be done for us as a community to begin to comprehend and address the impact of language and translation on our innovative and (hopefully) more inclusive knowledge creation endeavors. Thus, there is a considerable scope for the exploration of the power implications of language skills, and of the use of ELF, in diverse settings (Detzen and Loehlein, 2018; Evans, 2018b; Kamla and Komori, 2018; Locke et al., 2018; Marini et al., 2018). Several papers also draw attention to the opportunities relating to the agency, power (or lack of power), standing and motives of the translator and the interests in and politics of decision making in translation (see, especially, Ejiogu and Ejiogu, 2018; Evans, 2018b; Kamla and Komori, 2018; Nobes and Stadler, 2018). Kamla and Komori (2018) challenge us to find new ways to interact with, and disseminate knowledge about, local communities without inadvertently reinforcing stereotypes and hegemonies. Research is also required to address the power imbalances arising from translation of western concepts – such as accountability – into local cultures, and to develop new (hybrid) forms of accountability that better serve the needs of, and better preserve local cultures and practices (Marini et al., 2018). One way to achieve such better translation is by being more transparent in describing and reflecting on our methods and their inherent power implications and by emphasizing and exploring, rather than obscuring, differences (Kamla and Komori, 2018).

Several papers in this AAJ special issue outline research opportunities and implications of translation for accounting policy and practice. Alexander et al. (2018) question the possibilities of accounting harmonization, and call for more in-depth exploration of the interpretation and operationalization of concepts such as substance over forms, or true and fair view, in different language settings. Related to this, Evans (2018b) suggests that there is a need to further investigate the impact of ambiguity in accounting language on accounting judgment and linguistic hedging, and Nobes and Stadler (2018) make recommendations for the definition and translation of terms in IFRS, and also draw attention to the cause of common errors in the translation of annual reports. They point out that the systematic translation problems may mean that the data supplied by databases such as Worldscope are flawed or incomplete. This will have implications for analysts and researchers. As data relating to impairment, at least, contains errors, they recommend that data should be hand collected.

The language policies and practices of professional service firms also provide several avenues for research, as suggested by Detzen and Loehlein (2018). Apart from power implications (see above), these include the effect of language skills on audit work and the implication of language, and communication across languages, on professional socialization and professional identities.

The benefits of and opportunities inherent in drawing on linguistic theories, and collaboration with scholars in language sciences, are emphasized by Locke et al. (2018), Hayoun (2018), and Bassnett et al. (2018), while Evans (2018b) points out that, for example, the cultural turn in translation studies is highly relevant to accounting, and that there is considerable scope also to learn from and collaborate with scholars in international business/management, and organization studies, where considerable advances have been made in language and translation research. Evans (2018b) also suggests that researchers may further extend the use of commonly applied approaches – such as hermeneutics, constructivism, game theory and deconstruction – to language translation in accounting.

Finally, there is considerable scope for research on translation between disciplines (Ejiogu and Ejiogu, 2018), and exciting possibilities are offered by the translation between analogue and digital reporting. Several specific research themes are outlined by Locke et al. (2018).

In summary, the papers in this AAJ special issue raised many questions for future research. For instance, what type of new knowledge can we create or advance if we take our roles as “cultural brokers,” operating between languages, cultures and contexts seriously?
Indeed, can we maintain or defend the integrity of our research if we do not? What invisible tensions, contradictions and power relations can we reveal as we incorporate language and translation into our research topics and methodologies? What theoretical insights can we build on or advance as we try to be rigorous accounting researchers, meanwhile respecting and even cherishing difference? As we publish to advance knowledge (and our careers), what role do we play in including and helping the local communities that we engage with? How can we achieve this? And, to assist us in this, what role can journal editors, peer reviewers and publishers play? We suggest that, in the first instance, explicit journal policies on translation would be essential (see, e.g. Steyaert and Janssens, 2013; Tietje, 2018).

This AAAJ special issue aimed to start this debate on language and translation in accounting and challenge the interdisciplinary accounting community to be bold enough to consider the complexity of language and translation embedded in our research. We hope that this challenge is taken up more often in future undertakings.

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Notes
1. Evans (2018b) is based on the plenary address “Language Translation and Accounting: Towards a Research Agenda” (Evans, 2016), presented at the 8th Asia-Pacific Interdisciplinary Research in Accounting (APIRA) Conference, RMIT University Melbourne, July 2016. The idea for the paper arose from the bilingual author’s general interest in comparative international accounting and a growing realization of the importance, and the problems of translation for policy, practice and research (Baskerville and Evans, 2011; Evans, 2003, 2004, 2018a; Evans et al., 2015). She observed that, while other researchers were aware, and sometimes concerned about these issues, the problem was not often articulated.
2. There are of course exceptions, including, for example, Célérier and Cuenca Botey (2015), Ezzamel and Xiao (2015), Kyriacou (2016), Pan et al. (2015).
3. Exceptions include several papers in a special issue of Critical Perspectives on Accounting (Volume 26), including Humphrey and Gendron (2015) and Komori (2015).

References


**Further reading**


Language, translation and accounting: towards a critical research agenda

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Abstract
Purpose – The purpose of this paper is to increase the awareness of the implications of language translation for accounting standard setting, education and research, and to work towards a critical research agenda.

Design/methodology/approach – The paper is based on a selective review of recent intercultural accounting research and literature on translation in accounting, of developments in accounting standard setting and on selected insights from translation studies.

Findings – Translation is not a simple technical, but a socio-cultural, subjective and ideological process. In contrast to the translation turn in other disciplines, however, most qualitative and critical accounting research neglects translation as a methodological and epistemological consideration and as a research opportunity.


Originality/value – The paper identifies opportunities for further and deeper investigations of translation in accounting regulation, education and research. Particular emphasis is given to the implication of translation in accounting research that is grounded in interpretivist and constructivist paradigms, where translation is inextricably linked with data analysis and interpretation and may inadvertently reproduce cultural hegemonies.

Keywords Language, Qualitative research, Regulation, Translation, Research agenda

Paper type Conceptual paper

Introduction
Language translation is not a simple technical, but a socio-cultural, subjective and ideological process. The objectives of the present paper are to make a plea for greater awareness and more sensitive treatment of translation by accounting scholars, and to work towards a research agenda for language translation in accounting. My concern is specifically with translation between languages or between different registers of the same language – it is not with translation in a metaphorical sense, as for example in the actor network theory (e.g. Callon, 1984; Latour, 1994). The paper’s main argument is that translation, as well as the use of English by non-native speakers, have fundamental implications for accounting regulation, practice and research. In spite of the cultural hegemony of the English language, translation is essential: enterprises raise capital in foreign markets, engage in international transactions, manage and incorporate the results of foreign subsidiaries and international joint ventures into consolidated financial statements, and employ and train staff from diverse cultural backgrounds. International Financial Reporting Standards and EU pronouncements are translated into a multitude of language cultures. Accounting education is increasingly delivered – in English – to non-native speakers, and international accounting researchers translate research instruments, data and findings.

However, while the translation scholar Susan Bassnett (2013, p. 1) identifies the twenty-first century as “the great age of translation”, Evans and Kamla (2015) suggest that “accounting largely appears to neglect translation – both as a research opportunity and as a methodological and epistemological consideration”. Even qualitative and critical accounting research is, when published in English, often silent on translation (Pan et al., 2015). This applies, to some extent,
also to related disciplines, including international business/management, and organisation
studies. However, greater advances have arguably been made in these subjects to address this
concern (see e.g. Barner-Rasmussen et al., 2017; Marschan et al., 1997; Marschan-Piekkari et al.,
1999; Tietze et al., 2014). One of the reasons for the neglect of translation in accounting research
appears to be the adoption of the equivalence paradigm: the assumption that the transfer of
meaning and concepts between languages and cultures is a simple technical process of
exchanging terms that are equivalent. This paper draws on recent literature in translation
studies to argue that such equivalence rarely exists – instead, equivalence is a fiction: “natural
equivalence can be described as illusory and deceptive” (Pym, 2014, p. 21; Pym, 1992/2010, p. 47).

The paper explores the implication of such insights from translation studies and from
recent research in international business and management on translation in accounting
regulation, education and research. It further specifically explores the practical and
ideological implications of translation of qualitative data from other language cultures
(see e.g. Komori, 2015; Xian, 2008). It argues that especially interpretative and critical
paradigms need to be aware of, and acknowledge, these implications. This will impact on
our research methods and findings, but also provide rich avenues to explore for further
research. The main aim of this paper is to draw attention to such research opportunities.

The remainder of this paper is structured as follows: building on literature from
translation studies, the next section provides an exploration of the concept of equivalence in
translation, and of the commonly used alternative to translation, that is the use of English as
lingua franca (ELF). This is followed by an examination of translation and ELF
in international accounting standard setting and implementation. The subsequent section
deals briefly with translation and ELF in accounting education, and the final major section
with translation and ELF in qualitative accounting research. This section also explores
implications of translation for research on accounting and gender and for critical accounting
research, as well as for the translation of theoretical frameworks. The final section
concludes, and summarises, specific research opportunities relating to the implication of
translation for accounting regulation, education and research.

**Equivalence and ELF**

**Equivalence**

Despite decades of academic and professional translation research, the traditional parameters
configuring the equivalence paradigm persist. It has for a long time not only helped identify
translation and its ethics of neutrality, but guided pedagogies. When scholars translate survey
questionnaires, and journalists transfer news, when foreign businesses discuss contracts, and
viewers watch subtitled TV programs, or when language teachers use back-translation, they all
rely heavily on the equivalence paradigm – language differences are considered errors, distortions
in meaning. (Gambier, 2016, p. 889)

Accounting practice and policy-makers frequently convey the assumption that a form of
objective accounting reality can be transferred from one language culture to another,
without change in meaning. Such a traditional equivalence paradigm is also assumed in
most accounting research (see below). Surprisingly, this applies not only to positivist
empiricist and rationalist epistemologies – the latter suggesting that meanings and ideas
“are universal and thus generally translatable into their various language-specific
representations” (Pym and Turk, 2001, p. 273), but also to qualitative accounting research
grounded in relativism and constructivism. (There are of course exceptions – many of which
will be referred to below).

This narrow understanding of equivalence is based on “an illusion of symmetry between
languages” (Snell-Hornby, 1988, p. 22), a belief that “a text to be translated is nothing more
than a linear sequence of words or phrases” (Gambier, 2016, p. 888). However, the relationship
between languages is not one of simple symmetry. Words may be absent in some languages, or convey different meanings (Gambier, 2016). Finnish, for example, can be much more nuanced when speaking about different types of snow than many other languages; the same applies to Arabic with reference to the behaviour of camels, to English with respect to light and water, and to French with regard to bread (Bassnett, 2003, p. 37). Kinship and colour terms are frequently used in linguistics to illustrate differences between languages and cultures. For example, the Italian term nipote can be translated into English as “nephew”, “niece” or “grandchild” (Eco, 2003, pp. 23-25); and a wealth of research in linguistics and psychology provides evidence of a lack of one-to-one equivalence in colour terms (and perception) between different language communities (e.g. Lucy and Shweder, 1979; Roberson et al., 2000; Winawer et al., 2007). Connotations of colour also differ – death is associated with black in Western, and with white in Eastern cultures (Pym, 2014, p. 7). Similarly, while a term may be found to translate “bathroom” from English into Japanese or Finnish, the cultural connotations differ widely (Catford, 1965/1980)[1]. As a result, something is almost always lost (or gained) in translation (see e.g. Bassnett, 2003, pp. 36-37; Eco, 2003, pp. 32-61). In fact, “translation is a balancing act” (Kettunen, 2017, p. 41).

In the translation theory, the concept of equivalence is “variously regarded as a necessary condition for translation, an obstacle to progress in translation studies, or a useful category for describing translations” (Kenny, 2001, p. 77). A definition of equivalence in the widest sense may be that:

[…] what we say in one language can have the same value (the same worth or function) when translated into another language. The relation between the start text and the translation is then one of equivalence (“equal value”) where “value” can be on the level of form, function, or anything in between. Equivalence does not say that languages are the same, it just says that values can be the same. (Pym, 2014, p. 6, emphasis original)[2]

However, equivalence has been defined and classified in different ways, with overlapping demarcations and terms. Most of the limited research on language translation in accounting is concerned with linguistic equivalence, which refers to attempts to achieve homogeneity of source and target texts on the linguistic level (Bassnett, 2003, p. 32, with reference to Popović, 1976)[3].

Pym (2014) classifies theories of (linguistic) equivalence into two sub-paradigms: directional equivalence and natural equivalence. The latter developed as a reaction to structuralist linguistics, which sees languages as systems, reflecting fundamentally different world-views[4]. Ultimately, this means that equivalence in translation should not be possible (Pym, 2014, p. 9). However, in practice, translation does occur. Proponents of natural equivalence therefore assume equivalence to exist at levels below those of language systems. Natural equivalence thus refers to an underlying common notion that has the same function in different languages. A natural equivalent term would be the term assumed by speakers of each language as the most usual to express this function (Pym, 2014, pp. 8-9). Natural equivalence also assumes that translation is not affected by directionality – the result should be the same regardless of which one of two languages is the source, and which the target language. Natural equivalence is therefore “close to what many translators, clients, and end-users believe about translation” (Pym, 2014, p. 6). In practice, however, natural equivalents appear to exist almost exclusively as artificially created technical terms that are intended to correspond in different languages. They are created in specialized fields of knowledge, which have specific terms (Kade, 1968; Pym, 2014, p. 12), i.e. their own specialized jargons, registers or languages for specific purposes (LSPs).

Where natural equivalents cannot be identified, applied linguistics has developed several practical approaches and solutions, from closeness to the source text to closeness to the target culture (see also below). They include literal translations, loan words, adaptations
and explication. However, all either add to, or reduce, the source text message. In addition, these solutions and underlying theories normally work well only between cognate languages, but not between unrelated languages, as, for example, English and Chinese (or Japanese) (Pym, 2014, pp. 12-16).

An alternative paradigm is directional equivalence. This assumes that the relationship between source and target language is not symmetrical. Therefore, a translator must choose between several possible terms in the target language, none of which will completely correspond to the term in the source language. As a result, back translation of a translated text into the original source language will not normally result in a text identical to the source text, nor would two translators create identical translations (Pym, 2014, p. 24). (A simple example would be to use the IFRS Foundation’s Terminology Lookup to translate “revenue” into Japanese. The translation offered is 收益; if this is then back translated, the result is “income” – suggesting a lack of a natural equivalent, in this case.[5].

By contrast with natural equivalence theories, directional equivalence is less concerned with practical solutions. Instead it distinguishes between different approaches to translation, frequently reduced to two opposing modes – “free” and “literal” translations – although these have been conceptualised in many different ways. For example, Schleiermacher (1813/1963) distinguished between “foreignizing” and “domesticating” translations (see also below) and Nida (1964)[6] between “formal equivalence” and “dynamic equivalence” (Pym, 2014, pp. 30-31). Pym (2014, p. 32) provides other examples of such polarity, but argues that the ideology imbedded in acknowledging only two ways of translating is “deeply anchored in Western nationalism” (Pym, 2014, p. 34), assuming a “cultural and linguistic border” (Pym, 2014, p. 24). In essence, directional equivalence assumes that there are different ways of achieving equivalence, but none in the complete and symmetrical way assumed by natural equivalence.

**English as lingua franca**

Language is about identity. (Temple, 2013, p. 105)

An alternative to translation is the use of a lingua franca. In spite of its multilingual language policy, the EU’s working practice has increasingly turned towards ELF: in 1997, the EU had 15 member states and 11 official languages. The official working languages were French, English and German. The majority of documents (including accounting directives) were drafted in French (Dollerup, 1996). In 2017, the EU has 28 member states and 24 official languages[7]. French, English and German are still the official working languages, but in 2009, 72.5 per cent of all source texts were drafted in English (11.8 per cent in French, 2.7 per cent in German) (House, 2016, p. 112). Many of the texts drafted in English are not drafted by English native speakers, but written in ELF (House, 2016, p. 112). The dominance of ELF is not limited to the EU. English is spoken by approximately four times as many non-native speakers than native speakers, and therefore “can be said to be no longer owned by its native speakers” (House, 2016, p. 112).

Linguists differ in their assessment of the usefulness of ELF. House argues that ELF benefits from functional flexibility and from its wide geographic spread. Further, as the main objective is efficient and effective communication, correctness is not important, and speakers can dispense with culturally or historically embedded idioms and “other routinized phrases full of insider cultural-historical and national references invariably based on national tradition, convention or class” (House, 2016, p. 112).

Snell-Hornby (2010), on the other hand, considers what she refers to as “Globish/American/British” (the GAB), “Eurospeak” and “McLanguage” as “the reduced, interference-bound system of verbal communication based on a low common denominator of the English code basically comprehensible to those with some knowledge of English”
It may impede original thinking and cognitive processes, is closely associated with social and group identity, and with exclusion and power (Evans et al., 2015; Harzing and Feely, 2008; Karhunen and Kankaanranta, 2017); this also applies in business schools (Śliwa and Johansson, 2014). Language may be perceived as part of national identity and as “one of the major factors used to categorize others, possibly more important than ethnicity as it is an acquired characteristic and hence provides a more powerful indication of a person’s identity” (Harzing and Feely, 2008, p. 52; see also Temple, 2013, p. 106). In multinational organisations, a gap exists between two levels of English – the ELF spoken in everyday interactions among employees, and the more formal English used in official communications. This gap can contribute to inequality (Karhunen and Kankaanranta, 2017). In addition, differences in (English) language skills can affect communication flows and networks; greater language skills can be a source of power and facilitate the creation of broader networks (Marschan-Piekkari, 1999). According to Harzing and Feely (2008), communicating in a foreign language (including ELF) can lead to misunderstandings and create, maintain and reinforce group boundaries. Language barriers engender vicious circles, in which failure to communicate effectively creates uncertainty, anxiety and mistrust, which may lead to misattribution, conflict and cognitive distortion. This, in turn, can give rise to greater formality in communication, which then results in even less effective communication (Harzing and Feely, 2008).

Translation and ELF in standard setting and implementation

**English as lingua franca**

Do you think Chinese make the same judgements as Americans – I do not think so. (Pan et al., 2015, p. 487, interview extract)

The use of ELF also affects creative thinking and cognitive processes in accounting regulation, education, practice and research (e.g. Humphrey and Gendron, 2015; Holthoff et al., 2015; Komori, 2015; see also below). As argued by Evans et al. (2015, p. 27), “[i]f discourse is predominantly in English, lack of English language competency has practical, academic, social, and status implications”. In particular, unequal (English) language skills can disadvantage and disenfranchise individuals (and nations) in the legislative or standard-setting process (e.g. Dollerup, 1996; Evans et al., 2015; Hjelström, 2005). For example, Dollerup (1996, p. 300, quoted in Evans et al., 2015) cites a frustrated national delegate in EU negotiations, “we say what we are able to say, not what we wish to say”.

Hjelström (2005, pp. 351-32) suggests that the authority of individuals involved in the IASC standard setting process (specifically, in the case of IAS 12, 1996)[8] depended, inter alia, on language and cultural proficiency, and that poor (English) language skills contributed to the relatively low engagement of some of the steering committee members. Most did not have a good command of English. The IASB also uses English as a working language, and while the majority of its (senior) staff may be native speakers, this neither applies to all, nor to the majority of the board members, or the Accounting Standards Advisory Forum representatives, and certainly not its constituents.

Even when language competency is high, individuals process information differently in their native, vs foreign languages. Based on prior research in psychology and other health-related disciplines, Pan and Patel (2018) suggest that individuals make systematically different (ethical) judgments in their first and second languages, with second language use leading to utilitarianism and greater emphasis on cost-benefit considerations and economic well-being. This results in more aggressive judgments than that which would result from native language processing. While this effect is not confined to
specific languages, the languages themselves also affect information processing differently: simplified Chinese encourages an interdependent cultural mindset, but English an independent cultural mindset. The latter is likely to lead to more optimistic information processing and more aggressive judgment. Pan and Patel (2018) provide empirical evidence, from an accounting case study experiment, that supports the above findings of prior research in other disciplines.

**Accounting regulation and translation**

Indeterminacy will never completely go away. (Pym, 2014, p. 87, with reference to Quine, 1960) Even if ELF is widely embraced, the concerns outlined above, and in particular differences in English language/ELF proficiency, suggests that high quality, timely translation is essential for IAS/IFRS implementation and accounting change (e.g. Abd-ElSalam and Weetman, 2003; Larson and Street, 2004). The translation of IFRS is managed or undertaken both by the IFRS Foundation and by the EU[9]. Who controls these processes, and which regulatory authorities are involved, does matter. In fact, the EU and the IFRS Foundation’s different translation policies and processes represent “a contested area of expertise involving multiple, recurrently changing constituents” (Kettunen, 2017, p. 38).

The IFRS Foundation acknowledges that translation is vital in achieving its aim to develop a single set of global accounting standards (IFRS Foundation website)[10]. However, IFRS may be difficult to understand, even in English. (An example, from IFRS 5, is provided below.) This makes them difficult to translate (e.g. Wong, 2004). Problems also include translation errors[11] and “soft transformations” – the deliberate exploitation, in translation, of the inherent ambiguity of accounting terms (Ordelheide, 1990). An even more complex problem is that of (the lack of) equivalence.

As noted above, natural equivalence occurs almost exclusively in technical LSPs, where terms have been specifically created, or defined, in specialised fields of knowledge (Kade, 1968; Pym, 2014, p. 12). Equivalence in such LSPs may however be limited to disciplines (such as engineering) that are less culture-dependent, and where terms are not inherently indeterminate (Evans et al., 2015). It is a more complex issue for disciplines such as accounting or law, where terms rooted in long-established traditions coexist or compete with new terms created in harmonisation attempts (such as the IASB’s terms)[12].

Although accounting may be deemed at least in part a technical variety of language, many accounting concepts are culturally dependent and socially constructed; they overlap in function or form but are not strictly (natural) equivalents in different accounting traditions. For example, the Dutch concept geeft een getrouw beeld is not exactly equivalent to “present fairly” (or “give a true and fair view”) (Zeff, 1990), and “target costing” only partly captures the meaning of the Japanese strategic cost management practice genkakikaku (Komori, 2015). This lack of equivalence is the focus of the majority of prior research on translation in accounting (see Baskerville and Evans, 2011; Dahlgren and Nilsson, 2012; Evans, 2004; Kettunen, 2017 for further examples).

However, if we use the nearest perceived equivalent in translation, this may either lead a user of this translation to assume full (i.e. natural) equivalence, or, at best, result in generalisation, or a loss of subtle (but significant) differences (Evans, 2004). For example, if the German term Wirtschaftsprüfer is translated as Chartered Accountant, a reader unfamiliar with the German context will assume greater congruence between a German auditor and a British Chartered Accountant (in terms of education, qualification, occupational tasks, occupational culture and regulatory framework) than actually exists. The shift in meaning inherent in these translations may not be appreciated: “It is as if the presence of an apparently viable verbal label actually blinds the subject to reality. He sees only what the words lead him to expect and does not respond to the objective situation”
A (non-accounting) example is provided by Bassnett (2003, pp. 38-39) with the term “democratic”:

The problem here is that the reader will have a concept of the term based on his or her own cultural context, and will apply that particularized view accordingly. Hence the difference between the adjective democratic as it appears in the following three phrases is fundamental to three totally different political concepts:

the American Democratic Party
the German Democratic Republic
the democratic wing of the British Conservative Party

So although the term is international, its usage in different contexts shows that there is no longer (if indeed there ever was) any common ground from which to select situational features. (Bassnett, 2003, p. 39)

A different problem in the quest for suitable translations of technical terms is the complete absence of a comparable concept in the target culture, requiring the creation of a new term (or adoption of a loan-word) when the concept it imported. However, as noted by Zeff (2007), if an accounting concept is introduced into an accounting culture to which it is entirely alien, the concept will not be understood, regardless of which words are chosen to denote it. A widely discussed example relates to the difficulties that arose in translating “true and fair view” when this concept, which originated in and is closely linked to the UK accounting tradition and common law legal system, was introduced into code law and Continental European accounting systems (see e.g. Alexander, 1993, 1996; Aisbitt and Nobes, 2001; Ordelheide, 1993, 1996; Nobes, 1993; Rutherford, 1983). As Pym notes, such imports introduce new information into the target language, which means that there can be no “natural” equivalents:

If translations are supposed to bring in information that is new to a language or culture, then they cannot be expected to be “natural”. Since new things will eventually require new terms and expressions, the translations are going to be marked in ways that their start texts are not. This argument usually becomes a question for terminology: should the translation use loans from the start text, or should new terms be invented from resources considered “natural” in the target language? (Pym, 2014, p. 19)

Kettunen (2017) points out that one-to-one equivalence of IFRS terminology is usually constructed during translation. More than one potential source language term is often suggested as a possible translation, supporting the claim that natural equivalence is rare. In the translations into Finnish, new coinages as well as borrowings from English were used if no suitable target language terms existed. However, new Finnish coinages were sometimes found to be incomprehensible. In addition, connotative meaning between the English and the Finnish terms often differed (Kettunen, 2017).

In addition to the partial but incomplete equivalence of concepts in different accounting traditions and the complete absence of some concepts in some traditions, translation of accounting regulation is also affected by a further potential problem: the translation and interpretation of everyday, generic, i.e. non-technical terms, in accounting rules.

Such terms may include, for example, “terms of likelihood” (also referred to as uncertainty or probability expressions) – expressions such as likely, probable, virtually certain, unlikely, or remote. These are widely used in IFRS. For instance, European Financial Reporting Advisory Group (EFRAG)'s (2013) Uncertainty Bulletin discusses uncertainty, and the judgement required to deal with uncertainty, in the IASB’s conceptual framework. It provides the following examples of uncertainty expressions in the standards:

Probable is defined in IAS 37 and IFRS 5 as more likely than not. IAS 37 states that this interpretation of probable does not necessarily apply to other standards, IFRS 5 does not
include this caveat. In practice, the term probable in other standards has been interpreted as meaning something other than more likely than not. For example, IAS 12 has been interpreted as allowing the use of a higher threshold than more likely than not when it requires future tax profits to be probable for the recognition of deferred tax assets (EFRAG, 2013, para. 8, emphases added).

According to IFRS 5, assets are classified as held for sale if the sale is “highly probable”. As noted in Ernst and Young’s (2015, p. 149) International GAAP 2016:

> Many observers may consider the meaning of “highly probable” to be reasonably self-evident, albeit highly judgmental. However, IFRS 5 provides extensive discussion on the topic. As a first step, the term is defined by the standard as meaning “significantly more likely than probable”. This is supplemented by a second definition – probable is defined as “more likely than not”. [IFRS 5 Appendix A]. Substituting the latter into the former leads to a definition of highly probable as meaning “significantly more likely than more likely than not”. [...] In the particular context of classification as held for sale, the IASB evidently did not consider that “significantly more likely than more likely than not” was an adequate definition of the phrase, so the standard goes on to elaborate [...].

Ambiguity and uncertainty in interpretation is of course not limited to translation, but part also of communication between speakers of the same language. This is, for example, demonstrated for accounting, by several concept perception studies conducted in the 1970s and 1980s (Adelberg, 1979; Adelberg and Farrelly, 1989; Haried, 1972, 1973; Oliver, 1974). While the above IFRS example may appear extreme, a certain degree of ambiguity is intended, since in the Anglo-American accounting tradition, flexibility is required to permit accountants to exercise professional judgement when applying accounting standards, conceptualised as principles rather than rules. This is related to the concept of linguistic hedging, which refers to words or constructions intended to tone down the force of statements or to qualify the commitment to statements made by deliberately introducing vagueness; they include inter alia expressions of uncertainty and of probability (Crompton, 1997; Li and Haque, 2016).

Translations into other languages should, ideally, reflect the same ambiguity and scope for judgement as the English language original, and result in equivalent interpretations. However, the above critique of the equivalence paradigm suggests that this is unlikely to occur in practice. This suggestion is supported by empirical research, which finds that interpretations of uncertainty expressions in translation differ from those of the English original (e.g. Davidson and Chrisman, 1993, 1994; Doupnik and Riccio, 2006; Doupnik and Richter, 2003, 2004; Korean Accounting Standards Board and Australian Accounting Standards Board, 2016)[15]. More recently, Kettunen (2017) provides interview evidence about IFRS translation into Finnish that suggests that the same degree or nuance of ambiguity can often not be preserved in translation. In addition, the interpretation of probability expressions in IFRS by bicultural individuals appears to depend on the language in which they read the IFRS (Huerta et al., 2016).

Further, a preference for flexibility and judgement, and their inherent ambiguity, is not universally shared (Pan et al., 2015). Pan et al.’s (2015) Chinese interview subjects expressed a preference for quantifiable benchmarks:

> I cannot understand why the standard setters use words such as “probable”, “reasonable” and “control” in accounting standards? Why can’t they simply give us the specific percentage? This will improve comparability and consistency of information within and across countries. Additionally, I will not make mistakes by referring to the specific percentage. Judgements are subjective and confusing. (p. 487, interview extract)

Similar concern was expressed with regard to the ambiguity of the control criterion in IFRS 3, the standard for business combinations. In addition, in the Chinese cultural and political
context, the inherent indeterminacy of terms such as “control” was further complicated by ideological implications:

Control reminds me of the strict control at home, strict control at school, strict control at university and strict control of my boss at part-time work. Our society is all about control. The government virtually controls all our activities. I cannot possibly be objective when you ask me to apply the meaning of control to accounting. The word “control” is highly emotional and this emotion is attached to the meaning of control in any context. I do not think any Chinese people can be objective when they apply the word “control” in any context. (Pan et al., 2015, p. 487)

Thus the wider cultural context of the target language – including the political context – will affect translation. This made translation of international standards into Chinese “a big challenge both technically and politically” (Ezzamel and Xiao, 2015, p. 67). Ezzamel and Xiao provide a further example:

At the beginning of the development of the accounting regulation for IJV [International Joint Ventures], when many people heard the word “capital”, they did not feel comfortable. Because they have been under the influence of Maoist education for so many years, they could not accept foreign ideas and concepts. This naturally created debate and even resistance which in turn distracted and delayed reforms. (Interview extract in Ezzamel and Xiao, 2015, p. 67)

These observations support the argument made by Bassnett with the example of the term “democratic” (see above).

The aim of the IASB’s translation team is to established “a translation process with the objective of ensuring a high-quality translation that accurately reflects the meaning of the original English” (IFRS Foundation, 2013, p. 5, emphasis added; see also IASB website)[16]. In summary, given the above observations about equivalence, ambiguity, ideology and the choices required to be made in translation, this aim of uniformity and accuracy in translation appears, at the very least, ambitious. This is also noted by Kettunen (2017, p. 43): “the goal of ensuring accuracy compared with the English source text seems an ideal lacking a clear path to its realisation”.

For financial reporting in practice, the IASB articulates more ambiguous qualities, such as faithful representation (not accuracy) and comparability (not uniformity). Thus, while accounting practitioners and standard setters acknowledge the subjectivity and judgment associated with financial reporting, such awareness appears to be lacking for the ambiguities and biases inherent in language and translation.

**Translation and ELF in accounting education**

[T]he translation of these standards is a big obstacle for learning about the standards. Those who cannot go back to the English source like me […] are finding it very difficult to understand them and therefore pass the exam. (Gallhofer et al., 2011, p. 387, interview extract)

Tietze (2004) suggests that, while management research has begun to critically engage with the role of language, this has not yet been embraced by management education. She thus encourages academics to take the linguistic turn into the classroom. This is also desirable for accounting. Accounting education, and, in particular, taught post-graduate courses, are increasingly delivered in English in countries where English is not the official or main language. Frequently, students whose first language is not English are taught by academic staff whose first language may or may also not be English. An advantage of learning in ELF is that it may prepare students for a work environment increasingly dominated by ELF. On the other hand, however, the language in which we learn affects cognition and information processing. This, in turn, affects the performance and academic
achievement (Holthoff et al., 2015). Based on prior research and their own investigations, Holthoff et al. (p. 120) argue that:

[...] confronting students with accounting texts in English may have negative effects if students lack sufficient English language skills. Especially students participating in introductory courses on IFRS are likely to find it difficult to understand the subject of accounting when the standards are not presented in their mother tongue. This is particularly important for countries in which students start their studies with a low level of English language skills.

Teaching students international accounting in local languages may overcome this problem, but this requires high-quality translation of teaching material – either translations of textbooks originally produced in English, or textbooks directly based on IFRS in English, or in translation. In any case, on some level, translation has to occur. This translation has to deal with the challenges outlined above: the lack of equivalent concepts, as well as the inherent vagueness of some accounting concepts and of the generic language that is part of IFRS, including probability expressions (see e.g. Baskerville and Evans, 2011).

Poor-quality translations contribute to the creation of uneven playing fields in employment and education. This is noted by one of the interviewees in a study by Gallhofer et al. (2011, p. 387):

[...] with due respect, the person who translated IASs to Arabic has not done a great job. Try to read them in Arabic and you’ll understand nothing. I tried to read them a few times (preparing for the CA exam) and did not understand what they are trying to say. [...] I didn’t understand a thing, as their translation is very bad.

Apart from the direct impact on learning, language in education also has ideological implications. For example, Tietze (2004) argues that the global use of ELF and of global management discourse share tacit assumptions and (Anglo-Saxon) ideological foundations that together encourage and perpetuate specific forms of global capitalism, consumerism and commerce. Therefore, “the mastery of English combined with a conquest of the interpretive frames of the management discourse is a potent source of power which reproduces the world in line with the assumptions of their mutually reinforcing ideologies” (2004, p. 184).

Language, in education, can even lead to (racial) exclusion. Hammond et al. (2009) found that in apartheid South Africa, racial exclusion was not only overt, but also based on language competencies (cf. Murphy, 1988). Black South Africans who spoke non-dominant languages at home were disadvantaged and excluded in education and at work, but exclusion affected not only black South Africans: poor-quality translations also put Afrikaans speakers at a disadvantage. Thus, in South Africa, “[l]anguage was used intentionally as a political weapon” (Hammond et al., 2009, p. 715). As will be seen in the next section, the politics of translation also affect accounting research.

Translation and ELF in accounting research

Translation involves power differences between language users and countries and resulting ethical and political considerations about how to represent others, not just the mechanics of changing words into another language. (Temple, 2013, p. 102)

Research quality has increasingly become associated with publication in English language, and usually North American, academic journals. While academic globalisation may carry:

[...] the promise of “knowledge without frontiers”, [a] more pessimistic position views academic globalization as the handmaiden of the global imposition of Western academic cultures. [...] it signals the hegemony of theories, methodologies, and styles of thinking and writing identified with particular academic cultures of the North Atlantic. (Waisbord, 2016, p. 870)
Although Waisbord (2016) suggests that encounters of academic cultures are really more complex than either of these positions suggest (see below), it may be argued that as a result of such globalisation, academic research increasingly fails to engage with local concerns (Burawoy, 2005; Humphrey and Gendron, 2015). It also means that English has become the lingua franca of research and academic publishing.

For non-native speakers, the pressure to publish in English-language journals raises several concerns. These include costs for translation and language editing services (Humphrey and Gendron, 2015). Alternatively, writing directly in ELF may force non-native speakers to oversimplify ideas and limit their ability to innovate “since skills at playing with words, concepts and metaphors play a key role in the emergence of new ideas” (Humphrey and Gendron, 2015, pp. 53-54). As argued by Snell-Hornby (2010), while the use of ELF may have some utility in simple communication acts, it is “unsuitable for sophisticated forms of communication” – such as academic conferences and publications (Snell-Hornby, 2010, p. 18). Conventions of academic discourse differ significantly, even between related languages and cultures such as English and German. When non-native speakers attempt to write in English, while retaining their own and discursive traditions, the results may be incomprehensible (Snell-Hornby, 2010). The need to publish in English may also mean that non-native speakers may be disadvantaged in, or excluded from, academic discourse; it may even shape academic disciplines and agendas (Humphrey and Gendron, 2015; Komori, 2015; Snell-Hornby, 2010; Waisbord, 2016[17]. In essence, the dominance of English, and the demand to meet specific standards of English, privileges native speakers (Lillis and Curry, 2015).

Research in linguistics critically explores this inequality in power. Bennett (2006, 2007; see also Munday, 2013, p. 137) even suggests that the dominance of English in academic writing has led to “epistemicide”, which eliminates or at least dominates other traditions. As a result, the intended internationalisation of research does in fact lead to Anglocentrism and homogenisation of research, to the creation of linguistic hierarchies, linguistic marginalisation and linguistic apartheid (Humphrey and Gendron, 2015; see also Steyaert and Janssens, 2013).

Research methods and findings

The processes of translation involved in making another culture comprehensible entail varying degrees of violence, especially when the culture being translated is constituted as that of the “other”. (Dingwaney, 1995, p. 4)

A very large proportion of accounting research published in leading international journals draws on data from diverse national and cultural settings, worldwide. Research methods employed include interviews, oral histories, case studies, content analysis, surveys, experiments or focus groups. Where the first language of research subjects or the language of written data sources is not the language of publication, translation is required. This may involve translation of interview questions or guides, survey instruments or case scenarios for experimental research design. Where data analysis is conducted in a language other than English, the research findings will have to be translated for publication in English. In other words, researchers have to engage with and make choices regarding translation both at the data collection and the data analysis and dissemination stages of research projects. However, researchers rarely discuss the implications of translation[18]. In fact, the translator is frequently invisible (cf. Venuti, 1995/2008). Translation appears to be based on a positivist assumption of an objective reality that can be translated into an equivalent objective reality in other languages. Similar observations apply to international business and management, where, in contrast to accounting, this concern has however been highlighted in recent research.
For example, based on interpretative content analysis of qualitative and survey-based quantitative research published in four international business journals, Chidlow et al. (2014) found that quantitative research usually relies on back translation, which is often assumed to assure equivalence. This, in turn, is associated with accuracy, validity, reliability and research quality. This implies that the translator’s role is a purely technical, objective one and that problems can be overcome by means of specific “scientific” methods, such as back translation (Xian, 2008). Language differences are considered to be errors that can be eliminated or controlled. However, back translation does not solve the problem of equivalence (Chidlow et al., 2014[19]; Douglas and Craig, 2007; Kettunen, 2017; Pan et al., 2015).

Chidlow et al., also found that the majority of qualitative research made no statements about translation (see also Xian, 2008). This, they suggest, is in keeping with conventions of scientific reporting, which is silent on the researcher’s role. But it is not compatible with interpretative and critical paradigms; this suggests that greater reflexivity in reporting qualitative research findings is required (see e.g. Haynes, 2012).

When interviews, focus groups or experiments with non-native speakers are conducted in English, this shifts the onus of translation onto the subject. But language choice matters, as confirmed by Welch and Piekkari’s (2006) study of interview research in international business. This was the case regardless of researchers’ epistemological and ontological positions. Data accuracy was a concern, from an objectivist perspective, when non-native speakers were interviewed in English:

[...] some managers would use “corporate English” – in other words, the English they heard in the workplace and used to perform their professional roles. This often meant repeating company policy and falling back on jargon, rather than being confident enough to formulate extended and individualised responses. (Welch and Piekkari, 2006, p. 428)

This confirms the arguments referred to above, regarding the constraints of ELF in more complex communication acts and the effect of first vs second language on information processing and ethical judgement. By contrast, where researchers in Welch and Piekkari’s study represented an interpretative paradigm, using the interviewees’ native language was often felt to help build rapport, “to enter into the world of the interviewees” (Rubin and Rubin, 1995, p. 173) in order to elicit authentic responses. The social constructivist and critical paradigms would go further, in hoping to elicit contextually grounded, inter-relational data – resulting from the development of shared understanding between interviewer and interviewee (Welch and Piekkari, 2006)[20].

Oral history research also suggests that language choice matters. According to Temple (2013), interviewees present themselves differently in different languages, and Burton (2003) suggest that the language in which interviews are conducted (in this case, English or Japanese) affects power relationships as well as the nature and content of the interviews. This is because, compared to English, Japanese is “hierarchical, less direct and more gendered” (Temple, 2013, p. 101, with reference to Burton, 2003). According to Burton (2003, p. 45) “what constitutes a truth in Japanese may well be different, or at least differently voiced, than one in English”.

In accounting, experimental and survey research is frequently conducted in ELF. This is the case for example in experiments using international post-graduate students as proxies for audit practitioners or users of financial statements, or with large-scale international questionnaire surveys. However, similar concerns as those relating to interviews (above) apply. In addition, research evidence (from international business) suggests that ELF-based questionnaires may create language bias, inter alia, because respondents lack confidence responding in English (Harzing, 2005; Harzing et al., 2013; Harzing, 2006).

Where data are collected in languages other than English, researchers need to consider translation during the data analysis and dissemination processes, since it cannot be assumed,
that “cultural elements can be carried across unchanged in the translation process” (Xian, 2008, p. 232), nor that “all ways of viewing the social world can be straightforwardly captured using the English language” (Temple, 2013, p. 100). Xian identifies linguistic, cultural and methodological problems, which are interrelated. Linguistic problems relate to the lack of equivalence between languages (see above). This is especially relevant when a subject or discipline – such as accounting – is culture-specific, socially constructed, inherently indeterminate or ideological (Evans, 2004; Evans et al., 2015).

Socio-cultural problems arise from the difficulty, for Xian (2008, p. 235), of the “translation of Chinese idioms and proverbs, which originated from Chinese historic stories and mythologies, and complex social phenomena” (Xian, 2008, p. 235). If these are translated literally, they are meaningless; if they are explained, they result in a text that is less concise, “clumsy”, and further removed from the original[21]. The translator therefore has to recreate a socially constructed reality in another language culture, balancing the need to convey indigenous concepts and knowledge in English, against the risk of overdomesticating the text (Xian, 2008); the latter – encouraged by Anglo-American translation tradition – would permit a more fluent style, but risk compromising the concepts and knowledge to be conveyed (Xian, 2008; see also Komori, 2015). Overdomesticating a text creates an illusion of naturalness, disguising the fact that the text in question is a translation. Translating idioms and expressions with the nearest equivalents in the target language produces a network of cultural references relating to the target culture (Munday, 2013, p. 148, with reference to Berman, 1985/2004). An example would be the translation of the German Wirtschaftsprüfer as Chartered Accountant. Not only would a reader unfamiliar with the German context assume greater congruence between these concepts than actually exists – as argued above – but such overdomestication affects “the way major cultures see the rest of the world. If all cultures are made to sound like contemporary fluent English, then Anglo-American culture will believe that the whole world is like itself” (Pym, 2014, p. 20; Venuti, 1995/2008, 1998). Pym argues, therefore, that naturalness is ethnocentric, hides imperialism and promotes parochialism (Pym, 2014, pp. 20, 100). Venuti (1995/2008, p. 15), referring to Schleiermacher, promotes foreignizing texts in translation, that is, to signify “the differences of the foreign text […] by disrupting the cultural codes that prevail in the translating language”. This creates pressure on the receiving culture’s values to take note of the foreign text’s linguistic and cultural differences, thus “sending the reader abroad”.

In any case, the translation of qualitative data is a sensitive process. The analysis of such data involves interpretation, and the process of translating across languages and cultures adds an additional dimension to an already subjective process. This means also that two translators are unlikely to interpret the same source text in the same way (Xian, 2008). As the researcher’s/translator’s (unconscious) biases will affect the translation (Evans et al., 2015; Temple, 2013), the process is not value free; “like any cultural practice, [it] entails the creative reproduction of values” (Venuti, 1998, p. 1). However, as argued by Xian (2008, p. 242) “to recognise the translator’s presence in a piece of research is no different from recognising the presence of the research and the research subjects”. She therefore argues for a more reflexive and interpretative approach, which acknowledges that translation is a messy process, and acknowledges the translator’s role in constructing reality: “The translation process constitutes a (re)construction of the social reality of a culture in a different language, in which the translator interacts with the data, actively interpreting social concepts and meanings” (Xian, 2008, p. 233).

**Accounting research, translation and gender**

It is difficult for a woman to define her feelings in language which is chiefly made by men to express theirs. (Bathsheba Everdene, in *Far From the Madding Crowd*, Thomas Hardy)
Insights from the interface between translation, culture and gender studies may also be useful to interdisciplinary and intercultural accounting research. This literature includes a feminist paradigm (see e.g. Simon, 1996), which takes a deliberate political and ideological stance.

On a more pragmatic level, language (also in the context of the accounting profession) may differ between that of men and women. For example, Haynes (2013, p. 386) notes that there is a differences in language choice inherent in the power relations in an accounting firm. With reference to Spender (1980), Haynes argues that the separation between male and female, and the continued silence of women, is ensured by means of “choice of language which does not accommodate some of the meanings women may want to articulate, inappropriate male controlled registers, male controlled sanctions for language use, and sexist use of language” (Haynes, 2013, p. 386). In fact:

[...]

Similarly, Kyriacou (2016, p. 55) argues that “the Greek language has been utilised by the profession to articulate its privileges and position” and calls for future research to “explore how the use of the (Greek) language can render women invisible by the prioritisation of certain words over others”. How do we capture such differences in the use of language in translation?

Giving voice to gendered experiences may be particularly sensitive if we translate into English (as frequently representing a dominant culture). In her translation of the experiences of Chinese women, Xian (2008) noted that she had gone too far in domesticating indigenous knowledge: “I realized that what I had translated about Chinese women’s careers was not much different from literature about Western careers. [...] I was rewriting them to conform to the styles and themes that currently prevail in the target culture” (p. 237).

This phenomenon is critically explored by Spivak, who challenges expectations of western feminists that feminist writings in other languages should be translated into English (Munday, 2008, Chapter 8). Spivak argues that:

[...] In the act of wholesale translation into English there can be a betrayal of the democratic ideal into the law of the strongest. This happens when all the literature of the Third World gets translated into a sort of with-it translatese, so that the literature by a woman in Palestine begins to resemble, in the feel of its prose, something by a man in Taiwan (Spivak, 1993/2004, pp. 371-372, emphasis added)

This resonates with Komori’s (2015) experiences about trying to give meaning to the accounts of Japanese women practicing accounting, for a Western audience. Komori argues that it was difficult to convince reviewers who lacked knowledge of the Japanese context of the validity of her findings. This was because these findings did not translate easily into non-indigenous – that is specifically Anglo-Saxon – concepts and assumptions, especially about the role and power of women:

There is an inherent risk that the phenomena will be miscommunicated or misinterpreted, and an inherent pressure for the experiences and perspectives identified to be moulded so as to legitimize Anglo-Saxon-led assumptions and problem-setting. (Komori, 2015, p. 151)

I will return to the ideological implications of this problem below. Before doing so, another, at first sight more technical problem to be explored, is that many languages mark gender through the use of gender-specific nouns, pronouns or grammatical structures. One challenge in translation is to render gender-neutral terms into a language where the apparently closest translation is not gender-neutral. For example, the German term Mensch
can refer equally to women and men. It may, and now frequently is, translated into English as “human being” or “person”. However, older English translations frequently rendered the term as “man” – as also in the compound Menschheit, usually translated as “mankind” (less commonly as “humankind” or “humanity”). For example, where Max Weber’s Economy and Society refers to der kultivierte Mensch, the English translation uses “cultivated man” (Weber, 1968, p. 1001). In addition, many languages have a grammatical gender which may tax translators as well as native speakers. Oltermann (2014) cites Mark Twain: “In German, a young lady has no sex, while a turnip has. Think what overwrought reverence that shows for the turnip, and what callous disrespect for the girl”.

In Germany, the implication of the grammatical gender is now critically discussed, as is the difference in occupational titles for men and women. All state bodies are now required to use gender-neutral language, which has given rise to controversial coinages (Oltermann, 2014). For auditors, the mid-1990s saw a change in the law regulating the audit profession, which means that there is now a female version of the title (Wirtschaftsprüferin), which women may choose to adopt (or not). Where both men and women are referred to, a variety of new alternative forms have been introduced, such as Wirtschaftsprüfer Innen, Wirtschaftsprüfer/innen, Wirtschaftsprüfer (innen), Wirtschaftsprüfer und Wirtschaftsprüferinnen. English, on the other hand, uses different policies to address the same issue: it appears to be losing the markers for terms that distinguish between male and female, as, for example, in the names of occupations. We see the term “actor” now used for women and men, based on the perception that “actress comes into the same category as authoress, comedienne, manageress, ‘lady doctor’, ‘male nurse’ and similar obsolete terms that date from a time when professions were largely the preserve of one sex (usually men)” (Pritchard, 2011). As these linguistic issues are, in the case of both languages, driven by political motives, the researcher/translator faces challenges beyond the purely linguistic. But gendered language also provides opportunities for research, for example, for exploring, in other languages and professional cultures, the themes identified by Haynes, Kyriacou, Xian and Komori (above)[23].

Translation and ideology

[…] translation is a highly manipulative activity that involves all kinds of stages in that process of transfer across linguistic and cultural boundaries. Translation is not an innocent, transparent activity but it is highly charged with significance at every stage; it rarely, if ever, involves a relationship of equality between texts, authors or systems. (Bassnett and Trivedi, 1999, p. 2)

Ideology[24], in the context of translation and accounting, has been referred to above and also discussed elsewhere. (Foreign) language skills constitute cultural, or more specifically, linguistic capital (Bourdieu, 1991). This endows speakers with prestige, authority and power (Xu and Xu, 2008), and, as discussed above, advantages English native speakers in academic publishing. In a standard setting context, constituents with lesser English language competencies may be disenfranchised, and the IASB consultation process and dissemination of its pronouncements may be controlled by the most powerful stakeholders – such as the Big 4 international audit firms (Evans et al., 2015). In addition, translation in accounting regulation and practice is “vulnerable to cognitive and cultural bias, to a vested exploitation of indeterminacy in language and to ideologically and pragmatically motivated distortions” (Evans et al., 2015, p. 28). In fact, translation, as well as language competencies, may reveal very unequal power relations. This is reflected in:

What gets translated (what is valued and what is excluded)? Who does the translation (who controls the production of translation)? Who is translated for (who is given access to foreign materials and who denied)? How is the material translated (what is omitted, added, altered, to control the message)? (Fawcett, 2001, p. 107, with reference to Nord, 1988/1991)
These questions invite us to further reflect on, for example, who decides what is worth translating, and what budgets can be allocated. Whose ideological biases may influence the translation? These are themes for Critical Discourse Analysis, which considers translation “as a process that is inevitably influenced by the power differences between participants” (House, 2016, p. 25; see also Munday, 2007).

We may further ask which languages are deemed important enough to be source or target languages for translation, and which are not. There are differences in power between languages themselves (Niranjana, 1992; Spivak, 1993/2004; both in Munday, 2013), which we have seen, for example, reflected in the dominance of ELF (cf. House, 2016, pp. 26-27). This leads some authors to speak of linguistic imperialism, which may be defined as “the process by which speakers of one language come to find it necessary to use another language, ‘to the point where they believe they can and should only use that foreign language when it comes to transactions dealing with the more advanced aspects of life’ ” (Blenkinsopp and Shademan Pajouh, 2010, p. 39; citing Ansre, 1979).

Power relations are also central to the intersection between translation studies and post-colonial theory (Bassnett and Trivedi, 1999; Munday, 2013, p. 203)[25]. As argued by Niranjana (1992), translation’s modes of representing the other may reinforce hegemonic representations of the colonised. Similarly, Temple (2013) argues that colonialism is reinforced unless it is acknowledged that language is part of identity, and that speakers of languages other than English may perceive the world differently.

Given the concern of critical accounting research with the subaltern and imperialism[26], translation should also be an important theme in interdisciplinary and critical accounting research. However, with regard to such research, Komori (2015, p. 150) critically questions:

[…] whether voices from non-Anglo-Saxon contexts are in fact only allowed to speak when they accord with Western assumptions (Chua, 1998; Kim, 2008). My experience raises questions about the extent to which (Western-led) international accounting research decides what can be heard and what cannot.

Such critical explorations of translation are reflected in the cultural turn in translation studies (see below).

Using Foucault (and Weber, and Bourdieu and […] in translation

The sociology of academic knowledge has demonstrated that scholarly work is moored in specific institutionalized contexts of production. From Karl Mannheim (1936) to Pierre Bourdieu (1984), this line of research has shown how social positions and institutional logics shape knowledge and ideas. Scholars are not free-floating producers of knowledge; they are members of specific academic tribes with their own rules and cultures. (Waisbord, 2016, p. 873)

One additional concern is the use of ideas and theoretical frameworks that originate in languages other than English. Bruno Bettelheim (1982) famously argued that mistranslations of Sigmund Freud’s work led to the failure of American psychoanalysis. Yet, while accounting research draws on, for example, the seminal works of Marx, Weber, Foucault, Bourdieu or Habermas, the impact of translation on these works is rarely discussed. (The same applies in international management; Tietze, 2018).

An obvious problem is delay. Annisette and Richardson (2011) note that, while Luc Boltanski and Laurent Thévenot’s (1991) work had transformed French sociology since the publication of De la justification: Les économies de la grandeur, two decades later it had not yet made a significant impact on research in accounting. One reason for this was that
Catherine Porter’s English translation *On Justification: Economies of Worth* was only published in 2006. However, there are more significant concerns than the delay in accessing new insights in other disciplines, since:

 [...] translations inevitably transform to some extent the original text. Reading Michel Foucault in French, for instance, is not exactly the same as reading the English translation. The meaning is sometimes different, and the esthetics of the text, for sure, are not the same. (Humphrey and Gendron, 2015, p. 52)

A more detailed and very insightful examination of the inherent complexity of translating Foucault is made by Hoskin (2016, see also Hoskin, 2015; Spivak, 1993/2004). Similar issues arise with the translation of other authors. For example, as noted in the introduction to the English edition of Weber’s *Economy and Society*, the original German text “is full of irony, sarcasm and the love of paradox; a dead-pan expression may imply a swipe at the Kaiser, status-conscious professors or pretentious littérateurs”, but: “[i]ronic formulations and wordplays are hard to render in translation” (Roth, 1968, p. XXXIV). Roth (1968, p. CVIII) also notes that the writing style differs, allowing Weber to use German syntax to better effect than is feasible with English. In addition, specific terms prove difficult to translate. For example, the term *Evidenz*, as used by Weber, cannot be simply translated as “evidence” in English. Instead, the 1968 translation uses the phrase “clarity and veritable accuracy of insight and comprehension” to capture the single German term, but, as noted in the accompanying footnote, this is an imperfect translation since there is no real equivalent for *Evidenz* in English, and it is therefore translated in different ways throughout the text, depending on context. These different translations include also “certainty”, “clarity” and “accuracy” (Weber, 1968, pp. 5, 58). Concerns relating to a lack of equivalence also arise with translations of other key terms in Weber’s sociology, such as *Herrschaft*, *Stand*, *Gemeinschaft* and *Gesellschaft* (frequently translated, respectively, as “authority” or “domination”, “status group”, “community”, and “society” or “association”) (Clegg and Lounsbury, 2009; Evans, 2017; Waters and Waters, 2010). These examples should suffice to illustrate that regardless of the quality of the translator’s work, the translation of these sociological texts are not equivalent to the originals.

Inevitably these problems increase where translation occurs across non-cognate languages. Thus Yang *et al.* (2015) observe a loss of meaning when Western-based theories have been used to inform Chinese corporate environmental reporting research. The issue goes deeper, of course, than a simple lack of equivalent terminology: it is rooted in the historically different national characters of academic disciplines and theories (Waisbord, 2016)[27]. As argued by Waisbord (2016, p. 877):

The strength of national factors explains long-term tendencies that precede the current push to internationalization, such as the hybridization of theoretical frameworks as local academics adapt “traveling theories” (Said, 1983) to domestic concerns and/or blend them with indigenous insights. [...] global connectivity among academic cultures fosters unpredictable dynamics that result from blending and rearticulation of theories, concepts, and methods. “Lost in translation” is always a possibility when theories leave their original home[28].

Interestingly, in many instances, the direction of translation has reversed: Czarniawska (2007, pp. 28-29) notes, with reference to organisation theory in Eastern Europe and Russia, that “Anglo-Saxon works are translated on a massive scale, but almost no original research is being done”. Apart from the lack of funding, she suggests that this is due an assumption that “the North Americans know the secret of successful business, that they possess a recipe that is universally valid. Consequently, there is no need to do research, as all relevant research has already been done in North America”.

Lost in translation is always a possibility when theories leave their original home[28].
Concluding comments: towards a research agenda

The field of translation studies has succeeded in deconstructing both the conventional definition and the image, and now embraces creativity, voice, interpretation, commitment, and an ethics of responsible subjectivity. (Gambier, 2016, p. 888, with reference to Sun, 2014)

Language translation is of fundamental importance in international accounting – for practice, regulation, education and research. However, accounting has, to date, paid little attention to translation. With few exceptions, the accounting discipline seems to assume a traditional equivalence paradigm, a notion of direct equivalence between different languages. Natural equivalence suggests that, from the same source text, two translators would create the same target language text. However, as argued above, “[…] natural equivalence can be described as illusory and deceptive” (Pym, 2014, p. 21). It exists almost exclusively in LSPs, that is, in (usually artificially created) terms for specialized fields of knowledge, such as medicine or engineering. Accounting, as a technical subject, contains such specialist and closely defined terms, which for IFRS are artificially constructed and negotiated (Kettunen, 2017). However, accounting language also represents a discipline that is behavioural in nature, political and inherently indeterminate. As such it contains terminology that is shared with everyday language and with the LSPs of other disciplines, and the meaning of which is highly ambiguous and not universal across different accounting cultures.

The reliance on a paradigm of natural equivalence seems surprising, therefore, in accounting practice and regulation, which assert that accounting itself is ambiguous, principles-based and requires professional judgment. The assumption of natural equivalence appears to be even more surprising in research that relies on naturalistic methods and is grounded in relativism, in interpretivist and constructivist paradigms. While such research embraces the notion that knowledge, and our view of the world, are socially constructed and therefore not universally comparable across different settings, times and cultures, this notion is frequently disregarded when it comes to translation, across language cultures, in the context of this research.

According to Pym (2014, pp. 37-38) equivalence is based on shared historical conventions, partly simply because this is cost-effective. Equivalence thus is “a fiction, a lie, a belief-structure necessary for the workings of [some] economies and the survival of [some] societies” (Pym, 1992/2010, p. 47). To address the lack of natural equivalence, indeterminacy and other problems with conventional approaches to translation, the discipline of translation studies has deconstructed the traditional conception of equivalence and replaced it with other paradigms (Gambier, 2016), including descriptive translation studies (Toury, 1995/2012), Skopos theory (Reiss, 1986; Reiss and Vermeer, 1984/1991; Vermeer, 1978)[29] and a more socio-cultural understanding of translation (Bassnett and Lefevere, 1990; Venuti, 1995/2008) which acknowledges that meaning is culturally embedded and requires interpretation, a process that is inevitably subjective (Gambier, 2016). It has also embraced indeterminacy (e.g. Quine, 1969), which is seen to be compatible with theories of hermeneutics, constructivism, game theory and deconstruction (see Cronin, 2001; Pym, 2014, Chapter 6). Many of these theoretical approaches have been applied in accounting research, albeit rarely with reference to language translation.

What most of these alternative paradigms have in common is a turn away from predominantly linguistic approaches towards socio-cultural and contextual considerations and to acknowledge that “translation always involves transformation” (Pym, 2014, p. 107). Perhaps of most significance for qualitative, in particular interdisciplinary and critical accounting research, is therefore the cultural turn in translation studies, that is the move away from text to the interface between translation and culture, as well as politics (Snell-Hornby, 1990), or, in the words of Bassnett and Lefevere (1990, p. 11), to “the larger issues of context, history and convention”.

Language, translation and accounting
The themes explored in this paper suggest that further systematic studies are required on the impact of translation and non-translation (i.e. the use of ELF) in accounting. Recent work in international business and management may provide inspiration: there is scope for further research that draws on the translation process as a source of additional data, lines of enquiry and contextual insights (see Tietze, 2018 for an overview). Multilingual/cultural settings provide opportunities to explore a multitude of policy- and practice-relevant research avenues, including the role and agency of translators and of bilingual agents (including researchers) in intercultural knowledge transfer, and the translation decisions made (cf. Tietze, 2018). Such settings also provide opportunities to study linguistic improvisation and innovation, and scope for the development of theory (Chidlow et al., 2014).

For International standard setting and implementation, themes to be explored could include the impact of unequal language skills among board and committee members, and the impact of translation on dissemination, implementation and interpretation of international standards. There is scope for further research, for example, on the effect of the ambiguity of accounting language in translation into different language cultures, in particular those with less judgement-based accounting traditions. In this context, the impact of translation on linguistic hedging is particularly interesting. Further, building on existing work on translation of the “true and fair view”, the investigation of other concepts that are particularly difficult to translate, or defy translation, would be useful.

Apart from financial reporting and standard setting, the impact of translation on accounting practice is also highly relevant for strategic, managerial reporting, for performance evaluation and for audit judgement. As noted by Kettunen (2017, p. 53), to date, “[…] we have very little insight into the views of those who prepare, use and audit financial statements on the approaches they adopt to address the practical problems involved in handling linguistic equivalence in the context of their daily work, or into the negotiations on the degree of discretion possible with specific translations” (Kettunen, 2017, p. 53).

There is also scope for deeper exploration of the limitations and problems associated with the use of ELF (Snell-Hornby, 2010), but also its potential utilities (House, 2016) and its impact on shaping academic communities and agendas. Particularly useful would be interdisciplinary research, drawing on insights from or collaborating with colleagues in linguistics and psychology to enhance our understanding of the cognitive and ideological implications of ELF. ELF is also relevant for accounting education, and there is scope for further research on the implications of teaching and learning in ELF, as well as of the impact of translation on understanding and interpretation of accounting regulation, and on the quality of translations into different languages. The contribution of translation and of ELF to the wider dissemination of accounting knowledge, but also to the creation of uneven playing fields, privileged elites and to professional closure, provide further opportunities for research. More generally, for both accounting regulation and education, we may also wish to reflect on what is translated, and for whom.

An additional theme, not discussed above, is the translation that occurs in communication across different LSPs within the same language. For example, Rogowski (1994) notes that German “[l]awyers and accountants communicate in different languages. They apply different codes to select types of communication as either legal or economic” (Rogowski, 1994, p. 19). Such differences between LSPs apply also in English (e.g. Evans, 2010; Parker, 1994).

Perhaps the most interesting impact of translation for the academic community in accounting relates to its linguistic, cultural and methodological implications (cf. Xian, 2008) in the context of qualitative research. There is scope to learn from the insights generated from the cultural turn in translation studies; thus, for example, accounting researchers could critically explore further how translation may lead to the reproduction of values and of cultural hegemonies (cf. Spivak, 1993/2004; Venuti, 1998), and what practical solutions may
assist researchers to address this problem. There are ideological and ethical implications in
the balancing act, discussed by Xian (2008) and Komori (2015), between overdomesticating
research findings in translation to make them accessible to readers unfamiliar with the
source culture, and convincing Western audiences of their validity. There is considerable
scope for further self-reflexive work – such as that by Xian and Komori – by researchers
sharing their experiences of translation. The need to comply with non-indigenous
expectations about agendas and findings (Komori, 2015) may explain why even critical
accounting research, concerned with gender and the subaltern, is often silent on translation
and may risk thereby reinforcing “hegemonic versions of the colonised” (Niranjana, 1992,
p. 3). This goes hand in hand with silences in feminist accounting research, as this also is
dominated by Western voices (e.g. Gallhofer, 1998); it also has implication, in particular, for
ethnographic research and interview and oral history methods, where translation
contributes to the concerns highlighted for example by Kim (2008):

The very methodology of the oral history method re-enforces hegemonic Western ideologies about
race/ethnicity, gender and class perpetuated through the connection between the cultural identity
of the speaker and the notion of authenticity as a ground for academic authority. (Kim, 2008,
p. 1,346; see also Haynes, 2010, p. 221; Temple, 2013)

Leading on from this, accounting research can also more widely draw upon insights from
the interfaces with gender studies, cultural studies and post-colonialism. There is, more
specifically, scope for research on how language choice and grammatical structures impact
on gender roles and power relations between men and women, and how and to what extent
we can capture this in translation. Further, we may wish to explore the implications of
language change driven by political agendas (such as that relating to gender-neutral
language). There is also scope for exploring what is lost (or gained) in the translation of the
theoretical frameworks we employ. How different, for example, may be the conclusions
based on an application of Foucault or Bourdieu, between a Francophone and an
Anglophone accounting researcher? Finally, important research opportunities exist in
examining and exploring implications of editorial policies, regarding language and
translation of academic accounting journals, and the practices of editors and reviewers (cf.
Tietze, 2018). There is also scope to learn from and collaborate with scholars in related
disciplines (such as international business/management, and organisation studies), which
have made considerable advances in language and translation research.

In summary, the aim of this paper was to increase the awareness of methodological and
epistemological implications of translation in accounting, and as a research opportunity.
Specifically, it aimed to draw attention to the implications of translation for accounting
standard setting, education and research, and to work towards a critical research agenda.
Inevitably, it suffers from limitations, in that it is based only on a selective review of recent
accounting research and of developments in accounting standard setting, and only on
selected insights from translation studies and other disciplines. In conclusion, it is safe to
argue that translation is not a simple mechanical and neutral activity. If we use it in our
intercultural research – and in particular if we apply interpretive paradigms – we have an
ethical obligation to be mindful of its implications. This has repercussions for our research
methods, but it also provides avenues for informing and enriching accounting research.

Notes
1. In fact, the connation differs even between English English and American English (I am grateful
   for Reviewer 1 for pointing this out).
2. Pym explains the difference between these levels of equivalence with reference to the translation
   of “Friday the 13th” into Spanish, where, if this were to be translated with reference to bad
   luck, the translation would have to be Tuesday 13th: “Sometimes the value is on the level of form
3. Other definitions, classifications and explications are provided for example by Kenny (2001), House (2016, pp. 9-12) and Munday (2008, Chapter 3). Munday (2008) and Pym (2014) in particular provide useful overviews of several traditional theories of equivalence, including those of Catford, Nida, Jakobson, Kade and Koller. See also Kettunen (2017).

4. See, for example, Saussure (1916/1974), Sapir (1929/1949) or, for an overview of the Sapir–Whorf hypothesis, Werner (1997).

5. This experiment was conducted on 5 March 2018.

6. Pym (2014, p. 31) notes that, although Nida was assuming natural equivalence, his practical applications were in effect directional. In fact, many definitions of equivalence under the natural equivalence paradigm are implicitly directional – the target side is expected to be equivalent to the source, but not vice versa (Pym, 2014, p. 27).

7. All official languages have equal legal status to ensure that all citizens have access to legislation, and are able to communicate with the EU, in their own languages (Athanassiou, 2006; EU website Multilingualism, https://europa.eu/european-union/topics/multilingualism_en, accessed 1 August 2017).

8. Arguably, the English language proficiency of Board members may have increased since the reconstitution of the IASC as IFRS Foundation. However, the number of members from non-English speaking countries has increased. At the time of writing, only five members are from countries where English is (one of) the official language(s).

9. See Kettunen (2017) for a detailed comparison of the IFRS Foundation’s and the EU’s translation policies and practices.


11. See, inter alia, Dahlgren and Nilsson (2012), Niehus (2005) and Nobes (2013) for examples of such errors. A common cause of errors relates to faux amis (false friends), which are terms that, in different languages, appear to be similar, but have different meanings. For example, Swedish materiell, French matériel or Romanian material would not be suitable translations of the English term “material” in an accounting context (as in “material error”). See Baskerville and Evans (2011) for other examples from the accounting register.

12. Not surprisingly, Huerta et al. (2013) find that there is greater variation in how generic (i.e. everyday or non-technical) words or phrases in IFRS are translated by accountants into Spanish than is the case for technical accounting terms – many of which have been standardized in the IFRS Foundation’s terminology list.

13. See also Evans (2010) for the implications of adopting loan words in accounting, and the resulting shifts in meaning.

14. Such perplexing definitions are of course not confined to IFRS. For example, Carnegie and Wines (1992) examine inconsistent asset recognition criteria in Australian accounting pronouncements between 1970 and 1992. These include the terms “beyond reasonable doubt”, “virtually certain”, “reasonably expected” and “probable”.

15. This recent study finds that “there are differences in interpretation of terms of likelihood between Australian and Korean accounting professionals” and that “there may be a translation issue that should be addressed”. Such issues include terms that cannot be translated from English into Korean, for example, where Korean may only have one term for two English terms denoting different degrees of uncertainty in English, such as “probable” and “likely”, or “virtually certain” and “reasonably certain” (Korean Accounting Standards Board and Australian Accounting Standards Board, 2016, p. 39).

17. As noted for example by Komori (2015) for Japan, where younger researchers are turning to quantitative research partly because this is perceived to be less demanding with regard to English language skills. A similar observation is made by Humphrey (2008).

18. Several of my own earlier publications are not exempt from this observation.

19. Chidlow et al. (2014) provide a review of literature that critiques back translation. They include in this Brislin’s (1970) much-cited paper on back translation, pointing out that Brislin himself warned against the use of back translation in isolation.

20. Although using the native language was not always perceived as the best solution, with some researchers suggesting that the use of English provided an outsider’s advantage (Welch and Piekkari, 2006).

21. To illustrate the problem, a reader may wish to reflect on the potential difficulties inherent in translating – into any other language – the following interview extract, from the work of Kathryn Haynes:

   I think the London office was very much geared towards public school and Oxbridge graduates and very Home Counties focused really, so the fact that I had a Yorkshire accent and I don’t have a posh accent, I felt, the only way I can explain it is as if I have got dirty fingernails. You know like when you are in the Brownies and you are having your nails checked, and have you got everything in your pocket, it made me feel like that, I felt sort of scruffy and working class and felt I was being looked down on (Haynes, 2008, p. 335, emphases added).

   Clearly, the less familiar an audience may be with the cultural context referred to, the harder it will be to translate for this audience. Not only the literal meaning, but also the cultural connotations of the highlighted terms, in their specific temporal and spacial setting, would need to be conveyed. For example, in the UK, the term “public school” typically refers not to a state school, as may be assumed, but to an exclusive fee paying private school.

22. Spivak refers to literary translation but, I would argue, this quote is equally pertinent to qualitative accounting research.

23. Quantitative research in international business and human resource management has explored, for example, the link between a language’s grammatical gender marking, on the one hand, and staffing decisions and women’s presence in corporate management on the other hand (Malul et al., 2016; Santacreu-Vasut et al., 2014). The argument made in this research is that gender marking is particularly deeply embedded in culture (Johansson, 2005) and that stronger gender marking in a language is associated with poorer socio-economic outcomes for women (Malul et al., 2016).

24. Ideology has been defined in many different ways: it can refer simply to systems of ideals and principles, but also, more critically, to false beliefs.


26. See, for example, the special issues of Accounting, Auditing & Accountability Journal on “Accounting and Subalternity” (Volume 22, Issue 3, 2009) or of Critical Perspectives on Accounting on “Accounting and Empire” (Volume 15, Issue 1, 2004).

27. Waisbord (2016, p. 873) refers, for example, to “conventional references to, among others, American and Austrian economics, French and German sociology, and British and American anthropology”.

28. An further example of this may be the French interpretation and adaptation of Hegel – see, e.g. Baugh’s (2003) French Hegel: From Surrealism to Postmodernism.

29. Descriptive translation studies aims not to prescribe, but focusses primarily on exploring and describing what translations are. The Skopos theory is concerned with the function (skopos) of the translated text in the target culture and applies predominantly to non-literary texts, such as legal, scientific or academic texts (with reference to accounting, see e.g. Evans et al., 2015).
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**Further reading**


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Diagnosing the translation gap
The politics of translation and the hidden contradiction in interdisciplinary accounting research

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Abstract

Purpose – The purpose of this paper is to break the silence surrounding the politics of translation that influence cross-language/cultural accounting research. It gives due consideration to the ways in which translation gaps are produced and re-produced in qualitative interdisciplinary accounting research (IAR).

Design/methodology/approach – First, the authors discuss backstage insights and the authors’ own life experiences vis-à-vis translating cross-cultural/language research. The authors provide a critical self-reflection on the process as non-Western female researchers publishing in English-language accounting journals. Second, the authors carry out a content analysis to examine reported translation practices in three long-established interdisciplinary accounting journals from 2015 to 2017. The conclusion integrates these analyses to discuss the reproduction process of the translation gap in accounting research and its outcomes.

Findings – The study identifies inherent contradictions in IAR and its emancipatory agenda, where translation gaps are structural outcomes of overlaps between the politics of translation and the politics of publishing IAR. The study highlights the IAR community’s lack of awareness regarding political and methodological sensitivities in dealing with particularities in cultural contexts. The authors argue that this reflects the institutional norms for publishing in IAR, which contributes to neutralising cultural diversity and complex translation processes in the name of objectivity. This could ultimately lead to further marginalisation of non-Western cultural knowledge and values, while producing academic “elites” within the IAR community, meanwhile missing opportunities for innovation.

Originality/value – By opening the “black box” pertaining to translation gaps in the context of cross-language/cultural accounting research, the study calls for IAR scholars to help raise awareness of their role and identity as “cultural brokers”.

Keywords Language, Academic elites, Cross-language, cross-culture interviews, Politics of translation, Translation gaps

1. Introduction

The solutions to many of the translator’s dilemmas are not to be found in dictionaries, but rather in an understanding of the way language is tied to local realities, to literary forms and to changing identities. Translators must constantly make decisions about the cultural meanings which language carries, and evaluate the degree to which the two different worlds they inhabit are “the same”. These are not technical difficulties; they are not the domain of specialists in obscure or quaint vocabularies [...] In fact, the process of meaning transfer has less to do with finding the cultural inscription of a term than in reconstructing its value (Simon, 1996, pp. 137-138).

The above quote is indicative of the cultural turn in translation studies. Translation of texts or narratives are no longer perceived as a mechanical transaction involving linguistic substitution between two languages. In this field, there is a growing awareness of...
translation as a more complex negotiation between two cultures, and therefore, political in nature (Spivak, 1993; Trivedi, 2007). It involves decisions around what to reveal about one culture to another and what to suppress, what is to be translated and what not, who will be visible and who will be marginalised. Representing “Others” through translated texts is invariably a political issue that encompasses the use of language to construct the self and the “Other”.

In academia, these decisions are also intertwined with researchers’ concerns about publishing outputs in an increasingly competitive global environment dominated by Anglo-American perspectives, language, methodology and epistemology (Blommaert and Rampton, 2011; Tieze and Dick, 2013; Komori, 2015). The act of translation between languages and cultures is, thus, rarely separated from publication processes, which dictate to a large extent how we write up research papers. A change of language involves more than a simple change of words; it “may construct different ways of seeing social life” (Temple and Young, 2004, p. 164). Thus knowledge creation processes in cross-cultural/linguistic contexts entail political decisions, influencing power, inclusivity and exclusivity in the academic field (Steyaert and Janssens, 2013; Komori, 2015). They could, for instance, influence research decisions in the cross-cultural field resulting in consciously or unconsciously empowering or marginalising one culture or the other, or with one aspect of culture over another. This has ethical and methodological implications for researchers and publishers, as any translation and publication project involves asymmetrical relations between the researcher and the researched (Venuti, 1998; Pym, 2006).

This complex and political understanding of “translation” has largely been invisible in accounting research, including in the field of Interdisciplinary Accounting Research (IAR). IAR has had a long-standing realisation that narratives and discourses are contextually produced by both participants and researchers and that they represent social practices about identities (e.g. Hopwood and Miller, 1994; Grey, 1998; Anderson-Gough et al., 1998), embedded in unequal power relations (e.g. Haynes, 2008a, b; Kim, 2008). However, until recently, few authors in IAR had questioned the political and ethical consequences of translation while considering epistemological and methodological issues in accounting research (Evans, 2004; Malsch et al., 2011; Evans et al., 2015; Komori, 2015). This contradiction raises significant questions, especially considering the magnitude of moving between people, languages, ideas and practices surrounding accounting in the process of globalisation.

The internationalisation of higher education has had a discernible impact on the nature of knowledge and its production processes (Parker, 2011, 2014; Guthrie et al., 2015; Annisette et al., 2015; Komori, 2015). Increasingly, knowledge production involves multi-layered border-crossing activities between countries, languages and cultures, and scholars increasingly operate in more than one “cultural frame at once” (Pym, 2006, p. 751). Accordingly, research takes place in various settings: native English-speaking researchers conduct research in foreign language contexts by liaising with the local researcher; researchers whose first langue is not English conduct fieldwork within their home countries, while writing up and publishing their findings in English; native and second language English speakers cooperate in mixed teams; and researchers employ professional translators. In these cases, where language and culture intersect, transferring research, data, ideas or narratives across national, cultural and linguistic boundaries (we term it here cross-cultural/language research) raises complex methodological and epistemological issues (Rubinstein-Ávila, 2013).

Cross-cultural/language research entails complex translation processes, involving “displacement, drift, invention, mediation, by enrolling creation of a new link that did not exist before and modifies in parts the two agents” (Latour, 1994, p. 32). Here, bilingual researchers’ role is more than that of “linguistic translators”: they are “cultural brokers”,

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active mediators in cross-cultural communication, “with the right and responsibility for personal agency, judgment, and ethical decision-making” (Shklarov, 2007, p. 537). Such brokerage entails intense and continuous contextual and methodological reflexivity, discovering and evaluating the gaps and “differences” (Valentine, 2008) in language, cultural values and attitudes and epistemology, etc. This requires researchers to be sensitive when handling such differences and to consider the politics of translation in the process of knowledge transfer (Lamb et al., 2016). A lack of such consideration can pose a risk as it could create a “translation gap”, which denotes the distortion and transformation of ideas in the process of applying them in a different context (Malsch et al., 2011). One case, relating to the creation of translation gaps, was discussed by Malsch et al. (2011), who examined the interdisciplinary movement in accounting research involving French social theories. They highlighted that, as ideas and theories transform in the research process as they cross national contexts, translation gaps emerge. The same also applies in cross-language/cultural research, as meaning could get lost, misinterpreted, and transformed in the transfer process of research questions or outcomes. Thus, the processes of translating cross-language/cultural research pose important epistemological questions. Still, we know little about how translation gaps emerge in this context or what the consequences of these gaps are.

Often, favouritism towards Anglo-American perspectives in accounting is problematised in IAR (Gallhofer and Haslam, 2003; Botzem and Quack, 2009), thereby underscoring the privileged position of the English language in preserving Western-led accounting knowledge (Lukka and Kasanen, 1996; Carnegie et al., 2003). In this context, there is a risk that cultural brokers unconsciously relegate cultural differences to the margins. The act of publication in established English-based academic outlets could potentially lead to “over-domestication”: making the source text look familiar to the target English-speaking audience to such an extent, that any cultural differences become invisible. unwittingly, accounting researchers could be contributing further to the marginalisation of non-English cultural knowledge in accounting research and publication processes (Carnegie et al., 2003; Malsch et al., 2011; Komori, 2015). This implies that, in a cross-cultural/language study, translation gaps emerge not only as the outcome of individual scholar’s research, but as an outcome of political processes within the accounting research community, representing the structural limitations of their emancipatory agenda, especially in IAR.

Against this background, we aim to open the “black box” of the ways in which translation gaps have been produced, and reproduced in cross-cultural/language accounting research. We specifically focus on cross-culture/language research in the field of IAR. Building on our own experiences as well as observations of practices in IAR, we aspire to unravel the hidden political, complex and “messy” translation processes associated with knowledge creation in cross-cultural/language research. Our emphasis on the importance of political, methodological and ethical considerations involved in the translation of cross-culture/language accounting research published in English, aims to help develop innovation and provide multivocality in knowledge creation processes (see Gendron, 2008; Parker and Guthrie, 2014; Flyvbjerg, 2001). We, therefore, draw attention to the importance of making sense of the process in which language and knowledge “travels” across different cultural context. By drawing upon our own observations and reflections from real-life experiences, we aim to “interpret, tell a story, and to give coherence to plausible stories” (Humphrey and Scapens, 1996, p. 91). Our contribution aligns with the increasing plea for reflexivity in the use of language and translation within the domain of social sciences, generally speaking (Temple and Young, 2004; Müller, 2007; Shklarov, 2007; Temple, 2008; Regmi et al., 2010; Tieze and Dick, 2013; Steyaert and Janssens, 2013; Rubinstein-Avila, 2013; Chidlow et al., 2014; Santos et al., 2014)[1].

Insights gained from this work are particularly important when considering the ways in which an institutional environment might impact on the presentations of data collection,
In Section 2 we highlight the disconcerting silence in IAR methodological literature regarding the intrinsic political issues plaguing cross-language research and re-frame the translation in accounting research as a political process, highlighting the researcher’s roles as cultural brokers. After introducing our research method in Section 3, in Section 4 we “re-tell” and make sense of our own experiences in translation processes as bilingual female accounting academics in the UK within the context of gender research in accounting. Our personal reflections highlight the political nature of publishing cross-cultural/language research and help demonstrate the process of how the translation gap has been produced in the individual’s research process. These reflections lead to broader questions concerning how the IAR community collectively approaches and addresses these translation issues. To answer this, a content analysis is conducted in Section 5. There we explore qualitative research based on interview data in a cross-language context. We focus on research published in three long-established IAR journals (Accounting, Auditing and Accountability Journal (AAAJ), Critical Perspectives on Accounting Journal (CPA) and Accounting, Organizations and Society (AOS) over the last three years. We explore whether and how cross-language publications in these journals account for their “decisions” in the translation process. Lastly, in Section 6 we conclude by discussing how the current institutionally orientated academic setting shapes the hidden politics of translation in IAR and reproduces translation gaps. In doing so, we highlight the importance of both the researchers and the research community to take better cognizance and celebrate the “differences” created by cross-cultural/language research in order to allow the development of innovative and new understandings in accounting thought (Hopwood, 2007, p. 1370).

2. Manufacturing translation gaps? IAR and cross-culture/language translation
Language is not only “the medium” people use to express what they want to say. Language is used to construct, as well as describe, people’s identities and the differences between us and those we define as “Other” (Temple, 2008, p. 358). Therefore, it makes a difference to the findings of the research as to “which languages are used, in what contexts and for what purposes” (Temple, 2008, p. 362). Language also evokes “pre-existing body experiences” posing difficulties for bilingual researchers as, “while a text can evoke a personal experience with a single word, this word does not have the same evocative impact every time, in every culture or country” (Eco, 2003, p. 107). Thus, translation issues within the analysis of interview narratives are far more complicated than may be suggested when scholars promote “back translation”[2] as the solution. In other words, researchers need to become aware of their responsibility in representing others and their languages, in addition to their active role implicated within the research process (Temple and Young, 2004). Researchers, therefore,
through their translations, build images and represent people within the narratives they construct. They are not merely a neutral and objective agent in the process, but active players who mould the production of meaning.

IAR builds on such broader social sciences’ “greater awareness of the constitutive role played by language in society” (Alvesson and Kärreman, 2000, p. 1128). IAR scholars are aware that language has been described as the edifice upon which human life is structured (Gadamer, 2004): producing rather than merely conveying the meaning. Within IAR, language provides the basis for examining the dynamics and power relations linked to discursive practices (see Armstrong, 1994; Hoskin, 1994; Hines, 1988). In addition, for decades, it has been emphasised in IAR that qualitative researchers must exhibit self-reflexivity to demonstrate their understanding of their own subjectivity (e.g. Chua, 1986; Humphrey and Lee, 2004; Haynes, 2008a, b; Gendron, 2008). These studies delve deep into the conflict between the reflexive and subjective positions of critical and interdisciplinary researchers and the fact that dominant mainstream accounting research remains obsessed with claims about instrumental objectivity and the neutrality of research and researchers. Acknowledging interlinks between language and geographical location, cultural values, linguistic factors and cognitive mechanism (see Evans, 2004), this stream of accounting research challenges the epistemological position of mainstream market-based research, where cultural and linguistic differences are unquestioningly neutralised and marginalised under a standardised analytical framework, and calls for a different contextual understanding of accounting (e.g. Chua, 1986; Hopwood and Miller, 1994; Gallhofer and Haslam, 2003; Guthrie and Parker, 2012). In IAR, therefore, there is widespread recognition among scholars that it is not possible for the inquirer to distance him/herself from the object of enquiry as a passive observer (see Power, 1991; Gendron, 2008). Some IAR researchers often provide compelling arguments about the need to consider the politics of representing and producing the “Other” (see Chua, 1998; Gallhofer and Haslam, 2003; Kim, 2008; Komori, 2015). They point out that ethnographic research is not restricted to the scope of cultural reportage; but also bears a strong resonance with cultural construction and is essentially a construction of the self and the “Other”.

The ways researchers use and adapt languages is, therefore, “the effect of a complex process with cultural, historical, institutional and political dimensions” (Steyaert and Janssens, 2013, p. 133). Some researchers that have linked accounting to translation have focussed on the manner in which key accounting concepts are interpreted and understood in different contexts (Evans et al., 2015). They have often discussed issues surrounding the interpretation and communication of accounting concepts or terminology within a single national or linguistic context (Belkaoui, 1990; Riahi-Belkaoui and Picur, 1991). With the proliferation of globalisation, a growing number of studies have addressed the linguistic and translation challenges associated with the transmission of accounting knowledge, accounting practices, concepts and terminology from one cultural and linguistic context to another. Evans (2004) highlighted the manner in which heightened internationalisation in accounting and law has attracted the attention of accounting researchers to multilayered translations of certain accounting concepts in different countries, for example the “true and fair view” concept (see also Aisbitt and Nobes, 2001) and the notion of prudence (Evans and Nobes, 1996). These accounting concepts are expressed in different languages in different national contexts, reflecting the accounting and legal frameworks of these contexts as well as their specific “cultural, linguistic, and contractual factors” (Evans, 2004, p. 221, with reference to Belkaoui, 1990). Drawing on the studies of linguistics and translation theory, Evans (2004) highlights that “every language is sui generis” (Evans, 2004, p. 224, citing Catford, 1965, p. 27) and “the semantic structure of a language affects the way we see the world because, as a cognitive device, it provides us with mental categories which in turn affect knowledge acquisition and remembering” (Evans, 2004, p. 224, with reference to Györi, 2000).
While some IAR sheds light on the significance of context in shaping language and the ways in which its meanings are translated, few researchers problematised the process of translating knowledge, or how language significantly shapes the representation of knowledge and the predisposition of research (see Malsch et al., 2011; Komori, 2015). Malsch et al. (2011) focus on transferring and translating theoretical perspectives related to the works of French philosophers like Michael Foucault, Bruno Latour and Pierre Bourdieu in accounting research. These philosophers and social theorists have significantly contributed to the development of English language accounting research (Chiapello and Baker, 2011; Gendron and Baker, 2005). However, this process also created “translation gaps” (Malsch et al., 2011) that are identified when mobilising an idea by dis-embedding it out of local contexts and re-embedding it into variegated situations. Malsch et al. (2011) specifically point towards the example of translating Bourdieu’s works, where the central tenet highlighting the role of academics to support social and political causes may be lost, or at best transformed, when transferred and integrated into accounting studies that are published in English. Such loss, the paper argues, might be partly caused by institutional pressures shaping accounting researchers’ celebration of performativity (Malsch et al., 2011, p. 221) and business schools’ priorities in research, which do not sit well with the epistemic assumption of IAR, resulting in “translation gaps” in the research outcomes.

Carnegie et al. (2003) highlight the unrestrained dominance of the English-based language and culture in accounting research publications. As English has been ubiquitously adopted as the global research lingua franca: “the language most used to communicate research findings across national borders among native speakers of many different languages” (Santos et al., 2014, p. 1; Regmi et al., 2010), this imparts significant control to academics belonging to English speaking countries and their largely unchallenged dominance, while marginalising the “other” without imbuing equal access to this communication medium (Carnegie et al., 2003). In this context, a situation could arise where the researcher/translator attempts to “domesticate” and adjust the text/narratives to conform to standards acceptable to the target language/culture/audience (Venuti, 1995, 1998; Chidlow et al., 2014). The narratives are made to “appear familiar” in order to remove any potentially conflicting foreign elements (Venuti, 1995), with the end result being “an ethnocentric reduction of the foreign text to receiving cultural values” (Chidlow et al., 2014, p. 584). The domestication of narratives as translation takes place is, therefore, highly political as it involves power effects of linguistic negotiations in which multilingual scholarship is performed in “English only” (Steyaert and Janssens, 2013, p. 140).

The interaction between languages through the process of translation is thus, an implicit component of instituting and preserving hierarchical relationships, with English often used as the benchmark to construct a meaning. In her “politics of translation”, Spivak (1993) focuses on power differentials between languages and countries by highlighting the implicit hierarchies in translation for both the individuals and the concerned countries. To understand the extent of dominance of English in academia, therefore, there is a need to view it as an “ideological construct”, which is historically tied to the emergence of European nation states in the nineteenth century and their subsequent expansion and “continues to be taken for granted in contemporary institutional policy and practice”, including academia (Blommaert and Rampton, 2011, p. 4; Lukka and Kasanen, 1996).

Generally, publications in long-established accounting journals are dominated by elite academics from “elite” universities, primarily based in English-speaking countries, indicating a possible bias towards Anglo-American-based issues, data and theories (Hopwood, 2007; Brinn and Jones, 2008; Lee and Williams, 1999; Edwards et al., 2013). Hopwood (2007) explains how a number of these long-established accounting journals tend to be conservative, with approaches discouraging intellectual diversity and a concern to maintain the accuracy of the present/mainstream. The overall acceptance levels in these journals is low (amounting to no
more than 10 per cent) (Moizer, 2009); however, it is even lower for non-Anglo-American contexts (see Brinn and Jones, 2008). A mismatch in language also creates barriers in eliciting co-operation from non-English speaking interviewees who fear “discussing complex technical issues in English” (Horton et al., 2004, p. 347), which inevitably results in the underrepresentation and marginalisation of research outcomes in local and regional contexts outside of the English-speaking world, as the essence and impact of their research findings tends to get diluted to conform with globally accepted standards.

In such an institutionally led accounting academic context, political and methodological issues related to translating cross-culture/language qualitative interview narratives should receive more careful attention. We need to acknowledge the role of the researcher as a “cultural broker”, in representing and deconstructing participants’ narratives (Spivak, 1993; Venuti, 1995, 1998; Temple, 2008), by “bridging, linking or mediating between groups or persons of differing cultural backgrounds for the purpose of reducing conflicts or producing change” (Reisinger and Steiner, 2006, p. 483)[5]. Gadamer (2004) argues that the “fusion of (hermeneutic) horizons” in cross-culture/language research requires researchers to maintain an active, critical presence in the field, while paying continuous attention to contextual and methodological flexibility and reflexivity. Language differences within narratives need to be addressed “in a number of ways, including the necessity of including detailed reflexivity of translators’ decisions” and “ways in which they come to understand what they do” (Temple, 2008, p. 361). By making the translation process more visible, researchers unravel the process of representing others and their languages, while actively helping construct the deeper meaning of these narratives in the research process. Here, their role is to “foreignise” the text/narrative, i.e.: to signpost issues of concern or choices made during the translation process. Their role is not to “smooth over differences”, but to confront the target audience head-on with the “Otherness” of the narratives and challenge the preconceived notions of the receiving culture (Venuti, 1995, 1998). Therefore, foreignising the text involves “borrowing words from the source language, retaining syntactical and stylistic features of the original text even if they deviate from target-language conventions, and preserving culturally-specific references even though they are alien to the target audience” (Chidlow et al., 2014, p. 587).

IAR has considerable awareness of the political and ethical positioning of the researcher. However, in stark contrast to this is the way IAR remains overtly silent about the nuanced role of the researcher in the translation process and the political nature of that process. IAR rarely prompts researchers to engage in greater methodological reflections about approaching cross-culture/language research and translation. Such absence reinforces “the invisibility of the source language” (Temple and Young, 2004, p. 166), jeopardises the intent to draw attention away from “struggles for meaning that take place in a foreign language” (Müller, 2007, p. 207; Steyaert and Janssens, 2013). Komori (2015) cautions that a lack of reflexivity in research processes might contribute to hegemonic western ideologies about race/ethnicity, gender and class that are erroneously entrenched in methodological assumptions of epistemology and research methodology. Her study provides evidence suggesting that the oral history method could unwittingly perpetuate such hegemonic ideologies that accounting is a masculine technology aimed at governing others. Without inculcating an awareness of the researcher’s “dilemma of intellectual privilege and authority inherent in oral history research” method (Kim, 2008, p. 1364), for example, there is a danger that critical accounting research itself can further contribute to creating the “Other”. All this highlights that it is an important task to explore the complex political process of undertaking and publishing cross-culture/language qualitative research in accounting, which largely remains a “black box”.

3. Research method
Interviews are assumed to be of prime significance for qualitative research in social science[6]. In cross-culture/language research, the interview method gives opportunities to the researcher
to encounter “difference” through direct contact with the local people. In order to disentangle the hidden political and complex processes associated with translating interviews in cross-language/cultural research and highlight translation gaps, we employ two research methods. First, we reflect on our own experiences of translating interview narratives as bilingual researchers from non-western backgrounds. Our concern with translation “arises from the personal, everyday involvement in translation between different languages both as a product and as a producer” (Müller, 2007, p. 207). Much of our own previous qualitative research is influenced by feminist perspectives on oral histories, where reflexivity accounts for “the messiness inherent throughout the process of conducting qualitative research” (Rubinstein-Ávila, 2013, p. 1043). The reflections of both researchers in crossing national and socio-cultural boundaries highlight the challenges and dilemmas that have been mostly absent from IAR to date and will bring to the fore the interlinks between the politics of translating interview narratives and the politics of publishing in English language accounting research journals.

While our reflections provide micro perspectives highlighting how “translation gaps” emerge in the research process, it is important to understand how accounting academia has more collectively “accounted” for translation processes and responded to translation issues. To this end, in our second approach we conducted an interpretive content analysis of published articles in three long-established interdisciplinary accounting journals (AAAJ, CPA and AOS) over the past three years (2015–2017). Our period choice reflects our expectation that, in more recent years, IAR researchers might have become more sensitised to translation issues due to the “Linguistic Turn” witnessed in organisational, business and management research more generally (see Chidlow et al., 2014; Evans et al., 2015; Lamb et al., 2016) and the increased internationalisation of higher education (see Parker, 2011). A total of 63 articles were examined (see Table I). Our exploration focusses on interview studies where narratives are collected in a foreign language and where the research process, regardless of its stage, involved translation between cultures and languages[7]. We scrutinised these publications (since 2015) according to the three themes identified from our own reflections, as well as the literature reviewed in Section 3. The objective of our review is not to single out these studies for “good” or “bad” practices, but to offer insights into the ways in which accounting researchers have “accounted” for their translation decisions or remained silent about them.

4. Unveiling the backstage of translation: self-reflection on the real life experiences of translation in IAR

In this section, we elaborate on our own experiences in the translation process in cross-cultural accounting research in Syria and in Japan. Our research experiences are inexorably shaped by our own positions as bilingual female accounting academics in the UK, where we have resided and socialised for the most part of our post-graduate academic life. Our reflections not only contribute to addressing silences in accounting research vis-à-vis translation, but also demonstrate how the researcher’s identity is shaped by cross-culture/language research in accounting, which helps define our insights “regarding who [we] are and the nature of [our] work” (Malsch et al., 2011, p. 221).

4.1 Breaking the silence and re-telling translation processes

My research into gender and the accounting profession in the Arab world was motivated by both literature gaps and my own position as a Muslim, Arab academic living in the West. My first gender project revolved around conducting 22 interviews in Damascus/Syria in 2008. The rich data sets I collected culminated in two publications related to the experiences of Muslim women accountants in Syria, rooted in gender, feminist and postcolonial
Table I. Content analysis of cross-language interview-based papers in IAR journals

<table>
<thead>
<tr>
<th>Paper</th>
<th>Journal</th>
<th>Authors’ affiliation</th>
<th>Topic</th>
<th>Country</th>
<th>Reflexivity relating to language</th>
<th>Language of interviews</th>
<th>Ways in which language/translation was mentioned</th>
</tr>
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<td>1. Agostino and Sidorova</td>
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Notes: 
\(^a\)Although the paper does not discuss the issue of language, it provides detail description of the local context and interview processes;
\(^b\)Although the paper does not specify the issues of language, it provides detail description of the interview processes, highlighting the importance of understanding the historical, economic and political contexts.
perspectives on accounting (Kamla, 2012, 2014). I will be reflecting on my translation practices in these two specific publications. As I built on reflexive methodology in gender accounting research (Haynes, 2008a, b), I reflected on my insider-outsider role in the research. It was with regard to the process of translating my interviewees’ narratives from Arabic to English that my reflexivity was conspicuously absent and my silence was most “deafening”. Therefore, it is at this stage that I concede it is most important to “own up” and question my decisions. This reflexive exercise therefore, purports as my opportunity to reveal previously concealed ambiguities and untidiness in the translation process and reflect upon the conscious and unconscious decisions taken by me as a bilingual researcher.

My papers reveal a significant lacuna vis-à-vis the translation process and its challenges, including explaining at what stage the interviews were transcribed and translated, and for who my translations were intended. I remained silent about the messy, non-linear and complex nature of these interviews and their translation processes. While I reflected on how the interviewees might have perceived me, I spent very little time thinking about my own personal judgement, even as I examined my life, the research as well as the decisions I made. I remained oblivious about presenting myself differently (in English and Arabic), or to giving a thought to the manner in which my interviewees present themselves differently in Arabic. It was not that I was unaware of the inherent conflicts in translating stories and lives from Arabic to English. For instance, I found that my process of translation mirrored that of Spivak’s (1993) viewpoint that in order to be faithful to the source text, there is a need for “total surrender” by providing “a first translation at top speed” (Simon, 1996, p. 144). This was in congruence with my own experience as I opted to translate the text quickly as and when I was hearing the recording. I also mirrored the recommended process by Regmi et al. (2010) to translate the entire data set before conducting the analysis, as this adds rigor to the research process[8]. I was also aware that the process of converting a field text into a research text is “a theory laden process” where the decisions I make “enact the theories influencing the analysis and interpretation” (Halai, 2007, p. 345).

My main concern, when disclosing the translation process, was to assure my target readers about the sincerity and rigor of the process and my conscious effort not to lose meanings in translation. I did not explain, in any detail, about the translation procedures that had been used or implemented or the challenges I faced while translating words that had no direct meaning in English. For instance, I did not offer a detailed explanation about how I often engaged in “inexact equivalence”, whereby I had to explain certain words in more than a sentence in order to convey the cultural meaning of those words. Nor did I explain how these decisions were improvised and based on my intuition as a native speaker, entailing plenty of ad-hoc decision-making. This was, for instance, the case when explaining what the word “honour” meant in a Syrian context and its broader implication of the experiences and practices of Syrian professional women. Often, the translation was mainly an interpretation of what I perceived as a more accurate meaning. Here, I was concerned with conveying the intended meaning of my interviewees’ narratives (as I interpreted it) and realised that my efforts to remain loyal to the source version might not be easily comprehensible to my audience without further explanation which, in turn, could distort the underlying theme arising from these interviews. In hindsight, I realise that it would have been prudent on my part to keep a record of decisions about translation/inexact equivalence to ensure transparency (Santos et al., 2014).

As a Muslim living in the West and someone who constantly engages in debates with my colleagues and friends about the issue of “women in Islam”, I was definitely aware of my role as a “cultural broker” and the importance of my research in dispelling certain stereotypes about Muslim women. However, I did not reflect on or act upon this role in relation to the process of translation. Very rarely did I borrow words from Arabic or retain the stylistic feature of original utterances with a view to preserve cultural difference. Here, it seemed that
I was more concerned with “domesticating” the narratives for the benefits of the target audience, instead of “foreignising” the text to remain faithful to my participants and the source language. Therefore, concepts and cultural codes that were commonly understood by the participants and myself were mainly translated to make them understandable for the target audience, that was primarily Western but could also belong to any part of the world. For instance, in my translation and interpretations of the interviewees’ narratives pertaining to class, I used terms that I knew were familiar to Western audiences like “middle-class” and “lower class”. These terms were not used in entirety by all interviewees, who instead chose to use words that might be better translated as “the poor” and “wealthy” or mention those individuals who have *wasta* (connections) through their connection to political elites and those who did not. Upon reflection, as opposed to conforming to what was familiar in the target language (English) in relating to class, I could have deviated from certain preconceived notions by basing these expressions on “the sources language in (their) social and cultural context and explicating (their) genealogy” creating more awareness about the “polyvalency of meaning” (Müller, 2007, p. 211). I am also surprised that I retained the Arabic terms uttered by interviewees on very few instances. Such terms were limited to instances when I thought their meanings were already known to my Western audience, for example, “hijab” and “harem”. Another example, related to the way I discussed the hijab, was how I seemed to unproblematically switch between terms like the “veil” and “hijab”.

In preparing for this current paper, I went back to my original Arabic transcripts and translations and was reminded how women in my study used various terms for the practice of veiling (or not veiling); implicit in these terms were references to socio-economic codes known particularly to Syrians[9]. I missed this in my translation, as I was mainly concerned with addressing the target audience’s perceived prejudice towards the practice more generally. It is difficult to anticipate the consequences of my translation decisions on the findings of the research and how they might have been differently received had I made alternative decisions. I now realise, however, that my endeavour to both domesticate and make the text accessible to the target audience may have deprived my readers of more enriching insights into the functionality and dynamics of class and privileges in different societies. Detailed insights into the interrelationship between dress and class in Syria might have contributed to more novel understandings in the profession’s literature *vis-à-vis* subtle forms of inclusion and exclusion. I am also concerned that instead of challenging my mainly Western readers and de-familiarising the familiar for them, I opted to domesticate the difference and simplify it. My translation strategy was guided by clarity and understandability. The danger of this strategy is that the most familiar language turns out to be the most prejudiced against the narratives of my participants, even if unconsciously (Venuti, 1998).

On reflection, I now ask myself as to why, despite my awareness of the importance of self-reflexivity to qualitative and interdisciplinary research, did I omit pertinent explanations about the improvised, chaotic and messy translation processes? Why was I more concerned with domesticating the text and ironing out the differences rather than allowing my country-specific contextual relevance to take root and imbue its own meaning? I think that my silence reflects my concern, and that of many other researchers, that this might open-up a “can of worms” (Rubinstein-Avila, 2013, p. 1043) when submitting the study for publication in leading English-speaking accounting journals. I was concerned that if I disclosed the “chaos” I encountered when carrying out the interviews in the participants’ homes or engaging in a messy, *ad-hoc* translation process, I would inadvertently challenge the “sanitised” and “squeaky clean” description of dominant methodological processes in the literature (Rubinstein-Avila, 2013). It also reflects my concern for addressing the requirements of many journals by adhering to the word limit and therefore limiting how much I would include, explain or clarify for the readers. In hindsight, I also realise that my
efforts to domesticate increased after the first round of reviews, when I was asked to remove from the title an Arabic term that was central to my study. On nearly all other occasions, the reviews basically focused on comparing my insights on Syrian women’s experiences with the experiences of Western women reflected in the literature. As one reviewer asked me: “what new dimensions are gained from Muslim women’s stories that we do not know in the west already?”[10]. Here, I learned that any knowledge about the experiences of female Syrian accountants is only relevant in the process of publication, when it is contrasted with and understood from the vantage point of Western women’s experiences and the related theorisation. As a result, I needed to domesticate and translate my participants’ narratives in the source language to the target language, acquiescing to “the sanitizing hegemony of the target language” (Müller, 2007, p. 211) and cultural dominance in nearly all social science disciplines. Additionally, I learned early on that, especially in the parlance of non-Anglo-American-based research, the chances of publication are slim and depend significantly on the editor’s interest, a sympathetic attitude towards publication contributed from outside of the Anglo-Saxon context, and often, “luck” (Moizer, 2009) in terms of the reviewers’ position on the relevance of such research. The focus of my work on “Women in Islam” already invites prejudice and implicit hostility that makes it challenging to publish sentiments that significantly depart from Western established stereotypes about patriarchy and “Women in Islam”[11]. My socialisation and familiarisation in UK academia, therefore, might have convinced me that getting published required me to “follow the demands formulated by the reviewers and the editor” (Moizer, 2009, p. 291). This explained my proclivity to domesticate the text and avoid opening a “can of worms” vis-à-vis the translation process, particularly because I was not prompted by the reviewing process to do so. On reflection, my deepest regret is that this process of domestication might have resulted in putting at a disadvantage, as opposed to empowering, my participants by cutting the link between their culture and identity. The “awakening” process while writing this paper alerted me to the fact that mine and others’ silence on power and politics embedded in the translation process not only influenced the findings of our research, but also made us implicit in re-enforcing the hegemony of the English language, culture and thought; these are exactly the issues that my critical and postcolonial theoretical perspectives set out to address.

4.2 Researcher as a culture broker: making sense of the translation process and visualising the translation gap

To date, one of my research identities is that of a translator of knowledge derived from Japanese management and accounting into the international academic arena. This identity has been shaped and reinforced since I embarked upon my research to explore the relationship between Japanese women and accounting, starting with my first interview in 1998. My initial focus was based on understanding the experiences of female Japanese accounting professionals, and then orientating the fieldwork. I soon realized that the scale and scope of “gaps” between the narratives of the interviewees in Japan and the “language” of gender-in-accounting research were too large to be “spotted” and “domesticated” in the “box” (Alvesson and Sandberg, 2014) “in today’s research environment” (Humphrey and Gendron, 2015, p. 55). While helping me resist the domestication of indigenous knowledge of Japan, these “language gaps” have created challenges against my identity and career in research as a non-Anglo-Saxon scholar in UK academia, reminding me that “critical scholars cannot escape from the ascendancy of contradictions” (Annisette et al., 2015, p. 3) that “are sustained and reproduced through institutionalised structures” (Annisette et al., 2015, p. 4).

One of the biggest challenges I have consistently faced is the contextual differences in which women and accounting are juxtaposed in Japan as well as the West. Different socio-cultural
contexts could undermine conceptual equivalence, and a word or phrase could have an entirely different meaning in another language (Temple and Koterba, 2009). When I started my interviews with female accounting professionals in Japan, there was no equivalent concept or word for “gender”. This concept has been implanted in Japan since 1995, when the Tokyo Women’s Foundation introduced the concept from American academics. Similarly, the concept of “independent auditing” developed in Japanese society after being imported from the West to enlighten Japanese people (see Komori, 2016[12]. In the absence of shared understanding with the interviewees, the significance of my research (choosing gender as my research subject) was, and still remains, very unorthodox for Japanese accounting academia, which prompted some colleagues to call me “Miss Gender”. This was reflective of a Japanese “Anglo-expression” referring to someone who seems to be overly receptive of Western culture and disrespectful of Japanese culture. Encountering such experiences in everyday life made me more aware about the imbalance of language and my position as an “outsider” in Japanese society. In this context, my research identity has been shaped as a “cultural broker”; to play the role of a go-between at the border-crossing, to bridge different value systems in each society, and to facilitate communication by translating the language, social values and traditions while mediating the differences between them (Jezewski, 1995, p. 18). Here, my role was to learn and translate their “languages”, through which, Japanese women and female accounting professionals “have grown up and been female or feminist” (Spivak, 1993, p. 172).

The interview process is socially constructed: it is an interactive process wherein the interviewer and an interviewee jointly craft knowledge, meanings and narratives. An interview is “a site of, and occasion for producing knowledge itself” (Holstein and Gubrium, 2003, p. 4). During this process, the symbiotic relationship between the interviewer and interviewee is conceptualised as an asymmetric power relationship (Kvale, 2006). Power is generally assumed to be associated with the interviewer who upholds the monopoly of interpretation (Haynes, 2008a), controlling over “what is said and how it is said, and the subsequent circulation of the interview knowledge” (Kvale, 2006, p. 483). However, this did not necessarily fit into my experiences; my interview process made me particularly aware that my representation as an “outsider” meant that power remained with the interviewee by shaping the construction of the interview process. While “outsider” status may be a “stimulator” (Twine, 2000), the lack of shared interests and background, demonstrated by my choice of life and career, will make it difficult for me to share a comfortable equilibrium with interviewees and for them to disclose their personal experiences, which they would prefer to keep private (see Haynes, 2008a). Many people had turned down my request for an interview on the grounds that they believed that they had nothing to contribute to my research. This was even more shocking; as a gendered minority in a male dominated workplace, I expected these particular interviewees to sympathise with my research the most among all the interviewees. I tried to emphasise my affinity with their educational, socio-cultural background; however, I soon realized that the “insider” status could also lead to expectations of shared assumptions, which might lead to challenges when asking in-depth questions. In Japanese societies, unspoken communication plays a large part in social life and business practices (Kondo, 1990). My interviewees often commented: “If you are a Japanese woman, you should understand what I am saying”. This put me in a compelling dilemma: if I put the onus on my role as a researcher and asked them too many detailed questions, I would jeopardise the shared assumption that I managed to establish in order to win their trust and build a friendly rapport. However, this also meant that I could not gather sufficient evidence needed for my research. Faced with this unexpected challenge, I critically reflected on my position as an “outsider”, and how this would help me “enrol” them in the research process. This meant two things: to “dis-embed” the meaning of gender research in accounting from the Anglo-Saxon context where it originates, and “re-embed” this in a Japanese socio-cultural context (Czarniawska and Joerges, 1996).
During my first contact with interviewees, I described my own experiences regarding how I ended up researching gender and accounting in a UK-based university and explaining the development of IAR and the emergence of gender research in accounting. Opening up regarding my personal dilemmas as a Japanese female cross-culture/language researcher in the UK and introducing different and “unfamiliar” accounting knowledge helped me to enhance their curiosity and empathy, and create interessement (Latour, 1987). The “differences” in our experiences gave them comfortable space to articulate their thoughts in their own “mother tongue” (Spivak, 1993), which in-turn helped them convey their own, often taken-for-granted, views without distorting them through translation. However, in formulating interview questions, I took particular care not to use the word “gender” or limit the questions to the “public” workplace. Using non-indigenous language could distance the interviewees from their own lives within a local context in which “public” and “private” are constructed differently from the West (Komori, 2007). Instead, interview questions were formulated to ask their subjective emotional experiences during their everyday lives both at work and home. Questions like “when do you feel most satisfied at work?”, “what makes you feel like leaving your audit firm?” helped them to construct and rationalise their experiences in their own mother tongue. In order to “re-embed’ their experience in the Japanese context, historical knowledge mattered (Gomes et al., 2011): by contextualising their life experiences by locating them within social history, women’s history, the historical development of the accounting profession in Japan, the collected interview narratives started to tell their own stories – insider’s views regarding their relationship with accounting shaped within its own cultural settings. My diverse “identity representations” (Gendron, 2008) also led to diverse reactions to my interview questions. Depending on their background, region, age group, workplace, and the relationship with their husbands and their jobs, every woman had completely different stories and languages to explain their experiences with their work and life, which eventually came to challenge the relevance of uni-directional application of the Western notion of “gender”, which generally presumes that masculine-gendered accounting creates and sustains gender inequality in a Japanese socio-cultural context. Every interview invited further questions. As a result, I required more than a year to conclude that I “attained a feeling of saturation” (Dai et al., 2017, p. 12) and understood “the influence of micro-macro factors on shaping [their] subjectivity and lives” as accounting professionals (Hammond and Sikka, 1996, p. 90). Eventually, I ended up interviewing 66 female accounting professionals, accounting for 9 per cent of all women in the accounting profession at that time. It became apparent that the epistemological assumption of studying Japanese female accounting professionals needed a transformation in order to “re-imagine” (Lehman, 2012) different relationships between gender and accounting. In a Japanese context, positioning them as “victims” of a male-dominated profession would be erroneous; their role would have to be suitably positioned as “social entrepreneurs”, who were attracted by accounting’s enabling potential to promote feminine values (Broadbent, 1998; Komori, 2012, 2013) and found the capacity in newly introduced independent audit practices to reconstruct “democratic” society in the aftermath of the dissolution of Japanese military dictatorship.

Translation is bidirectional in the ways in which two cultures encounter and negotiate with each other to find equivalence in the meaning between different contexts. As a cultural broker, a researcher creates and reshapes the “language” in a different historical, socio-cultural context of “another community” by sharing their lives and emotional empathy, evaluating different social value systems and mediating them (Spivak, 1993, p. 179). During this process their identity and epistemological assumptions are constantly challenged. Ironically, however, such a hybrid product of translation is published within English-written international accounting academic journals only when it complies with
equivalent epistemological assumptions, language and concepts prevailing in Western-led accounting practice, knowledge and value systems (Komori, 2015). The diversity of language among Japanese people that tends to undermine their “solidarity”, the significance of different values and qualities in auditing work, and “what it means to be an accounting professional” (Humphrey, 2008, p. 195) within a local historical, socio-cultural setting in Japan – all of which produces a “translation gap” – remain silent and ignored. Without shared language in “international” accounting academia, a bilingual researcher is deprived of “many devices to express, indicate, exchange messages and information and represent” his/her own cultural knowledge (Said, 2003, p. 21). The “independent” identity and career of a bilingual researcher is constantly “under threat” (Gendron, 2015), towing to the constant pressure to “translationese” (Spivak, 1993) the cultural knowledge of indigenous local people.

5. Neutralising and standardising: practices of translating cross-culture/language interviews in IAR

Our personal reflections have illuminated the political nature of the decision-making process in translation and the hidden negotiations between local participants and the researcher to “enrol” them as “allies” in their English-language-led research (Latour, 1987). In this process, the life of the researcher and those of the participants intersect in the field, leading to the amalgamation of two distinct narratives. As a cultural broker, the researcher applies concepts developed in “international” literature into the local context, while communicating their own subjectivities and those of the participants, co-creating new language and meaning appropriate to their own cultural context (Gadamer, 2004). This process highlights the mismatches between the “universally” accepted epistemological “language” often dominant in the literature, and the diverse meanings that emerge from its own local history, norms and socio-cultural values. However, operating within the English speaking accounting research community, cross-culture/language researchers are pressured to comply and “fit in” with “universal” language and practices. They consequently attempt to “sanitise” the messy translation processes and “domesticate” the subtle differences in narratives to suit the target audience. Here, much could be lost when “language” travels to an English-speaking academic community. When language and culture are too incommensurable to be shared with English-speaking contexts, meaning sometimes cannot be “mobilised” at all, as illustrated in the Japanese experience. Local traditions and subtle expression of socio-cultural identity remain untranslated or not fully understood, resulting in lost opportunities to discover and rediscover the mode in which accounting operates in society (Hopwood, 1983). As we highlight such challenges embedded in the translation process in our reflections, it would be of interest to examine how the “politics of translation” manifest in the wider cross-culture/language qualitative research. Our experiences and literature review highlighted three qualities that are arguably equally important for addressing the translation gap: sensitivity to differences in socio-cultural context; reflexivity about their cultural brokerage role; and awareness of the political nature of translation. The content analysis in this section critically examines IAR wider practices in relation to these cross-culture/language translation agendas.

5.1 The process of translation and sensitivity to the socio-cultural context

Our reviews reveal a significant lack of emphasis on considering translation issues in the reviewed papers. Indeed, only 12 of the 63 papers addressed the language that was used and discussed the issue of translation (see Tables I and II). Often translation procedures were mentioned very briefly, primarily explaining that interviews conducted in a specific language were transcribed and translated by the bilingual researcher(s) or professional translators. Even the more detailed examples merely included a brief explanation of the manner in which interviews were conducted and transcribed, the
The language of these interviews was often not stated explicitly either. At times, we had to infer and make presumptions about language from the native language of the respondents, the research context, and the modes of data collection. The transcripts were subsequently analyzed and coded using an inductively generated coding schema (Miles et al., 2013). The guiding heuristic during the generating of this coding schema was the identification of sources of tension or difference between local Bangladeshi firms and their global "parents" (p. 153).

Contrafatto et al. (2015) conducted interviews through the medium of Spanish and English languages, which were all transcribed and (where necessary) translated into English (p. 123). The interviews, conducted by the researchers in English or Mandarin (p. 63), were conducted and translated into English. Interviews were conducted in English by a bilingual native Slovenian (p. 1020).

Mihret et al. (2017) transcribed and translated into English by a bilingual native by the researchers who conducted the interviews (who is bilingual) checked the accuracy of the translation to ensure data quality. The two researchers also translated relevant sections of the Arabic interview transcripts obtained from secondary sources, and of documentary sources (p. 34).

Table II.
The ways in which translation was mentioned (see Table I)
while assuming that the researcher possessed sufficient knowledge of the native language in
which the translation process was carried out. There was also no description or reflection on
the possibility of ambiguity in the translation process (see Table I).

The overall lack of disclosing translation processes and procedures in the literature we
reviewed could be seen as part and parcel of the overarching tendency to overlook the
importance of contextual relevance of the particular country in the analysis. It was
particularly surprising to note that many studies published in IAR journals failed to observe
the importance of the country-specific socio-economic, cultural context of the examined
phenomenon. This was particularly evident in European-based studies. In many such
studies, the national context appeared to have been displaced or ambiguous, while the
analysis, findings and theoretical contributions often seemed insulated from the importance
of the specific context. Many of these European studies did not make their national context
evident either in their title or in their abstract, not to mention the language of the interviews.
The national context, if mentioned at all, was discussed rather briefly under “the field”
section, leaving a lot of scope for guess work on the reader’s part in establishing the study’s
country-specific context. For some papers the national context (e.g. Sweden, Finland,
Germany), of the study was scarcely mentioned, or not mentioned at all.

Such silence signifies their assumption that contextual differences do not attach any meaning
to the research findings. This is partly in contrast with non-western/non-European-based studies,
which paid a more attention to the importance of context (e.g. Ashraf and Uddin, 2016). For
example, Wang and Hooper (2017) gave significant space and attention to the country context
(China) and the implication of Confucianism for the understanding of the findings. Some studies
also paid attention to the nuances of translation processes (e.g. Shafer et al., 2016, see Table II).

It must be highlighted here, that while a number of these studies are silent on the cultural
context, they have elaborated on the institutional context. This implies that the overall tendency
in IAR is generally accompanied by its preposition to detach cultural context from the
knowledge production process. In European-based studies, particularly, the appropriateness of
the research design/methodology within the local context seemed taken-for-granted. Significant
tendency to overlook the specificity of socio-cultural context and to standardise it, might reflect
researchers’ desire to portray few ties to cultural contexts to better allow their research to
“travel” to other contexts. This approach will enable them to focus on theoretical development
which has increasingly been seen as a significant indicator for academic contribution for
publishing in accounting journals. Such detachment from cultural contexts, however, inhibits
innovation; it creates knowledge that is only loosely coupled to local settings and therefore
unable to be infused in the functioning of practice (Hopwood, 2007, p. 1368).

5.2 Reflexivity related to the role of the researcher as a cultural broker
For cross-cultural/language communication, it is a primary prerequisite for bilingual
researchers to reflect on their dual roles across cultural boundaries and approach the
ambiguity of various linguistic, cultural contexts. This requires intense methodological
sensitivities for attaining ethically and methodologically sound research outcomes, which
depends on the researcher’s self-value judgment.

Surprisingly, our research showed that very little attention was paid to self-reflexive
analysis, including, for example, the researcher’s relationship to interviewees and their
perspective/predisposition. While the majority of the studies included a methodology
section which explained the sampling and interview process, reflexivity within the
translation process was rarely discussed. The areas where reflexivity was observed, did not
encapsulate the examination of participants or researchers’ lives, nor their linguistic
repertoire: important considerations for articulating different meanings generated in
the research as well as articulating epistemological and methodological decisions in the
translation process. The silence was evident on the issues related to: personal agency and
judgement within the interview; translation process; ethical considerations pertaining to the decisions about identifying and interpreting differences; and solutions to “ethical concerns that are relevant to cultural and contextual meanings” (Shklar'ov, 2007, p. 537). There was little acknowledgement of the subjectivity in the translation process.

Importantly, even when the interview process was explained, the primary concern of these researchers was to portray rigour through assurances on making sincere attempts for objectivity, rather than reflexivity or subjectivity (see Table I). In many cases, the reflection was aimed at reassuring the target audience about the accuracy of these interpretations/translations and the efforts made to diminish “the risk of misunderstandings” in the translation process.

Some studies did elaborate on the insider status of the researcher (e.g. Wang and Hooper, 2017), or signified their awareness about the importance of translation (e.g. Célérier and Cuenca Botey, 2015). However, the tendency in all cases in the studies we reviewed “including our own”, was often to reassure the readers/publishers about rigour rather than providing details of how translation processes entail complexity and messiness that could lead to the creation of new understandings.

5.3 Attention to political nature of translation

Reflecting the nature of globally implemented accounting practice, the terminology used for accounting purposes is often universal and standardised. The importance of foreignisation in the translation process, to bring to life the fascinating and revisionary encounter with “difference”, is often overlooked. In most of the studies examined, direct quotes were translated to English in their entirety with no attempt for foreignisation (even when issues of translation were of central importance). The overall tendency in the papers we reviewed was the lack of “foreignised” concepts; terms were often used unproblematically in English. For example, in the context of budget(ing), terms such as “efficiency”, “effectiveness”, “control”, “transparency”, “risk”, “uncertainty” and “balanced scorecard” were all used in translated direct quotations from interviewees, without any discussion of their presence (or otherwise) in the source language. Overall, efforts were rarely made to alienate the target language readership by retaining source language expressions as symbols of difference between the language cultures.

However, a few exceptions were noted, especially in non-European studies, where the researcher(s) borrowed words from the source language, which could be seen as an attempt to preserve the underlying culture. Wang and Hooper (2017, see also above), for example, retained the Chinese term “guanxi”, which “arise by accommodation creating a sense of mutual obligation which may undermine overt internal controls” (Wang and Hooper, 2017, p. 19). The concept was referred to throughout the study as a key notion to help understand certain aspects of fraud in China:

These cases involve, in common, a culture of obedience which reflects the Confucian tradition of collective harmony. It is a harmony built on respect for authority and a need for juniors to accommodate to the wishes of their seniors. Of course, similar scandals appear in Western countries but where similar situations apply they lack the same cultural reinforcement (p. 19).

Similarly, in their study on management control and culture in the Indonesian context, Wihantoro et al. (2015) foreignised certain components of the terminology that was used in the study (e.g. “keluarga” or family) in order to emphasise the Indonesian culture and its context to the issue under discussion. While the study did not discuss language and translation, it offered insights on the Indonesian-specific cultural influence on management control and reform. Caramanis et al. (2015) is one of the few European-based studies that employed foreignisation to some extent, including footnotes to indicate the Greek names of professional bodies and the manner in which they were translated into English.
Our content analysis demonstrates the general lack of critical reflection by IAR researchers on cross-culture/language narratives. In other words, IAR studies based on cross-language/culture research tend to assume that diversity in language and socio-cultural context remain distinct from their “broader, more generalized vocabularies and ways of structuring” (Alvesson and Kärreman, 2000, p. 1129) accounting phenomena and practices. In the wake of such assumptions, prevalent among IAR scholars, there is a need to question whether issues surrounding translation is simply a matter of methodology. Or do they have a greater implication for the political viewpoint of the researcher?

6. Closing the “translation gap” in IAR: discussion and conclusion
IAR emphasises reflexive and subjective perspectives as key methodological issues. These epistemological and methodological perspectives are indispensable for cross-cultural accounting research where issues of language and translation assume significance in the context of globalisation. Against this background, the silence (with some exceptions) on methodological and political issues in translation is striking. It demonstrates a taken-for granted notion that accounting knowledge detached from translation issues and processes. By mobilising debates on the politics of translation and exploring the experience of the researcher/translator as a cultural broker, we have elaborated on the urgency for considering and reflecting upon translation processes and decisions. The content analysis combined with our reflections on our own thoughts and experiences, were aimed at opening the translation “black box” in cross-language/cultural accounting research, thus showing that translation gaps are “in the making” as opposed to being “ready-made” (Latour, 1987).

Our self-reflections have highlighted the hidden nature of the politics of translation and the way they are intertwined with the political and institutional settings of academia. Our experiences could be linked to Foucault’s (1977) classic argument of disciplinary power. In a context where scholar’s career performance is measured mainly in terms of publications in “international” academic journals prescribed by journal rankings, research related to the translation of local cultural knowledge is inevitably shaped by the researchers’ internalising (and therefore normalising) English-speaking accounting academia practices and thought.

In cross-culture/language research, meanings are constructed by the researcher’s cultural brokerage work. While the translation process requires them to engage in subtle negotiation and mediation of meanings between cultures, the bilingual researchers’ double-bounded role and position means that their decision-making and the final outcomes of translation cannot be isolated from “the way the accounting research community works” (Lukka and Kasanen, 1996, p. 757). The content analysis has demonstrated the overall tendency in the community to minimise the differences and to avoid engaging with the politics emerging in the translation process. IAR’s overall lack of contextual awareness of language and socio-cultural elements, along with its silence regarding its reflection on the translation process, demonstrate its inclination to neutralise and homogenise the difference. All in all, it shows that “global knowledges are often not very tolerant of local ones” (Hopwood, 2007, p. 1368). With a limited shared “language” for the international academic community to express local cultural differences and knowledge, the researcher’s role as a cultural broker becomes dysfunctional, leading to the re-production of translation gaps.

Up to now, IAR scholars have problematised Anglo-American dominance in leading theoretical and methodological perspectives in accounting research. However, the institutional academia setting is West-centric, and especially Anglo-American in nature, often promulgating the unproblematic “Englishisation” of accounting thought (see Guthrie et al., 2015). Not all languages have equal social status (Blommaert, 2001) and
"epistemological truths are socially constructed" (Macintosh, 2009). When English is assumed to be the yardstick for academic writing, IAR is no longer immune to this trend. Language and geographical location are interrelated (Carnegie et al., 2003, p. 191; see also Guthrie et al., 2015). Our content analysis reveals that, out of 63 papers reviewed, none were authored by an individual or a team fully based in non-Western institutions. Only nine papers included one co-author based in a non-Western institution (see Table I). In this context, bilingual researchers/translators confront the dilemma of “academic risks” (Gendron, 2015). When it comes to issues surrounding the “translation gap”, researchers are now paying less attention to the politics of translation, and more to the politics of getting published. With the growing influence of performance measurement schemes, there are fewer incentives for researchers to disclose the “messy” translation process, which impels them to focus on prioritising “rigor” over “significance” (Alvesson and Kärreman, 2000, p. 1145). Meanwhile, while there are exceptions, editors may feel under pressure to preserve journal rankings, which may make them cautious of taking risks by publishing “atypical” papers. In these circumstances, scholars engaging in cross-culture/language research who want to publish in English, seek to self-discipline themselves to comply with the norms and values held in the English-speaking “international” research community (Foucault, 1977).

At a recent critical accounting conference, this pressure for normalisation was communicated to one of the authors by a number of junior non-Western researchers, who confessed that they needed to “play the game” and adhere to the epistemological and methodological “similarity” with existing (English-speaking) studies, as advised by their UK-based senior IAR scholars. They perceived this as the “rational” way for their research to “pay-off” (Gendron, 2015) through publications and academic appointments. Such challenges facing publications from non-Western contexts not only reflect on the low number of non-Western publications but also on the unequal publication processes.

IAR researchers’ silence on translation implicitly indicates that in the current academic setting, English-speaking accounting research risks serving as an “inscription” (Latour, 1987), which enables Western countries to maintain long-distance control of knowledge creation in non-Western countries. IAR’s practices camouflage the messy and complicated translation process, thus, not only neutralising socio-cultural diversity, but also paradoxically legitimising the role of the accounting researcher as a “neutral observer” and “performer” (Gendron, 2008). Meanwhile, IAR researchers, by displacing translation processes, mask their political role as a translator who actively engages in cultural negotiation with a view to construct the knowledge of accounting in diverse contexts by “adopting approaches that were novel and contentious” (Hopwood, 2007, p. 1367). Additionally, by not making these translation exercises visible, IAR risks losing the inherent richness of meanings constructed within diverse socio-historic traditions and falling into the trap of “comfort familiarity” that it ironically seeks to dismantle (see Parker and Guthrie, 2014, p. 1221). By accepting the domestication of narratives, IAR undermines the possibility for innovation and creating new dimensions of understanding and instead contributes to the reproduction of translation gaps.

Under the current institutional pressures that impact the publishing landscape, the translation gap will most likely create further marginalisation of cultural knowledge in non-Western contexts. With the institutionalisation of journal rankings, theoretical contributions are increasingly a condition for publication, and IAR’s development is often based on the application of social theories emerging from the West. This landscape could not only serve to reproduce the translation gap, but also lead to the emergence of another group of elites in IAR (Luukka and Kasanen, 1996; Edwards et al., 2013), who have the upper-hand in “manufacturing” their theoretical contributions by applying them to non-Western contexts as they employ their “international team”. Theoretical engagement is certainly important for academic rigor (O’Dwyer and Unerman, 2016); however, this rigor
should not displace the significance of “differences”. It remains to be questioned whether the theoretical engagement is emphasised because it is seen as the most “useful” form of academic contribution (Gendron, 2013). There is always a possibility that striving for theoretical engagement could serve “global knowledges”, meanwhile legitimately masking their “difficulty [to embed] themselves into the detail of local institutional contexts” (Hopwood, 2007, p. 1368). In IAR, the audit expectation gap is perceived to help sustain the position of elites in the auditing profession, therefore it will not go away (Humphrey et al., 1992). It could be argued that the translation gap is less likely to be eliminated since it is consciously or unconsciously sustaining the English language-led Western intellectual elites’ hegemony over IAR. Questions should be asked as to whether the current institutionally-led academia is continuously reproducing “elites” who join the parade to sustain “academic capital” (Bourdieu, 1988) at the expense of their own socio-historical tradition and cultural practices.

To address this, as IAR scholars, we argue that we can consider inventive ways to avoid “[becoming] party to [our] own subordination” (Gendron, 2008, p. 119). One insight is offered by Edward Said (2003) who, in his influential post-colonial studies, stressed the importance of avoiding the “dogma of orientalism”. He questions: how can we critique local institutions, politics and practices, while, in the meantime, avoid feeding into and supporting Western stereotypes about the “Other” that legitimise its theoretical and epistemological elite status? The IAR community could explicitly argue the issue of language and translation and help raise awareness that knowledge production processes are closely tied to the creation of hegemony and imperialism. More transparency should be stressed in regards to: who are the interviewer(s) in the team? How were the interview narratives produced, including the process of translation? And how were they theorised? Awareness of these questions will enable IAR to promote hybridity of meanings and practices while addressing the unconscious (or conscious!) “sanitising hegemony” (Müller, 2007) of English-led academic writing. “Innovation and new understandings” often “emerge from the margins of the subject” (Hopwood, 2007, p. 1370). The IAR community can encourage cross-culture/language researchers to delve into the subtle differences discovered in peoples’ languages and attitudes in their everyday lives, instead of smoothing them over to suit the audience, which often results in incremental knowledge as opposed to significant insights (Guthrie et al., 2015). In particular, probing into historical roots to find the difference and developing novel research methodologies would enable us to reconnect with a researcher’s identity to recreate new meanings and values (Walker, 2008; Gomes et al., 2011).

As a final reflection: As cross-language/cultural researchers, we should critically question whether our contributions are merely about providing the international academic community in the West “with as much newness as it needs and can cope with” and giving it the illusion that it is the whole and only world there is (Trivedi, 2007, p. 7). How can we help those located outside the West, when remaining in their home culture and speaking their own language, to speak? One strategy could be to publish our work in local languages, while contributing to local conferences/forums and communicating with local practice and research communities. Such engagement with “unfamiliar” stakeholders will give us the opportunity, not only to encounter difference, but to broaden our scope to include the internal heterogeneity of local contexts (Abu-Lughod, 2001), and explore “the various ways different linguistic universes can be connected” (Steyaert and Janssens, 2013) to make a difference (Valentine, 2008; Humphrey, 2008; Lehman, 2012). When globalisation and digitalisation inevitably create forces for standardisation and neutralisation, to be aware of the “politics of translation” is to continue reflecting upon the consistent integrity of our role whatever context we research and whatever outlet we choose to publish in.
Notes

1. These studies highlighted the inattention to the methodological and political implications of cross-language research in the majority of social science disciplines (barring socio-linguistics). They found that social science research studies are often based on cross-language qualitative data and do not explicitly address issues related to source and target languages. The description of data collection, analysis and findings in this research are often predictable and simplistic, mainly concerned with portraying accuracy and objectivity of translation. In other words, the issues of language and translation in social sciences, even when considered important, are approached from a myopic perspective and mainly concerned with ensuring that translation processes and their accompanying procedures are valid and reliable.

2. Back translation involves “the translation of a text that has been already translated into another language back to the original language, usually by an independent translator” to achieve “correctness” and “equivalence” (Temple, 2008, p. 358).

3. The use of social theory has tended to create internal dispute among accounting researchers supporting different social theories, shifting the attention away from the accounting research per se (Humphrey and Scapens, 1996, p. 102).

4. Gayatri Chakravorty Spivak (1942-) is a postcolonial feminist Philosopher, who calls herself a “practical Marxist-feminist-deconstructionist”. Translating Jacques Derrida’s Of Grammatology, her works and studies are shaped by her concern for the lack of communication between women in the East and West and the resulting misunderstanding, which also contributed to the marginalisation of the former by the Western culture (Malpas and Wake, 2006).

5. The term “cultural broker” appeared in the area of anthropology and health-related studies. In the field of anthropology, it first appeared in the 1990s, and referred to native people who play a role as a cultural intermediary, usually in Western societies (Jezewski, 1995).

6. According to Dai et al. (2017), the number of interview-based publications in major IAR journals has increased significantly, from 140 articles during 2000–2004 to 267 articles during 2010–2014. Of the total 641 interview-based studies published in major IAR journals between 2000 and 2004, the largest number of articles was published in AAAJ (158), followed by Management Accounting Research (138), AOS (131) and CPA (131). In terms of the first authorship of these interview-based studies, UK (207), rest of Europe (169), Australia and New Zealand (108) dominate with more than 75 per cent of all articles, leading to a big gap in studies from the USA (29) and Asia (10).

7. We excluded cross-language studies in which, the context of the research is premised in a country that has more than one official language, of which one is English, for example, in Fiji, Kenya, Ghana, Nigeria, Tanzania and Sri Lanka. This was mainly due to the fact that we often found it very difficult to establish which language was used in the research process.

8. This does not mean that only translating selective sections would not be rigorous or useful.

9. These included references in their narratives to Jilbab (long wide dress, indicating that the woman comes from a village or less-economically-advantaged background), Manto (a mid-length wide coat, most commonly worn by economically-advantaged women in Syria, indicating that the person comes from the urban areas especially in big cities like Damascus or Aleppo), Niqab (face-cover, mainly practiced by less-economically advantaged women or women that often do not work outside their homes), mohajaba ala al-moda (wears the headscarf with western-style clothes including tight jeans and make-up, this is most likely amongst young women and university students) and spoor (mainly indicate economically advantaged, fashionable women that do not wear the hijab).

10. Other variations to this question included: “why it is important to learn about other non-western (women) accounting professionals?” or “how do the experiences of these women differ (from western women)? They seem to be very similar? What new can you bring to the debate?”.

11. I was often faced with an implicit hostility towards my arguments about Muslim women religion-based agency. In a paper, where I was explaining how Muslim women accountants...
strategically interpret and perceive Islam as supportive to their work and to gender equality (the paper was about these women’s perceptions, rather than what Islam actually says about the issue), I was surprised how this intention was completely misunderstood (intentionally or not) by one reviewer. The reviewer ended up rejecting the paper, accusing me of “promoting an Islamists’ apologetic agenda” and argued that: “particularly intriguing is the total absence of Islamic primary sources that could support your claim (that Islam is supportive to gender equality) […] either you change the nature of your claim, or you provide evidence of it using primary and secondary Islamic sources”. Regrettably, the editor’s decision supported that of this particular reviewer, depriving me of a chance to challenge such incorrect understandings.

12. Similarly, the concept of democracy was imported in the late nineteenth century in Japan. The word “democracy” was often used inappropriately to caricature people who blindly followed the Western culture.

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Accountability practices in microfinance: cultural translation and the role of intermediaries

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Abstract
Purpose – The purpose of this paper is to explore how accountability practices are affected and potentially transformed when mediated by translation. Adopting a postcolonial lens, the authors consider the ways in which translation functions and how intermediaries act as cultural translators in the context of microfinance.
Design/methodology/approach – The authors take a qualitative approach to a case study of a microfinance organization based in South Africa. Fieldwork allowed for the collection of data by means of direct observations, interviews, documents and a fieldwork diary.
Findings – The study demonstrates the presence of spaces of hybridity that co-exist within the same organizational context (Bhabha, 1994). Two spaces of hybridity are highlighted, in which translation processes were possible because of the proximity between borrowers and fieldworkers. The first space of hybridity was found locally and here translation shaped an accountability that aimed at leveraging local cultures and favoring cultural framing. The second space of hybridity was characterized by the interaction between oral and written cultures and the translation of responsibilities and expectations was predominantly unidirectional, prioritizing accountability practices consistent with organizational requirements.
Originality/value – This research offers in-depth insights into the links between intermediation, translation and accountability practices. It differs from prior research in considering intermediaries as active translators of accountability practices who act in-between cultures. The authors contend that the translation process reinscribes culture allowing dominant accountability practices to prevail and local cultural traditions to merely contextualize accountability practices.
Keywords Microfinance, Accountability, Culture, South Africa, Translation, Orientalism
Paper type Research paper

1. Introduction
Translation plays a critical role in accounting as it enables financial information to be communicated in a globalized economy as transactions extend beyond linguistic, geographical and cultural boundaries. While studies that focus on translation have begun to emerge (e.g. Evans, 2004; Evans et al., 2015), research engaging with effects of translation on accountability practices is absent from the accounting literature. The purpose of this paper is to explore how accountability practices are affected and potentially transformed when translation mediates those accountability practices.

Translation usually implies the process of transferring meaning from one language to another. Under a positivist frame this is understood as a technical process allowing the reproduction of objective accounts between languages (Xian, 2008). Nevertheless, there is consensus that an exact translation is impossible because it is difficult to find equivalence in terminology between different languages and cultures: “translation theory […] recognises the fact that the link between language and culture makes translation difficult” (Evans, 2004, p. 224). These issues also arise in accounting, where the language and intention of regulatory and professional practices do not translate precisely and this can lead to variations in understanding and approach. Other issues arise due to interpretation, where cultural differences can impact the production and reproduction of meaning (Evans et al., 2015). In studying the effect of culture on interpretation, scholars adopting a postcolonial
lens suggest that mainstream interpretations of translation have assumed parity between cultures and languages (Bhabha, 1994; Said, 1978). By doing so, the power imbalances between cultures can be obscured, thereby replicating and reinforcing meanings attributed by the dominant culture through translation processes (Orsini and Srivastava, 2013; Said, 1978; similar concerns have been discussed in accounting, including Evans, 2004; Evans et al., 2015; Neu, 2000; Simon, 1996).

While translation has been considered previously in an accounting context, it has primarily been viewed as a tool that is not completely effective in transferring meaning, creating cultural and linguistic impediments to comparability and convergence in financial reporting globally (e.g. Evans, 2004; Nobes, 2006, 2013; Zeff, 2007). This work differs in that we view translation as extending beyond the linguistic challenges associated with shared knowledge across a variety of languages. While we acknowledge the cultural significance of linguistic translations, we are also interested in “the way in which different claims, substances or processes are equated with one another” (Robson, 1991, p. 550) to give meaning to accounting and accountability practices that are culturally unfamiliar (Annisette, 2006). In doing so, we prioritize the translation process and the role intermediaries play in supporting (or undermining) both the technical and cultural dimensions of accountability practices in sites where diverse cultures meet (Bhabha, 1994).

To examine the space in which cultural translation occurs, we adopt a postcolonial lens and draw on the accountability practices of a South African non-governmental microfinance organization offering a “distinctly situated” reading “of translation and the postcolonial” (Orsini and Srivastava, 2013, p. 326). As microfinance is situated somewhere on the continuum between formal and informal financial services, accountability practices in microfinance tend to be idiosyncratic, culturally nuanced and sympathetic to local cultures.

Microfinance organizations work in complex environments providing financial services to people with low income who generally do not have access to conventional financial services (Hermes and Lensink, 2011). Microfinance makes it possible for people to start or build microenterprises with the aim of raising their income and living standards over the longer term (Hermes and Lensink, 2011). Therefore, these types of organizations have an inherent social objective: to add value to their client’s lives and to contribute to the local community’s social and economic development (Rhyne, 2001). However, microfinance organizations have been criticized as exploitative (Hudon and Sandberg, 2013), paternalistic (Mader, 2014) and increasingly dominated by large for-profit financial institutions (Montgomery and Weiss, 2005). This has intensified pressure on microfinance organizations to increase transparency and improve accountability. As a result, the effectiveness of organizational accountability practices is crucial to the legitimacy of microfinance institutions and, in the complex cultural and linguistic terrain in which their work is situated, the role of intermediaries as translators becomes a critical part of that process. Therefore, this paper contributes to the accounting and accountability literature by giving visibility to intermediaries (fieldworkers) as cultural translators and their role as mediators of accountability practices. This is particularly important within the context of non-government organization (NGO) accountability because these organizations have a unique commitment to addressing the social and environmental issues that emerge from disadvantage, exploitation and exclusion. In choosing to focus on the impact cultural translations have on accountability practices as they are enacted between fieldworkers and clients, we build on the recent donor focused work on NGO accountability and fieldworkers (Agyemang et al., 2017).

While microfinance organizations are driven by a commitment to poverty alleviation through financial inclusion, we show that the effect of accountability practices in microlending on local communities is complex and multi-dimensional. Translation is central, both in the ways in which the practices of lending are given meaning in local communities, and in the ways in which those local communities engage with accountability practices to support their success. The case study offers an opportunity to explore translation in the field of microfinance, focusing on how meaning is shared in communities where there are
low levels of literacy, especially financial literacy, highlighting the vulnerability of market participants to misunderstanding and exploitation that may undermine the quality of microlending objectives. By adopting a postcolonial lens, we consider the ways in which intermediaries introduce and translate the accountability expectations of finance into these communities; the ways clients make sense of these logics; the processes mobilized to facilitate shared understandings; and the accountability practices that arise as a consequence of this process of meaning making between the lender and the borrower. Within our case organization, much of this translation happens in spaces of hybridity (Bhabha, 1994), and in some instances, a preference for a hierarchical form of accountability is revealed. This is not easily reconciled with the socializing forms of accountability (Roberts, 1996) that are a significant feature of these communities. While socializing forms of accountability are not entirely absent, through the translation process, they are leveraged to ensure clients satisfy their financial obligations to the organization.

2. Accountability, intermediation and translation

In this study, we prioritize the social contexts in which accountability arises and is given meaning in practice. This allows us to move beyond a discussion of accountability as a set of neutral accounting practices, to one that includes a consideration of the social and cultural contexts and the critical role people play in the production and reproduction of accountability practices (Roberts, 1991; Roberts and Scapens, 1985; Shearer, 2002). This view acknowledges that while accountability may take a bureaucratic or regulatory form, in essence, it is a social practice in which interdependencies exist among people within an organization or social system (Roberts, 1996). Accountability does not exist independently, it needs to be enacted and communicated, requiring some level of intermediation to be given meaning. It is here that translation is critical in the accountability practices embedded within microfinance organizations. In situating this paper in this body of research, we contribute to the literature through our exploration of intermediation and translation and the effects these have on accountability resulting in idiosyncratic or hybrid processes.

Intermediation is required when there is a physical, cultural or social distance between parties to an accountability relationship. Joannides (2012) argues there can be direct or distant relationships between parties to the accountability relationship. In the latter case, it is possible that one party to the relationship does not know the identity of the other. In this context, the intermediary is critical, mediating the relationship and providing links between the parties to achieve the broader aims of the organization. Roberts (1996), in his work on individualizing and socializing forms of accountability, makes explicit this focus on distance and intermediation.

Often in individualizing forms of accountability there is a distance (physical or in terms of power) between the parties to the accountability relationship and the demand for accounting information is imposed by a principal who aims to enact some sort of control at a distance (Roberts, 1996). For example, a management control system within an organization that defines what “everyday” accountability practices are needed (Ahrens and Chapman, 2002). Therefore, it may be that in the ordinary practices of organizations there is a limited understanding of what that accounting information is for, because it often addresses remote and potentially divergent interests (Roberts, 1996). While the accounting numbers and artefacts of accountability can travel, “meaning making” requires human interaction and translation, or as Porter (1995, p. 32) argues, they “have to be made valid.” Interestingly, exploration of these aspects of intermediation in accountability relationships has, so far, struggled to gain traction in the empirical literature, despite calls such as those of Joannides (2012).

Within the literature on NGO accountability there are shared concerns about the unintended consequences of advocacy and other activities undertaken by these organizations (Agyemang et al., 2017; Unerman and O'Dwyer, 2006; Dixon et al., 2006). Much of this work
focuses on the ways in which NGOs can be encouraged to take responsibility for these consequences. While NGOs have responded to some extent, there concern remains that the majority of these responses “does nothing to give a choice to those in society upon whom the NGO’s actions might have a significant direct or indirect negative impact but who are remote from the NGO” (Unberman and O’Dwyer, 2006, p. 369) or how accountability practices enable or constrain development initiatives (Agyemang et al., 2017). In particular, the work of Dixon et al. (2006) is salient, as it highlights the ways in which microfinance organizations have attempted to offer a “bottom up” approach to service delivery and associated forms of accountability, which has proven challenging. Dixon et al. (2006, p. 422) call for more research into the accountability arrangements within microfinance because “accountability in practice is often more problematic than originally anticipated, particularly […] in contexts like Sub-Saharan Africa which are already struggling to deal with acute poverty.”

Therefore, to address this paucity of empirical research, our paper is focused on intermediaries in the accountability relationship, paying particular attention to the role of fieldworkers as translators in microlending organizations. Because of their proximity to borrowers, fieldworkers are uniquely positioned to translate and mediate accountability relationships between client and organization (lender). Studying fieldworkers in this way is particularly meaningful in the case of microlending where the cultural background and financial sophistication of the clients and organization differ considerably.

As we draw on postcolonial theory to examine our empirical material, the next section outlines the theoretical concepts that foreground the meaning making of accountability practices through translation and intermediation in the hybrid spaces that arise where cultures meet (Bhabha, 1994).

3. Postcolonial theory, notions of “orientalism” and “hybridity”

Given the ways in which microfinance organizations introduce the expectations of finance into remote communities, the effect of these practices on the culture and development of these communities has been a matter of concern for people working within the sector (Armendariz and Morduch, 2005; Jacobs et al., 2012). While efforts to attenuate poverty aim to increase the living standards of people in less developed regions of the globe, they introduce a series of new cultural expectations that have the potential to reshape the community in both positive and negative ways. In order to explore this within the context of our case, we draw on notions of orientalism and hybridity that are a feature of postcolonial theory.

Postcolonial theories emerged in response to the legacy of colonialism and imperialism, which dominated much of the history of the nineteenth century. During this period, anthropological views of race justified colonial and imperial rules that fostered distinctions between white and non-white people, producing patterns of privilege that remain in various ways within societies today (Young, 2003). Postcolonial theorists argue that these assumptions meant that the West’s dominance of the East was more than a simple capture of physical territories. It was imagined as “civilizing,” allowing the values of the West to become embedded in the economic, social and political institutions of the East, and in doing so, privileging the West’s version of this history as a just and natural consequence of its superiority. With this, the West’s domination of both the physical and the representational terrain of the colonies has impacted the ways in which we have come to view and represent people of different cultures more broadly (Young, 2003). Edward Said’s Orientalism (1978), provides one of the most comprehensive analyses of the nature of Western representations of the East, arguing that notions of orientalism provided a way for Western writers, philosophers and colonial rulers to colonize the identity of the East. While it is no longer common to use the term Oriental to describe Asian people, in the nineteenth century “the choice of ‘Oriental’ was canonical and […] it designated Asia or the East, geographically, morally and culturally” (Said, 1978, p. 31). Said makes the point that these dominant
representations of Eastern culture were a Western invention, enabling further justifications for the West’s exploitation of the East (Said, 1978). Said’s notion of orientalism highlights the construction of “otherness” through textual representations and institutional practices, and in doing so, we can begin to understand the ways in which these representations have a material effect on the lives of “the other.” Today, postcolonial theories are mobilized to consider contemporary practices of all kinds (including professional, regulatory, literary and artistic practices) by challenging the “unequal and uneven forces of cultural representation” that continue to exist (Bhabha, 1994, p. 245). This means ultimately questioning “the mode of representation of otherness” (Young, 2003, p. 83) and exploring the impact this has on the lived experiences of people who live at the margins of dominant cultures.

Increasingly, postcolonial theory has been used to study tensions that emerge when dominant and marginal cultural experiences intersect. Understandably, because their stories remain under-represented in history and their struggle to find a place in modern debates about how to best organize social, economic and political life within our communities continues, much of this work has tried to give voice to those who have been subordinated by dominant cultures (e.g. Kamla, 2007). Bhabha’s (1994) *The Location of Culture* discusses the complexity of these cultural intersections in detail, arguing that when two cultures meet, the boundaries of each culture can be lost, resulting in “hybridity.” He uses the term “hybridity” to describe the state of being at the border of two cultures, explaining that this is often marked by a sense of “double consciousness” or “in-betweenness.” More precisely, hybridity implies the creation of a new space within which relations of dominance can be exposed, and while this may lead to the reproduction of dominant cultural values, it also offers an opportunity to resist and recast both cultures in new ways. There is no doubt that both language and the communicative artefacts associated with these spaces of hybridity, such as the physical locations of interactions, documents and associated practices have a significant effect on the reproduction of culture and that translations within these spaces have an impact on emergent cultures. Within these, translations are by their nature “polycontextual, multivocal and multiscripted” making “conflict, tensions and diversity intrinsic” within the “third space” (Gutiérrez et al., 1999, p. 287). The uncertainty that accompanies hybridity is characterized by discontinuity with the past (Bhabha, 1994).

Acknowledgment of these spaces forces the consideration of a space “beyond” what has been the norm, such that it can “become a space of intervention in the here and now” (Bhabha, 1994, p. 9). Bhabha’s notion of “hybridity” characterizes the intersection of cultures as open and formative, creating a space in which it may be possible to go beyond the specificities of each culture, beyond the differences and the assumed or imposed hierarchy between the two cultural identities. Additionally, culture is not fixed, which means there is always potential for progress, negotiation and redefinition of cultural identities. Providing a context for hybridity helps us to explore the politics of cultural change and acknowledge the “struggle of translation and difference in contexts where cultural and linguistic practices, histories and epistemologies collide” (Gutiérrez et al., 1999, p. 288).

This ongoing process of cultural transformation requires forms of translation that allow a multi-directional dialogue between cultures. While these translations are unlikely to be “equal” they do produce opportunities to communicate across and between cultures as they are reshaped. Translation, as it is understood within a postcolonial frame, is considered to have a profound effect on cultural representation. While historically this has provided opportunities to exploit the subordinate culture, it can also be thought of as “part of an ongoing process of intercultural transfer” that is necessary to make sense of each other (Bassnett and Trivedi, 1999, p. 2). Importantly, from this theoretical perspective, translation is not thought to be a neutral process that enables an equal communication between parties to the translation, but rather it is viewed as an “activity […] that rarely […] involves a relationship of equality between texts, authors and systems” (Bassnett and Trivedi, 1999, p. 2). Translations involve
much more than language; they are embedded in cultures and can reproduce established power dynamics between cultures – even when this is not the intention (Bassnett and Trivedi, 1999). In such a contested space, as translators are active agents, they become powerful actors in cultural settings. Given this, their work is critical to the reshaping of cultures that takes place within these spaces of hybridity if we are to understand the ways in which cultural practices are reinscribed and the effect this has on established and newly emerging power relations (Bhabha, 1994).

Postcolonial theory, and these notions of orientalism and hybridity, is particularly useful in our study of accountability practices in the context of microfinance. While the microfinance sector developed to address financial exclusion and poverty, and to introduce and encourage entrepreneurship and financial literacy, views on the success of microfinance diverge. Some argue that microfinance has assisted the movement of cultural values associated with capitalism into communities that were previously outside its grasp (Cull et al., 2009; Jacobs et al., 2012) while others argue that microfinance provides these communities with opportunities that have previously been the exclusive privilege of a few (Armendariz and Labie, 2011; Banerjee and Duflo, 2011). Given the contested nature of this space, we show that in translating accountability practices to support the success of microfinance programs in remote communities, intermediaries become agents who are critical to both the success of the program, but also the ways in which the cultural identities of both the microfinance organization and their clients are negotiated and renegotiated in spaces of hybridity.

In the next section we explore these ideas in more detail, highlighting the ways in which spaces of hybridity mark the terrain of microfinance. Using a case study, we are able to explore the ways cultural norms within microfinance organizations and cultural norms within local communities intersect and are renegotiated through interaction. While the dominant culture travels into the spaces with much authority and power, the microfinancing process is not completely colonized by the lending organization. Clearly, the process of microfinance lending has a significant impact on the borrowing communities. It reshapes people's relationships with each other, it introduces new ideas about finance and banking, it brings with it responsibilities to distant others, and there are new obligations to keep records and be accountable. Much of this also relies on new forms of communication, both orally in terms of the language used to describe the loans, but also through the physical records that need to be kept to start and maintain the loan agreements. The broader context within which much microfinance work is positioned is one of displacement, exploitation and alienation. More often than not the very circumstances of vulnerability microfinance organizations seek to address have been produced outside of these communities, so there is an appropriate level of suspicion about solutions emerging from “outside.” Delaney (2010, p. 314) captured this aspect of microfinance when he wrote “[a]s a tool of poverty reduction, it relies on the very financial instruments that characterize capitalist globalization.” The realities of colonization and exploitation are undeniable, and these make microfinancing materially and symbolically complex.

To overcome the practical and symbolic issues associated within microfinance, the fieldworkers enacting the work of the organization within local communities must be responsive to the needs of the community. They respond by sense making within the field, providing oral translations of written documents and helping to embed accountability practices within the traditions of the community. The translation work of the intermediaries is critical, because it allows for knowledge of both cultures to move between each other.

4. Research methodology
This study was undertaken as a single in-depth case study, which requires researchers to be in the field for an extended period of time, undertaking interviews, generating field notes and observing actions. Ideally, it should make it possible for researchers to provide rich descriptions of real-life settings (Walsham, 1995; Patton, 2002).
While an initial part of the empirical research was conducted remotely in Sydney, Australia, the majority of the data were collected while undertaking fieldwork at The Small Enterprise Foundation (SEF) in South Africa. In this section, we provide some background to the organization and describe the data collection process.

4.1 The Small Enterprise Foundation – the case study organization

Our study focuses on SEF, a not-for-profit non-government microfinance organization that has operated in South Africa since 1991. SEF uses a group lending model that requires five clients to create a lending group in which they take mutual responsibility for both the borrowing and repayment activities associated with the loan. The model is thought to support borrowers because they have a network of other people interested in the success of their entrepreneurial activities and they also have responsibilities to community members to fulfill their repayment obligations. If one member of the lending group is struggling, everyone must work together to try to service the loan.

At an organizational level, SEF is committed to poverty reduction. Its mission states that its aim is “to work aggressively toward the elimination of poverty by reaching the poor and very poor with a range of financial services to enable them to realize their potential” (Small Enterprise Foundation (SEF), 2013). In a recent Management Review (2016), SEF notes that over the course of the organizations’ operations, it has reached about 139,000 clients (borrowers) located in four South African provinces (Limpopo, Mpumalanga, North-West Province, Eastern Cape) with 77 branches in these provinces. At the time of the fieldwork SEF’s Head Office was at Tzaneen, in Limpopo, a region in the north of South Africa close to the border with Botswana, Zimbabwe and Mozambique. The distribution of branches and the number of clients per region is illustrated in Figure 1.

The lending operations at SEF are conducted in remote regional areas by SEF personnel, defined here as operations staff or fieldworkers (see Figure 2).

**Figure 1.** SEF areas of operation

*Source: Adapted from SEF (2016)*
The operations staff are hierarchically structured, with Development Facilitators (DFs) reporting to Branch Managers, who report to Zonal Managers and ultimately to Regional Managers. Usually each Branch Manager is responsible for 5/6 DFs, with each DF servicing around 50 lending groups (Small Enterprise Foundation, 2014). As fieldworkers have direct contact with clients, they are critical to the success of SEF’s activities and while they routinely act as intermediaries, translating SEF’s organizational expectations to clients, the nature and impact of this translation work remains poorly understood.

4.2 Fieldwork at The Small Enterprise Foundation

The fieldwork for this study was undertaken over a period of six weeks between September and October 2014. During that time, one of the researchers was embedded within the organization, sharing experiences with people as they went about their daily routines. This meant data were collected first hand, ensuring attention was given to individual points of view (Creswell, 2007; Dent, 1991; Denzin and Lincoln, 1998; Eisenhardt, 1989; Silverman, 2011; Yin, 2003). Given this research project was designed to prioritize local perspectives, most of this time was spent visiting the villages where SEF operates and spending time with clients and their fieldworkers. Data collection was centered on observations of clients and their interactions with the organization as loans were established, discussed and serviced in the field. Data were collected using a combination of direct observation, a fieldwork diary, interviews and documentation (Yin, 2003). Table I provides an overview of the data collected. A fieldwork diary was used to record more personal reflections on the fieldwork and to support the researchers understanding of the data. While every effort was made to ensure

<table>
<thead>
<tr>
<th>Type of observation</th>
<th>No.</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centre meeting</td>
<td>12</td>
<td>Limpopo-Mankweng, Mountain View, Lenyenye, Medingen, Mohlabaneng, Ga-Kgapane, Malematsa, Madumelang, Motsinoni, Mpumalanga-Mzinti, Block B</td>
</tr>
<tr>
<td>Branch meeting</td>
<td>2</td>
<td>Limpopo-Lersitele, ModjadjiSkloof</td>
</tr>
<tr>
<td>Zonal Meeting</td>
<td>2</td>
<td>Limpopo-Central Zone</td>
</tr>
<tr>
<td>Various activities of the</td>
<td>11</td>
<td>Limpopo-Mountain View, Motsinoni, Mpumalanga-Block B</td>
</tr>
<tr>
<td>loan officer with clients*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: *Including progress group check, loan utilization check, business evaluation, assistance at the post office, arrears follow up

Table I. Data collection overview
neutrality in respect of observations in the field, the fieldwork diary allowed for an exploration of the emotions, reactions, thoughts and reflections experienced throughout the research process (Burgess, 1989; Patton, 2002). The fieldwork diary also allowed the researcher to keep track of her insights while in situ. During the stage of data interpretation some reflections from the fieldwork diary offered insights into extant practices. Some parts of the diary were elaborated in the form of vignettes that aimed to provide a more vivid description of the context.

Observation of clients within the context in which they take on the loan made it possible for the researcher to witness how the accountability practices around microlending are negotiated (Adler and Adler, 1994). During the fieldwork the researcher could attend SEF-related meetings within the villages (called centre meetings (CM)) and visit clients in their homes and observe their businesses. It also allowed for shadowing of the DFs as they undertook their daily work, observing formal and informal interactions between them and SEF clients, including the collection of information about potential and current clients; their auditing activities as they tracked the progress of the loan; and the ways in which they interacted with clients who had fallen into arrears with their repayments.

As most clients did not speak English an interpreter accompanied the researcher at all times to translate the language used in these interactions into English. While language translation practices in qualitative research can be problematic (Xian, 2008), in our case, the collaboration between the researcher and the interpreter allowed further insight into the local culture. The fact that the interpreter was from the same type of village as the SEF clients meant that they could provide broader information about the specific social context in which certain things were said. Nevertheless, the language barrier presented challenges, and the cultural specificities of the village were not always apparent to the researcher as an outsider to the village. This made it even more important that the study relied on a variety of forms of data. The interpreter’s dual role translating what was being said to overcome the language barrier and providing her own perspective on what was being said – had a substantial impact on the data collected and may be considered a limitation of this study. We acknowledge that “translation does not ferry explanations from one immutable shore to another” and the “interpretive leaps translation requires” (Maitland, 2015, p. 25).

Interviews and informal conversations with managers at SEF, clients and fieldworkers were conducted during the fieldwork as outlined in Table II. The interviews were undertaken in a conversational style. Some group interviews were preferred when interviewing because of the cultural setting in which they took place (Malinowski, 1922). The interviews sought to understand people’s experience of microfinance in the field. While most clients did not speak English and an interpreter was used for these interviews (see above), the majority of SEF’s personnel in the field could communicate effectively in English.

As many of the people in the villages visited were illiterate and had very little formal education, it was important to frame questions in ways that allowed a response in a style

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>No. of interviews</th>
<th>No. of individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEF client</td>
<td>12</td>
<td>19</td>
</tr>
<tr>
<td>Development facilitator</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Branch manager</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Zonal manager</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Manager at SEF head office</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>33</td>
</tr>
</tbody>
</table>

Table II. List of interviewees
that facilitated communication. The interpreter helped find the right pitch. These
observations were noted in the fieldwork diary:

The village is a small and isolated community, where you might find people who are uneducated or
with strong beliefs, you might find people who are suspicious (Fieldwork Diary, early October 2014).

The translator was critical here, because she helped give a context and legitimacy to the
researcher, thereby breaking down any initial suspicion. For example, the interpreter
explained that at the beginning of the month people dressed more formally than at other
times because a significant amount of the financial activity within the village occurred at
the beginning of the month, with many people receiving government payments. It had a
celebratory feeling:

At the beginning of each month, these days are special for the communities that I have visited, as it
is the time when grants from the government are collected. People from the villages dress up and
clean themselves to go to the town to collect the money and you often encounter people celebrating.
It is also the time when people are occupied in recouping money from debtors. The money is
circulated mainly in the form of cash, so there is a real feeling that people are “chasing debtors”,
calling them by phone or going at their houses. Because of this, when I arrived at the village where
I was supposed to attend the centre meeting organized to collect repayments for loans, the majority
of groups were not present so the meeting was cancelled (Fieldwork Diary, October 1, 2014).

Without the help of the translator, this may have gone unnoticed. Given this, the interpreter
was not a neutral actor in the research. She helped frame an understanding of the
communities, and provided useful explanations for behaviors and practices that were not
readily apparent. In our case, working with the interpreter enriched the study, but required
the negotiation of boundaries so that the clients were able to speak for themselves as much
as possible. The challenges associated with this were also noted in the fieldwork diary:

Sometimes the interpreter and the DF would answer my questions without giving an opportunity
to the clients to speak. This happened, for example, when I asked the clients about terms and
conditions of the loan. I would like to know what the clients understand about terms and conditions
of the loan, but the interpreter and the DF think that I am just looking for basic information and
they want to provide me with that information (Fieldwork Diary, October 4, 2014).

And […]

at times the interpreter adds personal comments to what people say (Observational Protocol,
September 25, 2014).

One final and fairly obvious observation about translation in research is the simple fact
that there is no way to verify the translation, which means researchers have to rely on
the reputation of the translator, their own skills in terms of having a sense of the
interactions, and need to triangulate the interview material with other sources of data.

Finally, documentary material was also collected during the fieldwork. These documents
included SEF policies, management reviews and reports on SEF undertaken by third
parties, as well as client and management documentation utilized for SEF’s activities.
Not only did we draw on the content of the documents, but also considered how the
documents were used within the organization. Given that documents have a taken-for-granted
nature as they are used and produced by people in their everyday activities, the ways in which
they are normalized and enacted forms an important part of qualitative research (Prior, 2003).
In particular, two formal client documents, the Loan Application Form (LAF) and the Group
Saving Book (GSB), used by SEF to account for the loan and mediate the accountability
relationship between borrower and lender, are an important formal component of the
accountability relationship between the clients and SEF, but little is known about how they
are operationalized in the field, particularly given low levels of literacy.
To contextualize the translation of accountability practices, the following section outlines the microlending model utilized at SEF in its field operations where these practices occur.

5. SEF’s microlending model
SEF’s organizational culture is characterized by financial and accounting concepts of contracting, measurement, control and supervision enacted through written documentation and procedures that are outlined in organizational policies. Further, SEF’s activities are regulated, so the organizational culture is also influenced by international ideals that support broad economic development goals, such as consumer protection, financial inclusion and education. Given this frame, the remainder of this section will outline SEF’s microfinance model in more detail. The communities SEF services have some shared or common features, but are ethnically diverse.

5.1 Background
As noted previously, SEF uses a collective lending model designed to encourage mutually supportive bonds within a group of borrowers. Based on this methodology, when a potential borrower decides to access a loan from SEF, he or she is required to find four other people requiring finance to form a lending group (SEF, 2013). Once a group is established, each member receives a loan tailored to his or her microenterprise. While each member of the lending group receives a loan for the same duration, the amounts and the repayment frequencies may differ. For example, at SEF the average loan size is R3,070[3] and loan terms can vary between four and ten months, with fortnightly or monthly repayment frequencies (Small Enterprise Foundation, 2016). In addition to loan repayments, SEF requires the group to manage savings; usually, clients are asked to save R20 fortnightly. SEF consider this model is effective because it links each member of the group, producing a form of mutual accountability in relation to repayments. This connected, embedded form of responsibility for loan repayments and regular savings is thought to have an “internal strength” as noted in SEF’s Operations Policy:

SEF’s lending program relies on the internal strength and support of the group as a guarantee for loan repayment rather than requiring any capital collateral from clients. Having five members allows the group to have sufficient debate on decisions without deadlock while the smaller size keeps the group’s decisions on a personal level while familiarity with, close proximity to, and understanding of other members and their households and business helps members to assist their group members with any difficulties that may negatively affect business performance and repayments (Small Enterprise Foundation, 2011a).

Each lending group is responsible for repayments and savings. These are operationalized at CM held fortnightly within the village involving five to six lending groups and a SEF DF. The CMs provide an opportunity for SEF clients to meet with the DF to formalize and complete financial transactions and discuss their businesses, savings, and loans. The CM allows clients to participate actively in managing the meeting, which are designed to empower clients to work together to manage the financial aspects of the loan and meet SEF’s more formal repayment and savings requirements.

For SEF, the CM forms a critical part of its core activities because it offers an opportunity to align the needs of local people with the expectations of the organization. The CM is an embedded organizational practice, with SEF using these as a formal mechanism to facilitate accountability since inception. Indeed, SEF believes that the CM:

[…] serve as a source to encourage solidarity within group and centre members to work as one team towards achieving their social and business goals […] the Centre exists to maintain repayment discipline and as a forum to offer business advice, exchange ideas, and empower members through collective support and discipline (Small Enterprise Foundation, 2011b, p. 1).
In addition to the CM, SEF supervises the loans in the field using a combination of face-to-face meetings and documentation to govern the process. This involves face-to-face interactions between clients and fieldworkers, primarily DFs, and is supported with formal written documentation. The proximity of the DF to the client is important to the production of workable accountability arrangements that combine the oral traditions of clients with the written expectations of the organization. Given the clients are generally unfamiliar with financial services, the DFs work to ensure they comprehend SEF’s loan procedures and related documentation. The documentation, which is more formal than most clients would be used to, sets out the responsibilities and expectations associated with the microloan and is used to establish the mutual responsibilities of both the clients and the organization. Alongside the CMs and the additional meetings that take place between clients and DFs, SEF also provides some tools to enhance financial education and to help ensure the consumer protection of clients (see Marini et al., 2017).

All of these mechanisms require the work of intermediaries in order to translate their implications for clients. The Technical Learning Conversations (TLCs) are an example of the kind of financial education provided by SEF. These involve classes detailing strategies for clients to improve their financial and business skills and delivered by the DF. These classes, which usually take place just before the CM, are almost entirely focused on ensuring clients are building the skills required to function within a modern economy with institutional practices beyond those traditionally operating within the village:

The TLCs look like a class, Development Facilitators teach the clients and educate them how to start a new habit. For example, how to save and manage savings (Observational Protocol, September 23, 2014).

The group lending model used at SEF, coupled with its commitment to financial education, capitalizes on the cultural norms within the village. In drawing upon well-established community-based safety nets (the group structure) SEF offers loans that foster entrepreneurial activities, provide financial education to local people and ensure that mainstream expectations around repayments and savings are institutionalized within the village.

Overall, the model is supportive, but also demands discipline in order to meet the requirements of the loan agreements. To optimize the chances of success, SEF has entwined a new financial culture within established local cultural practices and contexts:

It appears as if SEF creates discipline among the borrowers. The microfinance institution is concerned with repayments, client exits, arrears and default rates. Moreover, its mission is also about empowering borrowers in relation to the financial aspects. When microborrowers start the loan, it is like if they enter a new system, they take risks and they develop their own business. SEF facilitates the model by means of a new form of discipline (Fieldwork Diary, September 23, 2014).

5.2 Hybridity and social norms

The structure of the loan, both in the ways SEF embeds it within the village and in which local communities make sense of microlending, is an example of the hybridity to which Bhabha (1994) refers. In this case, local social norms and cultural beliefs (i.e. sense of collectivism, trust and reciprocity; religion) are hybridized to allow formal financial practices to be successful (i.e. contractual lending and repayment as well as accounting processes) for both the client and the organization.

While some social norms in the communities visited is nuanced and therefore difficult for outside researchers to identify, others were clearly identifiable. In particular, as noted by Jacobs and Kemp (2002), the production of trust in relationships is important and reciprocity is very much a feature of interactions between members of the community.
During the fieldwork, it was clear that favors were regularly exchanged between people:

People do favors but they also expect something back as reward, this exchange is supposed to be contingent and it is immediate. If a lady has talked about her experience and dedicated her time to you, it would be appropriate to give something material or buy something from her as direct exchange. If a kid walks you to the bus stop, he expects some immediate reward (Fieldwork Diary, September 25, 2014).

This sense of reciprocity has a role in facilitating the repayment of the loan. The reciprocal nature of relationships meant that it was easier to explain that when SEF did something for the borrowing group (offered a loan), the borrowing group needed to do something in return (repay/save). This drove some of the success of the microloans as it helped bridge the distance between SEF and the community. In drawing on notions of reciprocity, it was possible to overcome some of the problems of distance and to build a sense of rights and responsibilities between the community, who were accustomed to geographically close personal and social relationships, and the goals of SEF.

Reciprocity also worked within the borrowing group to connect the members to each other – when one helped another with their business or their savings to achieve success within the group, it was expected that similar support be repaid. During the fieldwork, it became obvious that:

[...] when members of the lending group can’t guarantee the full repayment, then the all centre intervene and help with that (Fieldwork Diary, September 25, 2014).

As accounting and common understandings of accountability practices are linked to a formal economy (Annisette, 2006), these local forms of cooperation, reciprocity and trust clashed with the rigid systems of repayments, savings and the pressure of deadlines. For example, some borrowers appeared to get upset if the same person in the group was performing certain tasks (e.g. taking the money to the bank). There were also times when the stresses of meeting the loan obligations seemed to negatively impact communication within the group. These were new problems within the community, ones that were a direct result of microfinancing, and both SEF, its fieldworkers and the communities themselves were working on ways to address these emergent concerns. In particular, the CMs were critical to overcoming the communication issues that emerged because of the demands of the loan:

Sometimes it seems that among members of the group they do not speak or collaborate. It is more likely they talk at the centre in front of everyone and solve issues at the centre level, but not in the group. The level of responsibility shared at the centre level is more powerful than the one in the group (Observational Protocol, October 2, 2014).

Prevailing religious beliefs were also mobilized within the lending arrangements. While there may have been some diversity in terms of churches and denominations within the village, the role of religion was important. One branch manager said:

[...] these people believe in God and fear God. God is involved in their speeches (Interview with Branch manager, September 26, 2014).

In addition, some of the CMs were opened with a religious pledge, reminding the villagers of their commitments to each other and to the importance of new and successful economic activities to improve their lives:

During some CMs a religious pledge is said. It is better because it reminds people that the loan is important for their lives and for improvements and in this way it is more likely they commit themselves. They become more responsible. The pledge, is not always used and this is not good (Interview with DF, September 23, 2014).
Interestingly, the pledge was not a requirement, but a tool seemingly used by SEF within the most vulnerable communities:

The pledge is mainly used in the poorest villages, where they really need money to survive (Interview with Branch manager, September 26, 2014).

The first part of the pledge is performed by the DF to remind participants that they are entrusted by SEF to help the poor to improve their lives through the loan. The second part of the pledge is performed by the centre members who remind themselves that they are entrusted by God to improve the lives of the family members using the loan and that the loan should be used for that purpose. Religion is invoked at the end of both the parts of the pledge:

Staff Pledge:

We are entrusted by SEF to help the poor improve their lives through MCP loans, disbursed to all poor irrespective of race, religion or potential affiliation, provided the poor are willing to help themselves.

In undertaking this trust, we are not allowed to receive anything, not even a glass of water.

God bears witness to our pledge and action.

Members’ Pledge:

We are entrusted by God to improve the live of our family.

Using MCP loans is one of the ways to improve our lives.

We will continue to work hard by making full use of our loans and use the profit to improve the family.

We promise to help our fellow group and center members when they need it.

We shall motivate our children to continue their education.

And to save and repay on schedule.

By our pledge and action, so help us God.

In choosing to operate in this way, SEF draws on both the strong sense of reciprocity that characterizes the local culture and leverages the importance of speech in knowledge exchange. Because the model builds on forms of accountability that are already enacted within the communities and are an established part of village culture, it seems that SEF thinks that successful lending outcomes can thus be achieved for both clients and the organization. By connecting individual success to the broader success of the community, the model facilitates a collective view of success and enables dialogue between members of the group to help build viable enterprises, resolve business problems and deliver on their obligations to the lender. Through the pledge, representatives of SEF in the village can express its commitments to the community orally, thereby demonstrating accountability to the clients and SEF’s policies in a way that is easily understood and mirrors cultural norms within the community. Borrowing from Bhabha (1994), SEF’s operations appear to function within a hybrid space where communities of borrowers live and work, seeking to connect both the values of the local borrower to the demands of the distant lender and creating a “dynamic spaces of culture change, characterized by shifting identities” (Kalua, 2009, p. 23). This creates accountability practices that coalesce local traditions and more formalized finance that requires systematic accounting processes.

5.3 Cultural identities and the intermediaries of accountability

While the broad cultural context shapes accountability practices within the model, translation and intermediaries play a critical role in shaping accountability practices in the field.
A multi-directional translation of the cultural expectations of SEF clients and the organization itself is needed and the intermediaries work in this space between the cultures – spaces of hybridity – facilitating the translation process. There is no doubt that SEF is intent on delivering microfinance opportunities to remote communities in South Africa, and it is acutely aware of the local specificities of the communities in which its clients live and work. It is also aware that it is an organization with an internal culture that is very different from that of the local community and that for both SEF and the borrower to be successful, the two cultural identities needed to find a way to co-exist. In part, this relied on the production of acceptable accountability practices that allowed for a multi-directional exchange of expectations.

The fieldwork showed SEF makes significant effort to understand the communities with which it works and that it wants to ensure its practices draw on the very best aspects of local culture to ensure the success of financing agreements. This is a complex task. As SEF operates in local communities that are characterized by a strong sense of community, interdependency, reciprocity and religious beliefs, expressed in traditional dances and songs, prayers, vocal sounds and other practices, it is logical that successful enterprises and finance should emulate some aspects of this culture. The production of what Bhabha (1994) describes as the “third space” for cultural interaction was observed most acutely at CMs because it promoted a “politics of cultural encounter where new forms of identity” could be advanced that reflected elements of both the local community and the distant lender (Maitland, 2015, p. 17). The meetings took place around songs and dances and prayers:

One woman (the Chairperson) starts speaking to all the centre, she starts a song as well and a dance. And then they pray. One person introduces the prayer and they all end it with “Amen” (Observational Protocol, September 22, 2014).

Women at the centre meeting often clap when they agree with something or they like it or as a sign of approval. They also stand as a sign of approval, they sometimes do voice calls (Observational Protocol, September 22, 2014).

This use of public and oral forms of accountability practices means that the expectations of SEF can be reinforced through socio-cultural norms established in the villages:

During the centre meeting organized to collect savings, for each group a person brings the group savings to the Centre Leadership so they are collected and recorded (in the case of cash meetings) and she also says aloud in front of the centre how much each one in the group has saved. They have a group account (Observational Protocol, September 22, 2014).

To pursue these ideas of hybrid spaces, intermediation and reinscription of cultural practices where intermediaries translate, we focus on two formal instances of intermediaries; the centre committee (CC) and the DFs. While the CC is made up of SEF clients drawn from within the community, DFs are employed by SEF.

5.3.1 The centre committee. The CM provides clients with a formal space to discuss their loans, their savings and any issues that may arise within their group. It is designed to allow an interaction between the oral traditions of the community and the formal requirements of SEF in a way that supports the needs of both. To function effectively, the CM is overseen by the CC, which consists of three people nominated by clients from within their ranks – a centre chairperson, a centre secretary and a centre treasurer – each with a specific role to play. The centre chairperson, for example, is in charge of overseeing that SEF policies and procedures are respected. The secretary keeps a record of what happens during the CM, recording attendance, financial transactions, issues discussed and decisions taken. The centre treasurer is required to safeguard the cash box, where cash circulating during the meetings is kept, whether they are repayments, savings or for the payment of fines[4].
Fines, for example, help in creating discipline and are usually collected when someone arrives late to the meeting or uses their phone:

People get fined if they arrive late, the group discusses who should pay the fine. The DF intervenes and facilitates the decision. The whole group could pay the fine, but they’d prefer only the person who is responsible to pay. The discussion on fines always takes some time during the meeting (Observational Protocol, October 14, 2014).

In addition, as noted above, the CC also leads the meetings in a series of traditional songs and dances, prayers, hand clapping and tribal voice calls as they reflect the cultural expectations of the clients, reminding them of their community and culture, enhancing the social bond that exists among the members of the same centre. The members of the CC understand the DF, SEF policy and the documentation used in the lending process, ensuring borrowers are accountable for their loans and that they fulfill their obligations to SEF, as well as making representatives of SEF aware of any concerns.

This design feature of the CM is important. The fact that the leadership is drawn from the community facilitates trust and enables SEF a mechanism through which local people can speak to other local people about the organization’s requirements. The CC have considerable knowledge of the clients and the village and tend to be better educated than their peers. As such, they can support both the clients and the DF, translating concerns and requirements into concepts and practices that are readily understood both by clients and DFs.

In terms of accountability, the CC takes on a facilitating role in the space between SEF clients and the DF, translating both the needs of the community and the needs of the organization. In this context, the accountability relationship is multi-directional as the CC can communicate and relate both the experiences of the clients and the expectations of SEF and the DF, making sense of both and finding language to mediate the relationship between the organization and clients. Thus, the CC has the potential to address the cultural distance that exists between the clients and SEF, making them important intermediaries in cultural exchange.

5.3.2 Development facilitators. At SEF, DFs are loan officers, working in closest proximity to clients. The DFs have two main responsibilities: they are required to manage 50 to 60 lending groups and to ensure clients fulfill their repayment and savings obligations. The DFs also supervises CMs, making sure they are conducted in accordance with SEF policy and procedures. While they are familiar with the community, and are a member of a similar community elsewhere, they are never a member of the particular community they oversee. Instead, they are representative of SEF, acting as intermediary between the clients and SEF. This affords the DF a unique status within the meeting and ensures there is someone there independent from the daily life of the village and clients. At the same time the DF communicates in the language spoken by the centre’s clients and shares similar traditions. The fact that the DF can communicate in the same language is important to SEF clients and by providing a DF who can speak their language, SEF demonstrates a commitment to clients and their needs, removing the need for further intermediation.

Because of this, the DFs are informally charged with bridging much of the cultural distance that exists between SEF and its clients. Their position demands more than technical expertise, requiring them to understand the cultural differences between SEF and its clients and vice versa (Xian, 2008). The DFs are also responsible for the local supervision of loans and they use a combination of CMs, face-to-face interactions and written documentation to achieve this. Formally, lending groups meet fortnightly at the CMs, but given the nature of the model, there are many opportunities for the group or individual clients to interact informally during the normal course of their daily lives.
The DFs daily activities are mostly undertaken in the villages after the CMs when they are visiting clients at their home or businesses. During fieldwork, all DFs walked around the village when they visited, providing informal opportunities to engage clients and gain a better understanding of their needs and issues.

6. Translating accountability in hybrid spaces

The intermediaries outlined above (CCs and DFs) occupy a crucial position in hybrid spaces in between cultures. Below, we explore the ways in which translation of the expectations and responsibilities between the organization and clients occurs in these hybrid spaces. In considering translation in the sections that follow, we are focused primarily on cultural translation – where cultural practices meet and are communicated rather than the translation of words into meaning as in the linguistic tradition. In adopting a postcolonial lens, we explore the ways in which the translation process unfolded in spaces where cultures generate borderlines that affect and identify "peculiar types of culture-sympathy and culture-clash" (Eliot, 1948, p. 64). These borderlines are incomplete – within the same organization different spaces of hybridity co-exist and overlap. In these spaces, the role of translation by intermediaries is crucial to the success of microfinance, underpinning the achievement of both financial inclusion and accountability. Despite this, this work of translating is largely intuitive, and is not undertaken consciously by the intermediaries. While the importance of this role was observable within the field, it was not well understood by SEF or the fieldworkers themselves. The discussion that follows seeks to highlight the ways in which translation is performed, impacting the accountability practices and demonstrating the ways in which a microfinance program is operationalized in the field. Said (1978) challenges us to think about the modalities of representation of otherness and, in the following discussion, we do this by looking at the ways in which accountability practices for microlending are produced, negotiated and translated at SEF.

6.1 Centre Meetings: leveraging local cultures in spaces of hybridity

The CM was designed by SEF as a space in which the local and organizational cultures could intersect to support communication between clients, and between clients and representatives of SEF. This is where SEF tries to work closest with the culture of the clients to produce mutually beneficial outcomes. Using the words of Bhabha (1994, p. 9), it represents a “space of intervention” where cultural exchange takes place between people despite the apparent asymmetrical relations of power.

While much of the work undertaken during these meetings is dedicated to the administration of repayments and savings so that evidence of the financial transactions can be provided to SEF, these meetings also provide an opportunity to discuss the loan and to explore any issues faced by clients. As a result, CMs are a culturally rich interaction between people with shared values and life experiences, as they make sense of the new benefits and commitments that accompany microfinance. In one interview, a manager explained that it was difficult for many of the clients to keep records associated with their loan. Both the concepts and practices were new, and the requirements needed to be supported by others within the community and SEF’s fieldworkers:

The clients cannot keep track of their accounts. They are not able to keep track of their savings for example and repayments. They cannot keep track of their business and how it goes. For this the Centre Committee and the DF help in recording all the accounts in paper forms (Interview with Manager at SEF, September 26, 2014).

Given the importance of these meetings, SEF sought to empower people within the community to determine appropriate action when members transgressed. The clients were
able to negotiate sanctions when members did not fulfill all their responsibilities associated with the loan and the CM. This required clients, community leaders and the DFs to discuss how to handle transgressions and to determine between them what was appropriate. As noted in the observation below, this was not unidirectional, but an open space of dialogue between the needs of the community and those of the organization:

During one centre meeting the treasurer says to put a fine to those who come late. The DF talks to the centre to remind the importance of participating at the meeting. After the DF has spoken, the Treasurer and Secretary help clients to speak together and they facilitate a kind of debate. The clients interact and listen to people. In this case, the issue is deciding what to do in case someone did not attend the meeting. They try to find a solution together e.g.; they decide these people should send someone to represent them. Fines should be confined to those who do not come and who do not send someone on their behalf (Observational Protocol, September 30, 2014).

During the CMs, the CC works to invoke a sense of mutual responsibility for repayments and savings. These practices are embedded in the culture of SEF clients, using forms of communication that draw them together as a community, energizing their own sense of responsibility to each other, and by extension to SEF. The traditional songs and dances performed during the CM mobilize a socializing form of accountability, a non-hierarchical shared interaction that bonds the members to each other through the local norms of cultural expression, and these reinforce the sense of interdependency among the members of the centre. Individuals are reminded of their bond because the traditional songs and dances enhance their sense of belonging.

As noted in the fieldwork diary, the meeting process is evocative, enjoyable and draws people together:

It is fascinating to see how people have a strong sense of community and reciprocity. At the centre meeting I have the feeling that the clients are more empowered because they act as part of a bigger group which shares the same traditions. I like to see their dances and hear the songs during the meeting, they also use a lot of clapping and tribal voice calls. All this enhances the sense of community and responsibility (Fieldwork Diary, September 2014).

In drawing on cultural rituals, the CC can set the tone of the meeting, making it a less alien place for clients, and creating a space in which dialogue is possible. DFs understand the importance of these opening rituals and facilitate and support them. In this way, the CM is a space of cultural hybridity where cultural identities exist with their traditions but can also be negotiated and transformed. Bhabha’s hybrid space is not a fixed or static space, but rather an “interstitial passage” that entertains “difference without an assumed or imposed hierarchy” (Bhabha, 1994, p. 5). In this space, the intermediaries (both CC and DFs) have an important role to play, performing a translation between local cultures and organizational culture. However, these cultures are founded on knowledge drawn from diverse traditions and unfamiliar disciplines (Evans et al., 2015). Given this, the design of the meeting contributes to new modes of cultural exchange and it is seen “as a pivotal mechanism in creating and transmitting cultural values” (Simon, 1996, p. 135). The CM allows space for these different cultures to discuss microfinance, translating its benefits, challenges, and the formal and the informal expectations of all the members into an expression to which all parties can respond. But the translation process is neither neutral nor simple and the accountability practices that occurred within the CM were impacted by a translation that presented instances of both “culture-sympathy and culture clash” (Eliot, 1948, p. 64). For example, the geographic location of the CM, the rituals enacted within it and the mobilization of local people as leaders within the microfinance process reflect some of the ways in which SEF offered a sympathetic recognition of the needs of the local culture. Yet the requirements to embed the mechanics of microfinance within written documents, the insistence on routine patterns of savings and repayments and the need to interact with “strangers” working in formal banking institutions as part
of the process were sources of tension and confusion, reflecting the “culture clash” Eliot (1948) identified.

The DFs commented during interviews that the CC plays a critical role in the success of SEF’s lending. They are both integral to the successful accountability practices on which SEF relies to monitor the loan, and they also appeared to have a very significant impact on the overall performance of the centre. During the interviews the DFs tended to make a distinction between “good” and “bad” centres, which were closely coupled with their assessment of the CC. To the DFs, “good” centres were well attended, and regularly achieved their savings and repayment goals, whereas “bad” centres were poorly attended, and failed to meet their obligations. When asked what makes a centre “good” or “bad,” the DFs talked about the CC and their capacity to generate community spirit while also insisting that SEF policies and procedures are adhered to. Indeed, “good” leaders were able to work in the space between the cultures effectively, harnessing this hybridity to deliver on their centre’s obligations to SEF.

The following three extracts from interviews with DFs explore the role of the CC as intermediary between the DF and SEF clients and ultimately between SEF and its clients. One DF commented that a “strong” committee helped ensure clients were successful, and it was through the strength of the leadership that both the expectations of SEF and the needs of local people could be reinforced:

Extract 1

Interviewer: What makes a centre “good” or “bad”?

Interviewee: It depends on people and then how centres are running.

Interviewer: What do you mean by how centres are running?

Interviewee: Oh. The centre usually, how strong is the Committee. Some centres, they have strong Committee members. The ones that are helping at the table, they’re strong. If they say we (the Development Facilitators) want this, you tell them I want one, two, three. When they say, “We need – we need one, two, three. People do it.”

These leaders “helped at the table,” which for the DFs meant translating the needs of SEF into instructions within the meeting that resonated with other community members. In part, their authority to speak to the community emerged from the position of trust in which they were placed by both clients and SEF. While sometimes the leaders appeared simply to reiterate the words of the DF, but in doing so the words traveled more effectively; they were understood both literally and symbolically, which facilitated action that supported both SEF’s needs and those of clients.

The ideal of “good” centre leadership was raised in another interview:

Extract 2

Interviewer: From your experience, what do you think makes one centre good and one bad or more challenging?

Interviewee: Okay. The only thing that I think makes the centres good is the centre leadership. Once we have good leadership in the centre, that centre, it will be solid, but if you don’t have it, people won’t take responsibility for their centres. You are going to have a problem because it means you as DF are going to take responsibility for everything.

Interviewer: So when you say good leadership is from the people, for example, the chairperson, the secretary and the treasurer?

Interviewee: Yes. Those three people – is the people who build the centres. If these people can’t build the centre to the proper one, it means that centre is going to be bad, but if these people are doing their job correctly, it means that centre is going to be the best.
In this sense, microfinance, as a set of cultural practices relies on the successful transfer of expectations between clients, their local leadership in the CC, the DF and SEF itself:

Extract 3

Interviewer: From your experience, what do you think makes one group, one centre good and the other one more challenging?

Interviewee: Okay. Let me start with the good one. A good centre, it depends on the DF, the personality of the DF and the character that he portrays to the centre as an individual and also again, about the centre leadership, how they act with the centre members, the way they show to them, the way they approach them. Yeah. That’s what makes a good centre. But the bad one is where you find out the whole centre doesn’t understand each other and even the DF is not even willing to give motivation or to have a good relationship with them.

Important messages around saving and repayments obligations were better delivered by members of the CC. Clients paid closer attention to their CC because they were trusted members of the same community. Not only did this assist their ability to communicate effectively with clients of the centre, but it also meant clients were more connected to the CC’s message:

The centre meeting was very chaotic today, with people arriving late and some not bringing their repayments. The beginning of the month is always a delicate time. The DF is obviously upset for the missing repayments and she talks to the centre. After her it is the Secretary who stands in front of the centre and talks in an authoritative way. She is trying to explain to the centre that if someone does not repay then this affects the centre, it primarily affects the group and then the centre. She pushes and makes them understand the responsibilities that they have (Observational Protocol, October 2, 2014).

An instance of culture-clash in translation emerged during the part of the CM dedicated to discussion of clients’ issues. This part of the CM takes place as a forum, where centre members have the opportunity to raise group issues and share advice about how better to manage their business and stay on track with repayments and savings. At this point, the CC and centre members are actively involved in the discussion of issues and in trying to resolve them quickly and collaboratively, whereas the DF is on the periphery with minimal intervention. When a member brings up an issue it is usually discussed at the centre level, and the CC and other members try to help or suggest solutions. The DF intervenes only at the end, to record the final decision of the group related to the problem. However, these discussions stay within the meeting and the CC does not communicate with the DF:

There is like a separation from DFs and clients, a kind of territory you would not go in. The DF sits with them but does not always pay attention to their discussion and clients are rather left by themselves to manage the discussion. So, communication between DFs and clients is sometimes disjointed and the DFs leave the responsibility of solving the issues to the centre, the DFs don’t raise clients’ issues at the organizational level (Fieldwork Diary, 2014).

While CM offer a culturally appropriate environment in which to discuss issues related to the loan, it was clear that much of this was set up to ensure clients understood SEF’s requirements and that there was little opportunity to engage with SEF that might open space for any mutually constructed or hybrid accountability practices. This can be interpreted as a missed opportunity. Nevertheless, at the time of the fieldwork it emerged that SEF was aware of this discontinuity and the absence of an effective communication pathway between the CC and SEF itself. Overall, the CM, led by the CC can leverage local cultures to ensure both SEF’s organizational expectations, and the broader intentions of microfinance are communicated effectively within the village. Additionally, the meetings appeared to make routine the expectations of modern finance in a language and at a scale that was appropriate for the local community.
6.2 The Development Facilitators: the translation of oral to written cultures in spaces of hybridity

The other obvious hybrid space is characterized by the encounter of oral and written cultures wherein the translation process was facilitated by the DFs. Written documentation[5] is a critical part of accountability for SEF, despite the low levels of literacy of many SEF clients. The documentation formalizes the commitments between SEF and its clients, and the DFs work hard to ensure this documentation is accurate because it also provides written evidence of their work. Despite the oral tradition of the client culture, this documentation is critical to the borrowing process – without it, there is no loan and no evidence of progress in terms of repayments and savings. While clients struggled to understand the documents, SEF saw them as a way of ensuring both parties to the agreement were aware of their obligations, and that over the course of the loan, both parties could track progress. SEF believed transparency would be best achieved using these documents, despite the oral traditions of the communities they serve. Given that the clients were not familiar with SEF documentation or the obligations they precipitate, a translation process performed by the DFs emerged in order to make sense of the documents and the ongoing commitments these documents reflected. In this way, the DFs acted as translators for SEF, explaining what it was that SEF expected of client in terms of the loan. In doing this, they encouraged a form of transparency, but also imposed a set of cultural practices, such as the notion of legal enforceability and written accounts, foreign to clients.

In translating these documents into words and experiences that the clients could understand, the DFs acted as translators between SEF and the client, but the translation was almost entirely one directional. In this space of hybridity, the documentation ensured the clients engaged in accountability practices consistent with the cultural expectations of the organization, and the effort required from the DFs to translate these documents meant that other opportunities to reinscribe accountability practices were missed. This translation occurred due to borrower resistance or inability to engage with the written documents and it produced or reproduced, by means of a set of predefined financial and non-financial accounts, an “image” of borrowers based on SEF’s expectations. Therefore, rather than responding to the needs of the local culture, “[c]ultures come to be represented by virtue of the processes of iteration and translation through which their meanings are very vicariously addressed to – through – an Other” (Bhabha, 1994, p. 58, emphasis in original). Indeed, SEF did not conceive that it should change the documentation required to get a loan, but to make the documentation understood orally which, serves to reaffirm the “hierarchy and ascendancy of powerful cultures” (Bhabha, 1994, p. 83).

In order to explore this representation in more detail, we consider here the translation around two of the documents that SEF uses in the field for the establishment of the loan: the Loan Application Form (LAF) and the Group Saving Book (GSB). These documents are written in English, which is the language used at the organizational level and are then translated into the local languages[6] used by the clients. Despite this, it is extremely difficult for the clients to read and comprehend the documents due to literacy levels and the “other-ness” of formal finance. For example, the LAF, which is a document shared by the entire lending group, contains phrases such as “pre-arrangement disclosure,” “National Loans Register,” “default charges.” While these terms may be commonplace in jurisdictions where sophisticated financial products are available and well-established consumer protection regimes exist, they are alien to those with limited or no financial literacy.

For example, during a conversation with a fieldworker at SEF who was conducting a survey on client satisfaction of SEF services, it was clear that many clients lack literacy and financial knowledge. The survey used language that may be beyond SEF’s clients, such as: “Fairness and transparency of the DF,” “Ability to effectively lead the centre,” “Group methodology and
support within the group." These kind of concepts and ideas were most problematic when clients did not understand the simplest aspects of their own loan:

When I ask questions, for example, relating to SEF policy, firstly, there is a need to understand if they (the clients) do understand the question or they don’t know what we’re talking about. For example, I have to ask them, “Do you know the amount, the loan size, the service given?” You found that they know nothing about it [...] (SEF fieldworker, October 2014).

Literacy is a significant obstacle, even with the supplementary oral translations provided by the DF. The following vignette was developed as a reflection on the documentation experience of clients:

Maria cannot write and read, but she obtains a loan and runs her business, which is making and selling traditional African beer. I (researcher) find out that she is illiterate because I ask about the loan agreement forms and how she understands them. It surprises me to hear that Maria does not have enough education to consider the document as a formal agreement [...] (Vignette developed from the researcher’s fieldwork diary).

Consistent with Jacobs and Kemp (2002), being literate or familiar with accounting and book-keeping practices were not required for Maria to run her business on an individual level. However, it was at the point of engagement with an institution (SEF) and becoming “accountable” for a loan that Maria was required to “account,” which she clearly did not have the capacity to do. Maria was one of many clients who did not fully understand the symbolic power of these documents because they had few cultural reference points on which to orient any understanding. This meant that the process of translation between the client and the DF (or sometimes the CC) was essential to facilitate clients’ ability to make sense of the documents and the loan more broadly, suggesting that the construction of the loan, and the field of microfinance more generally, relies on translation and translators to provide an unwritten “oral” account of important documents. Without this assistance to clients to make sense of paperwork microfinance programs would be almost impossible. In SEF’s case, this was provided by DFs and the CC who could read and explain the documents, thereby translating SEF’s expectations and obligations into concepts that the client could understand. Again, the fieldwork diary reflects the significance of this interaction:

(Maria) is fine with content of the loan agreement form because she can rely on what the DF and the group leader explains to her about the document. In fact, each group has its DF, who is someone “who can read and be trusted.” The DF and the centre leadership largely contribute by orally explaining the written form (Vignette developed from the researcher’s fieldwork diary).

On another occasion it again became obvious that the oral disclosures around the LAF are important for SEF clients:

[…] so the guy (the DF) who is with us, he explains all to us. And then I did understand it (C1-SEF client, October 2014).

[…] And then I’m (the DF) giving to them – I’m giving (the Loan Application Form) to the leadership (centre committee) – the leadership they know how to read this cause it’s in their language. They also are able to read (DF1 – Development Facilitator, October 2014).

The process of translation, and more precisely how it is operationalized in the field, is highlighted in interviews with SEF clients and DFs:

I’m trying to push the people to understand what the policy needs them to do, what the policy needs. Yeah. It’s not most of the time. It’s just some times. Not always (DF2 – Development Facilitator, 2014).

And:

Most of the time we’re using the policy, but there are some times where a DF needs to act at their best, saying, “Okay. I know the policy is like this. But this one, I know – for these people to do one,
two, three to follow the policy, I have to implement my law and say we need to do this one, two, three so that you can reach what the policy needs [...] And I try to work with the clients. The policy is going to say SEF needs one, two, three. Some of them don’t understand why do they need that. I have to try and implement my way of doing things for them to understand what SEF needs (DF3 – Development Facilitator, 2014, emphasis added).

The GSB, like the LAF, is unfamiliar to clients. The document provides evidence of financial transactions over the course of the loan. As part of the loan process, all clients are required to have a group savings account with a local financial institution and they are required to have a bank book that contains the records of the group’s financial transactions such as deposits and withdrawals. South African law does not allow organizations like SEF to take deposits, so the savings account with a formal financial institution allows both SEF clients to make group withdrawals and deposits and SEF to direct the disbursements. The GSB is handled by the clients, but assistance with the documentation is provided by the DFs and the personnel within their chosen financial institutions. It is through the GSB that the group performs two important accountability functions associated with their loan: at the formal banking institution office, when the financial transactions are made; and at the CMs, where the GSB evidences group financial transactions.

The clients find both the documentation and engagement with a formal banking institution quite alien and it represents a significant shift in the ways they would normally relate to each other. A reflection in the fieldwork diary highlighted this:

25th September 2014, Lenyenye. Today I’ve had the chance to talk with different clients individually, however when I was talking with one the others wanted to be present. One lady offered to be the first one to talk, she started a big complaint about a man who is part of the same lending group and who is apparently not repaying the loan. She says that the group is having difficulties in speaking with him. She also complains about two young members in the group, who she says are not responsible. While complaining she shows me and the interpreter the document where the deposits and withdrawals of the group members are detailed. We spend some time checking what she says and trying to verify if there was a real issue with some of the members not contributing to repaying the loan, however everything seemed to be ok. It is obvious that she did not understand how to read the document and was misinterpreting it (Fieldwork Diary, 2014).

The extract above refers to a single case, however, it is representative of the ways in which some clients are confused by the use of a document that is written and shared amongst a variety of people, including strangers at their financial institution. SEF clients appeared to find the document quite complex because it introduces new and unfamiliar terms and processes, many of which are at odds with the ways in which relationships are established and maintained within the community. While the GSB formally functions as written documentary evidence to facilitate accountability between clients and SEF, and between members within the lending group, in reality, like the LAF, it contributed to shaping accountability practices where the local culture is obscured.

Another instance where the DF was crucial in translating expectations related to banking arrangements. Clients needed a significant amount of assistance from both the DF and the staff at the formal banking institution office, especially when they deposited cash at the bank to repay loans. According to SEF policy, the DF cannot handle clients’ money, but clients wanted their assistance when making deposits because they were unsure about the relationship between the financial institution and SEF. For clients who operate almost exclusively in a cash economy, it is completely foreign to deposit cash (with strangers), and then get a record of that deposit in a book. Many wondered about the relationship between the bank and SEF and needed reassurance that what they were doing would satisfy the requirements of their loan. When interviewed, the DFs commented
that when clients interact with the bank, they often get a call from the bank officer who needs help in dealing with the clients:

Some (referring to the personnel at the bank office) – if my clients are there with problems, they call me. [They] Say, “DF, I have problem, one, two, three, with the clients come.” So then I go and assist them (DF4 – Development Facilitator, 2014).

In other cases, SEF clients needed to be reassured by the DF before going to the bank office. Although not required, they often asked for the DF’s signature to confirm the amount of deposits:

Some, they believe me [the DF] they need my signature on the deposit slip […] See, they need my signature. Some, they do not believe if my signature is not there. They want to see my signature […] (DF4 – Development Facilitator, 2014).

The formal documents were only able to function at the local level because of translation. In providing both an oral translation of the formal written documentation and a cultural translation of meaning, the DF makes the LAF and the GSB “work” in the field.

Thus, the DFs have a crucial role to play in translation. This is a space where the translation has an impact on accountability practices, privileging one direction, because there are few opportunities for the clients and the DFs to influence the practices of SEF or to reframe them to work within the parameters of the local community. Not only do the DFs provide the training to use these documents, they provide additional assurances around the use of the documents. Without this, the accountability practices critical to the microlending process would not be able to function. The DFs’ geographical and cultural proximity to clients along with their oral support transform the formal accountability processes supported by the documentation from something extrinsic to something accessible. In this way, this one directional translation is critical to the success of microlending as there is a “culture-clash” between SEF and its clients, one in which the dominant culture necessarily prevails.

7. Conclusion
Accountability practices are conceptualized by knowledge drawn from particular disciplines and cultures. In an effort to understand this in more detail, this paper has explored the translation of accountability practices, giving visibility to the role of intermediaries acting within hybrid spaces. In doing this, we are able to highlight the significant role intermediaries play as they enact and embed accountability practices in the field. Adopting a postcolonial lens, the case study of SEF’s microfinance operations in South Africa has demonstrated that accounting and accountability practices of the colonizing (finance) culture endure. Despite widespread recognition within the literature on translation and post-colonialism that cultural translations are mobilized between people and practices that do not share equivalent positions of power (e.g. Bhabha, 1994), our research suggests that without close attention to the dynamics of translation, interactions between people, practices and organizations can masquerade as less uneven and more inclusive than they are (Orsini and Srivastava, 2013).

In our example, the intermediaries working within the village focused on explaining SEF’s expectations of their clients when translating the formal written documents and processes required to secure and maintain a loan with SEF. As a consequence, the language and documents that are a normal part of modern finance recast local village culture in new ways. While this undoubtedly brought new opportunities, it also meant there was little opportunity for clients to shape the accountability practices surrounding their loans. As argued by Bhabha (1994), the uncertainty of this time and space where cultures meet creates a discontinuity with the past and forces a space for clients beyond what has been the norm, such that it can become a space of intervention. This suggests that the “in-between” or “hybrid” spaces created by microfinance, where the organizational culture intersects with...
the client culture, are quickly colonized to ensure the accountability expectations of the dominant culture are privileged. While SEF has clearly tried to simplify the world of finance to support its clients, there are few opportunities for them to influence and shape these experiences to suit familiar and longstanding cultural norms.

The case of microfinance at SEF highlights translation is not merely a technical process but it reinscribes dominant cultural identities and practices. While evidence of hybridity was found where cultural practices meet, the imposition of traditional financial accountability practices for transactions surrounding lending and saving in microfinance requires translation and mediation, resolving only to allow contextualization of local cultures. Contextualization was, in this case, limited to the framing of certain accountability practices between clients and the organization and highlights questions of outcomes, consequences and equity (Neu, 2000) in the development goals of microfinance. Indeed, SEF’s sympathetic appreciation of client culture was not enough to transform the entrenched dynamics and demands of modern finance, even when extending tiny loans to vulnerable people. While it is important to recognize that microfinance organizations work in an environment that is constrained by local and global regulation and scrutiny, there can be little doubt that accountability practices around lending arrangements could be more substantially integrated within the local village culture than current practices allow. Translation and mediation by fieldworkers results in “compliance accountability” (Agyemang et al., 2017, p. 982). Our case study demonstrated an individualizing form of accountability is produced creating dependencies and responsibility (Roberts, 1996), rather than a socializing form of accountability that would be more consistent with the local culture in which it is embedded.

Given the significant role cultural translation plays within the field of microfinance, especially in terms of accountability practices, there is a need for more research that can assist both lenders and borrowers achieve jointly determined emancipatory aims. While advances have been made, and organizations like SEF are genuinely committed to forms of translation that support the cultural needs of their clients, currently translations do not deliver “equivalence” in accountability practices. There is still much work to be done to ensure the cultural practices of local communities are protected and are genuinely embedded within the accountability practices that constitute financial arrangements that have, at their heart, a social purpose. In our case, SEF’s mission to contribute to development through poverty alleviation in South Africa were enacted within a context of power imbalances that, despite a sympathetic understanding of the local culture, insisted upon the adoption of practices that were more aligned to the demands of modern finance than those of village life. On the face of it, this appears a missed opportunity to produce genuinely new “hybrid” forms of accountability that speak to the needs of clients and those of the NGO. More optimistically, studies of cultural translation in spaces of hybridity highlight the importance of translation as a “fundamentally political act,” something that will remain critical if we are to “construct a shared solidarity and sensibility” (Orsini and Srivastava, 2013, p. 328).

Notes

1. Development facilitators are known in other contexts as loan officers.

2. This work was conducted as part of a larger project and the first named author traveled to South Africa to undertake the study, interviewing, observing and collecting data. None of the authors are indigenous to South Africa.


4. Fines are levied against individual borrowers for infractions such as being late to meetings.
5. Documents were produced in multiple languages to allow clients to use language appropriate to their needs.

6. Here again we see the compounding of cultural translation with language translation where it is assumed that an exact ‘match’ of words enables complete understanding of the documents.

7. For example, most of the clients involved in the study held a group bank account with Postbank and most were using a South African savings account called Postbank Smart Save.

8. An average of 5.5 Development Facilitators per branch has been calculated. The number of Development Facilitators has been estimated using data from the SEF Management Review 2016.

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Further reading

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Translation in the “contact zone” between accounting and human resource management

The nebulous idea of humans as assets and resources

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Abstract
Purpose – The purpose of this paper is to develop an understanding of the process through which ideas are translated across disciplines. It does this by focussing on how the idea that people are corporate assets was translated between the accounting and human resource management (HRM) disciplines.
Design/methodology/approach – This paper is based on the interpretation of a historical case study of the travel of ideas between the accounting and HRM disciplines. Translation is used as an analytical lens as opposed to being the object of the study and is theorised drawing on insights from the Scandinavian Institutionalist School, Skopos theory and linguistic translation techniques.
Findings – Translation by individual translators involved the translator stepping across disciplinary boundaries. However, translation performed by interdisciplinary teams occurs in the “contact zone” between disciplines. In this zone, both disciplines are, at once, source and target. Ideas are translated by editing and fusing them. In both cases, translation is value laden as the motives of the translators determine the translation techniques used. Legitimacy and gravitas of the translator, as well as contextual opportunities, influence the spread of the idea while disciplinary norms limit its ability to become institutionalised. Also, differential application of the same translation rule leads to heterogeneous outcomes.
Originality/value – This is the first accounting translation study to use the theories of the Scandinavian Institutionalist School or indeed combine these with linguistic translation techniques. It is also the first study in accounting which explores the translation of ideas across disciplines.
Keywords Human resource management, Translation, Interdisciplinary, Accounting for people, Human assets, Human resource accounting
Paper type Research paper

[... it is the people, whether we see them as users or creators, who energize an idea any time they translate it for their own or somebody else’s use. Ideas left in books left on shelves do not travel, and no amount of satiation will help to diffuse ideas from closed libraries (Czarniawska and Joerges, 1996, p. 23).

1. Introduction
The accounting profession, like many others, depends on a register of specialized terms and concepts to communicate and conduct its business (Evans et al., 2015). These terms and concepts are a materialisation of ideas (Czarniawska and Joerges, 1996) which either originated in the accounting profession or were translated into the accounting lexicon from other disciplines. For example, the concept of “capital” as the sum which is the foundation of
the business, the total of money on which the individual, firm or company carries on trade (Cannan, 1921) was translated into the accounting lexicon from the discipline of economics, while the concept of “assets” was translated into accounting from the legal profession (Baladouni, 1984; Parker, 1994). While studies have shown evidence of concepts being translated into the accounting discipline from other disciplines (Baladouni, 1984; Fetter, 1937; Parker, 1994; Williams, 2003), little is known about the process through which these trans-disciplinary translations occur. It is this process which this study seeks to illuminate.

We do this by focussing on the concept of people as corporate assets which found its way into accounting theory from the then personnel management (PM) discipline (now known as the human resource management (HRM) discipline) around 1922 (Paton, 1922; Scott, 1925) and has been the subject of significant contestation in the accounting discipline (Theeke, 2005). How then did this idea travel between the HRM context and that of accounting and what “translations” occurred as it journeyed across time, space and disciplinary boundaries? We explore this “liaison” of the accounting discipline with the ideas of HRM – the origin of the idea, early development of the idea, the translation of the idea as it travelled across disciplinary boundaries and how this idea has subsequently developed in both the accounting and HRM professions.

To investigate this translation across disciplinary boundaries, we deploy a pluralistic theoretic frame (Jacobs, 2012) which draws on insights from two strands of translation studies. First, we draw on insights from the Scandinavian Institutionalist’s notion that ideas are translated as they travel from one context to another (Czarniawska and Joerges, 1996; Czarniawiska and Sevön, 2005). This notion of the “travel of ideas” draws its inspiration from Michael Serres’ (1982) conception of translation as “trans-latio”: putting things in another place, which changes them into different things (Czarniawska, 2014). Thus, translation is seen as going beyond a mere linguistic operation to involving a transformation of both the translator and that which is translated (Czarniawska and Joerges, 1996). We draw on it to answer questions pertaining to how the idea changed during its journey, how it was interpreted in the new context and what new social world it constructed. We also draw insights from linguistic translation techniques of literal translation and adjustment (Nida, 1964; Vinay and Darbelnet, 1995) as well as Skopos theory (Schäffner, 1998; Vermeer, 1978), to understand how the techniques used in translation impact on the trajectory which the idea takes in its new context.

We show that the translation of ideas across disciplinary lines can occur by one translator crossing disciplinary lines or by interdisciplinary teams working in the blurred boundary space which Bachmann-Medick (2009) labels the “contact zone” between disciplines. In this “contact zone” both disciplines are at once source and target disciplines as ideas from both disciplines are disembedded, translated by fusing the ideas using rules of translation to edit them, recontextualised and then carried back to the target disciplines by the translators. The legitimacy and gravitas of the translators along with contextual opportunities determine the speed and extent to which translated ideas spread. The spread of ideas is also limited by opposition from within the target discipline. When this opposition is from disciplinary norms, it is difficult for the translation to be institutionalised. We also show that translations are not value neutral as they are influenced by the motivations of the translators.

The rest of the paper consists of five major sections, the next section discusses the theoretic frame, Section 3 describes the methodology used, Section 4 highlights our findings from our source data, Section 5 discusses the findings and the final section provides some concluding comments.

### 2. Theoretic frame

While there is a significant body of writings on the practice of translation which stretch back to antiquity, translation studies as a discipline emerged out of the field of applied
linguistics in the 1970s (Mialet, 2010). In the early years, the translation studies discipline conceived of translation as a process of communicating a source language text in a target language by establishing a relationship of identity or analogy with it. However, as the discipline grew and interfaced with other disciplines, it underwent a cultural turn which shifted the focus away from textual concerns of equivalence and faithfulness to the original text to broader issues of context, history and convention (Bassnett, 2007). The cultural turn in translation studies foreshadowed a “translation turn” in social science disciplines where translation moved from being the particular object of investigation in the translation discipline, to being a new methodological and epistemological category across disciplines (Bachmann-Medick, 2009). While many social science disciplines have embraced the opportunities offered by the translation turn, Evans and Kama (2016) note that the accounting discipline has, with a few exceptions, neglected it.

The translation turn, along with the increasingly interdisciplinary nature of translation studies, has led to a proliferation of theories in the field (Venuti, 2012) with some of the new theories no longer viewing translation as an operation performed on languages and culture but instead understanding translation to be a “complex process of negotiation during which meanings, claims and interests change and gain ground” (Wæraas and Nielsen, 2016, p. 237).

One such view of translation is developed in the sociology of translation by French Sociologists Bruno Latour (1984, 1987) and Michel Callon (1984). They view translation as being political and geometric. It is political in that actors in pursuit of their interests or specific translations deploy the art of persuasion and engage in power plays and strategic manoeuvres (Nicolini, 2011). It is geometric as people and resources are mobilised in different directions often leading to the slow movement of the object of translation from one place to another (Latour, 1987). Emphasis is placed on the four moments of translation (Callon, 1984): problematisation – actors offer problem statements and try to convince others that they have the right solutions; interessement – strengthening of the links between actors; enrolment – participation of actors and entrenching of roles; and mobilisation – maintaining networks by ensuring the spokesperson acts in the interest of the network. While both Callon and Latour agree on the process of translation, they diverge on its outcomes. Callon emphasises its homologising effect:

[…] (translation) postulates the existence of a single field of significations, concerns, interests, the expression of a shared desire to arrive at the same result […] Translation involves creating convergences and homologies by relating things that were previously different (Callon, 1980, p. 211).

Latour, on the other hand, points at the outcomes of translations being less certain:

[…] the spread in time and space of anything – claims, orders, artifacts, goods – is in the hands of people; each of these people may act in many different ways, letting the token drop, or modifying it, or deflecting it, or betraying it, or adding to it, or appropriating it (Latour, 1987, p. 267).

In accounting, two streams of literature on translation have developed independent of each other. The first stream views translation through the lens of the traditional linguistic translation theories. Studies in this stream have investigated the translation of accounting terms from one language to another and the issues such translations pose in international accounting communication (Alexander, 1993; Archer and McLeay, 1991; Doupnik and Richter, 2004; Evans, 2004; Fuertes-Olivera and Nielsen, 2014) as well as the translation of international and national accounting standards from one language to another (Baskerville and Evans, 2011; Davidson and Chrisman, 1993, 1994; Doupnik and Richter, 2003; Evans et al., 2015; Huerta et al., 2013). The second stream investigates translation in accounting through the lens of Latour’s (1984, 1987) sociology of translation. Studies in this stream have explored how accounting translates its objects into financial representations (Robson, 1991), how accounting is implicated when organisations translate ideas into
practice (Jeacle, 2003; Mouritsen et al., 2009; Skærbæk and Melander, 2004) as well as the translation of accounting concepts and systems into practice (Mouritsen et al., 2001).

While a sociology of translation approach provides rich insight into how ideas and concepts are translated into action and practice, we argue that it is limited in the insight which it could provide on how ideas are translated across contexts. Indeed, these limitations are well recognised in the management field with the development of the concept of translation in relation to management ideas being largely based on the theories of the Scandinavian Institutionalist School (Morris and Lancaster, 2006). Thus, it is to the conception of translation developed by the Scandinavian Institutionalist School we turn to frame our study.

2.1 Translation – the Scandinavian Institutionalist School

Central to the theory of the Scandinavian Institutionalist School is the notion that ideas are translated as they travel from one context to another (Czarniawska and Joerges, 1996; Czarniawska and Sevón, 2005; Sahlin-Andersson, 1996). Following Mitchell (1986), ideas are conceived of as mental images which can be objectified or materialised. Drawing on the works of Michel Serres[1], they conceive of translation as being a generalised operation which, going beyond linguistics, takes many different forms. While it may involve displacing or substituting things, it will always involve transformation. Indeed, they argue that:

[…] that which is involved in translation – be it knowledge, people or things – has an uncertain identity. Each act of translation changes the translator and what is translated (Czarniawska and Sevón, 2005, p. 8).

Theorising how ideas travel, Czarniawska and Joerges (1996) argue that ideas are translated in two principal ways. The first is a translation within their current context. Here, the ideas are objectified and then translated into action and institutionalised. The second, on which we focus, is a translation to a new context. Here, ideas are objectified; disembedded from their context, sent/translated to a new context and then reembedded in the new context. The idea can then be translated into action and institutionalised in its new context. This process repeats itself as the idea continues to circulate. Thus, as ideas travel, they are subject to multiple translations in a variety of time-spaces, both within and across contexts.

The objectification of ideas is usually achieved by turning them into linguistic artefacts through the repeated use in an unchanged form as is the case with labels, metaphors and platitudes (Czarniawska-Joerges and Joerges, 1990). This enables the idea to be stripped of any features bounded in time and space thus disembedding it from its context before it is sent on its way to the new context. These decontextualised ideas are moved to the new context by people and technology (Czarniawska and Joerges, 1996). As the ideas entering the new context lack any contextual features, they are usually subject to varying degrees of modification as they are reembedded in the new context (Waaraas and Nielsen, 2016). While the original translation model (Czarniawska and Joerges, 1996) emphasised both the disembedding and reembedding aspects of translation, most subsequent empirical work (Lamb and Currie, 2012; Morris and Lancaster, 2006; Ozen and Berkman, 2007) has focussed on reembedding (Røvik, 2016).

Although the original conception of translation by Czarniawska and Joerges (1996) is consistent with Latour’s (1987) understanding of translation leading to heterogeneous outcomes, a recent stream of literature has emerged within the Scandinavian Institutionalist School which argues that as ideas are translated throughout their circulation and evolve differently in different settings, the outcomes of the translation process could be either homogeneity or heterogeneity (Sahlin and Wedlin, 2008; Waaraas and Sataøen, 2014).
This stream of literature argues that an understanding of the conditions under which translations produce either homogeneity or heterogeneity can best be acquired by turning to theoretical concepts from the linguistic field of translation studies relating to the techniques of translation (Røvik, 2007; Wæraas and Sataøen, 2014).

2.2 Skopos theory and linguistic techniques of translation

Thus, it is to the field of translation studies we turn to for insight on translation techniques and what impact these may have. Unlike Røvik (2007) and Wæraas and Sataøen (2014), we take Skopos as our starting point as this provides a rationale for choosing particular rules of translation. According to Vermeer (1978), Skopos theory proposes that any translational activity, including translation itself, should be conceived of as an action. He argues that any action has an aim or purpose and uses the word Skopos, derived from Greek, to denote the purpose of translation. He goes on to propose that as a general rule it must be the intended purpose of the target text that determines translation methods, techniques and strategies (Schäffner, 1998; Vermeer, 1978).

While there seems to be some overlap in the usage of the terms “strategies”, “techniques”, “procedure” and “methods” within the linguistic translation literature, Molina and Albir (2002) argue that translation techniques describe the actual steps taken by the translator in each textual micro-unit. They conceive of these techniques as having direct influence on the results of translation as opposed to the process of translation. Adapting these insights within the Scandinavian Institutionalist School, Røvik (2007) refers to these translation techniques as the “rules” which guide translation and hence influence the content of organisational ideas as they travel from one context to another. Consistent with Molina and Albir’s (2002) notion of rules affecting outcomes, Røvik (2007) argues that the rules used during a translation process can be inferred by hindsight. This argument is echoed by Sahlin and Wedlin (2008, p. 225) thus:

[…] although there are no explicit rules to follow, edited stories reveal how these translations were formed by the institutional setting in which they were performed. Thus, they reveal rules that have been followed.

Thus, even when no explicit rules have been set out to be used in the translation process, the outcomes point at the rules that were actually used. This opens up new possibilities for us as it allows us to infer what rules were used in the translation process and relate those rules to the outcomes without necessarily having to study the translation process as it transpired. Therefore, historical methodology provides a useful avenue to understand the implicit rules of translation used and their outcomes.

With the exception of Røvik (2007) and Wæraas and Sataøen’s (2014) studies, no researcher has attempted to draw insights from the linguistic translation literature for empirical work in organisational translation and indeed none have done so for studies in accounting translation. Both, Røvik (2007) and Wæraas and Sataøen (2014) identify the translation rules of copying, addition, omission and alteration as key to understanding the travel of ideas. These roughly correspond to the translation techniques of literal translation (Shuttleworth and Cowie, 2014) and adjustment (Nida, 1964) in the linguistic translation literature. We focus on these rules and techniques in this study.

Literal translation is the translation of a word or expression “word for word” in such a way that the translated text is as close as possible to the source language text. This translation technique is most common when translating between two languages of the same family or which share the same culture (Vinay and Darbelnet, 1995). In relation to the travel of ideas across contexts, Røvik (2007) and Wæraas and Sataøen (2014) equate the use of this technique to translation by copying or imitating of ideas with little or no change made to the idea.
Adjustments, according to Nida (1964) are a set of techniques designed to produce equivalents in the target language (Shuttleworth and Cowie, 2014). Nida (1964) proposes three types of adjustment: addition, subtraction and alteration. Addition means the adding of words or expressions which were not present in the source text. Instances where a translator might be obliged to make additions include: to clarify an elliptic expression, to avoid ambiguity in the target language, to change a grammatical category, to amplify implicit elements or to add connectors (Molina and Albir, 2002; Nida, 1964). In relation to the travel of ideas across contexts, addition may involve adding elements to an idea to make it a better fit in its new context (Wæraas and Sataøen, 2014).

Subtraction is the opposite of addition. It means the leaving out of words or expressions present in the source text. It is usually required to remove unnecessary repetition, specified references, conjunctions and adverbs, and more generally to avoid confusion (Nida, 1964). When ideas are translated, elements of the idea could be omitted or toned down (Røvik, 2007) especially where they are not necessary to convey the originally intended meaning or they are impossible to translate into the target context (Wæraas and Sataøen, 2014).

Alterations are changes which have to be made because of the incompatibility of the source and target languages which might be due to problems caused by transliteration, structural differences between the languages or semantic misfits (Molina and Albir, 2002; Nida, 1964). Alterations might also be required where the context referred to in the source text does not exist in the culture of the target text (Vinay and Darbelnet, 1995). Wæraas and Sataøen (2014) argue that alteration connotes multiple degrees of freedom in the modification of an idea. This could lead to the radical transformation of the idea such that it is seen as a local innovation (Røvik, 2007).

While the use of literal translation, addition and subtraction techniques keep the target text as close in form and meaning to the source text as possible, the alteration technique allows for the creation of a target text which could be radically different in form and meaning from the source text. Thus, the use of the literal translation, addition and subtraction techniques in translating ideas should produce ideas which bear similar if not identical features as the source idea, whereas the use of the alteration technique could produce translated ideas which are radically different from the source idea.

From the foregone, we come to the following conclusions:

(1) ideas travel by a process of disembedding from the host context, translation and recontextualisation in the target context;
(2) the travel of ideas is energised by people;
(3) the translator’s motives determine the rules of translation which are adopted and thus impact on the translation outcomes, i.e., homogeneity or heterogeneity of outcomes; and
(4) the historical research method allows us infer what implicit rules of translation were used and their outcomes.

The question for us then becomes one of understanding that how these processes impact upon and are modified by the travel of ideas across disciplinary boundaries as opposed to across organisational, national, geographic, linguistic and cultural boundaries. It is this we seek to explore in the subsequent sections.

3. Method
Given that the study which we undertake spans a time period starting in the early 1900s to the present and focusses on the translation of ideas across disciplines, we draw methodological
insights from the field of translation studies, and more particularly, from the sub-field of translation history. Translation historians note that in historical studies the choice has to be made between viewing translation as the object of our research or as the lens through which we research our historical object (Rundle, 2011). Indeed, Rundle (2011, p. 33) frames the tensions between these two choices, thus:

[...]

For us, the choice is to address the accounting and HR fields using translation as a lens by immersing ourselves in these specific historical fields as opposed to translation being the object of study. Having made that choice, we follow Rundle’s (2014) suggestion that translation historians, using translation as a lens, ought to frame their research in the specific discourse of our chosen historical subject, irrespective of the absence of much of the conceptual language of translation studies.

We follow in the tradition of the historical interpretation approach which emphasises that explanation is inherent to history, and thus, interpretation, more than just the factual story, is required (Previts et al., 1990). With this approach, the validity of an interpretation depends more upon the manner in which the historian challenges and marshals the evidence presented than on the availability of resources (Potter, 1973). We adopt a case study methodology which emphasises qualitative, holistic analysis as it allows us the flexibility to look at the development of the idea that humans are valuable assets within the HRM discipline and how this idea travels between both accounting and HRM disciplines as a whole and to take into account a multiplicity of variables. Indeed, it allows us to analyse situations, including complex attributes, as they actually occurred (Buckley et al., 1976).

Data are obtained from a multiplicity of sources viewed as legitimate by contemporary historians (Brivati et al., 1996). These include: textbooks and academic journal articles; newspapers and electronic media articles, reports and communications of key players in the field including the Chartered Institute of Personnel and Development (CIPD).

Drawing on Czarniawska and Joerges’ (1996) theorisation of how ideas are translated and travel, we follow the idea that humans are valuable assets to corporations from its origins and its multiple translations into the field of accounting. We identify three translations of the idea into the accounting field which we discuss in the next section.

4. Three translations

4.1 First translation and origins of the idea

Within the discipline of accounting, people in the guise of “labour” have long been incorporated into financial statements as an expense which is set against revenue in calculating profits (Roslander and Stevenson, 2009). In contrast, the idea that people could be viewed as a corporate asset is relatively new and much contested (Turner, 1996). While we trace the origins of this idea, we are cognisant of Czarniawska and Joerges’ (1996, p. 26) advice that:

[...] the circumstances in which an idea arose in the local time/space or, even more important, how and when it decisively came into the span of attention of a given group of organizational actors, are usually unknown. More likely than not, it was a meaningless event at that point in time/space. On the other hand, ideas do not arrive out of the blue [...].
Indeed, this is true of the idea that people could be considered as corporate assets. The earliest known expressions of this idea in accounting theory are found in Paton’s (1922, p. 486) argument:

[…] a well-organized and loyal personnel may be a more important “asset” than a stock of merchandise […] At present, there seems to be no way of measuring such factors in terms of the dollar; hence, they cannot be recognised as a specific economic asset. But let us accordingly, admit the serious limitations of the conventional balance sheet as a statement of financial condition.

But where did this idea come from? How did it end up in Paton’s hands and more importantly, what indeed had Paton done with the idea? We find that the answers to this lie, not in the field of accounting, but rather in the historical development of the field of labour/PM which latter came to be known as HRM (HRM). Kaufman (2014) argues that modern HRM has its origins in trying to find a solution to the labour problem which dominated discussions of labour and employment in late nineteenth and early twentieth century. He describes the labour problem, thus:

As initially conceived, the labour problem was a unitary construct and connoted the generalized struggle between labour and capital, and the conflict arising therefrom, over control of the twin processes of production and the distribution of income. After the turn of the century, the concept broadened into a plural form of “labour problems” in the recognition that labour problems take many forms, such as high employee turnover, low work effort, poverty-level pay, strikes, and unsafe working conditions, and these problems adversely affect both employees and employers.

In 1895, Frederick Taylor proposed “scientific management” as a solution to the labour problem in his paper titled “a piece rate system, being a step toward a partial solution of the labor problem”. Scientific management which viewed labour as a human machine and used principles of “human engineering” to determine optimal labour practices (Kaufman, 2001) became the dominant paradigm in the management field by the early 1900s. This approach to solving the labour problem met with opposition in society with Lenin (1913) arguing that scientific management was really a “scientific” system of sweating more work from labour. Within the PM field, some academics and practitioners not agreeing with this approach to solving the labour problem began advocating for the workers’ welfare. They expressed this in the idea of the worker being a valuable asset and resource to both the organisation and the nation. One of the earliest traces of this can be found in the annual chairman’s address by Felix Adler to the National Child Labor Committee, he argues:

The National Child Labor Committee is a part of this conservation movement. It has for its object to conserve the human resources, the best human assets of the nation – the health, the intelligence and the character of the children (Adler, 1910, p. 1).

PM practitioners also opposed scientific management as overemphasising the “physical” engineering aspects of industrial management and neglecting the “human” engineering aspects. Willits (1915, p. 128) gives a more detailed exposition of this idea:

Big business after the first rush of growing big and using big machinery is beginning to wonder whether industry itself may not have lost something by its blind attention to the machine at the expense of the individual. The men with vision, who lead the industrial world, see more and more clearly that it is the strength, skill, and willingness to co-operate on the part of the individual worker behind the machine that determines whether we shall get 40 per cent or 50 per cent or 90 per cent efficiency out of our imposing equipment of plant and machinery. Industry has failed to make use of its human assets. One of greatest losses of human resources is in the excessive labor turn-over.

These ideas are drawn on by Commons (1919) in mounting a challenge to the dominant scientific management paradigm and proposing an alternative solution to the labour problem.
He argued that as opposed to viewing humans as machines, they should be viewed as assets and resources to be nurtured. The spread of Commons’ (1919) ideas laid the foundation for modern HRM. Indeed, Commons is described as a very influential Author[2] and one of the Co-founders of HRM (Kaufman, 2014).

In all of these cases, the idea of the worker being valuable for the production of wealth and needing to be nurtured and protected is materialised in the labels of workers as a “human asset” and “human resources”. Indeed, both labels are used in very close proximity to each other and in such a way as to give the impression that they mean the same thing. However, although their meanings overlap, they do have different meanings. The Oxford English Dictionary defines an “asset” as:

An item of property owned by a person or company, regarded as having value and available to meet debts, commitments, or legacies;

and defines a resource as:

A stock or supply of money, materials, staff, and other assets that can be drawn on by a person or organization in order to function effectively.

The emphasis in defining an asset is on its value which is useful in meeting obligations while the emphasis in defining a resource is on its operational use. Thus, their use interchangeably is tied to the contextual understanding of these terms in the PM field. While the labels of “human assets” and “human resources” are effective in transmitting the idea within the labour and PM context, they also have the effect of stripping the idea of its contextual features, as taken literally, they do not convey the specific welfare-related attributes which they possess in their original context. Thus, the reduction of the idea into these labels allows it to be translated into the accounting discipline by Paton (1922).

While this idea was circulating in the labour/PM discipline in the early 1900s, accounting theory was in its formative years. Indeed, Miller and O'Leary (1987) note that the period between 1900 and 1930 was characterised by an initial delineation of several accounting theories which drew inspiration mostly from scientific management. It is in this context that Paton, an influential Accounting Academic with significant gravitas[3], keen to contribute to the development of accounting theory (Paton, 1978), reached out across disciplinary boundaries and took hold of the idea, rife within PM and translated it across those boundaries into the accounting discipline. We argue that Paton was able to undertake this translation as he was aware of the ideas circulating within his accounting discipline as well as those in other management disciplines. Indeed, a close reading of Paton’s (1922) work shows a keen awareness of the labour problem and it is reasonable to assume that he would have been aware of scientific management which was the dominant management paradigm at the time and also of Commons’ (1919) challenge to it and the alternative solution of nurturing human resources which he proposed. In addition, Paton is also willing to express ideas which vary from those current in the accounting discipline. Indeed, Paton (1978) reflecting on his writing career and advising younger authors notes:

[…] don’t overlook the importance of becoming acquainted with business problems and what is going on in accounting practice. Especially when one is expressing views that are at odds with prevailing concepts and procedures, you will find that students and other readers are more favourably impressed when it is evident that the writer is broadly informed and up-to-date.

In translating the idea from the labour/PM discipline, Paton (1922) adopts an adjustment by subtraction translation technique as he focusses on the “human asset” label and leaves out the “human resource” label. In doing this, he recontextualises the idea. Being limited by the accounting vocabulary of his time which did not include the idea of “resources”, he uses the financial accounting concept of an “asset” as something which the company owns and uses
in the generation of wealth. A monetary value is usually placed on such assets and they are recorded in the company’s balance sheet. While this approach gives people a more prominent place in the accounts created by organisations, it omits the aspect of protecting and nurturing the “human resources” of the organisation. This serves to focus the attention of the accounting profession on valuing and accounting for the organisations “human assets” in the financial statements. The omission of the “human resource” label from the translation, while enabling the idea to be embedded within financial accounting, also limited its spread and opened it up to severe contestation latter on. Indeed, Paton (1922) recognises the limitations financial accounting places on the idea but nonetheless drops it into circulation within the accounting discipline hoping that with advances in accounting methods over the years, its time would one day arrive.

Although the mechanics of the translation seem evident, drawing on the insights from Skopos theory that the translator’s motivation determines the techniques used in translation, we are left with questions about Paton’s motivation. Why did Paton translate the idea in this way? Why emphasise the financial accounting concept of “asset” and de-emphasise that of “resource”? The answer seems to lie with Paton – his goals and interests. Indeed, Paton (1978) highlights his interests in economics and finance as well as a keen interest in developing accounting theory which is suited to the corporate form. His writings also show an interest in giving a more prominent role to labour and its role in creating value for the business in corporate accounts. We argue that it is these interests that focus his work on valuation and influence his translation to emphasise humans as assets to be valued and put on a balance sheet.

Three years after Paton’s (1922) translation, the idea of humans as assets is taken up by Scott (1925). In the section of Scott’s (1925) Theory of Accounts which deals with the classification of intangible assets, he argues:

Intangible assets may be divided into two groups. Some arise without any direct cost being incurred for their acquisition or at a cost which is not determined. Others are acquired at a cost which is known but which does not serve as an index of their value. In the first group may be included connections with customers and creditors which have been established through previous business dealings. This group may cover also the building up of organizations of trained operatives, clerks and administrative officials (Scott, 1925, pp. 258-259).

Possession of a force of trained workers was included above among these assets which arise without a direct cost being chargeable to them (Scott, 1925, p. 260).

He goes on to argue for the inclusion of intangible assets in the balance sheet even when a market value cannot be determined for these assets. The evidence suggests that Scott was familiar with both Paton and his work[4]. Indeed, Scott co-authored a paper with Paton which was published the next year and Paton on the other hand wrote a review of Scott’s (1925) work for the Journal of the American Statistical Association (Paton, 1926). Much like Paton, Scott’s motivation was to contribute to the developing field of accounting theory. He also embeds the idea in the discipline of financial accounting – emphasising humans as assets as opposed to resources.

Four decades after Paton’s initial translation, the translated idea is picked up again. This time by Roger Hermanson (1964, 1986), at the Michigan State University, in his pioneering monograph Accounting for Human Assets in which he seeks to flesh out the idea of people as corporate assets, as well as, provide a means of translating the idea into action. In taking hold of the idea, he makes reference to Paton’s “significant” contribution of recognising humans as assets, as well as, to the critique current amongst business leaders that their most “valuable assets” – humans – were not adequately accounted for. He tries to proffer a solution to this problem by refuting the insistence, current at the time, that items must be owned to be considered as assets and instead conceives of assets as scarce resources.
operating within an entity. This broadening of the conception of assets to include “operational assets” (which include human assets) enables their inclusion in the financial statements. He then goes on to describe a model to measure human asset value in external financial reports. Like Paton, the focus is on humans as assets to be valued as opposed to humans as resources to be managed and nurtured. In attempting to translate the idea of humans as assets into action in this way, Hermanson shows a keen understanding of his disciplinary context and its bias, at the time, towards assets and asset valuation as opposed to resource and resource management, as well as a desire to contribute to the development of accounting theory. Indeed, Wyatt (1965, p. 714) commenting on Hermanson’s work notes:

While the ideas presented are unconventional, the tie-in to conventional concepts is good, and the reader will feel that the suggestions made are reasonable and possess merit for further study and development. After reading the study, the least the reader will come away with will be the nagging question, “Why should human assets be omitted from financial statements?”

Hermanson’s intervention had the effect of giving concrete form to the idea of humans as valuable “assets” in themselves and divorcing this from the well-established Marxist concept of humans having the potential to “create” value for organisations through their labour. Hermanson’s translation was motivated not by an interest in the welfare of labour but rather by a desire to make a technical contribution in bridging the gaps between the disciplines of economics, accounting and management. He argues:

Accounting and management are drawn closer together by including human resources in the statements, thereby making accounting representations of the firm conform more closely to the management concept (Hermanson, 1964, p. 6).

This intervention energises the idea of humans as assets within the accounting discipline with a lot of academic and industry interest being generated in developing methods for valuing human assets acceptable to the accounting profession and thus creating the ability to put “people on the balance sheet” (Flamholtz et al., 2002).

In spite of the interest generated by Hermanson’s intervention, as Paton (1922) had predicted, his translation and Hermanson’s attempt to translate the idea into action were ultimately resisted by the accounting profession as they did not conform to the norms of the profession. For example, Kieso and Weygandt (1974, p. 65) wrote in their Intermediate Accounting text about the issues with human asset accounting:

The first step in the accounting cycle is transaction analysis. The problem is to determine what to record, that is, to identify recordable events. No simple rule exists for stating whether an event should be recorded. For example, most accountants agree that changes in personnel, changes in managerial policies and the value of HR are important; but none of these items is recorded in the accounts. On the other hand, when a company makes a cash sale we have no reservations about recording the transaction.

They note that accountants only recognise events when they can be measured objectively in financial terms and at the same time they affect the financial position of the company. As the issues relating to measuring human asset value objectively have not been, and probably would not be, overcome (Theeke, 2005), this idea of accounting for human assets in financial statements has still not been institutionalised in the accounting field.

We conclude that although the exact historical origins of the idea are not clear, it had taken hold in the PM field where it was materialised and decontextualised. Paton, a respected accounting academic, translated it into the accounting field with the aim of embedding it in the financial accounting discipline. To do this, he deployed a rule of translation (adjustment by subtraction) which allowed him to adjust the idea to suit its new context by omitting incompatible elements of the idea. Drawing on insights from Skopos theory, we show that the adjustment by subtraction rule used in translation was influenced
by Paton’s goals and interests as well as by the limitations the disciplinary context placed on him. The legitimation and spread of the idea within the discipline was dependent on the standing of the translator within the discipline as well as the translator’s skill in aligning the translated ideas with conventional ideas and concepts in the discipline. Indeed, it is these norms and conventional ideas of the discipline which create a barrier and ultimately limit the spread of the translated idea. This process is depicted in Figure 1.

Thus, the agency of both the translator and the recipient is highlighted, in that the translator shapes the translation to achieve his goals and interests while the recipients accept or resist the translation based on its fit with their preconceptions. The disciplinary context is also shown to be important as it constrains the options available to the translator in exercising his agency as well as constraining the spread of the idea.

4.2 Second translation
In 1957, three and a half decades after Paton’s (1922) translation, a PM consultant at the General Electric Company, R.J. Canning, steps across disciplinary boundaries to present a paper on the training of accountants at the annual meeting of the American Accounting Association which is published in *The Accounting Review* the following year. In his paper, Canning (1958) takes hold of the labels of “human assets” and “human resources” and translates them into the accounting field thus:

> The appraisal process is a method of inventorying the human assets of an organisation on a systematic and orderly basis. If we are going to assist the development of people, the necessity for an accurate inventory is fully as important as it is in the case of physical assets. And even more so than with physical assets, the status of a human resource inventory is dynamic – never static (Canning, 1958, p. 363).

This time the translation brings in both the labels of “human assets” and “human resources” and attempts to “normalise” them using the norms of accounting for inventory. Like a literal translation, Canning’s (1958) translation stays true to the meaning assigned to these labels in his field. Indeed, his translation emphasises the nature of the human asset as a resource which needs to be both managed and nurtured. This translation has remained unknown in the accounting field, only being cited four times to date. When compared with the reception which Paton’s, Scott’s and Hermanson’s translations have received, we attribute the obscurity of this translation to two things. First is the motivation and focus of the translation. In Paton’s, Scott’s and Hermanson’s cases, their motivation and thus the focus of the translation are to contribute to the growing field of accounting theory. With Canning on the other hand, the translation of the “human asset” and “human resource” labels are done to seek common ground in communicating to an accounting audience. Thus, the focus is not
the development of the theory within the accounting discipline but rather the labels are translated to illustrate points about training of accountants for which Canning was advocating. Second, is Canning’s standing and legitimacy within the accounting field. Indeed, as a Training Consultant with General Electric, he would have been considered an outsider in the world of accounting. However, by using labels seen as legitimate in the accounting field, he attempts to compensate for his lack of personal legitimacy. We depict this in Figure 2.

Again, the agency of both the translator and the recipients is highlighted. Here, in conformity with Skopos theory, the translator uses a literal translation rule to mould the translation in such a manner as to achieve his goal of seeking common ground in communication and thus gain legitimacy with the recipients. The recipients on the other hand reject the translation as it is not aligned with their disciplinary norms and they perceive the translator as not having legitimacy within the discipline.

4.3 Third translation

The third translation, we found, operated somewhat differently from the first two, in that, instead of being one self-contained event involving one translator, it spanned several events over a prolonged period and involved a group of translators. Beginning in 1967, an interdisciplinary research team at the University of Michigan carried out a series of projects aimed at developing a human resource accounting (HRA) system for the R.G. Barry Corporation (Flamholtz et al., 2002). The team consisted of renowned Organisational Psychologist, Rensis Likert; R. Lee Brummet who served as the President of the American Accounting Association 1974–1975 and two PhD students, Eric Flamholtz and William Pyle[5]. The project team and indeed the projects were influenced by the perspective that people were a valuable organisational resource, which Likert (1961, 1967, 1968) brought with him from his background in applying organisational psychology to PM (Brummet et al., 1968). The adoption of this “human resource” perspective by this team working in the “contact zone” between disciplines (Bachmann-Medick, 2009) disposed them to use an adjustment by subtraction rule in translating the idea. In using this rule, they omitted the “human asset” emphasis and this resulted in Brummet et al. (1968) arguing that it was more appropriate to embed accounting for people in the traditions of managerial accounting than in those of financial accounting (Roslender and Stevenson, 2009). In order to distinguish this “resource” approach rooted in managerial accounting and an operational perspective from the “asset” approach rooted in financial accounting and a value perspective, the team coined the phrase “HRA” (HRA) (Flamholtz et al., 2002).
In an attempt to distinguish HRA from the human asset accounting (HAA) of Hermanson, Flamholtz (1974, pp. 44-45) defines HRA, thus:

In a literal sense, “human resource accounting” means accounting for people as organizational resources. It means the measurement of the cost and value of people to organizations. More formally, “human resource accounting” can be defined as the process of identifying, measuring, and communicating information about human resources to decision-makers [...] The term “human resource accounting” ought to be viewed as a metaphor. Human resource accounting is not only a system of accounting for the cost and value of people to organizations, it is also a way of thinking about the management of people in formal organizations.

In positioning HRA within managerial accounting, Brummet et al. (1969) seek to break away from the idea of finding a way to put people on the balance sheet. However, they do not jettison completely the financial accounting emphasis. Indeed, in the decade following the introduction of HRA, Flamholtz (1971, 1972, 1973, 1976) published a series of papers developing the idea of valuing human resources using financial valuation methodologies.

Again, insights from Skopos theory lead us to confront the question “why”? Why did the team choose to translate the idea with an emphasis on “resources” and not “assets”? Much like Paton, the answer lies in the team’s goals, interests and reading of their context. Indeed, Brummet et al. (1968) highlight the team’s keen awareness of the challenges faced within the accounting discipline in trying to recognise human assets on the balance sheet. They also show a deep understanding of the issues faced by accountants in practice in providing useful information relating to human resources to aid management decision making. This awareness of their context was coupled with a desire to develop a new way of thinking about the management of people in formal organisations (Flamholtz, 1972). Flamholtz (1972) articulates these motivations more clearly in outlining the two ultimate aims of HRA. First is the development of methods of measuring human resource cost and value which should provide a quantitative basis for decision making by managers and investors. Second is the development of a theory to explain the nature and determinants of the value of people to formal organisations. Such a theory would identify the variables to be considered in developing measures of human resource value and ultimately serve as the basis for a new paradigm of HRM – to promote a human resource perspective amongst managers, more amenable to nurturing and welfare of labour than exploitation by capital. Thus, Likert, Flamholtz and the interdisciplinary team working in the contact zone were different from Paton and Hermanson in terms of how they viewed people and the necessity to account for them. While Paton and Hermanson saw people as important to the business, their interest lay not necessarily in improving the lot of the people but rather in providing information on people to the owners of the business (capital). In contrast, Likert, Flamholtz and the interdisciplinary team put employees and other stakeholders at the heart of accounting for people by expanding its scope to providing information to business managers for the benefit of employees and other stakeholders. This focus on improving the lot of people likely derived from Likert whose background and interests were in social and organisational psychology and Flamholtz whose background and interests were in organisational behaviour and HRM[6]. Roslender et al. (2015) describe this approach by Flamholtz and the interdisciplinary team as “enlightened managerialism” in contrast with the harder managerialist approach of Paton and Hermanson.

In recontextualising the idea in the management accounting field and creating the label “HRA”, the idea is at once expanded to encompass the metrics to measure and value human resources as well as the means of communicating these. The materialisation of the idea as both label and metaphor also readies it for travel both within and outside the accounting field. Indeed the involvement of Brummet, a former President of the American Accounting Association as well as the now famous Likert gave great credibility and brought positive
attention to the HRA approach (Theeke, 2005) allowing it to spread relatively fast within the accounting field. Flamholtz et al. (2002) note that this rapid spread of the HRA idea was driven by the apparent utility of the HRA concepts with research focussing on applying the HRA concepts to business organisations. In spite of its rapid initial spread, the HRA translation met with the same type of opposition which met Paton’s (1922) translation (Roslender et al., 2015; Scarpello and Theeke, 1989; Theeke, 2005; Turner, 1996) and the idea waned in the late 1970s. Indeed, Roslender et al. (2015) attribute this waning of interest in HRA to its inability to deliver on the expectations of the accounting profession thus:

Human resource accounting was a major research topic in the mid-1970s but in the absence of any seemingly useful insights on incorporating labour within a balance sheet or enhanced control of labour, its appeal quickly subsided after 1980 (Roslender et al., 2015, p. 45).

While the accounting discipline seemed to be the natural context to take the HRA idea into, Likert and his team had their gaze fixed on taking their idea in other directions outside the accounting context. Indeed, they aim their idea at the HRM field. They do not leave the work of translating it into the HRM disciplinary context to others. In a series of papers (Brummet et al., 1969; Flamholtz, 1973; Likert, 1973; Likert and Bowers, 1969; Woodruff, 1973), they initiate the translation of the “HRA” idea into the HRM field. This translation comes at an opportune moment in the HRM field as the profession is in the process of transforming from PM to HRM. While several factors influenced this shift from PM to HRM (Kaufman, 2014) and it is impossible to say how significant any one factor was, we do know that the financial rationality offered by HRA did play a role in this shift from PM to HRM (Armstrong, 1988). It provided dual opportunities. First, the use of financial rationality provided an opportunity to enhance the status and political power of the human resource business function, making HRM more strategic than PM (Armstrong, 1988; Guest, 1987; Pfeffer, 1997). Indeed, Gröjer and Johanson (1998) find that HRA was harnessed by human resource directors to obtain a seat at the executive board and legitimise the profession. The second opportunity involved a pernicious shift from collectivism to individualism and an erosion of worker’s bargaining power. Financial rationality was used to attack “industrial relations” and collective bargaining through trade unions as a prominent aspect of PM and replace it with HRM’s individualised approach to “employee relations” which is heavily tilted towards managerial power. Indeed, Armstrong (1988, p. 27) reports Batstone’s (1979) arguments in this respect thus:

Essentially his argument was that management accountancy imposes a system of priorities and a “vocabulary of motives” which makes it very difficult for workers’ representatives to challenge any management action which is grounded in accounting logic […] In fact, Batstone’s argument indicated a fundamental incompatibility between accounting controls and all forms of pluralist industrial relations practice. Although unnoticed at the time, the implications for the personnel function were profound, since personnel professionals in the late 70s were frequently the advocates, and sometimes the practitioners, of industrial relations reform on the pluralist model. Batstone’s article pointed forward to “the death of the old industrial relations game”.

Thus, the embedding of the idea in the logic of management accounting gives the translated idea the exact opposite effect in the field where it was originally developed. Indeed, instead of seeking to empower and nurture labour, it has the opposite effect of privileging capital over labour. This translation was resisted by some in the HRM field who argued against the suitability of applying financial metrics to the planning, control and evaluation of HRM activities (Dawson, 1989; Pfeffer, 1997). This resistance served to further entrench the dichotomy which had emerged between the “hard” performance metrics driven and “soft” people welfare-driven approaches to HRM (Dawson, 1989). While HRA had a significant albeit unsung impact in the HRM field, much like in the accounting field, its influence seems to have waned as the current HRM literature makes very little reference to it. The HRM
literature provides two explanations for this. First, the inflexibility of the accounting mind and accounting systems in accepting HRA made it impossible for it to be operationalised within HR functions (Armstrong, 1988; Dawson, 1989). The second is that HRA was a managerial and labour-relations “hot potato” as it had implications for the highly sensitive relationship between the value of employees’ services and their remuneration which even the most adventurous organisations were unwilling to delve into (Grundy and Dobinson, 1981).

Although the HRA idea waned in both the disciplines of accounting and HRM, a few accounting and management scholars persevered with the idea. These included Jan-Erik Gröje and his colleagues at the University of Stockholm Personnel Economics Institute (PEI). They took hold of the idea and began to explore what they term as “Personalekonomie” which they later redesignate as “human resource costing and accounting” (HRCA). HRCA combines insights from HRA and utility theory. At its base, it takes a “finance” as opposed to an “accounting” perspective on the idea of humans as assets and resources by focusing on investments in human resources and seeking to determine the return on investment in human resources instead of trying to determine their value to the organisation (Roslender, 2009). Significantly, the PEI engaged with business organisations as well as the accounting and HRM professions in Sweden. Indeed, the HRCA ideas were better received by business and the professions in Sweden (Gröjer and Johanson, 1998; Johanson, 1999). Three of the greatest achievements of Jan-Erik and his colleagues at the PEI were: the development of a sounder theoretical base on which to place the idea of humans as assets and resources; the publication of the Journal of Human Resource Costing and Accounting which provided a space for promoting HRCA as a powerful interdisciplinary approach to meeting the challenge of accounting for people (Roslender, 2012a); and developing a group of academics and practitioners who were ready to work on the evolution of the idea as it mingled with ideas of intellectual capital.

Indeed, although resisted by the accounting and HRM professions in the UK and USA the idea of humans as assets and resources has continued to evolve in both disciplines. Interestingly, the evolution in each discipline has focussed on exploiting the intellectual capital concept and its sub-concept of human capital. Within the accounting discipline, HRCA provided useful tools to theorise accounting for human capital. This saw the discipline settle for a consensus that the general form of accounting for intellectual capital was some form of scoreboard, possibly complemented by varying degrees of narrative (Roslender, 2012b). Within the HRM discipline, on the other hand, the transition is being made from HRM to human capital management. As with the transition from FM to HRM, the idea of humans as assets and resources and the need to account for them is at the core of this transition. Indeed, Flamholtz (2007, pp. 268-269) argues:

The historical shift from a personnel approach to a human resource management approach for managing people was profoundly important […]. The next stage of the evolution of the HRM function is to make the transition to human capital management […]. Without measurement, the human capital notion is just a concept and difficult to apply in the real world. The key to making this concept operational and practical is the measurement of the costs, replacement cost, and economic value of human resources or human capital. This is the focus of Human Resource Accounting […].

Indeed, several key actors in the HRM field have drawn on the metrics developed by HRA in developing the human capital concept within the HRM field (Armstrong and Taylor, 2014; Ingham, 2007; Storey et al., 2009).

Thus, the HRA idea has followed different, yet similar, trajectories in each of the disciplines with interest in it growing initially, waning with time and then rekindling in the wake of ideas of intellectual capital emerging in both disciplines. These ideas have now found their way back into the “contact zone” between the disciplines where the work is
now focused on the translation of the idea into action. In the UK, this has seen an interdisciplinary Human Capital Task Force headed by Denise Kingsmill in 2003 charged with operationalising the idea of accounting for people. While this task force received support from the HRM field, it was quickly and effectively emasculated by the UK accountancy profession (Roslender and Stevenson, 2009). A more recent joint initiative of the CIPD, Chartered Institute of Management Accountants and Chartered Management Institute labelled *Valuing Your Talent* is ongoing. It seeks to develop a framework to enable organisation’s stakeholders evaluate how and where an organisation’s people are creating value so they can make better decisions about their future human capital and business investments. Thus, far from dying out, the idea has arrived back in the “contact zone” between the disciplines where a shared understanding of this evolved (and still evolving) idea is being forged.

Indeed, the work in the “contact zone” is also focussed on reshaping the idea of accounting for people by moving the focus away from advancing the narrow interests of business (capital) to one of advancing the interests of both people (labour) and the broader society (Roslender *et al.*, 2015). Examples of this include: the expansion of the meaning of human capital to include employee health and well-being (Roslender *et al.*, 2015) and a growing emphasis on self-accounting interventions which enable employees to retain control of their own accounts of their contribution to the process of creating and delivering value (Roslender *et al.*, 2006; Roslender and Fincham, 2001, 2004).

From the foregone, we conclude that the interdisciplinary project team at the University of Michigan operated at the boundaries of their disciplines in what we refer to as the “contact zone” between the disciplines. It is in this zone that the ideas carried by members of the project team from their disciplines of HRM and accounting were disembedded, translated by fusing them into the idea of HRA and then propelled back into both disciplines by the project team. The project team adopted an “adjustment by subtraction” rule of translation which allowed them achieve their aim of embedding the idea within management accounting as opposed to financial accounting. However, the spread of the idea was limited by resistance posed by accounting norms. Within the HRM field, the idea was propelled by actors who used it as a justification for the shift from PM to HRM, and although it met resistance from some actors, this resistance was not based on entrenched disciplinary norms and so the idea institutionalised. The ideas continued to travel in both disciplines and have eventually returned to the “contact zone” where it continues to evolve. This process is depicted in Figure 3.

### 5. Translation of ideas – some thoughts

At the conclusion of Section 2, the following had emerged from the review of the literature:

1. ideas travel by a process of disembedding from the host context, translation and recontextualization in the target context;
2. the travel of ideas is energised by people;
3. the translator’s motives determine the rules of translation which are adopted and thus impact on the translation outcomes, i.e., homogeneity or heterogeneity of outcomes; and
4. the historical research method allows us infer what implicit rules of translation were used and their outcomes.

In this study, we asked, how does the translation process work when ideas travel across disciplines as opposed to travelling across national, geographic, linguistic, organisational or cultural boundaries? While the process remains essentially the same, we are able to provide
a more nuanced view of it. The first and second translations show that a translation can occur by the translator in the target discipline reaching across disciplinary boundaries to take hold of an idea, or indeed by a translator in the host discipline crossing disciplinary boundaries with the idea. Comparing our first and second translations, it is evident that acceptance of the idea, and indeed its spread, within a discipline are influenced by the translator’s motivation and focus, the alignment of the idea to existing disciplinary norms as well as the translator’s standing within the target discipline. Indeed, for the translation to gain acceptance within the target discipline, the translator must possess some measure of legitimacy and gravitas in the target discipline which guarantees him an audience within the discipline who will take him and his translation seriously. Thus, without legitimacy and gravitas of the translator, the translated idea, no matter how equivalent to the idea in the host discipline, does not travel far. Indeed, if the translator is an outsider to the target discipline, this might also be attributed to the translator’s unfamiliarity with the target discipline and so his inability to recontextualise the idea in a manner suited to the target discipline. However, no matter how much gravitas and legitimacy the translator does have, the idea will not take hold if it is unable to surmount opposition posed by entrenched disciplinary norms. Such opposition requires a refinement of the idea to align with the norms current in the discipline. Thus, when ideas which are radical and unconventional are translated into a discipline, they are more likely to be viewed sympathetically if a “tie-in” to conventional ideas or norms of the discipline can be demonstrated.

From the third translation, it is evident that in some cases the disciplinary boundaries are blurred, e.g., when working in an interdisciplinary team. In such cases, instead of talking about boundaries, it is more appropriate to talk about “contact zones”. What occurs in this “contact zone” is not so much a translation from one discipline to the other but a fusing of the ideas from both disciplines. As such, both disciplines are at once host and target. This new idea is then carried into both disciplines by the translators. This translation shows that the spread of the idea while dependent on the legitimacy and gravitas of the translators is also impacted upon by the opportunities which present themselves in the target disciplines. It is these opportunities that make other actors take hold of the translated idea to advance their own motives. It also shows that while opposition from disciplinary norms can stop the
spread and institutionalisation of the idea, opposition from other areas not so entrenched in the discipline are not as effective in stopping the spread and institutionalisation of the translated idea.

Both the first and third translations show that translations, irrespective of whether they are by an individual or by an interdisciplinary team working in the “contact zone” between disciplines, are not value neutral. Indeed, consistent with the Skopos theory, the motivations and values of the translators influence the translation rules chosen and how the idea is recontextualised in the target discipline. In our case, this has played out in the different translator’s values, vis-à-vis the struggle for dominance between labour and capital, influencing their approach to the translation of humans as assets and accounting for people.

In respect of the rules of translation and their effect on outcomes in terms of homogeneity and heterogeneity, we show that even when the same rule is applied, unless it is applied in exactly the same manner, it will result in heterogeneous outcomes. This is evident as the same rule of adjustment by subtraction was applied in the first and third translations but different outcomes are achieved. Whereas, in the first translation “human resources” was omitted and “human assets” emphasised, the reverse was the case for the third translation. The emphasis on “assets”, motivated by a desire to embed the idea in financial accounting, led to a focus on valuation of the “human asset” and incorporating it into the balance sheet. On the other hand, the emphasis on “resources”, motivated by a desire to embed the idea in management accounting, led to a focus on effective operational management of the “human resource”.

6. Conclusion
We set out to develop an understanding of how ideas travel across disciplines by studying how the idea that people are valuable assets travelled from the human resources discipline to the accounting discipline. Our understanding of translation is based on insights from the Scandinavian Institutionalist Schools, Skopos theory and linguistic translation techniques.

In studies of this nature, it is customary to acknowledge and reflect on the limitations of the study. Chief amongst the limitations we faced was the paucity of data which while counteracted by the historic interpretation approach adopted still constrained the scope of the study. In future, we would like to see studies of this nature conducted contemporaneously or drawing on oral history from key actors. Unfortunately, in our case, this was impossible as most of the key actors had passed on.

In spite of the limitations faced, our study makes significant contributions to the literature on accounting and translation by showing that when translation is performed by interdisciplinary teams, it occurs in the “contact zone” where disciplinary boundaries are blurred. In this zone, both disciplines are at once source and target as ideas from both disciplines are edited, fused and translated back into target disciplines. This translation is not value neutral as it is influenced by the motivations of the translators. We also show that the spread of the translated idea is dependent on the standing of the translators within the target discipline and limited by the compatibility of the translated idea with the norms of the discipline. In addition, we show that even when the same translation technique is used, heterogeneous outcomes will occur if the rule is not applied in exactly the same manner.

We hope that our study opens up the space within accounting to investigate how the ideas, norms, traditions and practices of the accounting discipline came to be. How ideas from other disciplines influenced them and indeed how accounting ideas influence other disciplines.

Notes
1. The works of Michel Serres referred to are La Communication; L’Interference; La Traduction; La Distribution; Le Passage du Nord-Ouest. Extracts from these have been translated as Serres (1982).
2. Commons had more publications listed in Rossi and Rossi’s (1925) Personnel Management: A Bibliography than any other academic in the field. The New York Evening Post, 26 April 1919 describes his book Industrial Goodwill (1919) as “the most important book for the intelligent employer since Taylor’s Scientific Management”.

3. Paton co-founded the American Accounting Association in 1916. He served as the Association’s President in 1922–1923. He was also the Founding Editor-in-Chief of the association’s journal The Accounting Review from 1926 to 1929.

4. The discussions in Scott et al. (1926) show a familiarity with Paton as a person as well as a mutual familiarity with each other’s works.

5. Both Erick Flamholtz and William Pyle rose to professorial rank and held Chairs in accounting. However, while Flamholtz became one of the most influential scholars in human resource accounting, Brummet’s and Pyle’s interest in this area waned (Theeke, 2005).

6. Flamholtz received his PhD Degree from the University of Michigan (Organisational Behaviour and Human Resource Management), an MBA Degree from Washington University (Management) in St. Louis, and an Undergraduate Degree in Economics from Hunter College. He rose to professorial rank and held Chairs in Accounting Management and Organisational Behaviour.

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Philosophy of language and accounting

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Abstract

Purpose – Accounting practices vary not only across firms, but also across countries, reflecting the respective legal and cultural background. Attempts at harmonization therefore continue to be rebuffed. The purpose of this paper is to argue that different wordings in national laws, and different interpretations of similar wordings in national laws, can be explained by taking recourse to the philosophy of language, referring particularly to Searle and Wittgenstein.

Design/methodology/approach – The example of the substance over form principle, investigated in seven countries, is particularly suitable for this analysis. It is known in all accounting jurisdictions, but still has very different roots in different European countries, with European and international influences conflicting, which is reflected in the different wording of the principle from one country to the next, and the different socially constructed realities associated with those wordings.

Findings – This paper shows that, beyond accounting practices, the legal and cultural background of a country affects the wording of national law itself. The broad conclusion is that different socially constructed realities might tend to resist any attempt at harmonized socially constructed words.

Originality/value – The paper contributes to the debate surrounding the possible homogenization of accounting regulations, illustrating the theory of the social construction of both “reality” and “language” on the specific application of one common principle to various Member State environments.

Keywords Language, Accounting harmonization, Substance over form

Paper type Research paper
1. Introduction
The Accounting Directive (2013/34/EU), which replaces the Fourth and Seventh Directives, aims at harmonizing European accounting rules, based on common principles. It has been translated into 24 languages that each has equal authority. Its implementation requires Member States to adapt national regulation, not necessarily to copy the original wording of the Directive. In total, 28 parliaments may therefore choose to implement a single concept, using different languages and different wording. Yet, this situation may not be a problem in terms of harmonization if the resulting understanding of accounting rules, in spite of different wording, is alike in all countries.

Accounting harmonization started with the Fourth and Seventh Directives, it then focused on listed companies, with IFRS adoption for consolidated accounts of firms listed on a regulated market. This common regulation left Member States free to introduce IFRS further into their local rules. Yet, local accounting rules evolved independently.

After IFRS adoption in Europe, many studies revealed that differences in application remained (Kvaal and Nobes, 2010, 2012), potentially explained by national patterns and habits (Zeff, 2007), even between listed firms supposedly less constrained by national rules. As demonstrated by recent studies (Stadler and Nobes, 2014), country factors have the greatest influence on IFRS policy choice and the fact that national patterns were observed raises questions as to the potential to achieve the initial goal of harmonization.

The paper contributes to the debate on accounting harmonization at the European level. It underlines the importance of the cultural environment in which an accounting rule is settled, where not only legal systems but also languages, history and habits may play a role in the success of harmonization.

We analyze how Member States enacted the Directive, using the example of the “substance over form” (SoF) principle. We question the existence of a European accounting community that would understand and practice – perhaps using different wordings – an accounting principle the same way, by referring to the theory of language.

The SoF principle is a particularly suitable example. In some countries, such as the UK and Germany, it has been known as a (different) way of thinking for decades. In others it has only recently come into effect. IFRS have always relied on taking into account the economic substance rather than the legal form. The Accounting Directive seems to somewhat distance itself from giving priority to the SoF principle. Article 6 includes it as one of its common principles, but also allows for an opt-out by Member States. A recent paper by Alexander (2015), consistent with Gélard (2013), shows that the stated requirements regarding substance and form are quite extraordinarily vague and flexible. Further, they appear to be explicitly different when comparing different language versions of the Directive.

We apply in our paper the philosophy of language to the wording of accounting law. We base our arguments first on Searle’s concept of social facts as collective intentionality, and second on Wittgenstein's propositions on the determination of the meaning of words and ideas. We find that the assumption of a common principle (SoF) before accounting harmonization, as well as after, is false. Instead, different national meanings of SoF before harmonization are reflected in different wordings during harmonization and result in still different meanings after harmonization. Even before assessing whether harmonization is met de facto, we compare legal environments to assess whether, de jure, that is logically prior to the application of the law, it is taking root in wording and meaning. We find that it is not. Impediments to harmonization are therefore found not only in the varying applications of the law, but at the prior stage in the wording of the law itself and in the impossibility of “noise-free” linguistic communication of this wording of the law.

Our investigation of the enactment of the SoF principle refers to seven countries (Austria, France, Germany, Italy, Poland, Romania and the UK), with a view to the principle’s country-specific origins, the implementation of the Directive and its current interpretation.
Our sample of countries covers the cultural and political diversity in Europe, with Latin, Germanic, Anglo-Saxon and communist influences on legal frameworks, language and accounting practices.

The paper proceeds as follows. Section 2 explores the theoretical background, and our methodology. Section 3 discusses the domestic notions of SoF for seven countries against the background of European harmonization. Section 4 discusses the implications arising, exploring the divergent notions of the principle and generalizing the implications for harmonization. Section 5 concludes.

2. Theory
2.1 Philosophy of language

Cultural diversity creates differences in the understanding of concepts, leading to diversity in the definitions of common notions. Searle’s and Wittgenstein’s philosophies of language provide nuanced accounts of precisely how the meaning of accounting concepts or principles can vary according to cultural and historical context. Two ideas are especially critical for understanding the impact and meaning of the relevant principle. First, Searle’s concept of social facts as collective intentionality, and second Wittgenstein’s emphasis that the meaning of words and ideas varies not only according to the different cultural meaning of the words themselves, but also according to the specific social practices in which the language usage is set.

The philosopher Searle (1995) explained, based on the concept of “intentionality,” how social objects come into being. In this regard, it is possible to distinguish between subjective dependent facts (i.e. dependent on individual intentionality) and social facts (dependent on collective intentionality). Searle (2006) defined a social fact as “any fact involving collective intentionality of two or more human or animal agents” (p. 16). According to Searle, people have the ability to share beliefs and desires, which – in certain conditions – can give rise to a specific type of social fact, namely, “institutional facts.”

We broadly accept the idea developed in a number of recent papers (e.g. Shapiro, 1997, 1998; Alexander and Archer, 2003; Mouck, 2004; Alexander and Ionascu, 2008), not always quite consistent with each other, applying to the accounting domain the concept of institutional and inter-subjective reality developed by Searle (1995, 2006, 2009). As Alexander and Archer (2003, p. 5) argued, “By virtue of collective intentionality, ownership claims, income, and other conceptual objects of accounting can, under appropriate conditions, be institutional facts.” Following this thinking, institutional facts, although ontologically subjective (as they require human practices to sustain their existence), are epistemologically objective, meaning they have an effect that is agreed upon. That is because, being inter-subjectively constructed by means of collective intentionality, institutional facts become objectified; in other words, they are not dependent on a particular human being’s attitude toward them.

Consider the statement “Inventory €100 in accordance with EU-endorsed IFRS.” Social constructions are legion: money, euro, cost, EU, inventory and IFRS. Physically identical buildings can be recorded, in appropriate circumstances, at “cost” (IAS 16 para. 30), at “fair value” (IAS 16 para. 31 or IAS 40), or at “the lower of cost and net realisable value” (IAS 2). So in what sense is a fair presentation “real”? Different “realities” are involved. A fair presentation must communicate the substance of the relevant inter-subjectively constructed “reality.” This is impossible without collective agreement, collective intentionality, about that particular inter-subjectively constructed “reality” within the community of actors involved. And of course no collective intentionality is possible without effective communication and mutual understanding within and across the collective.

Based on this concept of social facts, both animals hunting together and the European Union Parliament issuing a Directive are examples of social facts, involving collective intentionality. Institutional facts are the result of the collective attribution by human beings of status functions to parts of reality. Indeed, human beings have the capacity to ascribe
functions to objects only by virtue of the collective assignment (Searle, 2006). For example, a yellow line on a floor can have the function of a barrier, not by virtue of its physical features, but because of the collective assignment to that line of the status of boundary marker. As Searle (2006) asserted, “status functions are the vehicles of power in society.” Human beings, by accepting the status functions, create obligations, responsibilities, duties, rights, etc., to which Searle refers as deontic powers. With “collective intentionality,” therefore, Searle (1990) maintained that human beings are able to participate in cooperative behaviors, adopting complex devices such as language or other tools based on symbolization to achieve collaborative actions and beliefs.

A necessary condition for institutional facts and internal reality is concerned with the communication of concepts between human beings – with words. Perceptions of economic reality are personal and subjective. How, if at all, can such perceptions be explained and communicated from one human being to another? According to Saussure (1973), language is a system of signs. A sign involves two elements: first, that which signifies, called the signific, or signifier, e.g. a word; second, the idea signified, called the signifié or signified. Saussure argued that the sign is arbitrary in all of three respects: sign, signified and the connection between.

Searle (1995, Chapter 3; 2009) argued for an unavoidable relationship between institutional facts through collective representation and language. Beyond the obvious similarities regarding shared beliefs (institutional facts) and shared meanings (language) is the more fundamental point that the move from object (e.g. pebble) to status function by means of collective representation (e.g. money) is possible only if there is a mechanism for creating, and communicating, this collective representation. It is language that gives humans the capacity to represent. So can we postulate a collective representation, in this technical sense, about SoF? We now bring in Wittgenstein who elucidated an additional perspective on language. The most fundamental difference between Wittgenstein and Searle is that Wittgenstein even questioned whether humans can actively and without presumptions collectively create sign, signified and the connection between both (e.g. Baker and Hacker, 2009). For Wittgenstein the sign provided by language is not independent from the signified reality, but it is intrinsically and inseparably linked to certain forms of life.

Wittgenstein understood concepts such as SoF in his later philosophy as receiving their meaning from the way they are used (Wittgenstein, 2005, Sections 20, 43, 421; transposed to accounting by Lyas, 1993; Dennis, 2008). Wittgenstein chose this quite uncommon starting point because he considered it to be a misleading simplification to reduce the link between language and reality to one of an arbitrarily chosen and nominalist correspondence between concepts and reality (see Kenny, 1974; Baker and Hacker, 2009). This has several important consequences.

A first consequence is that one can only understand the meaning of concepts when focusing on the contexts, the language game, in which certain concepts play a certain role and the relationships through which those concepts receive their meaning (e.g. Wittgenstein, 2005, Sections 109, 471, 583). He pointed out, for example, that a stick becomes a lever only when it is used for this purpose (Wittgenstein, 2005, Section 6). This aspect expands on Searle, as it highlights that beyond the yellow line being a social fact, the process of being acknowledged as having a specific meaning is ensured by a living practice in which a particular concept plays a role. Wittgenstein denied arbitrariness because he pointed out that communication with the help of language presupposes that typical or entrenched relationships or sets of contexts/practices exist. He noted that any concept has a meaning within such a language game only because its sense is identical with or – better – is its role in the particular language game (Wittgenstein, 2005, Section 49).

A second important consequence is that the meaning of a given concept is not inherently determined. Indeed, it has no intrinsic essence beyond its use (e.g. von Savigny, 1969; Wittgenstein, 2005, Section 432). Therefore, one needs to observe what happens with a concept
in different contexts rather than assuming that a concept has a fixed and stable essence (Pitcher, 1967). Its degree of vagueness, or complexity, its stability over time, its definition, all this might change with the differing contexts in which the concept is applied in practice (see Pitcher, 1967; Stegmüller, 1989; Wittgenstein, 2005, Sections 47, 79, 87, 88, 593). Still such a concept might in all of these circumstances be perfectly serviceable (Dennis, 2008).

Despite their very different starting points, strong similarities emerge between Searle’s “collective assignment” and Wittgenstein’s “rules of the game.”

In our context, the question also emerges what happens with concepts that are applied in other contexts than within their natural language games. One thing is clear for Wittgenstein: a concept becomes nonsense when applied outside of its language game or in the wrong language game (Wittgenstein, 2005, Sections 39, 40). However, if in given operating language games similarities exist, a concept from another language game can be compared and it assumes a meaning and it can be introduced within that language game, however, slightly changing its meaning to fit to this new context. According to Wittgenstein (2005, Section 140), understanding is nothing but being able to check whether a certain concept can be applied to a certain situation (see also Wittgenstein, 2005, Sections 145, 206, 232, 233). Explaining the meaning of a concept then amounts to providing different examples of its use (Wittgenstein, 2005, Sections 71, 72). Remembering the meaning of words, on the other hand, is nothing but remembering how this given word was applied in the past (Wittgenstein, 2005, Section 379).

Coming back to our question about an SoF collective representation, following Wittgenstein and consistent with Searle, the most likely finding can be described as follows. We can postulate a series of collective representations of SoF, each understood, despite fuzzy boundaries, by different related, but non-identical, examples of use in varying “collective representations” (Searle) or varying “language games” (Wittgenstein), both these terms being used in a precise technical sense. We explore the validity of this proposition in the remainder of the paper.

2.2 Translation issues in accounting
Translation aims at functional equivalence, such that the reader of a translation should read an exact translation of the meaning instead of a word-by-word translation. This is, of course, standard translation procedure, also applied by the Translation Centre for the Bodies of the European Union[1]. The language of first drafting EU Directives is now most likely to be one of the three official “working languages,” English, French or German. Member States of all other 23 languages base their implementation on translations, which are supposed to convey the same content. This is where a problem may arise.

Relying on the Sapir–Whorf hypothesis, according to which speakers of different languages perceive the world differently, as they are influenced by their own language and culture, Evans (2004) and Evans et al. (2015) pointed to the fact that accounting regulations include culture-dependent concepts, like the true-and-fair-view principle. The consequence is that accounting and legal terms are understood differently in locations with different language and culture. Specific burdens in the functional translation of accounting concepts include the differences between the cultural and historical context of common law and civil law countries, or between Western and former socialist countries of Eastern Europe.

Along this line, although translators can transfer a specific term from one language to the other, readers of the translated text will not decode it in exactly the same manner as native-language speakers reading the original text. Individual culture, history and habits, used as decoder support, differ. “Equivalence” relates to a variety of possible “forms of correspondence between the source text […] and the target text [...]” (Kettunen, 2017, p. 41; Pym, 2014). Ignoring the technical linguistics-related details here, earlier theories proposed that a “natural equivalence” should normally exist, and translation is the process
of finding it. Our theoretical framework, however, might suggest that any expectation of such unproblematic natural equivalence between languages, and therefore “automatically valid” translation, is likely to be problematic.

Transferring these considerations to the present discussion leads to the expectation that the meaning of the SoF notion depends on the language game (broadly the country) in which it is applied, unless there is a general meaning to cover all countries, i.e. with collective assignment across countries. This leads us to expect an increase in doubts in different contexts, where the notion is new or applied differently.

To summarize, we can suggest that perceptions of, interpretations of and chosen applications of a principle such as SoF can only be agreed (harmonized) as social constructs, ever-changing by definition, through collective intentionality within groups of like-minded thinkers. A necessary condition for the creation of “like-minded thinking” is effective communication of “the thoughts,” through the highly imperfect medium of language – itself an ever-changing social construct.

2.3 Methodology

We focus our analysis on the SoF principle for several reasons. First, while new in some countries, it expanded worldwide through the use of IFRS[2]. Second, the principle receives special treatment in the Accounting Directive, where Member States may opt-out. Third, the principle is undefined at the European level. We choose our countries to reflect the diversity in Europe and its impact on local regulations and the difficulties in enacting common Directives.

We identify four different country-groups, which already suggest diverse “collective intentionalities” – UK common law, France and Italy civil code, Germany and Austria tax code, and Poland and Romania ex-communist. Our investigation per country includes the presence (or absence) of the SoF principle (or a similar concept) in the respective accounting history, and before the Accounting Directive, and its integration during the implementation of the Directive. Different approaches to implementation, and different wording may result from (and in) different concepts and uses.

3. The SoF principle in European accounting rules

As a starting point, we use the recent 2013 Accounting Directive, in which the SoF principle features prominently, but is also flexible and even avoidable. We then turn to the principle in seven European countries: the UK, France and Italy, Germany and Austria, and Poland and Romania. The synthesis will show that even though there are commonalities in some countries, overall the historical/cultural background, linguistics and notions differ.

3.1 In the Accounting Directive

The final version of the 2013 Accounting Directive, taking the English wording, seems to establish the notion of SoF, albeit in a very vague way:

Article 6.1(h): “items in the profit and loss account and balance sheet shall be accounted for and presented having regard to the substance of the transaction or arrangement concerned;”

Article 6.3: “Member States may exempt undertakings from the requirements of point (h) of paragraph 1.”

The word “substance” is not defined. Further, the requirement is simply to “have[e] regard to” the substance. “Having regard to” means that one must look at it and genuinely consider it in the overall context concerned, but one may then go against it if it is rational within that (socially constructed) context so to do. No explicit obligation to follow the undefined substance is implied. Therefore, at first glance, Article 6.1(h) implies only a vague priority of an undefined “substance,” presumably over an unmentioned, possibly legal, form.
However, the Directive then negates the requirement completely at the Member State level, as under Article 6.3 the States “may exempt undertakings” from the requirement, with no alternative being given. In other words, whether — and, if so, to what extent — to implement the “having regard to the substance” requirement is completely left to the Member States. Member States may choose to base their accounting laws on legal form only, but may also exempt only specific undertakings (e.g. small firms, specific industries). They may even choose different principles for individual and consolidated statements, as preliminary recital 35 allows[3]. It seems that Member States were not able to agree on harmonization of the principle (or its rejection) and had to compromise by allowing Member State discretion (Florstedt et al., 2015). This hinders harmonization, consistency and comparability of statements among firms and countries.

While the analysis so far has referred only to the English version, the overall picture is much more complex. Details are discussed in the country sub-sections below. To highlight the key result, three of the language versions, English, French and Italian, appear to say similar things. But in the other four countries, Austria, Germany, Poland and Romania, different translations introduce the concept of “economic” (wirtschaftlichen, economic, ekonomicznej) in relation to the “substance.” Surprisingly, the words “form” or “legal form” do not appear — express or implied — in any of the versions.

3.2 In seven European countries
UK. Perhaps surprisingly, there is no long history of any version of the SoF concept in UK rules. In the old standards prior to the 1989 IASC Framework, the concept simply does not exist. The first formal presence in a Standard was FRS 5 in 1994, and the UK’s own framework did not appear until 1999. The reason is easy to see: there was simply no possible alternative to consider. The powerful and well-established true and fair view (TFV) principle, coupled with the virtual absence of any detailed regulations to prescribe “form,” was sufficient to ensure its automatic operation. SoF was part of the unregulated “collective intentionality.” But if legal “rules” (form) are almost non-existent, then there is little place for emphasizing the superiority of substance.

A classic example is depreciation. This was not, prior to the enactment in the UK of the Fourth Directive, a legal requirement. Yet, depreciation was almost universal, deemed necessary to give a TFV. As good Europeans, the UK introduced the Directive in full in the 1981 Companies Act. But now the TFV requirement could be used in the opposite direction: if depreciation were to fail to give a TFV, the law (and the Directive) required that depreciation not be provided. Hence, later, the UK Standard on Investment Properties, the eventual IAS 40, and the 2013 Accounting Directive (Article 8). The emphasis on substance was automatic, whether stated or not.

Now, with effect from January 1, 2015, the entire UK Accounting Standards structure, both the Standards and the Board, has disappeared. The replacement is a series of six Financial Reporting Standards (FRS 100–FRS 105), issued by the Financial Reporting Council. Here, we address only FRS 102 which, broadly speaking, is applicable to all entities, including “public benefit entities,” which are not “small/micro,” and are not required to use EU-endorsed IFRS. The Member State option to exempt undertakings within this definition was not implemented. The Standard was issued in 2014, slightly revised in September 2015, and again in 2018.

Paragraph 2.8, regarding SoF, provides as follows: “Transactions and other events and conditions should be accounted for and presented in accordance with their substance and not merely their legal form. This enhances the reliability of financial statements.”

The UK is not at all following the wording of the Directive, and it most certainly supports the SoF principle. Although the word “economic” does not appear, the words “legal form” are inserted, but in order to be dismissed, with considerable violence. “Not merely the form” is stronger than “not only the form” would be. However, the words are taken unchanged from the IASC Framework of 1989, itself derived from US not UK sources. One could...
suggest that the words are re-used here deliberately, and technically unnecessarily, in order to underscore the “Britishness” of the wording of the enactment.

The second sentence in Paragraph 2.8 is the very explicit statement that substance is necessary in order to enhance reliability. Reliability (para 2.7) requires a faithful representation of “that which it either purports to represent or could reasonably be expected to represent.” The claim is that where legal form and substance differ, the legal form necessarily fails to achieve reliability.

It is important to remember that the underlying philosophy behind UK accounting has been close to the underlying philosophy of IFRS for many decades (and of course vice versa). This means that in broad terms, the UK collective representation, or the UK language game, is not very different from the corresponding IFRS-based versions. In spite of this – or perhaps even because of it – the UK enactment can be seen as the British being British, in accordance with long tradition and practice, fully consistent with – but in no way constrained by – the published text of the Directive. In the UK case, the IFRS dimension was not new at all. Instead, the European Directive was in a sense the new and potentially threatening scenario. It was therefore rational for the UK to emphasize the continuation of its traditional “subjective reality.” So only the various “foreign” influences, both IASC/B and EU, caused the previously unnecessary formal introduction of the SoF wording, effectively as a defensive mechanism, perhaps also recently taking account of the (unwelcomed) removal of the words “TFV” from the IASB Framework.

France. Traditionally considered as the “algebra of law” (Garnier, 1947), French accounting rules were made to meet the needs of multiple users of the financial information, namely the state, management, creditors and employees (Colasse and Standish, 1998, p. 16). The National Accounting Code (Plan Comptable Général (PCG)) mandated that accountants be sincere in the application of rules when reporting facts[4]. An international influence started with the Fourth and Seventh Directives, mostly on consolidated accounts, then also on individual accounts until 2009 (Marion and Gélard, 2015).

Prior to the 2013 Accounting Directive, the objective of a faithful image (TFV) had been introduced, together with the override option, despite debates (Hoarau, 2003). A principle of “prevalence of substance over appearance[5]” was included in consolidation rules only. However, some treatments in individual accounts followed a substance-based analysis (Barbe and Didelot, 2012; Lebrun, 2009). In particular, since 2004 assets have been defined from a substance perspective[6]: they are now items controlled, instead of owned.

In the French version of the Accounting Directive, items “are accounted and disclosed referring to the substance of the transaction [sont comptabilisés et présentés en se référant à la substance de la transaction […]]” which appears to be stronger than the English “having regard to.” The only reference to consider for a transaction is its substance. The Directive was enacted in French law and accounting rules[7], resulting in no change in the rules.

Hence, pre-existing coherence issues are now more visible, for example, regarding leases. A rental contract that ends up with an option to buy the asset is named a crédit-bail[8]. Banks consider it as financial debt. IFRS and French consolidation rules would generally view it as a finance lease. In individual accounts, it is booked as a rent, although there may be an asset under control (PCG, Articles 212-5). Strangely enough, accounting is not in line with tax where a substance-based analysis prevails, at least on the lessee’s side (de Brébisson, 2018). Tax law has evolved, sometimes inspired by IFRS concepts such as the substance principle (Rossignol, 2007). On the lessor’s side though, tax law retains a formal approach, which allows for a fiscal deficit over the first years of the contract. For lessors – who are by law financial institutions – the formal treatment leaves a tangible asset on their balance sheet, instead of a financial asset, which is not neutral as per French application of the Basel II agreement. However, Basel III recommendations are turning to a substance-based approach.
The current accounting system shows a discontinuity between individual and consolidated accounts (Hoarau, 1995) and too much influence from taxation that tends to divert accounting from its original information goal (Tort, 2012). There is also a discontinuity between principles and rules. Indeed, the substance principle exists in consolidation; in individual accounts some rules follow the principle, too. But it is not clear whether the PCG is consistent with the Directive. Formally, the principle is neither enacted nor rejected.

The situation may not induce misunderstanding of SoF which is known in consolidation, and may be involved in individual accounts, even if not formally acted on as a principle. However, the persistence of formal approaches to transactions such as leases, where law, tax and practice have little doubt on its substance, may reveal a debate over the role of accounting information. The formal treatment bounds accounting to a property-rights approach, whereas under a substance-based analysis, items with conditional or incomplete property rights appear. Some authors supported a substance-based analysis of law (Raybaud-Turrillo, 1995), noting that the Civil Code already pointed at substance. Article 1188 explains that “the contract is interpreted based on the common intention of the parties rather than by stopping at the literal meaning of its terms[9].” Hence, some form of SoF principle exists in the Civil Code, not fully applied in accounting. This may reveal disagreement between lawyers and accountants over the collective assignment given to accounting information. Whereas consolidated accounts tend to present an economic patrimony, individual accounts are still in the middle. Supposed to produce a faithful image, with an economic definition of assets, they keep formal treatments for specific contracts.

Italy. The SoF principle was introduced in Italian law in 1992 (Decree Law 87/92 Article 7 (4)), but only for banks. The Decree Law 6/2003 introduced reference to “economic function” (funzione economica)[10] to the Civil Code, together with some rules for specific transactions. These treatments were not all complying with what the application of the SoF principle would suggest. For instance, lease payments were expensed, with information on the substance only in the notes (Civil Code, Article 2427 para. 1, number 22). In 2007, amendments implementing Directive 2003/51 did not change this situation.

The introduction of the phrase “economic function” in the Civil Code in 2003 was criticized. Considered ambiguous, it was suggested to refer to the principle of SoF (OIC 1, 2004, p. 8) as in the law for banks and at the European level. As the Civil Code considered the economic function only for valuation issues, it was not clear if it was a valuation criterion or if it was referring to the SoF principle. The definition in the Italian accounting standards was considered more appropriate (OIC 11, 2005): “The economic substance of the operation represents the main element for the reporting, valuation and representation of the event in the financial statements, in order to assure the clear drawing up and the true and fair representation […]”. The SoF principle under the Italian rules was mainly perceived as an expression of the TFV principle stated by Article 2423 of the Civil Code. No definition of the SoF principle or substance is contained in the new draft of OIC 11 issued in October 2017.

The Italian version of the Accounting Directive, translated back into English, states in Article 6(1)(h) “accounting and presentation of the items in the profit and loss and balance sheet take into account the substance of the transaction or of the contract concerned.” Paragraph 3 states:

Member States may exempt the companies from the requirements of point (h) of paragraph 1.

Decree Law 139/2015, effective from January 1, 2016, implements the Directive and modifies Article 2423-bis of the Civil Code as follows: “In the drawing up of the financial statements the following principles should be observed: […] 1-bis) accounting and reporting of the items is made considering the substance of the transaction or the contract[11].” Therefore, the previous “economic function,” was replaced by “substance of the transaction or the contract.” Thus, the
The SoF principle is explicitly introduced with a wider scope: both the presentation and the reporting of items need to refer to the substance of the transaction or contract. Still, under the Civil Code, the rules for leases are unchanged. This appears to be a departure from the new Article 2423-bis 1-bis. But, in case of conflicts with a specific form-based rule, the latter prevails and, as stated by OIC 11, “all the elements and data (complementary information) appropriate to express substance must be disclosed in the notes.” Hence, albeit enacted, SoF may be disregarded by detailed rules.

Despite being enacted, SoF suffers a flexible applicability, limited by specific rules. The principle does not work as a general principle overarching the individual valuation criteria. This may result from the philosophy behind the Italian Civil Code, where law defines practical application *ex ante*. The application of the SoF principle is limited by strictly regulated bookkeeping rules, reducing the role of professional judgment. This is linked to the economic and cultural Italian context where the main source of financing is the banking system rather than capital markets. The key objective of safeguarding creditors influenced the role of accounting information and supported the primacy of property rights. In this respect, the legal approach has prevailed even over the Italian economic doctrine. Following Wittgenstein, this explains also the initial ambiguity of the first introduction of the principle in Italy due to its different language game root, and its limited use in practice, which still remains after the implementation of the Directive.

**Germany.** The Accounting Directive was implemented in Germany in 2015[12], but no explicit norm on “having regard to the substance,” or any other reference to SoF, was implemented in the German commercial code or any other law (Arbeitskreis Bilanzrecht Hochschullehrer Rechtswissenschaft, 2014a, b; Lüdenbach and Freiberg, 2014). German parliament (*Bundestag*) explains that explicit implementation is not necessary, as the principle has been and will be part of German accounting rules anyway:

Fundamental changes in the Accounting Directive also include stronger anchoring of the general principles in a separate chapter. Emphasis should be placed on […] “the principle of an economic view” (Art. 6 para. 1, littera h and reason 16). Th[is] principle […] was previously included in specific rules in Directives 78/660/EWG and 83/349/EWG and they are already implemented in German law when one takes into account the German *principles of orderly bookkeeping* (*Grundsätze ordnungsmäßiger Buchführung*, emphasis added). The new central placement in the second section of the Directive shows the significance of these principles. However, changes in content were not intended[13].

A meaningful change of vocabulary demonstrates that a notion of a different language game is naturalized in the German language game. The German version of the Directive refers to “economic substance” (*wirtschaftlicher Gehalt*), whereas the German parliament refers to the “economic view” (*wirtschaftliche Betrachtungsweise*). The latter is a long-held notion applied under the German legal system, which originates in tax law and is equally valid in German financial accounting. The economic view was first codified in 1919 in Article 4 of the German Empire’s Tax Code. Explicit codification was eliminated in 1977, while its continuing central role of the economic view was highlighted:

In this statement, the economic view is understood to be part of the legal system and only to exist within the context – and therefore, language game – of the legal system. The consensus today is that the economic view is a general juridical method of teleological interpretation of law (e.g. Beisse, 1981; Florstedt *et al.*, 2015). Moxter (1989) held that “The economic view takes care of the real purpose of the legal norms while mere application of rules might miss the real purpose because it relies on structures of law that hide the real purpose of the legal norms.”
This is a direct reflection on the fact that for different users, different substances may exist, but that the legal system is required to pin down a clear meaning of substance. In other words, in the German system the production of an institutional fact that reduces a multitude of collective intentionalities to one “acceptable” is delegated to jurisprudence.

Such broad notion of economic view, combined with a close book-tax link, includes its application in accounting law (Breidert and Moxter, 2007; Tipke and Lang, 2010). However, the telos-based application of the economic view in tax law and in financial accounting is not always identical (e.g. Wüstemann and Wüstemann, 2012).

Ultimately, the two notions of “economic substance” in the Directive and “economic view” in the German tradition mean the same, at least in the likely operationalization within the German language game. The purpose of a legally coherent determination is prevailing over the information purpose of any other kind. Accordingly, the Arbeitskreis Bilanzrecht Hochschullehrer Rechtswissenschaft (2014a) stated for Germany that the Directive’s SoF principle may not be applied according to its international meaning, but instead requires that, at all times, any appraisal of a transaction takes due regard of the legal structures (i.e. of the local language game). However, at the same time, the traditional German language game is challenged by some scholars who argue that the German economic view and the UK SoF concept, while comparable, differ insofar as SoF can lead to the override of a given legal framework (Zwirner, 2014).

Austria. The Austrian perspective on SoF is to some extent comparable to the German one, albeit with differences. While the historic roots of an economic view are the same, “economic view” is still explicitly part of Austrian codified law, unlike in Germany. Paragraph 21 of the Federal Tax Act (1961), still valid today, states: “For the evaluation of tax issues, in an economic view the true economic substance instead of the outer appearance of the facts is decisive[15].”

Contrary to tax law, accounting law, until 2014, never explicitly mentioned any version of economic view or SoF. Yet, the economic view has been generally accepted and used, as part of uncodified generally accepted accounting principles[16] (Fraberger et al., 2010, §195 Rz 14; Nowotny, 1992, §195 Rz 14; Seicht, 1989).

The vocabulary differs, i.e. the Austrian economic view is determined as true economic substance over outer appearance of the facts, instead of (economic) substance over (legal) form. However, the interpretation of the principle does not differ in essence. Austrian literature (Fraberger et al., 2010, §195 Rz 14; Lüdenbach and Christian, 2010, §196 Rz 23; Rohatschek and Schiemer, 2015) confirms (in contrast to the German scenario) that, until 2014, the Austrian economic view, codified in tax law and equally generally accepted in accounting, has been interpreted as equivalent to the UK notion of SoF.

The implementation of the Accounting Directive in 2014 has brought a change. The Rechnungslegungsänderungsgesetz 2014 (Accounting Amendment Law) includes the new Section 196a of the Commercial Code, which reads as follows (authors’ literal translation): “Items in the financial statements are accounted for and presented having regard to the economic substance of the transactions or the arrangements concerned[17].” No undertakings are exempt from this requirement.

The wording under the Austrian law relates to wirtschaftlicher Gehalt (i.e. economic substance), instead of merely “substance.” This is in line with the German language version of the Directive. In other words, it can be safely assumed that substance for a UK reader is equivalent to wirtschaftlicher Gehalt/economic substance to a German reader.

The notion of “economic view” has not been influenced by the increasing use of IFRS. Accounting rules in the Commercial Code have never been amended to better comply with IFRS. The individual accounts as well as the consolidated accounts of non-public interest entities still rely on a tax driven, conservative tradition.
To summarize, the Austrian implementation of “having regard to the substance” is in line with the Accounting Directive. Undertakings are not exempt. Further, the explicit codification of the SoF principle is a continuation of the prior general acceptance of economic view, therefore the notion of the principle has not changed. Regarding the Austrian “collective representation” (Searle) or “language game” (Wittgenstein), the concept of economic view has not changed during the past decades, and in particular with the implementation of the Accounting Directive. Different stages of tax-only codification, accounting non-codification and accounting codification, with different choice of words, are generally understood to all reflect the same meaning of the concept of economic view.

Poland. In Poland, the SoF principle was introduced in the Accounting Act in 2000 (Article 4.2): “Events, including business transactions, should be recognized in account books and disclosed in the financial statements according to their business significance[18].” Article 6(3) has not been used. A new Article (4.1.1b) was introduced, allowing preparers to depart from some prescription of the Act in extraordinary circumstances if it would not allow to accurately present the entity’s situation.

The Act does not use “substance.” Instead, the words used are officially translated as “business significance” (whereas a literal translation is “economic content”). To date, this wording remains unchanged. In the Act, as in the Directive, there is no reference to the “legal form.” The lack of an explicit opposition of these two approaches may make it easier to accept that the business significance of the transaction or agreement generally remains in line with its legal form. What is meant by “business significance” is left to the individual.

Furthermore, the Polish wording of the SoF principle differs significantly from the Directive, using “events, including business transactions” instead of “items in the profit and loss account and balance sheet.” Hence, a business event is a concept broader than a business operation, and one business event may include several business operations. A comparison of the wordings reveals that in the Act the emphasis is on the recording role of accounting (bookkeeping), while the Directive focuses on the presentation of information (financial reporting). It also indicates a shift from looking into the business with the lenses provided by bookkeeping, to looking at business events and then adequately representing them with the available accounting tools.

In accordance with the Polish language version of the Directive, items in the profit and loss account and balance sheet “shall be accounted for and presented.” In the Act, the events, including business transactions, “should be recognized in account books and disclosed in the financial statements.” The Polish word ujmowanie is translated in English as “recognized in account books” (in the Act) and “accounted for” (in the Directive), while prezentowanie (“presented”) is synonymous with the ujawnianie (“disclosed”). In the Act, the phrase “according to their business significance” is stronger than the Directive: “having regard to the substance.”

The situation could be explained by the historical and cultural contexts of the development of accounting in Poland (Kosmala, 2005; Kosmala-MacLullich, 2003; Wojtowicz, 2015). This history includes the times of governmental interventionism, with emphasis on credit protection and tax collection (Second Republic 1918–1939), including significant German influences. During the centrally planned economy period from the late 1950s, accounting was reduced to bookkeeping based on the legal form of the transactions. The financial statements were used for national statistics, measurement of achievements of centrally planned targets and price setting (Jaruga and Bailey, 1998 as cited by Wojtowicz, 2015). In 1989, the non-communist government embarked on a program of reconstruction of a free market economy. The 50-year break in the functioning of Polish capital markets resulted in the absence of relevant laws and institutions. In practice, it implied a lack of experience and unwillingness to take decisions on one’s own. This resulted in detailed accounting laws
leaving little room for individual judgment. Transfer of part of the decision-making authority to an individual under the SoF principle increases individual freedom in the performance of tasks. However, this requires much more effort and knowledge than the simple use of a law.

SoF appeared as a result of bringing Polish accounting closer to the IAS-based accounting system founded on a different language game. SoF was intended to be used in exceptional cases. It was controversial and contributed to difficulties in both the accounting theory and practice. Changes in the Accounting Act following the Directive reflect the need to stress its importance. This seems an excellent illustration of the proposition in Section 2.1), that “if in given operating language games similarities exist, a concept from another language game can be compared and it assumes a meaning and it can be introduced within that language game, however, slightly changing its meaning to fit to this new context.”

Romania. Under communism, Romania’s accounting system was rather “an adjustment of the Soviet accounting system” (Bailey, 1995; Richard, 1995 cited by Deaconu, 2011). Similar to Poland, form overruled substance. The redefinition of the accounting system after the fall of communism was of French inspiration (Albu et al., 2011), motivated by “essentially political and cultural (not technical) reasons” (Richard, 1995) and “close cultural and economic ties between Romania and France” (Albu et al., 2011).

In 1991, the Accounting Act 82 was issued and became the backbone of the Romanian accounting regulations. Specific instructions have subsequently been provided by Orders of the Ministry of Public Finance (OMPFs), to bring the former socialist country closer to Western Europe. The first step was made in 1999, toward both the Fourth Directive and IAS. Until then, no reference to SoF could be identified in the Romanian regulations, but ever since 1999, observing SoF has been required. Codified as “the prevalence of the economic over the legal[19],” SoF was defined as “the principle according to which, in order for the accounting information to be credible, it was necessary that the represented events and transactions be reflected according to the economic reality and not only to their legal form[20].”

Between 2005 and 2015, the national regulation was further harmonized with the Fourth and the Seventh Directives[21]. Two regulations referred to SoF, still codified as “prevalence of the economic over the legal.” However, up to 2009, smaller companies were required to observe SoF only in their consolidated accounts. Deviations from the principle were allowed in exceptional cases.

Currently, the accounting of unlisted companies, for both individual and consolidated statements, is regulated by the enactment of the Accounting Directive[22]. Listed companies follow IFRS.

The new Order retains the content of the substance principle, but eliminates the phrase that had been familiar for 15 years: “prevalence of the economic over the legal.” The description of SoF is close to the official Romanian version of the Directive: “the accounting for and presentation of the items in the balance sheet and the profit and loss account having regard to the economic substance of the transaction or arrangement concerned[23].” Some examples include, among others, lease contracts, the recognition of deferred expenses and income, and the classification of discounts as trade or financial discounts.

A new imperativeness of the SoF principle appears: for the first time in 15 years, no possibility of deviating from the principle is added. In fact, a legal document is explicitly mandated to be prepared as to reflect the economic substance or nature of the transaction. Should it fail to do so, the entity would account for the described transaction according to its economic substance.

To summarize, Article 6(1)(h) of the Directive has been adopted ad litteram and resolutely: exemptions are not possible, as Article 6(3) has not been used. Moreover, the legal form of a document must reflect the economic substance of the described transaction, so that discrepancies between form and substance can be expected to be very rare.
The current status should be understood as the result of a fifteen years long process. SoF was introduced nine years after the fall of communism, through Romania’s concern to get closer to Western Europe. The principle was taken over by a system that was fundamentally different. The earlier Romanian system had been accustomed rather to a strictly regulated bookkeeping than to professional judgment, and had chosen the Civil-Code-based French accounting as a post-communism model. SoF was part of a different language game, that is why a more exact delimitation of the concept was needed. Under these circumstances, we can reasonably assume that the functional translation prevalence of the economic over the legal was needed to explain what kind of substance and what kind of form were meant.

The shift in 2015, including the dismissal of exceptions from SoF, brings Romania closer to the context SoF belongs to. The elimination of the economic-legal balance from its translation can be regarded as an adaptation of the language to the change of the language game.

### 3.3 Synthesis

From the country analyses, several issues emerge. The first observation is the divergence in the implementation of the Directive. A synopsis in English (authors’ translations) of the different versions of the SoF principle in local enactments reveals the differences as shown in Table I.

While the different versions of the SoF principle back-translated into English are taken out of context and may suffer from the individuality, and possible idiosyncrasies, of the different authors, still they clearly show that wordings differ. Instead of “substance,” “business significance,” “economic substance” and “economic substance or nature” are used; instead of “form,” “legal form” and “appearance” are used, or no reference is made to any kind of “form” at all. The UK speaks of “transactions and other events and conditions,” whereas the Accounting Directive uses “transaction or arrangement,” Poland refers to “events, including business transactions,” etc. This after the different language versions of the Directive itself already presented differences in wording.

All countries have some way of including an SoF requirement in their accounting principles, explicitly or implicitly. No country within our survey claimed to opt out.

Generally, the local enactments attempt to follow the local translations used for the Directive, unless a close concept was already present under local rules and was not changed, due to local tradition or previous implementation. Italy has quite deliberately changed the wording of its enactment from the previous “economic substance,” to “substance,” exactly following the wording of the Directive in Italian. Romania has maintained its previous usage of “economic”

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Directive</td>
<td>Items in the profit and loss account and balance sheet shall be accounted for and presented having regard to the substance of the transaction or arrangement concerned</td>
</tr>
<tr>
<td>UK</td>
<td>Transactions and other events and conditions should be accounted for and presented in accordance with their substance and not merely their legal form</td>
</tr>
<tr>
<td>France</td>
<td>Individual statements: no explicit codification</td>
</tr>
<tr>
<td></td>
<td>Consolidated statements: “prevalence of substance over appearance”</td>
</tr>
<tr>
<td>Italy</td>
<td>Accounting and reporting of the items is made considering the substance of the transaction or the contract</td>
</tr>
<tr>
<td>Germany</td>
<td>No explicit codification</td>
</tr>
<tr>
<td>Austria</td>
<td>Items in the financial statements are accounted for and presented having regard to the economic substance of the transactions or the arrangements concerned</td>
</tr>
<tr>
<td>Poland</td>
<td>Events, including business transactions, should be recognized in account books and disclosed in the financial statements according to their business significance</td>
</tr>
<tr>
<td>Romania</td>
<td>The accounting for and presentation of the items in the balance sheet and the profit and loss account having regard to the economic substance of the transaction or arrangement concerned</td>
</tr>
</tbody>
</table>

Table I. Substance over form, as implemented in Member States, translated back to English
substance (derived from earlier incorporation of IFRS terminology), with the explicit support of the Romanian version of the Directive. Poland also maintains the general thrust followed since 2000, of “business significance,” with a variety of different and individualistic changes in terminology, but not following the wording of the Directive in its Polish version – deliberately changing “having regard to” to the much more definitive “according to,” for example. The UK has very much ignored the detailed wording of the Directive, deliberately – almost provocatively – bringing in “legal form” in order to contumuously dismiss it.

Germany refrained from an explicit introduction of the concept into its accounting laws under the claim that the national regulations already fully contained the requirement. German practice – and its courts – indeed follows an economic substance concept. Yet, it is one entirely constructed as an expression of the teleological method of civil law – in this case historically mostly focused on the needs of tax law and not on the needs of investors or other stakeholders as far as these go beyond principles that are already part of the legal system. France seems more obscure, perhaps vague, in its enactment. Prior wordings are very much retained, and the (French) wording of the Directive seems deliberately and totally ignored. Finally, there is no overall substance principle, which the Directive proposes, but former sincerity (sincérité) remains, for which the Directive gave no requirement at all. There is, however, a case-by-case “substance-based” treatment of a number of specific types of transaction, although with contradicting rules.

When looking for common features among the respective concepts, it appears that France and Germany both consider an explicit implementation of any kind of SoF at this time as unnecessary, and both would claim to have fully enacted the contents of the Directive. Poland and Romania both have an accounting history which is rooted in statistical requirements of the communist economic regime, where there was no room for any notion of SoF. Subsequently, both countries readily implemented the principle with a view to IFRS. Germany and Austria both have a strong tax background in their respective SoF principles, and a tradition of non-codification; the almost literal implementation of the Accounting Directive in Austria, however, is in contrast to the non-explicit implementation in Germany. This suggests consistency with the proposition of overlapping/conflicting social realities/language games as developed in Section 2.

Considerable differences in accounting for leases or own shares, for instance, illustrate that in areas where accounting for the substance rather than the form is frequently required, still no harmonization exists for countries. Finance leases are expensed in France and Italy; own shares are shown in assets in France and Poland. Despite a common principle generally enacted – even if not exactly named the same way – the consequent booking rules are different.

Within our sample of seven countries we demonstrate that, in spite of all applying the principle, there is an astonishing degree of diversity in the reactions to the wording of the Directive (Table II). The social construct of SoF may be agreed through collective intentionality within groups of like-minded thinkers, but these groups are distinct per country, and not uniform across Europe. There is little consensus, and less “harmonization.”

4. Discussion
4.1 Only a question of translation?
Our sample of countries is definitely diverse: seven countries, representing both common law and civil law systems; two former communist countries; and five different translations of the English version of the Directive. A relevant illustration of the cultural influence in translation is the need of some civil law regulators to define the term substance more precisely, either by adding the adjective economic (Germany, Austria and Romania), or by using a different term (business significance in Polish). This is a functional translation, which helps the reader understand the meaning of the translated concept, by connecting it to a common correlation,
delivered by the cultural background of the three countries: economic vs legal in Romania and Poland, and economic naturally being determined legally in Germany.

Using the philosophical lenses, we actually question the common understanding of the SoF principle. The use of different wordings, especially when these wordings existed before the Directive, the lack of any definition at the European level and the resulting variety in practical rules, all tend to confirm that different communities within Europe share different frames of social and institutional facts. They are, however, overlapping between countries, such as the tax background of the principle in Austria and Germany; the communist past in Poland and Romania; civil law in Austria, France, Germany and Italy. There is no common European (accounting) community yet, but there is a variety of differently overlapping sub-communities, which goes across different countries. This situation, and not merely bad translation, represents a significant obstacle to harmonization.

4.2 Where is the principle defined?
The origins of the international and British SoF principle (meaning the idea rather than the precise wording) appear to lie in practice, in procedures adopted and applied in concrete cases without explicit argumentations (Rutherford, 1988), which could explain the undefined meaning of the principle today.

Despite its technical aspects, accounting remains about social facts. Notwithstanding a now more than 60-year construction, Europe has not managed to build a common (accounting) language game. One reason could be that in the Directive, the main missing point is any definition of the concept itself. Without any common description of (economic) substance and/or

<table>
<thead>
<tr>
<th>UK</th>
<th>France</th>
<th>Italy</th>
<th>Germany</th>
<th>Austria</th>
<th>Poland</th>
<th>Romania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enactment</td>
<td>Explicit</td>
<td>Not formally in consolidation/ no in statutory</td>
<td>Explicit</td>
<td>Not formally</td>
<td>Explicit</td>
<td>Explicit</td>
</tr>
<tr>
<td>What is accounted?</td>
<td>Transactions and other events and conditions</td>
<td>Items</td>
<td>Transactions or the arrangements concerned</td>
<td>Events, including business transactions</td>
<td>The transaction or arrangement concerned</td>
<td>Economic substance</td>
</tr>
<tr>
<td>... booked according to their ...</td>
<td>Substance</td>
<td>Substance</td>
<td>Economic view</td>
<td>Economic substance</td>
<td>Business significance</td>
<td>Legal form</td>
</tr>
<tr>
<td>... rather than their ...</td>
<td>Legal form</td>
<td>Appearance</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Is substance defined?</td>
<td>Not defined</td>
<td>Common intention of the parties</td>
<td>Economic essence of the fact, its true nature</td>
<td>Specified as economic substance</td>
<td>Not defined</td>
<td>Specified as economic reality</td>
</tr>
<tr>
<td>Can substance/ form differ?</td>
<td>Yes</td>
<td>Rarely</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Rarely</td>
</tr>
<tr>
<td>Who assesses the substance?</td>
<td>Individual</td>
<td>Not explicit</td>
<td>Accounting rules</td>
<td>Coherence of the legal system</td>
<td>Individual or tax law</td>
<td>Individual</td>
</tr>
<tr>
<td>Can rules be overridden?</td>
<td>Yes</td>
<td>Complex (not all rules)</td>
<td>Yes, by a combination of other rules/principles</td>
<td>Yes, by a combination of other rules/principles</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
(legal) form, each country had various options: craft its own definition, regulate the principle without official definition or use a supposed close concept taken from local roots. The result could only be diversity. Perhaps, however, the omission of any “common description” simply recognizes the permanent inevitability of the implications of our theoretical underpinnings. The social constructions, across both country communities and across user group communities, are perhaps too multitudinous, ever-changing and too diverse to allow any other result.

4.3 Why should substance and form differ?
The objective of SoF is of course to obtain a TFV, in all the countries in the sample, although given the subjectivity and institutional specificity of both these concepts this is little more than a legalistic truism. Certainly the conclusions as regards the rules quite differ.

The TFV induces a potential override of any rule that would prevent it, at least in the UK, France and Romania. In Italy, however, the override is limited to exceptional cases, suggesting that the rules should normally be “fair” enough to be followed. The case reveals that the principle comes with an objective to inform the reader on an economic patrimony, instead of a pure property rights approach, but this is introduced in a system where codified norms and the legal classification of transactions and contracts prevail.

In France, some authors supported a substance-based analysis of law (Raybaud-Turrillo, 1995), noting that the Civil Code already pointed at substance. Like Romania, France considers that the legal form should not disguise the substance. The accounting principle could even be redundant: the question is whether to include it formally in accounting rules, as redundancy may lead to interpretation issues (a view similar to the German one).

In Germany, the “economic view” suggests that no rule could be valid if it goes against this principle. A civil law notion, the potential basis of a transaction between parties, may have economic consequences determined under law. The figure arising from a particular legal form can indeed be changed to an equally legally determined substance figure, but only in accordance with legally established practice, not by the individuals concerned. The only overriding option in Germany is limited to the legal sphere: the interpretation of transactions made available by law is supposed to be fair in the end. In Austria, by contrast, the economic view does override the mere substance for tax law as well as for accounting purposes. The Austrian economic view therefore goes beyond application of the teleological interpretation of the law. The different notion of economic view in Germany and Austria, in spite of common roots at the beginning of the last century, makes another case for the social construction of legal realities.

4.4 Who defines the substance?
We show that similar concepts following close objectives ultimately have opposite consequences on the authority of accounting rules. The question is to understand who should define and reveal this substance to the users of financial information.

Under common law systems, rules are derived from the recognition of practices, observed in the field. The civil law system names, defines and classifies the notions, to give individuals a framework to interpret their own business. Germany and Austria have maintained their traditional approach. Romania and Poland underscore the importance that differences between substance and form be kept exceptional, with Romania asking the preparer of contracts to align form to substance. This is perhaps the easiest way to implement SoF in a system where the traditional “collective representation/language game” was very different from that inherent in SoF. Since accountants are used to following the legal form of a document, then it is necessary to avoid any conflict between the legal form and the economic substance. Besides, in each country the “legal form” is likely to carry with it unavoidable rights and obligations, often unstated but automatically embraced. Italy modified the Civil Code to include the notion, while France did not, as the substance-based intention of parties should already be formal. Both attempt to define the accounting
consequences of a civil law concept, having one accounting rule per transaction, but they fail in some cases that should be reviewed, or distinguished. In this sense, those six countries show a civil law way to integrate this principle, while the UK only acknowledges a concept already taken for granted. We find here the traditional opposition between civil law environments, where the telos is under central hands (law, tax and judge), and common law systems, where the substance should be revealed by either party in a contract.

4.5 The question of users
Finally, the situation may also reveal different uses throughout Europe and even inside each country, of accounting information. In our sample of countries, it is not clear that accounting information has been given the same collective assignment, according to Searle’s concept. Accounting information can be used in tax calculation, in some legal procedures (dividend distribution, litigation and liquidation) and also to inform various users on the performance and financial situation of the firm. Contrary to IFRS standards, local rules in Europe may not formalize the role of accounting information, especially for individual accounts. If the role of information differs significantly, then the subjectively determined “substance” behind that information can logically be expected to differ too.

5. Contribution and conclusions
At the end of Section 2.1), we “postulate a series of collective representations of SoF, each understood, despite fuzzy boundaries, by different related, but non-identical, examples of use in varying ‘collective representations’ (Searle) or varying ‘language games’ (Wittgenstein), both these terms being used in a precise technical sense.” We believe that our analysis validates this proposition.

The paper contributes at two levels, theoretically and practically. The first contribution, on the theoretical level, is that the “fuzziness,” which we describe in Section 2.1), is consistent with the Wittgenstein dictum, that explaining the meaning of a given concept amounts to providing different examples of its use (Wittgenstein, 2005, Sections 71, 72). Our chosen application, SoF across seven European nations, all ostensibly following policies consistent with the same centralized (Directive) requirements, demonstrates every aspect of the above. It is perhaps important to underline that, from the viewpoint of either a regulator seeking consistent (“harmonized”) interpretations of the regulations, or of a practitioner who seeks absolute confidence in the validity of his practices, this theoretical message is extremely unwelcome. For accounting concepts such as SoF (or TFV, fair presentation), exploring and understanding the exact operational details and context are essential. Implications are widely unperceived, or ignored. They call for discussion of the concept of SoF, its underlying idea and its use and application, in a given country, independent of the status of its respective (non-)codification.

A second practical contribution is to consider the detailed implications of the theory in the specific application of SoF in EU Member States. The paper adds to the debate around the existence of a Pan-European accounting community. It questions its very existence, or at best highlights its fragmentation, using the experience of the Accounting Directive and its supposed introduction of common accounting principles into national standards. The example of the SoF in seven Member States, exemplary for 28 countries, 24 languages and different political, economic, and legal backgrounds, showed apparent discrepancy in the understanding and use of this concept. The omission of any centralized description of this principle favored the diversity in practices in the different countries. But differences in understanding and use are rooted in the above-mentioned differences in the national patterns characterized by different cultural environments, legal systems and history. Not only do the local wordings to integrate this principle differ, but the results tend to show that the underlying (socially constructed) meaning of the principle may itself differ from one country to another, in line with the theory of language.
These differences do matter. As our theoretical framework shows and explains, they are unavoidable. But ignoring them will not work. A way out of this malaise could be to be much more attentive to the national differences and similarities and in accepting that harmonization can only take place in identical or at least similar language games. There are perhaps similarities which are best described by Wittgenstein’s metaphor of family resemblances (e.g. Baker and Hacker, 2009). Even in civil law countries such as Austria, we find borrowings from the UK SoF principle, and as Poland with Germany, and Romania with France and Russia demonstrate, there were identical developments at certain times in history. Taking up such similarities and differences would require the building up of epistemic communities around shared meanings across Europe, and sensitivity to the area of application and the boundaries of a certain language game for certain concepts covering several countries in Europe.

It should be emphasized that “form” (rules) do not arise out of nowhere and out of nothing. They are also part of a language game. They will always emanate from some explicit or implicit attitude, belief or framework (substance in some sense). The user of the resulting financial statements must try to make sense of them, through the fog of subjective uncertainty which our theoretical exposition demonstrates. Comparisons between the results of different subjective uncertainties, which investors and other decision makers crucially have to make, will in the general case be even more difficult if the mind-set (perceived or unperceived substance) of the rules is unfathomable. The complexities inherent in our country studies and the resulting discussion surely show the difficulties of meaningful comparison across country/language epistemic communities.

Our final broad conclusion therefore is that harmonization of different socially constructed realities is more important than harmonization of different socially constructed words. But as our theoretical framework, through the exposition of social construction and language games, demonstrates this is also logically impossible. The only way to achieve harmonization is to change one or more socially constructed realities until they become identically constructed. The underlying conceptual understandings are likely to differ across communities, including communities of different user groups arising from the different perceived purposes of financial reporting in the first place. The means of trying to communicate the various understandings are also likely to be interpreted differently by the recipient as compared with that envisaged by the sender. The socially constructed “reality” (signified) is communicated by means of socially constructed language (signifier). The scope for flexibility and miss-communication through multiple layers of localized social construction is multiplicative rather than additive. Our detailed exposition of the SoF principle illustrates this perfectly. But we end by underlining the generality of our position. The most we can achieve is a greater understanding of the inadequacies of the language medium and the translation process across such media. Forewarned is forearmed.

Notes
2. Frequent examples of application are lease contracts.
3. “Recognition and measurement principles applicable to the preparation of annual financial statements should also apply to the preparation of consolidated financial statements. However, Member States should be allowed to permit the general provisions and principles stated in this Directive to be applied differently in annual financial statements than in consolidated financial statements.” Recital 35 – Directive 2013/34.
4. PCG Art. 121-3: “La comptabilité est conforme aux règles et procédures en vigueur qui sont appliquées avec sincérité afin de traduire […] la réalité et […] l’importance relative des
événements enregistrés. [Accounting complies with rules and procedures in force that are applied with sincerity so as to transcribe […] the reality and relative importance of the events they record].”

8. The name literally associates the words “loan” with “lease.”
9. “Le contrat s’interprète d’après la commune intention des parties plutôt qu’en s’arrêtant au sens littéral de ses termes.”

10. Authors’ literal translation: Article 2423-bis, para. 1: “[…] 1) the valuation of the items should be made according to prudence and from the perspective of the going concern, and also considering the economic function of the considered item on the assets side and liabilities side.”

11. Authors’ literal translation: “Principi di redazione del bilancio. Nella redazione del bilancio devono essere osservati i seguenti principi: […] -bis) la rilevazione e la presentazione delle voci è effettuata tenendo conto della sostanza dell’operazione o del contratto.”

14. Deutscher Bundestag, 1975, BT-Drs. 7/4292, pp. 15-16; see also Arbeitskreis Bilanzrecht Hochschullehrer Rechtswissenschaft (Working Group of Law Professors) (2014a, b). Surprisingly, to the knowledge of the authors, no reference to true and fair view was ever made in the context of the discussions on SoF in Germany. This was probably because true and fair view had been considered historically (and still today) a rather meaningless general clause.
15. §21 Bundesabgabenordnung: “Für die Beurteilung abgabenrechtlicher Fragen ist in wirtschaftlicher Betrachtungsweise der wahre wirtschaftliche Gehalt und nicht die äußere Erscheinungsform des Sachverhalts maßgebend.”
18. “zdarzenia, w tym operacje gospodarcze, ujmuje się w księgach rachunkowych i wykazuje w sprawozdaniu finansowym zgodnie z ich treścią ekonomiczną”; The English quotation is from the translation of the Accounting Act by Adamczyk (2010); the translation is not an official document, but widely used.
19. Prevelența economicului asupra juridicului.
20. “Prevelența economicului asupra juridicului este principiul conform căruia informația contabilă, pentru a fi credibilă, trebuie ca evenimentele și tranzacțiile pe care le reprezintă să fie reflectate în contabilitate în concordanță cu realitatea economică și nu numai cu forma lor juridică” (OMPF 403/1999, Chapter 5, para. 34, respectively, OMPF 94/2001, Chapter 5, para. 36).
22. OMPF 1802/2014.
23. “Contabilizarea și prezentarea elementelor din bilanț și din contul de profit și pierdere ținând seama de fondul economic al tranzacției sau al angajamentului în cauză” (OMPF 1802/2014, para. 57 (I)).
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Impaired translations: IFRS from English and annual reports into English

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Abstract

Purpose – The purpose of this paper is to examine translation in the context of International Financial Reporting Standards (IFRS) by taking the example of the English term “impairment” in IAS 36, and following it into 19 translations. The paper then examines the terms used for impairment in English translations of annual reports provided by firms. Consideration is given to the best approach for translating regulations and whether that is also suitable for the translation of annual reports.

Design/methodology/approach – The two empirical parts of the paper involve: first, identifying the terms for impairment used in 19 official translations of IAS 36, and second, examining English-language translations of reports provided by 393 listed firms from 11 major countries.

Findings – Nearly all the terms used for “impairment” in translations of IAS 36 do not convey the message of damage to assets. In annual reports translated into English, many terms are misleading in that they do not mention impairment, peaking at 39 per cent in German and Italian reports in one year.

Research limitations/implications – Researchers should note that the information related to impairment in international databases is likely to contain errors, and the authors recommend that data should be hand-collected and then carefully checked by experts. The authors make suggestions for further research.

Practical implications – Translators of regulations should aim to convey the messages of the source documents, but translators of annual reports should not look only at the reports but also consult the terminology in the original regulations. The authors also suggest implications for regulators and analysts.

Originality/value – The paper innovates by separately considering regulations and annual reports. The authors examine a key accounting term systematically into a wide range of official translations. The core section of the paper is a new field of research: an empirical study of the translations of firms’ financial statements.

Keywords IFRS, Impairment, Translation, International differences

Paper type Research paper

1. Introduction

The difficulties of translating accounting terms have been examined by researchers over many decades (e.g. Rutherford, 1983; Walton, 1991; Parker, 1994; Evans, 2004; Dahlgren and Nilsson, 2012; Evans et al., 2015; Kettunen, 2017). Nobes (2006) includes translation problems as one of the eight causes of international differences in practice under International Financial Reporting Standards (IFRS). Zeff (2007) includes translation and terminology in his survey of obstacles to global comparability of financial reporting. The IFRS Foundation (2016) acknowledges the importance of good translations in enhancing international comparability. Cooper and Robson (2006, p. 436) call for more research on the dispersed sites of accounting regulation, and translation is one of these.

Most research on translation in the context of accounting has two factors in common: it deals with translation from English to other European languages and it concerns official documents, mostly relating to either “a true and fair view” (TFV) or, in more recent research, IFRS. Our first contribution is to add to the literature on the translation of IFRS by revealing particular problems associated with a topic which has received little attention: “impairment”, in the context of IAS 36 (Impairment of Assets). We first examine 19 translations of
“impairment” in official documents, concluding that few of them preserve the message in the original. We draw policy implications for the International Accounting Standards Board (IASB) as it writes standards and for the translators of those standards.

After that, our main contribution is to open up a new aspect of accounting research: empirical investigation of a large sample of translations of annual reports. By doing so, we respond to a specific call by Kettunen (2017, p. 53) for research into the preparation of translated annual reports. We continue to focus on impairment, in a way which enables a holistic view of the terms used for this important concept: from their origins in the USA, to IFRS as issued in English, through to translations of the accounting standard and then back into English in translated annual reports. We find translations of IAS 36’s “impairment” which are too broad, and this feeds through to non-English annual reports. This in turn causes translators of those reports (into target English) to produce misleading translations such as provision, allowance, write-down and depreciation. We provide evidence suggesting that analysts and researchers who use Worldscope data are then likely to be misled by these terms. An implication for translators of annual reports (as opposed to translators of regulations) is that they should not just look at the documents they are translating but should consider the original source IFRS standards.

We hope that readers will excuse any apparent bias towards English. This journal is written in English, so it is convenient to discuss problems with technical terms (some of which already exist before any translation of them) by using English terms. Also, IFRS is written in English, so our study of a particular standard begins there. Furthermore, the great bulk of translated annual reports in the world have been translated into English rather than into any other language, so this sets the scope for our empirical study. Many of the examples and conclusions would probably apply, mutatis mutandis, if the journal or the standards or the translated reports used another language. Only one of the authors has English as mother tongue.

The paper proceeds as follows. In Section 2, we briefly examine theories relating to words and to the translation of them, with particular reference to accounting documents. Section 3 examines the major problems related to translating IAS 36’s term “impairment”. Section 4 deals with prior literature on translated annual reports and with the setting up of our empirical study of the terms used for impairment in the English translations of a large sample of annual reports of listed firms. Section 5 sets out the findings of our study. Section 6 presents conclusions and policy recommendations for the IASB, for translators of IFRS and of annual reports, and for analysts and researchers.

2. Theory
2.1 Signifiers
This sub-section briefly summarises some literature about the theory of words, before any issues of translation are considered. Saussure (1910) distinguishes between a signifier (the “signifying element”, i.e. the word or sound, e.g. “asset”) and what is being signified (the “signified element”, i.e. the meaning of the concept, e.g. in the context of accounting, an asset is a resource controlled by an entity)[1]. These ideas were applied to accounting by Walton (1991) and Parker (1994). Archer and McLeay (1991) and then Evans et al. (2015) discuss the fact that signifiers are used in different “registers”[2], particularly an everyday register and a technical register such as an accounting register. For example, “asset” has a much wider meaning in the everyday register than in the accounting register.

There is no essential reason why a particular signifier should be attached to a particular signified. Saussure (1910, p. 76) concluded that the “linguistic sign is arbitrary”. In principle, any signifier can be used as long as there is agreement and consistency within a register. For example, at first sight, any signifier could be used in the accounting register for what now has the signifier “impairment”. One approach, often used in sciences, is for the technical register to coin new terms[3], perhaps using Latin or Greek words. However, problems can
arise if a technical register uses a term from the everyday register but defines it differently. In an “almost iconic”[4] legal opinion on TFV, Arden (1993, para. 14) considers a case where the technical register does not define terms:

[…] the Court will not in my view seek to find synonyms for the words ‘true’ and ‘fair’ but will seek to apply the concepts which those words imply.

We might interpret Arden as saying that, in the context of English law, the Court would infer the meaning in the everyday register, given that the words were not defined in law.

A particular example of a perilous difference in registers is where a hypernym (a word with a broad meaning)[5] from the everyday register is adopted as a narrow signifier in the technical register. In accounting, there is an additional difficulty when it comes to documents written by practitioners (as opposed to standards written for practitioners): whereas medical reports (for example) are not primarily aimed at non-medics, financial reports are primarily addressed to non-accountants who might not appreciate that they are reading technical terms.

2.2 Translation theory and its application to accounting documents

The problems relating to technical registers were discussed above in the context of a monoglot world, particularly one using English. The problems can worsen in the context of translation. For example, the use of a hypernym in a regulation may lead to new difficulties when translated. Huerta et al. (2013) investigate translation of accounting terms by senior Spanish-speaking accounting students. They divide their terms into generic (such as “probable”) and accounting-specific (such as “asset”) which have definitions in specialised dictionaries. They find that, when the terms are translated, the generic terms display the greater variability of interpretation (p. 10). This problem can occur even when the translator is a technical expert but is more likely for the non-experts often responsible for translating IFRS (see later in this section). Furthermore, the annual reports which result from applying the regulations are often translated by non-accountants and then read by other non-accountants.

Translators begin with a “source text”[6] and work towards a “target text”. The process involves the generation of options and then selection from among them. There are competing paradigms in translation theory, including equivalence and skopos theory. The first suggests that translators should aim to produce a target text of equal value to the source text, and the second focuses on the purpose of the translation. We now investigate these paradigms in the context of translating accounting documents.

Underlying equivalence is the idea that there must be a message that stands outside of both the source and target languages to which the translator can refer: a tertium comparationis. A modern application of this idea is localisation theory (Dunne, 2006). For example, Microsoft originally dealt in only a few foreign markets, so translated its menus, date formats, etc. from American English to French, German and so on. Now that far more language versions are necessary, an artificial internationalised English version is created, attempting to remove cultural references, and this is the source text for the translations.

However, there are philosophical difficulties with the idea of a tertium comparationis. There is a measure of indeterminacy in translation (Quine, 1969), and one can never be sure whether transmission of meaning has been achieved. Translators inevitably depart from the source text and cannot represent it fully (Chau, 1984). In the context of accounting, Dahlgren and Nilsson (2012) consider that, because conceptual structures in different languages do not match perfectly, some concepts are “simply not translatable” (p. 57). This was a conclusion reached earlier about the TFV by Alexander (1993, p. 283).

However, Baskerville and Evans (2011, p. 29), after analysing the responses to a survey of 67 experts involved in translation of accounting documents or textbooks from English into various European languages, conclude more hopefully that translation is possible,
although direct equivalence cannot generally be achieved. Thus, although we note Heidegger’s (1957, p. 163) conclusion that poems cannot successfully be translated, we focus instead on his contrasting view that business letters can be; a contrast endorsed, for the translation of accounting texts, by a respondent of Baskerville and Evans (2011, p. 29).

An illustration of the difficulty of translation concerns terms for colours; for example, the French word *vert* is not fully equivalent to the English word “green”[7]. However, suppose that the French government wanted to produce an English translation of its traffic code, to give to British motorists arriving in Calais. On the subject of traffic lights, translator X might suggest: “Drivers may proceed when the light is green”. However, a more fastidious translator, Y, who is aware of the serious equivalence problems might propose: “Drivers may proceed when the light is coloured”. Although “green” is not exactly equivalent to *vert*, we suggest that it is suitable because it conveys the meaning well enough, and it is more proximate than the hypernym. From here on, we will not generally refer to equivalence, but to “proximate” translations, by which we mean those which are likely to minimise ambiguity and to be successful in getting the source message across. However, when referring to prior literature, we will sometimes retain the use of “equivalent”.

In the context of concerns about equivalence, *skopos* theory was developed. It holds that translators should serve the purpose of the translation (e.g. Schäffner, 2001; Vermeer, 2012). This means that the translators must investigate the reasons for the translation. Translation thus involves “dethroning” the source text. This might be an appropriate paradigm in some fields (perhaps advertising or propaganda) but, in our view, it is not helpful in the context of accounting regulations (as opposed to annual reports). We now illustrate this with the example of translation of the EU’s Fourth Directive on company law.

The Directive was created in French and first published in draft in 1971, before Denmark, Ireland and the UK joined the EU in 1973 (see, e.g. Nobes, 1993). After this expansion, there was a published re-draft in 1974 which included the concept of a TFV, specifically borrowed from the English language and the UK legal context. Especially as TFV is an overriding concept, this led to great discussion about its meaning in continental Europe (Alexander, 1993). Sometimes, part of the problem of translation is that the meaning is not clear even in the original, and this was abundantly the case with TFV (e.g. Rutherford, 1985). Researchers later examined translations into many languages (e.g. Nobes, 1993; Zeff *et al.*, 1999; Aisbitt and Nobes, 2001; Kosmala-MacLullich, 2003), noting that most translations were far from literal. Translations of TFV included: *une image fidèle* (the French translation using one adjective instead of the two in English); *la imagen fidel* (the Spanish law[8] using the definite rather than the indefinite article); *rappresentare in modo veritiero e corretto* (the Italian law[9] using two adjectives but not necessarily ones closely proximate to the English); and *unter Beachtung der Grundsätze ordnungsmässiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild* (the German law’s elaboration of “true”)[10].

The German, Spanish and Italian signifiers for TFV were used in national laws to supplant those provided by the EU in the national language versions of the Directive which it sent to member states[11]. The German elaboration of “true” neuters even that concept by inventing the overriding need to comply with established norms. This involved two departures from the original German version of the Directive[12], and these were intentional in order to avoid changes to German accounting, particularly the uncertainty that would have been introduced by recourse to a vague new principle (Ordelheide, 1990, p. 13). In terms of *skopos* theory, the result was a good translation because it fitted the purpose of the German government, but we suggest that it does not convey the same message as in the source, and this undermines the purpose of the document (as opposed to the purpose of the translation) which was to achieve international harmonisation. Similarly, the Spanish government’s translation of TFV (as opposed to the EU’s translation) (see footnote 8) uses the definite article in order to reduce the apparent vagueness of the concept. This might
have suited the purpose of the Spanish government (e.g. in its capacity as tax collector, to increase the certainty of accounting numbers) but the translation again departs from the originally intended message. The German and Spanish translations seem to be examples of deliberately attempting to change the meaning.

Kettunen (2017) examines the institutions involved in translating IFRS, using Finnish as an example. Kettunen (p. 43) contrasts the work of the EU’s Directorate General for Translation (DGT) with that of a Translation Review Committee (TRC) of the IFRS Foundation, noting that only the latter involves accounting experts[13]. Also, the DGT does not set out a specific objective for translation, whereas the IFRS Foundation states that translators should “render the English text into another language” but should neither “interpret or explain” nor “add, reduce or alter the substance and content of IFRSs” (IFRS Foundation, 2013, para. 3.3).

Two of Kettunen’s (2017, pp. 47-48) examples of translation into Finnish are particularly interesting because the Finnish TRC decided not to act on the IASB’s deliberate changes in terminology: from “valuation” of assets to “measurement”, and from “balance sheet” to “statement of financial position”. These changes can be seen as part of a major philosophical shift towards the use of fair value (Power, 2010), as follows: the abandonment of the signifier “valuation” points out that the conventional measurement basis for many assets (depreciated cost) has no economic meaning, and the abandonment of “balance sheet” points out that the IASB would like to move towards a statement which is something better than merely a sheet of the year-end balances which remain in the double-entry system[14]. Kettunen does not criticise the translations of the TRC, but suggests that its lack of reaction helped to “maintain the equivalence of terminology” and to avoid differences in terminology between Finnish IFRS and Finnish law (p. 47). We take a different view. The lack of Finnish reaction suggests that the translators had a skopos (a long-running preference for particular terms[15] and consistency with Finnish law) which was not consistent with the IFRS Foundation’s remit.

From the arguments in the above paragraphs, we conclude that skopos theory is not a useful prescriptive paradigm for the translation of international regulations. This is because skopos and the aim of a proximate translation lead to the same result when international regulators are in charge of translation and specify its purpose as producing “equivalent” regulations which will lead to internationally comparable financial statements[16]. However, if other parties control translation, skopos might lead to deliberate changes in meaning, which would undermine the purpose of the regulations. Either way, we suggest a target of proximate translation, which is consistent with the guidance given to official translators of IFRS.

The aim of proximate translation does not imply the consistent use of literal translation. For example, Kosmala-MacLullich (2003) and Kosmala (2005) explain that there are many different words for “true” and “fair” in Polish. The interpretation in different countries depends on such issues as the nature of the legal system and the content of previous laws. Evans et al. (2015, p. 22) note that translators of biblical and legal texts had attempted literal translation but they suggest that this is unlikely to work well for principles-based standards. Archer and McLeay (1991) outline four techniques of non-literal translation: circumlocution, coinage, approximation and inter-language borrowing. These are augmented by Baskerville and Evans (2011, pp. 44-48). Dahlgren and Nilsson (2012) illustrate the four techniques with IFRS accounting examples.

Evans et al. (2015) examine the problems of translation in several disciplines, such as law, medicine, engineering and advertising. They conclude (p. 10) that a translator needs to distinguish the meaning of a term in a specialist register from its meaning in the everyday register. However, in law for example, it is not just everyday dictionaries that are dangerous but even technical dictionaries. Instead, the lack of exact equivalents leads to the need for “conceptual dictionaries” which explain the meaning of words in context. Evans (2004, p. 239) discusses the concept of the “misleading label” as an obstacle to good
accounting harmonisation. One of the causes of this is a translator’s use of a term which already exists in the target language with a different meaning from that now intended. Evans et al. (2015, p. 21) also warn against faux amis, such as the French matériel or the Swedish materiell which are too physical to convey the “material” of the English accounting register (Baskerville and Evans, 2011, p. 45).

Nobes and Parker (2010, p. 159) and Dahlgren and Nilsson (2012) give examples of straight-forward errors in official translations of IFRS. Back-translation is tried with several accounting examples by Dahlgren and Nilsson (2012, pp. 49-51) from English to Swedish and back. In their examples, back-translation fails, and there is lack of “equivalence”, which is sometimes caused by poor translation and sometimes because the target language has no appropriate term. However, we do not intend to rely on back-translation as a test of the proximity of translations. In other fields, such as marketing, it has also been suggested one should not rely upon back-translation alone (Douglas and Craig, 2007).

3. The origins and translation of the term “impairment”

3.1 Impairment in the English-speaking world

As explained above, this paper focuses on impairment. This sub-section therefore provides brief reviews of the meaning of the term in everyday English and the development of impairment accounting standards in the English-speaking world. The everyday meaning is relevant because, unless a term is defined in the accounting register, it is likely to convey its everyday meaning to accountants (cf. the Arden “opinion” in Section 2.1). More importantly, as noted earlier, most readers of accounting reports are not accountants.

The root of the word “impair” as an English verb is the Latin impeiorare (to make worse). However, there is also a rare adjective, “impair”, which has another Latin root (imparitas) and which means the opposite of “par”, “pair” or “peer” (i.e. it means something unmatched or unequal). This latter meaning can also be found in “imparity”. The related adjective in French is impair (unequal, uneven or odd, as in numbers). German accounting contains a formal concept of imparity (Imparitätsprinzip) which requires recognition of unrealised losses but not unrealised gains (Ballwieser, 2001, p. 1247). This is consistent with an unequal approach to asset write-downs in that they did not have to be reversed when circumstances improved[17].

In the everyday English register, the word “impaired” is generally associated with reduced functionality of a faculty such as sight or hearing. The dictionaries define the verb as: “to spoil something or make it weaker so that it is less effective”[18]. Impairment is either the state of being impaired or the process of becoming impaired. There is the implication of damage to, or deterioration of, the faculty, which might have occurred before or during birth but might also happen later as a result of accident or disease. Sight or hearing would not be expected to become impaired because of use, but might atrophy as part of ageing. However, because dictionaries define verbs (rather than participles) they give the misleading impression, in this case, that impairment is a deliberate process.

The accounting register in English is broadly in line with the dictionaries. That is, “impairment” is used to distinguish a particular cause of an asset write-down: physical or economic damage. With this sense, the term was mentioned in documents of the Financial Accounting Standards Board (FASB) in 1980[19]. Then, in 1982, it appeared in both US and international standards: SFAS 61 (Accounting for Title Plant, para. 6) and IAS 16 (Property, Plant and Equipment (PPE), originally in para. 41). The term appeared again several times in US authoritative literature in the first half of the 1990s, this time in the titles of standards[20]. Earlier related terms, which referred to the accounting result of impairment, had included “reduction in unamortized cost” (in APB Opinion 17), “estimated loss” (in APB Opinion 30) and “valuation allowance” (in SFAS 109). The term was then adopted in the UK standard and the international standard on impairment (FRS 11 and IAS 36) whereas the nearest related term in UK law (deriving from the Fourth Directive) is “permanent diminution in value”
We refer to these words as being part of the accounting register rather than the legal register because accounting standards and law are now so bound together that a distinction would not be useful. This is, a fortiori, the case in code law jurisdictions such as Germany. To take the example of the contents of IFRS in the UK or Germany, they are now inserted into EU Regulation 1606/2002.

IAS 36 was issued in 1998. It requires an entity to be alert to any “indication” of impairment of an asset (such as physical damage; see para. 12) and, when observing one, to calculate the asset’s “recoverable amount”. If the latter is lower than the asset’s carrying value, the asset must be written down to recoverable amount, with the related loss charged as an expense. IAS 36 differs in some respects from the slightly older US standard on impairment.

As preparation for examining the translations of “impairment”, we need to distinguish between four aspects of it: (a) an event (most obviously a physical one) involving economic damage to an asset, (b) the particular type of fall in value of an asset which is related to such an event; and then two aspects of the accounting recognition of some of those economic events, that is (c) the reduction in carrying value of the asset to recoverable amount (the credit) and (d) the impairment loss (the debit). IAS 36 is not clear about the distinction between (a) and (b). Remarkably, the standard does not define impairment, but seems to imply (in para. 8) that it only happens when (b) occurs to such an extent that recoverable amount is below carrying amount. This lack of clarity in the source language may have contributed to the translation problems discussed below. Nevertheless, some matters are clear. First, some falls in value are not impairments; for example, falls in the value of non-current assets that are temporary or caused by the passing of time or by wear that had been expected. Second, some damage is not recognised as impairment; for example, where damage to a single machine is covered up because impairment testing operates on a larger cash generating unit or where damage is not severe enough to reduce recoverable amount below carrying amount.

A further preparation for our discussions below is a note on the meaning, in the English accounting register, of “depreciation”. To take the example of IAS 16, depreciation is defined as “the systematic allocation of the depreciable amount of an asset over its useful life” (para. 6). Similar definitions can be found in prior UK and US standards. Therefore, impairment is not a form of depreciation because it is an unsystematic reaction to an unplanned event. This clear distinction between depreciation and impairment is the relatively recent result of detailed accounting standards. Zucca and Campbell (1992, p. 35) show that 15 per cent of their sample US firms in the early 1980s included “writedowns” in depreciation expense.

3.2 Translations of “impairment”

This sub-section’s main task is to examine translations of IAS 36’s term “impairment”. However, before that, it will be helpful to look at the pre-IAS 36 term used in one particular language. In the German accounting register, the term Abschreibung (literally, off-writing) had been used to cover both depreciation and impairment. This led to such confusing policy explanations as the following from the English version of the last published consolidated annual report of Daimler under German GAAP, which was for the year 1995:

Property, plant and equipment is valued at acquisition or manufacturing cost less accelerated depreciation. Additional depreciation is recorded where a lower reported amount is required.

An examination of the original German annual report shows that the “accelerated depreciation” in the first sentence is a translation of planmäßige Abschreibungen (literally, scheduled off-writings). Although the report’s “accelerated depreciation” is a non-literal translation, the “depreciation” successfully conveys the two German words and the “accelerated” conveys useful extra information. Daimler’s second sentence is about...
impairment; the lower required amount being that of the asset rather than the expense. The “additional depreciation” is a translation of außerplanmäßige Abschreibungen (literally, unscheduled off-writings). The German term is usefully descriptive but Daimler’s translation of it does not convey the right message because, in the English accounting register, impairment is not a type of depreciation. We refer to “off-writing” as a translation because “writing off” has in practice the meaning of abandonment, as will be explained. We eschew “de-scribing” because that signifies something else. German law requires such unscheduled off-writing for PPE in the case of a voraussichtlich dauernden Wertminderung (anticipatedly permanent value-lessening/reduction in value)[25].

We now examine IAS 36’s term “impairment” in 19 translations: 12 European (including Russian), Argentinian Spanish, Brazilian Portuguese, Canadian French, Chinese, Japanese, Korean and Arabic. As will be explained, we find that nearly all the translations convey something much vaguer than (a) of sub-section 3.1 and nearly all convey something wider than either (a) or (b).

The German term for impairment in the IASB-approved translation of IAS 36 and in the official EU translation of it is Wertminderung. It would surely have been clearer to use a term relating to damage. There is evidence that some German firms are aware of the lack of clarity because, even in their source German language reports, they use the English term as explanatory, referring for example to “Wertminderung (Impairment)” (see the 2013 reports of Continental and Henkel).

Looking further at Germanic languages, and concentrating on the title of IAS 36, we find that the Danish and Norwegian translations also literally refer to loss of value (vaerdiforringelse and verdifall, respectively). However, the Dutch were alert to the vagueness of this and used bijzondere waardevermindering (special fall in value), as a new term in the accounting register[26]. Dahlgren and Nilsson (2012, p. 51) include impairment in their examination of the problems of translating IFRS into Swedish. They note that nedskrivningar (literally “write-downs”) is used in the title and in the text of IAS 36. We add the observation that the Swedish translation of the whole title “Impairment of Assets” is that one plural Swedish word for write-downs, suggesting a cavalier approach to translation on the part of the EU translators. We observe, further, that the Swedish term contrasts with the German, Danish, Norwegian and Dutch terms, which refer to a fall in value rather than to an accounting action. Dahlgren and Nilsson (2012, p. 51) note that the Swedish law already contained a loss-of-value term (värdenedgång) used to translate the Fourth Directive’s instructions on permanent diminution in value. Dahlgren and Nilsson have suggested to the authors that the Swedish version of IAS 36 avoids rather than translates “impairment”[27].

Somewhat similarly, the full title of the standard in Arabic is إختخاص قيمة الأصول, meaning approximately “reducing the recorded value of assets”. A different Arabic word would denote impairment in the sense of weakening[28].

Table AI in the Appendix lists the terms for “impairment” used in all these translations of impairment (and further translations discussed below). The Appendix also records the exact documents to which we refer. Table I groups the translations according to approximate literal English meanings of the terms.

Turning to Romance languages, the terms in French (both EU and Canadian), Italian and Spanish (both EU and Argentinian) all refer to loss of value, which perhaps implies a real fall in value rather than an accounting action. These terms are: dépréciation, riduzione di valore and deterioro del valor, respectively. Fuertes-Olivera and Nielsen (2011, p. 163) report that Spanish texts had previously used depreciación, and suggest that deterioro is potentially misleading.

A further linguistic twist is illustrated by the term for impairment in the Portuguese official EU translation: imparidade. Nobes (1993) noted that the Portuguese have paid
particular attention to English source accounting terms, being unusual in translating “true and fair” with two adjectives (verdadeira e apropriada), rather than using a single one such as fidèle or fiel in French and Spanish, respectively. For IAS 36, the translators into Portuguese again eschewed the other Romance terms relating to loss of value, and apparently looked directly to English. However, their choice of imparidade means (in the everyday Portuguese register) inequality/imparity[29], which suggests that the EU translators were caught out by the superabundance of English words and did not realise that “imparity” means something quite different from “impairment”, as discussed in subsection 3.1. Isabel Lourenço reports that Portuguese accountants were bemused by imparidade when they first saw it in IAS 36[30].

The IFRS Foundation’s Brazilian Portuguese translation does not make the same mistake as the EU Portuguese because it uses a different phrase for impairment: redução ao valor recuperável (reduction in recoverable value). This is a more informative translation than any of those above because it refers to the economic measure which leads to the recognised accounting result of the impairment, but it still does not refer to its cause: the damage.

Like the main Romance languages, the two most-spoken Slavic languages have terms referring to loss of value: utrata wartości in Polish[31] and обесценение in Russian[32]. The same applies in Finnish (a Finno-Ugric language), which has arvon alentuminen.

The three major Asian languages (in terms of the importance of stock markets) are Chinese, Japanese and Korean. In each, there is a different interesting aspect to the translation of “impairment”. In the Chinese translation of IAS 36, the characters are 减值 (pinyin: jiănzhi), meaning approximately “decrease in value”. However, where the standard discusses “impairment loss” (para. 6), its characters are 减值损失 (pinyin: jiănzhi sūnshī), the third character of which (损) suggests “damage”[33]. In Japanese, a coinage was used for “impairment” by combining the characters for decreasing and losing (減損). Unlike in the Chinese, “damage” cannot be found in the Japanese term for “impairment loss”[34]. The Korean translation of IAS 36 (as used by the Korean Accounting Standards Board (KASB) under licence from the IASB) is the only[35] one of our 19 translations which is “proximate” and preserves the meaning of damage in its signifier for impairment[36]. KASB is a well-resourced standard-setter[37] which pays particular attention to translation. It reports that:

[…] due to concerns over possible misinterpretations of IFRS in the process of translations, Korea adhered to the principle of word-for-word translation […] (KASB, 2016, p. 111).

Most of the other signifiers convey (at least in the everyday registers used by readers of annual reports) something much wider than impairment, such as a real loss of value or an

<table>
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<tr>
<th>Impairment/damage</th>
<th>Korean</th>
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<tr>
<td>Decreasing-losing</td>
<td>Japanese</td>
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<tr>
<td>Fall in value</td>
<td>Chinese, Danish, Finnish, French (EU and Canadian), German, Italian, Norwegian, Polish, Russian, Spanish (EU and Argentinian)</td>
</tr>
<tr>
<td>Special fall in value</td>
<td>Dutch</td>
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<tr>
<td>Reduction in recoverable value</td>
<td>Portuguese (Brazilian)</td>
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<tr>
<td>Reduction in recorded amount</td>
<td>Arabic</td>
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<tr>
<td>Writing-down</td>
<td>Swedish</td>
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<td>Unscheduled off-writing</td>
<td>German law</td>
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<tr>
<td>Imparity</td>
<td>Portuguese (EU)</td>
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</table>

**Note:** These are the authors’ own literal translations of the terms in Table AI, as assisted by the colleagues noted throughout this paper.
accounting write-down. First, much real loss in value is not recognised in accounting; such as when a cost-based non-current asset falls in market value but is still worth more than cost, or when such an asset suffers a temporary fall in market value even if this takes the asset below cost. Second, much recognised loss of value of tangible and intangible assets is not “impairment”, being caused instead by wearing out or by the passing of time. For assets held at fair value (which can include tangible, intangible or financial assets)[38], even much of any market-driven recognised loss of value is not “impairment”. To take the example of an available-for-sale financial asset, under IAS 39 (para. 55 (b)), the debits for some falls in value were shown in other comprehensive income but those caused by impairment were shown in profit or loss.

It is not only in the everyday register that confusion might arise from the use of hypernyms in the above translations. Suppose that the IASC had chosen “Loss of Value of Assets” as the title of IAS 36, had defined that phrase as it currently defines impairment loss and had used it thus throughout the standard. Even accountants might then mis-communicate with each other, or need perpetually to ask whether a particular loss of value under discussion was a loss recognised within the rules of IAS 36 or some other recorded or unrecorded loss of value. The translations of “impairment” which use hypernyms bring the possibility of such confusion even among accountants who use the accounting registers of the above languages.

However, the Dutch, Japanese, EU Portuguese and Brazilian Portuguese terms were new in their accounting registers (the first two were coinages, the third a misguided new technical term, and the last a circumlocution), and thus the terms are able to have unambiguously narrow and specific meanings related to IAS 36, at least to accountants[39]. In Swedish, the practical problem is minimised by using nedskrivning (down-writing) for impairment but avskrivning (off-writing) for depreciation. Even for the other languages, we are not suggesting that the above problems have led to erroneous application of IAS 36. Accountants and auditors can still properly apply the technical rules of the standard. Furthermore, meanings change over time. For example, although Portuguese accountants were initially bemused by imparidade, after two decades it has become, even in the everyday dictionaries, an accounting term about loss of value[40]. In the accounting register in English, the expression “to impair an asset” has perhaps come to mean to write it down according to the rules of IAS 36. That is, impairment might no longer generally be perceived as the damage or the loss of value but as the action of making the accounting credit entry.

The risk of poor communication caused by hypernyms (as found in most of the translations of “impairment”) is even greater under two other circumstances: when investors (those who are not accountants) see the terms in annual reports in these various languages, and when translators (those who are not as expert as accountants) turn those annual reports into English. Thus, even if IAS 36 is being correctly implemented despite translation problems, there might still be miscommunication at a later stage, as we investigate in the next sections.

In line with our theoretical discussions earlier, we are not suggesting that translators of international standards should always try to approximate the literal meaning of English accounting terms, although that might have worked better for impairment. A counter example is the term “depreciation” in the accounting register in English. This might be well understood among accountants but it might confuse readers of annual reports because it signifies loss of value in the everyday register whereas accountants continue to charge depreciation even when an asset rises in value. By contrast, the French amortissement or the Italian ammortamento are more likely to convey (to translators or investors) the idea that the asset is on its way to the mortuary because of wear or the passage of time. These terms are also better than the German hypernym Abschreibung which (if unadorned) can mean either depreciation or impairment.
Thus, the implication for translators of accounting regulations (now most commonly from an English source) is that they should attend to what is being signified. In the case of impairment, although any impairment is measured by reference to a fall in value, the economic event is damage. By contrast, for depreciation, although it is also measured by reference to the eventual expected residual value, the economic event is the passing of time or the gradual wearing out. Translators of regulations should try to maximise the chances that readers in the target language will receive the same message as that received by readers in the source language. In the case of “impairment”, more literal translations might have achieved that. But we can go further: with good translation, readers in the target language can sometimes be more likely than readers in the source language to receive the message intended by the writers in the source language. For example, this would be the case when translators from English avoid a literal translation of “depreciation” and focus instead on the process of the asset’s dying.

4. Annual reports translated into English: prior literature and setting up our investigation

4.1 Literature on translated annual reports
Nearly all the literature about translation and accounting concerns regulations. There has been little examination of the translated annual reports which many firms provide. However, Parker (2000) looks at the popularity of English as a target language for annual reports; Jeanjean et al. (2010) explain why certain firms choose to publish such translations; and Jeanjean et al. (2015) find that there are economic benefits from doing it. None of these papers examines the contents of the translated annual reports, though Mourier (2004) looks at problems met when translating Danish annual reports into English, referring to a few example firms.

Archer and McLeay (1991) studied the translated audit reports provided by 206 European listed firms, revealing the infelicities that result from attempting literal translation. They also conclude that there is some transnational sharing of accounting registers but that it is incomplete. On the issue of TFV, Zeff et al. (1999) explain that Dutch law retains an earlier requirement for financial statements to enable an inzicht (insight) into the firm whereas the audit report refers to een getrouwe beeld (the EU Directive’s version of TFV in Dutch). They note (p. 524) that, when Dutch firms provide English translations of the reports, both terms are generally translated as TFV. Campbell et al. (2005) examine the voluntary environmental disclosures provided by German firms. They compare the original German with the translated English disclosures. They comment mainly on issues such as comparative word length and whether the two versions cover the same issues, rather than on the quality of the translation of particular words.

Thus, the topic of the quality of translated financial statements and related notes has been the subject of very little research, and the few existing papers use ad hoc examples rather than providing a systematic study of a substantial sample of firms. This is the context for our investigation of the terms used for impairment in corporate annual reports that are translated into English, to which we now turn.

4.2 Setting up our investigation: sample and data
We study the notes related to impairment of PPE in the IFRS reports of listed firms from 11 non-anglophone jurisdictions (hereafter “countries”): Brazil (BR), Switzerland (CH), China (CN), Germany (DE), Spain (ES), France (FR), Hong Kong (HK), Italy (IT), Japan (JP), South Korea (KR) and Russia (RU). These are home to the largest stock markets in the non-anglophone world that, by 2013, either required IFRS or had many large firms using IFRS. The languages of all these countries were included in our discussion of translations of IAS 36 in Section 3. For 9 of the 11 countries, the sample firms comprise the constituents of the major stock market index of the country, and therefore the number of firms per country varies.
China is included by using the IFRS statements of Chinese firms listed both on the Hong Kong Stock Exchange and in Mainland China (so-called “H Share companies”)[42]. For Japan, we use the reports of those firms which had chosen to use IFRS by 2013. In all cases, we analyse firms using IFRS or versions of IFRS (e.g. EU-endorsed IFRS) which do not differ from IFRS for the issue which we investigate.

Our sample period is 2005–2013; that is, we analyse accounting periods ending on 31 December 2005 to those ending on 31 December 2013 or earliest thereafter. If a firm was not listed by 2005 we use the first available annual report; and if a firm was delisted before 2013 we use the last available annual report. For countries which adopted or allowed IFRS later than 2005, our sample period is 2010–2013 for Brazil, 2011–2013 for South Korea and 2013 only for Japan.

Our initial sample comprises 506 firms. However, so that our country samples are as free as possible from foreign influence, we eliminate foreign firms (e.g. the Belgian Dexia which appeared in the French market index), subsidiaries of listed foreign firms (e.g. Generali Deutschland in Germany because it is a subsidiary of the Italian Generali) and Hong Kong firms with Chinese ultimate parents (e.g. China Mobile). We also exclude subsidiaries of domestic firms that are already included in our sample (e.g. we exclude Gazprom Neft in Russia because it is a subsidiary of Gazprom), so that we have independent observations. Additionally, we exclude firms that use US GAAP in every year, firms where we cannot find English language versions of their annual reports with the required data and firms that do not have a PPE note in any of the sample years. Finally, we exclude firms for which we have less than two years of data, except for Japan. The data for all of these filters is hand-collected. These exclusions reduce our sample to 393 firms.

In order to obtain data on the terms used for impairment, we hand-collect from the English language version of the annual reports. We use the first available annual report in our period (mostly, 2005 is available) and from the last (mostly, 2013 is available). For our statistical analyses, we use only a firm’s “first year” and “last year” but occasionally we refer to other years when discussing the findings. For many firms, we find different terms over time, and we often look at the reports of several years in order to be sure whether or not a particular term is intended to convey impairment. In any report, we begin by looking at the table of movements in PPE. In cases where the table does not make it clear in which line impairment is recorded, we search elsewhere in the following order: the text surrounding the table, the notes on expenses, and the general policy notes on PPE or on impairment[43]. Particularly where we find broad terms (such as “write-off” or “write-down”) in the PPE table, we look elsewhere to clarify the meaning. The term “write-off” is common. It always seems to relate to the disposal or abandonment of assets but, to the extent that some impairment was included, we may have understated the translation problems. In many cases, we also look at the reports in the source languages to check our interpretations.

5. Findings on translated reports

5.1 Non-proximate terms for impairment

In the corporate annual reports translated into target English, we find a great variety of terms for “impairment”. Some of them are unlikely to mislead the readers of the reports because they are phrases which include the English term “impairment”, such as “loss in the recovery value (impairment)”, “write-downs for impairment”, “accrual of impairment provision” and “impairment loss allowances”. Although not misleading, some of these reflect the terms for “impairment” in the translations of IAS 36, as summarised in Table I. For example, the first (see the 2010 report of Cia. Hering) of the above reflects the Brazilian translation, and the second the Italian (see the 2005 report of Capitalia).

However, we also found many “non-proximate” terms, defined as words or phrases which do not include “impairment”[44]. Examples of why this might matter to the users of financial statements are that: some firms refer to “depreciation”, but a depreciation number
has little economic meaning (it is just a pre-scheduled allocation) whereas “impairment” is supposed to convey surprising bad news; and some firms refer to “write-downs” but this could potentially include some or all of depreciation, impairment or abandonment of an asset. In our view, the financial statements containing these non-proximate translations are not “comparable” with other English-language statements (those of source English and those translated using proximate terms).

Table II lists the ten non-proximate terms we found, with their prevalence by country in the “first year” and “last year” of firms’ reports. Table III reports on the overall usage of

<table>
<thead>
<tr>
<th>Country</th>
<th>BR</th>
<th>DE</th>
<th>ES</th>
<th>FR</th>
<th>HK</th>
<th>IT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance</td>
<td>3/0</td>
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<td></td>
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<tr>
<td>Decrease in fair value</td>
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<td>1/0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>5/4</td>
<td>1/0</td>
<td>5/1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and write-down</td>
<td></td>
<td></td>
<td></td>
<td>1/1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss in value</td>
<td></td>
<td>1/0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision</td>
<td>0/1</td>
<td></td>
<td>5/1</td>
<td>1/1</td>
<td>1/1</td>
<td></td>
</tr>
<tr>
<td>Unscheduled depreciation</td>
<td>4/2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unscheduled write-down</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value adjustment due to deterioration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2/0</td>
</tr>
<tr>
<td>Write-down</td>
<td>7/1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12/5</td>
</tr>
</tbody>
</table>

Notes: We define “non-proximate” terms as words or phrases which do not include “impairment”. The countries are Brazil (BR), Germany (DE), Spain (ES), France (FR), Hong Kong (HK) and Italy (IT). The first number for any country relates to our “first year” and the second to our “last year” (mostly 2005 and 2013, respectively). The line for “unscheduled depreciation” includes instances of “non-scheduled depreciation” and “non-regular depreciation”; “unscheduled write-down” includes “non-scheduled write-down”; “depreciation” includes “net depreciation”; and “write-down” includes “write down” and “writedown”. We report singulars (e.g. allowance) in the table even though many firms use plurals (e.g. allowances); in particular, the plural is used in all but one of the instances of “write-down”.

<table>
<thead>
<tr>
<th>Country</th>
<th>Firms</th>
<th>No. terms</th>
<th>%</th>
<th>Firms</th>
<th>No. terms</th>
<th>%</th>
</tr>
</thead>
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<td>55</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
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<td>39</td>
<td>41</td>
<td>9</td>
<td>22</td>
</tr>
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<tr>
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<td>–</td>
<td>–</td>
<td>24</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>RU</td>
<td>33</td>
<td>0</td>
<td>0</td>
<td>33</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>369</td>
<td>49</td>
<td>13</td>
<td>393</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

χ² 83.60 42.11
p-value 0.000 0.000

Notes: We define “non-proximate” terms as words or phrases which do not include “impairment”. The countries are Brazil (BR), Switzerland (CH), China (CN), Germany (DE), Spain (ES), France (FR), Hong Kong (HK), Italy (IT), Japan (JP), South Korea (KR) and Russia (RU). “χ²” and “p-value” report the χ² test statistic and the corresponding p-value for χ² tests of independence, respectively. For Japan, only “Last Year” data are reported because we only use 2013 data for that country.
non-proximate terms for all our countries. As shown in the “Total” line of Table III, in the first year, 13 per cent of firms used non-proximate terms. The last line of the table reports that the international difference in the prevalence of non-proximate terms is highly significant in both years (based on $\chi^2$ tests of independence).

Our approach is likely to understate our findings. First, if a firm makes no mention of impairment in a particular year, we do not include it in our statistics, although it might have made impairments and have a hidden translation problem; instead, “first year” and “last year” in our statistics include only firm-years in which impairment is mentioned. Second, if a firm mentions impairment in its policy notes but not in its PPE table, it is added to the firms with proximate translations, but a translation problem might have affected its table. Third, if a firm uses an equivalent translation in its PPE table, we do not count non-proximate terms elsewhere in its annual report. Fourth, although we have not systematically analysed this, we found instances (e.g. Italy’s Prysmian or Spain’s Obrascon Huarte Lain) where the “first year” does not show a non-proximate term but the “second year” does (not reported in our tables). Lastly, since we analyse the largest firms in the respective countries, we expect their reports to be the least likely to contain translation problems.

As Table III shows, the non-proximate terms were nearly all confined to 4 of our 11 countries, so the prevalence in those countries was much higher than the 13 per cent average, peaking at 39 per cent for both Germany and Italy in the “first year”. At first sight, it is particularly surprising that Germany had the joint-highest score because, unusually among our countries, most of its firms had adopted IFRS before 2005 and thus had time to refine their reporting. We return to the issue of country comparisons later.

An important question is: in these annual reports, does the use of non-proximate terms matter? To take the simplest example, we suggest that readers of the English translations of reports provided by French firms are likely to be misled when the reports use “depreciation” to mean “impairment”. Also, readers who compare firms internationally might not cope with the variety of terms used for impairment: ten in the case of our sample. When researchers use a database which collects information from annual reports, does this type of problem feed through? In order to provide evidence on this, we look at Worldscope, the key international database for accounting data. It has a data field for impairment of PPE (data code: WC18274). We find cases where Worldscope erroneously records a missing value (“NA”) for this field when the translated report used a non-proximate term for impairment[45]. This suggests that data analysts using Worldscope have been misled by the non-proximate terms.

Can the problem be avoided via eXtensible Business Reporting Language (XBRL)? It cannot because, other than for firms registered with the Securities and Exchange Commission in the USA, XBRL is not yet mandatory for external financial reporting of consolidated financial statements. The UK and Ireland are more advanced than most European countries[46] in the use of XBRL but, even in those countries, XBRL is currently used only for tax filing, which involves applying XBRL tags to numbers in unconsolidated tax-relevant reports which are of little interest to investors.

5.2 Are the non-proximate terms in annual reports linked to translations of IAS 36?
We now connect the non-proximate terms found in annual reports (as in Table II) to the terms used for “impairment” in the translations of IAS 36 (as in Table I). As explained in Section 2.2, this does not mean that we are using precise back-translation as a test of the quality of translations. In Section 5.1, we included a number of different terms as conveying proximate information to the single-word “impairment”.

The non-proximate terms in German reports were: depreciation, unscheduled depreciation, write-downs and unscheduled write-downs. This is clear evidence of a translation problem but not exactly the one we anticipated in Section 3. The terms in the
translated reports are, indeed, not proximate to “impairment”. However, none of them result from translation of the German Wertminderung (as in IAS 36) but from translations of the term in German law (see Table AI) that is still being used in German language IFRS reports. As explained in Section 3, in that legal terminology, impairment is a type of off-writing (Abschreibung), in particular an unscheduled one (außerplanmäßige Abschreibung). From before the use of IFRS, Abschreibung has generally been translated into English-language reports as “depreciation”. This has always been a misleading translation (to the extent that it includes impairment) because impairment is a form of write-down but not a form of depreciation since it is unplanned and unsystematic. So, Abschreibung would be better rendered as “depreciation and impairment”.

We find no use of “write-offs” to signify impairment in the translated German reports. Sometimes there is a single heading or line for “write-downs” which apparently includes both depreciation and impairment, but this reflects the above problem in the source German which commonly uses Abschreibung and is thus misleading because it is too broad to distinguish between the two types of write-down. However, even when a German IFRS report includes the modifying außerplanmäßig, the English translation still sometimes merely says “write-downs” (e.g. BASF 2005 and Bayer 2005 to 2009). In other cases, a firm’s PPE table has a single line with an unadorned “depreciation”, such as in Daimler’s reports from 2007 to 2013[47]. We remain confident that there is a translation problem here even if the firm refers to “impairment” elsewhere, as Daimler does for example in the text beneath the PPE table in 2007. That is, we infer that the firm has included impairment in the depreciation line of the table because the firm (or its translator) erroneously considers impairment to be a sub-category of depreciation because of the long-standing and widespread confusion discussed above.

On this type of issue, we might be understating the “non-proximate” score for some other countries. For example, the PPE table of the Spanish firm Abengoa (2011 report, p. 68) is headed “Accumulated Depreciation” (Amortización Acumulada in the source Spanish table) and the table shows changes in that. However, the text below the table states that “The decrease in the accumulated depreciation is mainly due to the reversal of an impairment”, suggesting that the accumulated depreciation includes accumulated impairment. Indeed, the source Spanish report says: “El decrement en el deterioro y amortización acumulada […] la reversion del deterioro”. The English translation of the text is certainly not proximate to the source but (unlike the source) it seems to be a proper reflection of the table’s conflated heading rather than necessarily evidencing confusion among the translators. By contrast, Daimler’s source reports use Abschreibungen (an appropriate hypernym) which becomes inappropriate only on translation into English. In passing, we note that the conflation of depreciation and impairment found in Spanish and German reports does not comply with IAS 36’s disclosure requirements (assuming that the amounts are material), but our topic is not compliance with IFRS.

Interestingly, for some German firms, the translated terms are disconnected from the German source documents. For example, in the case of BASF, the English translations changed from “write-downs” to “impairment” for 2006 onwards, whereas the German reports did not change from außerplanmäßige Abschreibungen to Wertminderungen until 2008. Furthermore, for some firms (both German and others), the PPE table is often disconnected from the policy note: the firm uses a term of Table II in its PPE table but “impairment” in its earlier general policy note. The explanation might be that the policy notes are based on a generic wording provided by the auditors whereas the PPE table is more specific to the firm.

Italy has the joint-highest occurrence of non-proximate terms recorded in Table II for the “first year”. We find: “write-down”, “value adjustment due to deterioration”, “decrease in fair value” and “depreciation and write-down”. In the source documents, the “write-downs” are
generally svalutazioni (devaluations) (such as the 2013 report of Parmalat). Thus, the English translations reflect the Italian version of IAS 36 which refers to loss of value (see Table I), though the mentions of “deterioration” hint at impairment.

In the Spanish source reports, there is a variety of terms reflecting IAS 36’s deterioro del valor, such as: pérdida de valor, pérdidas por deterioro, deterioros, and the more general provisiones. As Table II shows, in the English translations of the reports this becomes “loss in value” in one instance but usually “allowance” or “provision”.

The French case is the most obvious illustration of our hypothesis that misleading annual reports result from non-proximate translations of IAS 36, because several French firms record “depreciation” instead of “impairment”. We can be sure about the problem by looking at the French language reports which say, for example, amortissements et dépréciations in the PPE table, erroneously translated as “amortization and depreciation”. To take the example of Gaz de France, a heading in the translated table is “Amortization and depreciation” in 2005, then “Amortization and impairment” in 2006 and 2007, and eventually “Depreciation and impairment” from 2008. A particularly confusing example is Carrefour 2006, which uses three terms for impairment in a single translated document (its “Financial Report”): the first table in the PPE note on p. 96 says “write-down”, the table on p. 97 showing changes during the year says “depreciation”, and the PPE policy note on p. 79 says “loss in value”. This is despite the fact that the firm is aware of the word “impairment”, using it in a policy note on p. 79. This is all the more surprising given that the French version of the report uses “impairment” (which is not a French word) in its PPE tables.

5.3 Other findings: change over time, language distance and terms for impairment reversal

The translated reports have generally improved over time. Table III shows that the percentage of non-proximate terms falls from 13 to 5 per cent from “first year” to “last year” (generally from 2005 to 2013). A two-sample test of proportions shows that this improvement is statistically significant at the 1 per cent level[48]. Of the four countries discussed above, Germany remains the most conspicuous, and it shows the least improvement over time in relative terms, perhaps because 2005 was not generally the year of first IFRS adoption. The big improvements in France and Spain from first adoption in 2005 suggest “learning” among firms and auditors, as proposed by Kvaal and Nobes (2012) for IFRS policy choice in those two countries. Using one-sided two-sample tests of proportions, we find that the improvements in Spain, Italy, Germany and France are all statistically significant; at the 1, 1, 5 and 10 per cent level, respectively[49]. That the large improvement in France is the least significant can be explained by the fact that it had fewer non-proximate terms in the “first year” and therefore the power of the test is lower.

A further observation is that, with the exception of Switzerland, the proportion of non-proximate terms bears an inverse relationship to language distance from English. A simple measure of language distance can be based on a classification of languages (e.g. Dow and Karunaratna, 2006, Appendix B). According to this, since English is a Germanic Indo-European language, it is closest to German, of the languages used in the countries of Table III. Other Indo-European languages are next closest to English and, given the influence of French (and ultimately Latin) on English vocabulary, perhaps the Romance languages (French, Italian, Portuguese and Spanish) are closer than Russian (a Slavic language with a different alphabet). Chinese, Japanese and Korean, since they are not Indo-European languages, are at the greatest distance from English.

Table III shows that none of the firms based in the three most distant countries used any non-proximate terms. Two factors help to explain this counter-intuitive result. First, as partly shown in Table I and discussed in detail in Section 3, the signifiers used for “impairment” or “impairment loss” in Chinese and Japanese are coinages which translators
would tend to seek help with. The second factor is the nature of the translators, who may fall into three types: accountants in the firm, auditors of the firm or translation agencies. Greater language distance may increase the likelihood that the firm will seek help with translation. If the reports are translated by international auditors, the reports are more likely to reflect the source English of IAS 36. We have not investigated this issue in detail, but it appears that Big-4 audit firms have supervised the translations of Korean reports: the English language version of the consolidated financial statements is often called “audit report” on the firm’s website and the name of the auditor is shown prominently on the front page of some of these. This factor may also explain the lack of problems among Russian firms. Switzerland is a special case because of its longest history of IFRS use and the unusually high use of British accountants in its very large companies[50]. Other researchers might wish to take the topic of this paragraph further.

We finish our report of findings concerning translated IFRS annual reports by referring to the terms used for reversals of impairment. Our data collection followed the same procedures as for impairments. There is plenty of evidence of non-proximate terms for impairment reversal in the annual reports but we do not present tables on this because reversals (or at least disclosures about them) are much rarer than impairments. Again, German and Italian firms provide the most evidence, particularly by using “write-back” and “write-up” without reference to impairment or to reversal[51]. Other potentially misleading terms included “recoveries” and “reinstatement of value”[52].

6. Conclusions and policy implications
In an accounting world increasingly dominated by IFRS, translation is of major importance. Nearly all prior study of translations of accounting documents has concentrated on regulations rather than financial statements, and most of it concerns English as the source language. We extend such work by investigating translations of the IFRS term “impairment” into many target languages. However, we then enter a new field: empirical research on the translation of IFRS financial statements into target English. By combining the two aspects of our research, we are able to follow “impairment” from source English, into many translations of IAS 36, and then back into the target English of translated annual reports.

The terms used in accounting documents can create problems in a source language, even before any translation. For example, the accounting register might borrow a term from the everyday register but define it more narrowly (e.g. “liability”) or completely differently (e.g. “depreciation”). This could mislead non-expert readers of accounting reports.

In our study of 19 translations of IAS 36’s “impairment”, we find that only one (the Korean) uses a signifier which in the everyday register would convey the concept of damage, though another (the Chinese) conveys this in its signifier for impairment loss. The Dutch has a coinage which refers to special loss of value. The Japanese is a coinage referring to decreasing/losing. The EU Portuguese has a term which was new to its accounting register: imparidade, which signified something else in the everyday register and seems to have been un faux ami for the translators. The Brazilian Portuguese has a translation of the accounting effect rather than the damage that caused it. In the accounting registers of these languages, the terms can now be understood, by accountants at least, as specifically referring to impairments under IAS 36.

However, there can be no confidence that this is the case for the other 13 translations of “impairment”, which are hypernyms (see the discussion in Section 2). The problem may have been caused because the translators were confused by the somewhat obscure English word and because IAS 36 was remiss in not including a definition of impairment. Instead, the translators focused on the economic result (loss of value) or on the accounting action (writing down). We do not think that the problem was mainly caused by there being no suitable words. For example, the German translators could have used words connected to
damage, such as *Wertschaden* or *Wertminderungsschaden*. The French translators could have used *détérioration* or *dégradation*[53]. As evidence that the problem is not a lack of proximate terms, arguably the least cognate language to English, Korean, managed to find a term conveying damage. One possible explanation is that the KASB was trying harder than other translators (see Section 3.2).

The hypernyms are even more likely to be dangerous for readers of annual reports than for accountants. Furthermore, on translation of annual reports into English (which is common), the use of hypernyms or the use of terms which otherwise mean something different in the everyday register is likely to be particularly dangerous. Our empirical research investigated this.

We examined the translated annual reports of 393 firms from 11 countries over the period 2005–2013. We found a wide variety of terms for impairment. In firms’ first reports in our sample, 13 per cent of the terms were “non-proximate” in that they did not include “impairment” but mostly referred to write-down, depreciation or provision. This leads to errors in international databases which record this information. This problem was not equally spread across countries: nearly all related to Germany (39 per cent non-proximate), Italy (39 per cent), Spain (27 per cent) or France (15 per cent). By contrast, we found no non-proximate terms in reports from several countries. These include China, Japan and South Korea; and this may be related to the special nature of the three translations, which contain the implication of damage or are coinages. We also suggested that greater language distance from English led to greater reliance on international auditors, who would be familiar with source IAS 36 terminology. Over time, the prevalence of non-proximate terms reduced, though not by as much in Germany and Italy as in Spain and France. The reduction may be due to learning from other firms. We also found non-proximate terms used by firms for reversal of impairment.

From all this, several policy implications arise. First, the IASB should choose terms which are either coinages or correspond to the use of the terms in the everyday register. In particular, precise concepts should not be given broad terms (hypernyms) which are already in use in the everyday register. In the case of “impairment”, the choice of this relatively obscure term with approximately its everyday meaning seems suitable, at least for the English accounting register. However, the failure to define “impairment” in IAS 36 probably contributed to the poor translations. This was not the only occasion on which the international standard-setter has not defined the key term when preparing an accounting standard[54]. If the IASB were generally to take account of these points, it might help accountants and it would be particularly likely to help the readers of financial statements who are not accountants. This recommendation applies even before considering the need to translate IFRS, but we agree with the Australian and Korean standard setters that the IASB should specifically consider translation issues such as those of this paragraph when drafting standards (AASB/KASB, 2016, p. 40). Perhaps, following the example of Microsoft (mentioned in Section 2.1), the IASB should create an urtext which is designed to be the source for translations, including into various dialects of English.

We propose that a translator of accounting regulations should strive for “proximate” translations which convey the source message and do so as unambiguously as possible. We arrive at this conclusion even after assessing *skopos* theory because, according to the international regulators, the aim of the translation is “equivalence”.

Given that some translations of IFRS are not proximate to the source text, this affects the words selected by preparers of non-English annual reports, as we have shown. This has an important implication for translators of those reports (most commonly into target English): the translators should not necessarily strive for proximate translation of the source reports but should consider the terms in the more distant source IFRS regulation. The firms have deliberately chosen to translate their reports into English but terms such as “loss of value”
and “write-down” will not necessarily convey “impairment” to the readers of financial statements in English. More simply, the French term for impairment (dépréciation) is obviously a trap for translators of reports. Consulting the English terms in source IAS 36 would be useful.

There are also implications for analysts and for researchers. Analysts who read non-English reports prepared under translated IFRS need to be aware that terminology may be misleading. Analysts of reports translated into English should be aware that many different terms for impairment and its reversal are in use. Analysts and researchers should note that the information related to impairment in international databases is likely to contain errors, and we recommend that data should be hand-collected and then carefully checked by experts.

We acknowledge that it was necessary for us to exercise judgement on many matters above. We obtained much expert help, but other researchers might come to different conclusions on some issues. Opportunities for further research include studies of compliance with IFRS disclosure requirements relating to impairment. Prima facie, compliance is lax: impairment is often conflated with depreciation, and impairments are often shown net of reversals. It would also be interesting to investigate who translates corporate annual reports (or different parts of the reports) in order to confirm or deny our intuitions on this.

Acknowledgements
The authors are grateful for comments on previous drafts from Holger Daske, Lisa Evans, Elena Giovannoni, Erlend Kvaal, Richard Macve, Steve Young, Stephen Zeff and workshop participants at the 2018 British Accounting and Finance Association Annual Conference and the 2018 European Accounting Association Annual Congress. The authors are also grateful for suggestions from two reviewers of this journal and from the editor who handled the paper, Rania Kamla. The authors acknowledge translation and other assistance from Abdullah Almulhim, Mohammed Alomair, Aysha AlSalih, Jörgen Dahlgren, Jürgen Ernstberger, Isabel Lourenço, Jérémy Morales, Sven-Arne Nilsson, Takatsugu Ochi, Sang-Eun Park, Jon Rowden, Chungwoo Suh, Satenik Vanyan, Piotr Zegarlinski, Geert Wognum and Na Zhao. The support of the ICAEW’s charitable trusts is gratefully acknowledged.

Notes
1. Roy Harris, one of the translators of Saussure, suggests that “signifying element” and “signified element” are better translations of Saussure’s French signifiant and signifié (see Saussure, 1910, p. xix).
2. A register can be related to the concept of a “language for specific purposes” (LSP). Some writers use “LSP” to mean a variety of language used by members of a specific subject field. Others use LSP with the more technical meaning of an applied approach to teaching a foreign language in a particular field (e.g. Fuertes-Olivera and Nielsen, 2011).
3. From here on, we generally use “term” instead of “signifier”.
4. Moore (2008, para. 7) uses this description in a later legal opinion.
5. A hypernym signifies a category to which words with more specific meanings are subordinate. For example, “colour” is a hypernym which includes “green”.
6. Some writers prefer “start text” (e.g. Pym, 2014, p. 2) because the start text itself might be a translation. In the context of this paper the start texts, such as accounting standards, are clearly also source texts.
8. This is unlike the EU’s translation of the Directive which had una imagen fiel.
9. This is unlike the EU’s translation of the Directive which had one adjective fedele.
10. This might be translated as “in compliance with accepted accounting principles, a picture in accordance with the facts”.

11. Nobes (1993, Table 2) examines this. For example, the EU’s Spanish translation contained the indefinite article.

12. The 1974 published draft of the Directive contained the apparently equivalent *einen getreuen Einblick* instead of the lengthy wording of German law quoted above. The second half of the new wording is in the Directive (perhaps by negotiation with the German government); the first phrase was added in Germany.

13. Some EU translations (such as the Finnish and the German) are also approved by the IFRS Foundation, whereas other EU translations (such as the Italian and the Swedish) are not (see IFRS Foundation, 2016, section on “Available translations”).

14. IAS 1, para. BC 16.

15. We are grateful to Sven-Arne Nilsson for suggesting that, in Sweden and Finland, there are reasons related to accounting theory for preferring *värdering* (valuation) (letter to the authors of 25 August 2017).

16. This can be inferred from Article 73 of the Treaty of Rome and the Regulation 1606/2002 (Preamble paragraphs 1, 2, 5, 7 and 11). It can also be seen in paragraph 6 of the IASB’s Preface to International Financial Reporting Standards, as revised in 2010.

17. This was partially dismantled by the *Bilanzrechtsmodernisierungsgesetz* (Accounting Law Modernisation Act) of 2009 (Hoffmann and Detzen, 2013, p. 379).

18. This definition is from the Cambridge English Dictionary; see http://dictionary.cambridge.org/dictionary/english/impair; accessed 11 October 2016. The Oxford English Dictionary has this meaning, and also “To make worse, less valuable, or weaker”. Chambers Dictionary has: “to damage or weaken something, especially in terms of its quality or strength”.

19. SFAS 121 (Appendix A, para.s 39-41) reports documents of 1980: one sent to the FASB by the American Institute of Certified Public Accountants, and one discussed by the FASB’s Financial Accounting Advisory Council.


21. In the UK, at least since the Companies Act 1981.

22. This paper is written in late 2017, before any changes to UK law resulting from leaving the EU.

23. SFAS 121 (Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of) was issued in 1995 and is now part of the Accounting Standards Codification 36–10–35. It does not allow reversals of impairment whereas IAS 36 (para. 10) requires them where appropriate.


25. Handelsgesetzbuch, § 253(2) before and § 253(3) after the *Bilanzrechtsmodernisierungsgesetz* of 2009. In the equivalent UK law, the term for *Wertminderung* is “diminution in value” (Companies Act 2006, Regulations 2008, Schedule 1, para. 19 (2)).

26. Other terms, such as *buitengewoon* (extraordinary) were used in earlier law based on Article 35 of the Fourth Directive. We are grateful for assistance from Geert Wognum of PwC.

27. Letter from Jörgen Dahlgren to the authors of 29 August 2016.

28. The translation into English results from correspondence with Abdullah Almulhim of King Faisal University (13 September 2016), Aysha AlSalih of Princess Noura Bint Abdulrahmin University (14 September 2016), and Mohammed Alomair of Royal Holloway (19 July 2016).

30. Letter to the authors of 14 July 2016.

31. The translation into English results from correspondence with Piotr Zegarlinski of PwC (14 July 2016).

32. The translation into English results from correspondence with Satenik Vanyan of PwC (14 July 2016).

33. We are grateful to Na Zhao for assistance with the translation of the Chinese characters. The third character also has other connotations, but we are informed that “damage” is the most obvious one.

34. In the Chinese for “impairment loss”, 損 is a simplified Chinese character, and it implies damage. The corresponding traditional Chinese character is 損, and this is used in the Japanese for “impairment”. However, in Japanese, our advice (and Google Translate) does not suggest that it implies damage.

35. One could add the Chinese if one counts the signifier for impairment loss.

36. We are grateful for help from Chungwoo Suh (of the IASB) and Sang-Eun Park (of Samil PricewaterhouseCoopers), who stress that they are offering their personal views rather than official views of their organisations.

37. For example, KASB has a “Research Department” of 31 members whereas the German standard-setter has 10 staff (http://eng.kasb.or.kr/fe/org/NR_view.do?deptCd=DEPT00019&highDeptCd=DEPT00036 and www.drsc.de/en/governing-bodies-standing-committees; both accessed on 7.6.2018).

38. The fair value basis is allowed or required for various assets under IAS 2 (para. 3), IAS 16 (para.s 24, 29), IAS 19 (para. 57), IAS 26 (para.32), IAS 27 (para. 10), IAS 28 (para. 11), IAS 38 (para.s 45, 72), IAS 39 (paras 9, 43, 47), IAS 40 (paras 27, 30), IAS 41 (paras.s 2, 12, 13), IFRS 6 (para. 12), IFRS 9 (para.s 5.1.1, 5.2.1) and IFRS 10 (para. 31).

39. The authors are grateful for advice about Portugal from Isabel Lourenço of Instituto Universitário de Lisboa, and for advice on Japan from Takatsugu Ochi. Google Translate (accessed on 11 December 2016) translates the Japanese characters of Table I as “impairment”.

40. For example, in Linguee, there are dozens of illustrations of the meaning of the word, all of which are about accounting (www.linguee.com/english-portuguese/search?sourceoverride=none&source=portuguese&query=imparidade; accessed on 11 October 2016).

41. IBR-X-50 (Brazil), SMI (Switzerland), DAX-30 & 10 largest (by market capitalisation) constituents of MDAX-50 (Germany), IBEX-35 (Spain), CAC-40 (France), Hang Seng (Hong Kong), FTSE/MIB-40 (Italy), KOSPI-50 (South Korea) and RTS-50 (Russia). For most countries, the sample comprises the index constituents on 31 December 2005 or 31 December 2010 or both. For Russia and South Korea, the sample comprises the constituents on 31 December 2010. The sample for Brazil comprises the constituents on 30 June 2012.

42. Specifically, our sample comprises the constituents of the Hang Seng China Enterprises Index.

43. In a few cases, we rely on notes about investment property which (when the cost basis is chosen) is accounted for under IFRS as though it were PPE.

44. There could be several different approaches to scoring. The polar versions are: (i) score “non-proximate” if there is any such term throughout the report, and (ii) only score if “impairment” is never used in connection with PPE (which would fail to count non-proximate terms in many reports which contain translation problems). Our approach is intermediate, and our search hierarchy starts in the PPE table, where we expect a reader to look first.

45. For example, in 2005, Germany’s Hannover Rück (“unscheduled depreciation”), Italy’s Campari (“write-downs”) and Spain’s Enagas (“provisions”).

46. There is as yet no generalised use of XBRL in continental Europe, though this is proposed to begin in 2020 with an initiative termed the European Single Electronic Format (www.esma.europa.eu/policy-activities/corporate-disclosure/european-single-electronic-format; accessed 5 June 2018).
47. Daimler (then DaimlerChrysler) used US GAAP in 2005 and 2006.

48. The test uses the 369 observations of all countries except Japan, for which we only have observations for 2013. The test is not shown in Table III; \( p \)-value = 0.000.

49. The \( p \)-values are 0.002, 0.006, 0.047 and 0.068, respectively.

50. Camfferman and Zeff (2007, p. 417) explain how Switzerland had set up a standard-setting body in 1984, modelled on Anglo-Saxon precedents. The Federation of Swiss Industrial Holding Companies was the first member of the Board of the IASC to represent companies, starting in 1995. Its delegates were two finance directors from large Swiss companies, one of whom (Malcolm Cheetham) was British (Kirsch, 2006, Appendix III).

51. For example, “write-back” was used by the German firm RWE (reports of 2005, 2013) and by the Italian firm Banca Popolare di Milano (reports of 2005, 2013); and “write-up” was used by the German firm Henkel (reports of 2005, 2013) and by the Italian firm Mediaset (report of 2005).

52. Used by the Italian firms Banco Popolare (report of 2013) and Mondadori (reports of 2005, 2013), respectively.

53. We are grateful for advice from Jérémy Morales on this issue.

54. See Nobes (2012, pp. 90-92) on the lack of definition of “revenue” in the preparatory stages of the development of IFRS 15, Revenue from Contracts with Customers.

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## Appendix

### Language Term

<table>
<thead>
<tr>
<th>Language</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arabic</td>
<td>إخفاض قيمة</td>
</tr>
<tr>
<td>Chinese</td>
<td>减值 (pinyin: jiānzhī)</td>
</tr>
<tr>
<td>Danish</td>
<td>vaerdiforringelse</td>
</tr>
<tr>
<td>Dutch</td>
<td>bijzondere waardevermindering</td>
</tr>
<tr>
<td>Finnish</td>
<td>arvon alentuminen</td>
</tr>
<tr>
<td>French (EU and Canadian)</td>
<td>dépréciation</td>
</tr>
<tr>
<td>German</td>
<td>Wertminderung</td>
</tr>
<tr>
<td>German law</td>
<td>außerplanmäßige Abschreibungen</td>
</tr>
<tr>
<td>Italian</td>
<td>riduzione di valore</td>
</tr>
<tr>
<td>Japanese</td>
<td>减損</td>
</tr>
<tr>
<td>Korean</td>
<td>손상</td>
</tr>
<tr>
<td>Norwegian</td>
<td>verdifall</td>
</tr>
<tr>
<td>Polish</td>
<td>utrata wartości</td>
</tr>
<tr>
<td>Portuguese (Brazilian)</td>
<td>redução ao valor recuperável</td>
</tr>
<tr>
<td>Portuguese (EU)</td>
<td>imparidade</td>
</tr>
<tr>
<td>Russian</td>
<td>обесценение</td>
</tr>
<tr>
<td>Spanish (EU and Argentinian)</td>
<td>deterioro del valor</td>
</tr>
<tr>
<td>Swedish</td>
<td>nedskrivning</td>
</tr>
</tbody>
</table>

**Notes:** Apart from the “German law” line, the terms are those in the title of IAS 36 in official translations. Most of the translations of IAS 36 are those approved by the IFRS Foundation. For many European countries, these are also the official EU versions as attached to EU Regulation 1606/2002. In a few cases (e.g. Italian and Swedish), there is no IFRS Foundation version, so we use the EU version. For the “German law” line, we translate Handelsgesetzbuch § 253(3). For the Canadian French, see www.nifcanada.ca/normes-internationales-dinformatiion-financiere/ressources/normes-ifrs-proprement-dites/item45642.pdf (accessed 7 November 2016). For the Argentinian Spanish, see www.facpce.org.ar:8080/miniportal/archivos/2012/NIC/NIC%2036.pdf (accessed 7 November 2016)

### Table AI

Terms used for “impairment” in translations of the title of IAS 36 and in German law (in alphabetical order)

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Sites of translation in digital reporting

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Abstract

Purpose – The purpose of this paper is to analyse the process by which “analogue” corporate reports produced under a “paper paradigm” are translated into a machine language as required by digital reporting. The paper uses Austin and Searle’s linguistic speech act theory to examine how digitally translating reporting information into atomised data affects the infrastructure and practice of accounting.

Design/methodology/approach – Extensive interview and observation evidence focussed on the IFRS Foundation’s digital reporting project is analysed. An interpretive approach is informed by the concepts of L compatibility, illocution and perlocutionary acts which are drawn from speech act theory.

Findings – Two key sites of translation are identified. The first site concerns the translation of accounting standards, principles and practices into taxonomies for digital tagging. Controversies arise over the definition of accounting concepts in a site populated by accounting and IT-orientated experts. The second site of translation is in the routine production and dissemination of digital reports which impacts the L compatibility between preparers and users.

Originality/value – The paper highlights a previously unexplored field of translation in accounting and contributes a unique perspective that demonstrates that machine translation is no longer marginalised but is the “primary” text with effects on the infrastructure and practice of accounting. It extends speech act theory by applying it to the digital domain and in the context of translation between languages.

Keywords Translation, Corporate reporting, Digital reporting, L compatibility, Machine language, Taxonomies

Paper type Research paper

1. Introduction

This paper highlights the importance of the translation process required to convert paper-based corporate reports into digital corporate reports. We use seminal work in the philosophy of linguistic communication (Austin, 1961; Bach and Harnish, 1979; Cooren, 2000; Searle, 1989) to reveal the impact of digital translation on accounting standards and reporting. We show that the “translation” of corporate reporting information into digital data for online accessibility and automated processing is a “manipulative activity” (Bassnett and Trivedi, 1999, p. 2) that spans technological boundaries and epistemic cultures (Knorr Cetina, 1999). In doing so, we provide evidence that counters the assertion that digital reporting is simply a different media and that the translation process is a “mechanical” one in which the message remains the same (Hoogervorst, 2012).

Electronic and digital reporting are not the same, although the terms are often used synonymously. Electronic reporting includes any transmission of reports online. Digital reporting enables the translation of data at the individual item level into a format that can be recognised by computers to enable searching and automated processing (Hoffman and Rodriguez, 2013). The view that digitisation of corporate reporting data “create[s] an
unambiguous way to identify and compare business performance of one company to another” (Liu et al., 2017, p. 43) has been largely uncontested.

While the growth in the number of companies providing digital corporate reports was slow up until the US SEC’s adoption mandate in 2009, their availability is increasing at a significant rate internationally. Regulators in the UK, China, Singapore, Germany, Israel, Australia the Netherlands and many other jurisdictions now require the submission of digital filings (SEC, 2009; Singerová, 2015; Srivastava and Kogan, 2010). Most recently, the European Securities and Markets Authority has regulated for the mandatory application of digital reporting across the European Union by 2020 (ESMA, 2016). It is possible that digital reports will be the only media required for the regulated communication of corporate financial and non-financial information in the near future.

The adoption of digital reporting is said to improve and “democratise” the accessibility and comparability of corporate reporting information thereby facilitating the free flow of capital (Liu et al., 2017; Yoon et al., 2011). The digitisation of accounting data also contributes to the analytic possibilities offered by “big data” (Al-Htaybat and von Alberti-Alhtaybat, 2017; Bhimani and Willcocks, 2014; Roth, 2009). However, Lowe et al. (2012) argue that much of the benefit of digital reporting flows to the regulators that mandate its adoption so that they can automate the process of monitoring and surveillance. Furthermore, no attention has been paid to the conditions under which digital data provide effective communication for this or other purposes.

The IFRS Foundation is an active participant in the development of the technologies required for digital reporting that are part of the infrastructure for accounting standard setting and corporate reporting. The work of creating digital standards for the transmission of accounting data is a boundary activity that involves both accountants and IT experts. Increasingly, it is an important part of the production process by which reports are collectively constructed and the consumption process whereby such accounts travel to, and are used by, different audiences, including regulators and analysts (Liu et al., 2017; Ramin and Reiman, 2013).

Our focus in this paper is on the largely overlooked aspect of “interlingual” translation between the context-dependent, sequential presentation of “traditional” accounting statements and the syntactic and semantic requirements of digital reporting. We argue that there is not the expected “one-to-one semantic correspondence of concepts between different language-cultures” (Baskerville and Evans, 2011, p. 9) in the case of the translation of accounting into digital reporting artifacts “[...] especially [...] when a subject or discipline – such as accounting – is culture-specific, socially constructed, inherently indeterminate or ideological” (Evans and Kamla, 2016, p. 1). We argue that “messy collective endeavours” (Robson et al., 2017, p. 37) are involved and that the organisational “work” of (digital) translation (Kettunen, 2017) should be studied to identify the implications for corporate reporting participants (Debreceny et al., 2009; Roohani et al., 2009).

The empirical setting for the research is the IFRS Foundation’s long-term project to develop the technology necessary to allow IFRS-based corporate reports to be created and communicated in a digital format. The perspectives extend to the USA and Europe as the snowballing of participants in the IFRS digital reporting project led to interviews with people involved in similar projects. The analysis is based on one of the researcher’s advisory role in the project, 32 interviews conducted between 2012 and 2015 and documentary evidence.

We contribute to the literature by showing how the translation of accounting standards and reports into their digital expressions is impacting the syntax and semantics of communication between the preparers and users of corporate reports. We also explore the boundary work involved in developing digital reporting technologies between the IT specialists and accounting standard setters. We extend widely used theories about locution and the performativity of accounting text as speech acts into the digital reporting domain (Austin, 1961; Bach and Harnish, 1979; Cooren, 2000; Searle, 1989; Van Peursem et al., 2005).
The next section provides a background to the translation process involved in creating digital reports. Section 3 introduces the linguistic theory of L compatibility (Austin, 1961; Cooren, 2000; Searle and Vanderveken, 1985) and its application to corporate reporting. The methodology and empirical data are discussed in Section 4. The data analysis is presented as two sites of translation in the next two sections. The discussion and conclusion sections complete the paper.

2. Digital reporting – translation and structured data
Companies have been providing annual reports electronically using different approaches for almost as long as the internet, or more particularly, the World Wide Web has been available. The most common format adopted is Portable Document Format (PDF) (Beattie and Pratt, 2003; Xiao et al., 2002). The popularity of PDF derives from the confidence it provides that the recipient receives the corporate report just as it was intended by the preparer. The same content is on the same pages of the document and formatting, layout and colours are preserved. The widespread use of PDF is a testament to the value placed on its reliable replication of the characteristics of a paper document. Although the information is transmitted by machine translation to zeroes and ones (the “digits” in digital), it does so in a way that preserves the analogue characteristics of a paper document (ICAEW, 2004).

To capitalise on the digital recording, transmission and processing of corporate reports, data must be released from the constraints of the paper-based, analogue view. Data may be “released” in a completely unstructured way, such as entering corporate reporting disclosures onto a web page. Unstructured data on the internet (in HTML pages) can be searched and easily accessed but the search engine will not be able to associate a meaning with reporting numbers or text. No distinction would be made between Apple Sales (the IT company) and apple sales (the fruit), nor (accounting) Goodwill and (benevolent) goodwill. This results in such an overload of responses that the data sought is just as inaccessible as if it is “locked” in a PDF document (Debreceny and Gray, 2001; Locke et al., 2010).

The solution for delivering the benefits of digital accessibility of reported company data and effective searching is to structure the data by adding “meta-data” tags. Each reported item has an electronic tag attached that is linked to a dictionary (called a taxonomy) that contains data about the data item – that is, meta-data (Gartner, 2016; Hüner et al., 2011). In the example of goodwill, the number would be associated with a tag that specifies contextual accounting information and a definition of goodwill. The context information includes other data required to interpret an item from an annual report, such as the period (end date or duration), the company identifier, the currency, the relevant accounting standard, the “denomination” (millions, thousands, etc.) and whether or not it is a ratio. Rather than searching for the label given to a data item which may vary from one company to another (goodwill, amortised goodwill and purchased goodwill) it is possible to search for the meta-data tag to ensure that all such reporting disclosures are captured regardless of the way they are named by particular companies.

The tag enables users to search for subsets of data from a cross-section of companies, and automatically locate and process them for analysis without reference to any of the other data included in the corporate report. For example, with the right software, it is possible to search for the intangible assets and goodwill of the top 10 technology companies on the Nasdaq for a specified period and have the data returned into an analysis tool almost instantaneously (Debreceny and Gray, 2001; Ramin and Reiman, 2013).

During the process of translation, the “analogue” paper-based view of corporate reports is “atomised” into individual, digital data items that are accessible as structured data. Nevertheless, regulators focussed on improved data accessibility have emphasised that the accounting standards, methods and narrative of accounting remain the same: digital reporting is “just” a different medium that has little to no impact on the meaning and message of corporate reports (Hoogervorst, 2012).
Figure 1 shows the first page of an annual report filed in the USA as “raw” digital data, unfiltered by an intermediary application. The “atomised” data may be flexibly presented or represented in many different ways only one of which may be what the preparers of the report intended. The stark differences between paper-based (PDF) and digital reporting mean that there are places – or “sites” – of translation between them that need to be analysed and understood.

In this paper, we provide evidence that the translation from a paper-based, analogue format to a digital one has significant impacts on the infrastructure and process of corporate reporting, accounting standard setting and the communication of corporate information. Translation is considered here in the sense of “the rendering of a source language text into the target language” (Kettunen, 2017, p. 38). Digital reports are assumed to materialise on the internet without translation – an act similar to the digitisation of a picture into pixels, so that it can be very accurately rendered back into the picture that was originally taken. However, accounting is a socially constructed practice where meaning is mediated by culture, context and the communication medium (Evans, 2004; Evans et al., 2015). In this case, accounting concepts are translated into a language that can be understood and processed by computers. An information technology (IT) language that is foreign to most accountants, preparers and users of accounting reports must be used to express the source text as the target, digital report.

The belief that the translation process involves a one-to-one correspondence that provides accurate digital reproductions of “traditional”, paper-based accounting reports mask the translation work and wider, infrastructure impacts of this developing communication medium. It ignores the radical role of translation into digital reports as a “primary activity” rather than a “marginal” one (Bassnett and Trivedi, 1999, p. 3).

In the next section, we outline a theoretical approach to understanding the “highly manipulative activity that involves all kinds of stages in that process of transfer across” (Bassnett and Trivedi 1999, p. 2) technological and epistemic boundaries (Knorr Cetina, 1999).

3. A model of L compatibility

The purpose of translation is to enable concepts developed in a source language to be communicated to speakers in a target language. To theorise our analysis of the translation of traditional, analogue reports into a digital language, we use the theory of locution,

Source: www.sec.gov/Archives/edgar/data/789019/000119312516662209/0001193125-16-662209-index.htm

Figure 1. First screen of “raw” Microsoft instance document filed 28 July 2016
widely applied in the philosophy of language (Bach and Harnish, 1979; Cooren, 2000; Searle and Vanderveken, 1985).

The premise is that the “speech acts” whether verbal or recorded are performed by a speaker with an intention to communicate. The communication is *felicitous* if it is expressed using effective syntax and words that are relevant and clear in the social context (Bach and Harnish, 1979, p. 5). If the use of the language is defective or the utterance is ambiguous, the speech act is *infelicitous* and is unlikely to be understood in the way it was intended (Bach and Harnish, 1979, 1992; Vanderveken, 1990). The act of conveying meaning is the *locution* of the utterance. *L compatibility* is achieved when the locution is felicitous (Vanderveken and Kubo, 2001).

A speech act may go beyond locution to have force in which case it has illocutionary intent (Bach and Harnish, 1992; Searle and Vanderveken, 1985; Vanderveken, 1990). Under certain conditions, it may be performative where the hearer’s beliefs and/or actions are affected. If so, the utterance becomes a perlocutionary act (Austin, 1961; Searle and Vanderveken, 1985). For example, if the CEO of a company announces an earnings downgrade, (s)he is revising a statement that may have been treated as a “promise” by investors. If an investor recognises the utterance as having an intent to change their beliefs, then that is sufficient to make it an illocutionary act regardless of whether they consequently change their beliefs. Should they revise their beliefs and actions as a result of the announcement, it is a perlocutionary act (see the Appendix for a summary of key terms). This model is depicted in Figure 2 that adapts Van Peursem *et al.’s* (2005) locutionary analysis.

The intentionality of corporate reporting has been widely highlighted in prior literature. For example, Davison (2011) argues that “(t)he annual report is a powerful instrument of organisational communication, rich in content and image construction” (p. 118). Stanton and Stanton (2002) identify that the purpose of annual reports is to “proactively construct a particular visibility and meaning” (p. 478) and other authors emphasise annual reports as texts appropriate for linguistic analysis (Campbell and Slack, 2008; Macintosh and Baker, 2002; Quattrone, 2009). Quattrone (2016) argues further that “[…] accounting […] can prepare the ground for communicative actions which will lead to decisions” (p. 118) echoing the perlocutionary potential of accounts.

Corporate reports as a tool of communication can be used to obfuscate and mislead (Cho *et al.*, 2012; Leung *et al.*, 2015). A stream of research in corporate social responsibility reporting explores this theme and identifies how management intentionally attempts to influence the user’s perception of the company (Cho *et al.*, 2010, 2015; Neu *et al.*, 1998). This work emphasises that even though the message may not have integrity or be truthful, it is nonetheless formed with an intention to communicate.

Nevertheless, Cooren (2000) provides an interpretation of this framework that removes the need to interpret the speech act as only linked to the intention of the speaker and the understanding of the hearer. A speech act may be analysed from “the speaker’s (or writer’s), the hearer’s (or reader’s), or even the witness’ perspective” (p. 5). Cooren (2000) adopts the view that speech acts may be effective across time and

**Figure 2.**
A model of L compatibility

*Source: Adapted from Van Peursem *et al. (2005, p.118)*
Every speech act is ultimately based on a mark, a trace produced by an agent. This mark [...] has a material dimension that is inescapable: it is the speaker’s breath, the ink marks left on the paper by the *scriptor*, the gesture performed by the actor. (Cooren, 2000, p. 36, emphasis in the original)

This is important for interpreting text as speech acts since they may be recorded as printed text, digitised or spoken and still retain their effectiveness (Cooren, 2000, p. 4). Corporate reporting is a complex activity that involves many people, including accountants, investor relations consultants, auditors, CEOs and Board members (Davison, 2011). Cooren’s (2000) perspective that the intention of the speaker is not the essential starting point for analysis is useful. The text is treated as transcontextual and embodying an intention that is subject to the reader’s interpretation. The hearer’s role in interpreting the speech act is not a passive response to the illocutionary act. They may refuse to take the trouble to understand it, ignore it or otherwise use it as they choose in the social setting (Van Peursem *et al.*, 2005).

We adopt the view that accounting reports, accounting standards and digital taxonomies are texts (Macintosh and Baker, 2002) that are assemblages of speech acts which may, in the right circumstances, possess illocutionary force (Austin, 1961; Searle, 1989; Van Peursem *et al.*, 2005). Where speech acts possess legitimacy, they may be performative in that they have the authority to bring something, an action, object or event, into being with the participation of the hearer (Didier, 2007; Searle and Vanderveken, 1985). Cooren (2000) argues that text may act as “machines [...] on behalf of the speaker” (p. 3). In our setting, the machines are generated by an assemblage of other texts – accounting standards, taxonomies and reports – texts upon texts (Bassnett and Trivedi, 1999, p. 3) changing the shape of institutions, organisations, business and capital flows internationally.

The model of L compatibility provides an analytical framework within which to explore the composition and transmission of corporate reports in a structured data format, to highlight the role of translation on communication. Our focus is to frame our empirical analysis to identify the key places in the process of translation from traditional “analogue” accounting into digital reporting language and explore how translation may affect the efficacy of communication. We wish to explore not only what may be lost in the process of translation, but also what may be gained (Bassnett and Trivedi, 1999). We also contribute to the theory by extending its application to translation in a digital setting which emphasises the infrastructure required for conditions of felicity in digital communication.

4. Methodology

The study is based on an interpretive analysis of the experience of participants and the researchers as observers, in the project to enable the translation of corporate reports into digital data. The interviews are focussed on the IFRS Foundation’s digital technology project. In the period from 2012 to 2015, we interviewed 31[1] participants including those involved with the creation of the taxonomy, standard setters, professional body experts and preparers of digital reports[2] (see Table I). The table identifies the interviewees in broad categories to protect their identities in line with the confidentiality agreement. Because the number of people actively involved in the project is small, they may be identifiable. To support the reader’s understanding of the perspective of the interviewee in direct quotes, a general description of their role is provided.

Interviewees were selected purposively through networks of contacts and interviewee referrals. The interviewees were provided with a plain language statement and gave their informed consent for the audio recording of the interview. In total, 23 interviews were conducted over a period of three months in 2015, three in 2013 and six in 2012. The earlier interviews and researcher participation as an advisor to the IFRS project provided the base understanding that
informed the later interviews and gave a sense of the trajectory of the translation project. The interviews were semi-structured and almost all were attended by two researchers. A small number of interviews were conducted by Skype, but most were held face to face in the offices of the interviewees. All interviews were transcribed and analysed in NVivo using themes drawn from speech act theory. The average length of an interview was an hour.

The IFRS Foundation has a long-established team for translating its standards into digital taxonomies and as the dominant accounting standard setter internationally, it is an appropriate and important setting for the research. The USA also has well-established expertise in digital reporting and through the close links with participants in the IFRS project, we were able to gain insights into the US project and reporting outcomes.

The analysis of the interview data, observation and documents through the lens of L compatibility highlighted two main sites of translation in the production of digital reports. The first is the translation of the body of accounting knowledge and standards into the infrastructure of tools required for digital report generation. The second site of translation is the regular production of digital reports for consumption by analysts, investors, regulators or other users. The two sites are discussed in the following two sections, after which the policy and practical implications are discussed in the context of current literature.

### 5. Tools for digital report generation

#### 5.1 Introduction

Communication cannot occur in a vacuum, it relies on lexicons and understandings about semantics and syntax that can be formalised for implementation. The foundation for the work of communicating accounting information is comprised of elements such as the double entry accounting model that dates back to Pacioli, which in turn underpins the concept of a “balance sheet”, the changes in which are reflected in an “income statement” (Bebbington et al., 2001; Macintosh, 2002; Sangster, 2018). This basic structure provides the syntax of “debits”, “credits” and “balances”. Accounting is a dynamic language which has been layered with historical, political and contextual interpretations that are reflected in theories, accounting standards, guidance and interpretations which specify how complex concepts (e.g. deferred tax, goodwill and impairment) should be derived and applied. Accounting concepts are also created and interpreted in practice, with localised usages and “dialects” (Morgan, 1988; O’Dwyer, 2005).

Producing general purpose corporate reports involves the combined efforts of people with technical backgrounds in communications, marketing, investor relations and sustainability as well as accounting (Davison, 2011). The technical language of accounting is, however, likely to be the most significant barrier to users’ ability to understand corporate reports and so the underpinning accounting concepts are an essential element in achieving L compatibility.

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of interviewees</th>
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<tbody>
<tr>
<td>Technical experts</td>
<td>6</td>
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<tr>
<td>IFRS Foundation</td>
<td>15</td>
</tr>
<tr>
<td>Standard setters</td>
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<tr>
<td>Taxonomy developers</td>
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<tr>
<td>International Accounting Standards Board (IASB)</td>
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<tr>
<td>Other stakeholders</td>
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<tr>
<td>National standard setter/regulator</td>
<td>11</td>
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<tr>
<td>Preparers of annual reports</td>
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<td>Professional accounting body</td>
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<td>Software consultant</td>
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<tr>
<td>Data aggregator/investor relations</td>
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Table I. Interviewees
Accounting knowledge is an important part of the “salient contextual information” a user of accounts relies on to understand what is (s)he is intended to infer from a corporate report (Bach and Harnish, 1979, p. 5). Figure 3 adds to the model of L compatibility in Figure 2 to reflect the source of understanding for the social and technical setting of accounting as a language for a specific purpose (Evans et al., 2015). The rendering of the events relevant to a reporting entity into accounting language requires fluency with the jargon, concepts and relations of accounting. It is expected that the receiver of the communication will undertake some effort to understand this body of knowledge. The IFRS Foundation’s Conceptual Framework specifies:

Financial reports are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena. (IFRS Foundation, 2010, p. QC32)

While the accounting body of knowledge is available to receivers of accounting reports, L compatibility is possibly already in jeopardy because “(s)ome phenomena are inherently complex and cannot be made easy to understand” (IFRS Foundation, 2010, p. QC31), particularly for non-professional users. Figure 3 reflects this weaker connection to the technical concepts and language of accounting by making the connecting arrow less well defined.

It was into this, already ambiguous, context for communication that the development of digital reports emerged. Rather than starting de novo, the narrative that digital reporting is just another medium for the transmission of corporate reports meant that the work undertaken was to re-create the analogue perspective in digital form, that is, to translate the existing accounting concepts into machine language.

A key tool for the generation of digital reports is a taxonomy, which is translated from the body of knowledge into a digital grammar as shown in Figure 4. The taxonomy defines a multitude of financial and non-financial corporate reporting elements and places them in a hierarchical structure which also specifies other characteristics such as debit or credit (Piechocki et al., 2009; White, 2006). The taxonomy thereby codifies accounting concepts and disclosures in a format that will allow digital tags to be attached to data in corporate reports. The taxonomy is an important element in the digital reporting infrastructure.

The grammar most widely used in corporate reporting during the IFRS Foundation’s digital reporting project was eXtensible Business Reporting Language (XBRL) (Hoffman, 2006; Xiao et al., 2002). For the purpose of identifying the sites of translation for digital reporting, it does not matter which grammar is used to structure data for automated
processing by computers. They are all grammars with a technical basis in IT and the internet. The translation work requires fluency in the language of accounting and the IT grammar deployed to tag the data. In this site, two different epistemic cultures must co-ordinate to fabricate a coherent expression of accounting concepts for the digital medium.

The next two subsections report on the process of translation in the infrastructure of digital reporting and its effects on accounting standards.

5.2 Translating accounting into digital taxonomies

A taxonomy contains the standardised information about each reporting element that is attached to a digital data item. Creating and maintaining one with sufficient depth and detail for reporting entities to use is a significant undertaking. A taxonomy developer at the IFRS reflected on the work involved:

 [...] and these guys were in charge of developing the first [...] prototype taxonomies in 2005, 2006 and the process [and] the workflow, they were really raw, and they had to implement some alternative processes to make it smooth[er] because [...] apparently it took four, up to five people six months to develop the [...] materials for the taxonomy and that was really challenging because it’s a lot of work involved in this and it was actually manual work. (Taxonomy developer, interview, 2015)

A taxonomy is often explained by comparison with a dictionary as it contains information about each data element that allows software to interpret it. However, another metaphor often used is that the tags are similar to barcodes, so the taxonomy is like an index of barcodes that links the scanned digits to the agreed UPC-A product (Boeri, 2007). The important point that this metaphor highlights is that while speakers of a language may be able to “make do” without a dictionary and cope if words that are no longer commonly used are omitted, the scanned barcode is meaningless without reference to the index of products.

The impact of this in our context is that the taxonomy that is referenced by a tagged report (instance document) must be openly available to any receiver of the report and that exact taxonomy must remain available for as long as that report is going to be accessible. Just as in the situation that when a product code is removed from the UPC-A index the barcode is meaningless, so if an accounting taxonomy is updated for changes in a standard or accounting practice that changes the definition of a concept or removes a treatment that is no longer permitted, the earlier taxonomy must remain available otherwise all previous reports that reference the earlier taxonomy cannot be identified or interpreted. The tagged data are available on the internet but essentially “lost to sight”.

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**Figure 4.** Tools for digital translation in accounting
The technical support to identify a version was identified by one of the original IFRS taxonomy team members as important:

[...] we asked that the versioning specification be the most important priority of the (XBRL) consortium [...] because we needed to be able to version the taxonomy and communicate to people what had changed [...]. (Interview, 2015)

Some of the processes and technical tools were developed in-house at the IFRS Foundation:

[...] there was really a breakthrough when we [...] developed our own in-house tailored software to manage [...] and archive taxonomies, test quality assurance of the IFRS taxonomy every time we publish something [...] (IFRS taxonomy team member, Interview 2015).

Fundamental differences in the development of the IFRS taxonomy and the US GAAP taxonomy became a significant issue over time. The US taxonomy was started earlier and relied on older grammatical constructions of the underlying data standard (XBRL) for dealing with tables and started from the premise that its purpose was to capture accounting reporting practice.

The IFRS Foundation’s Taxonomy team was instructed to work only from the IFRS standards[3]. The outcome was two very different taxonomies. The US one was comprehensive (approximately 15,000 elements) and included a detailed definition of each element. The IFRS taxonomy included only concepts from the standards (approximately 2,000 elements) and provided references to the standards rather than definitions:

[...] but just the fact that International Accounting Standards and US GAAP cannot agree on a structure, a concept, it means that any time that I integrate a new taxonomy, [whether I am] tool making [or] being a user of these data, I cannot do that because the interpretation of these taxonomies are different, and the data definitions are not correct. (Reporting consultant interview, 2013)

The differences became a matter of concern when the US SEC mandated structured digital data documents for submission and then later as a full filing (SEC, 2009). The SEC refused to approve the IFRS taxonomy for use by foreign filers. While not publicly stated, participants in our interviews believed that it did not meet “usability” requirements because preparers of reports did not have a comprehensive enough set of tags and the taxonomy was not self-contained with definitions. It was also a stumbling block for convergence of reporting and the hope that IFRS could become an option for all companies reporting to the SEC to reduce compliance costs. The taxonomy differences presented an obstacle to the adoption of IFRS in the USA and prompted a compromise position in which the IFRS taxonomy was expanded beyond the concepts in the standards (to over 5,500 elements) and included definitions so that after seven years the US SEC approved it for use (SEC, 2017).

A standard setter knowledgeable about taxonomy development observed in an interview in 2015 that:

[...] the definitions [...] drove me nuts, because if we hadn’t defined it in accounting I don’t know how some computer guy could come along and give it a definition [...].

There are many issues embedded in the different philosophies for the development of the taxonomies. How many concepts are sufficient? What is the boundary between having so many that it is difficult to find the right one, having all preparers of accounts use it in a consistent way and not having enough? How should the concepts be defined and by whom? In particular, in the context of digital reporting, what is the role of professionals with expertise in IT rather than accounting?

One thing that emerges clearly as a view from those involved from both the standard setting and taxonomy development perspectives is that the translation of accounting knowledge into digital taxonomies and tools involves extensive work and is
not a “mechanical” process. It is influenced by different attitudes to reporting and regulation, historical context and requires a combination of expertise. The next section considers how translating accounting standards and practice into a taxonomy may affect the accounting standards and practices that form generally accepted accounting principles (GAAP).

5.3 Taxonomies and accounting knowledge – reflexive translation
In the previous section, the different choices and institutional settings for taxonomy development between the USA and the IFRS create a context for political tensions between the standard setting body and regulators. In this section, we consider the relationship between the syntax and other “grammatical” requirements of computer-based languages for the internet.

The inability of current computer systems to interpret subtleties or contextual differences imposes on the promulgators of accounting standards a greater requirement for conceptual clarity. Reliance on the professional understanding and judgement of an accountant to interpret the meaning and context of an accounting standard is no longer sufficient. The computer is essentially “dumb” and must be told exactly the definition and context of a data item. That definition must be precise, consistent and distinct from other accounting definitions and should include all the required contextual information. A standard setter closely associated with taxonomy design we interviewed in 2015 explained:

They [the taxonomy developers] are identifying [...] any inconsistencies in language where [...] [in] any kind of structured data capture [...] you’re writing computer code then it’s ones and zeros. You have to be very specific and when you look at the words and go ‘I have no idea what those words mean’ then [the taxonomy developers] go back and ask [the standard-setters] what they mean and if they can’t explain what they meant then they have to change the words or clarify.

Rather than the text necessarily being “diminished and rendered inferior [...] there may also be a process of gain” (Bassnett and Trivedi, 1999, p. 4). The site of translation of the taxonomy is an opportunity for heteroglossic voices (Macintosh and Baker, 2002) to engage in a dialogue as the computer grammar contributes different perspectives on “fabricating” accounting standards (Chua, 1995).

Despite the lack of understanding early in the IFRS Foundation’s taxonomy development programme, by 2015 both the standard setters involved in drafting IFRS and taxonomy team members saw the value in the translation process:

Oh yeah! [...] [Taxonomy Team member] is really good and [s/he] picks things up and I looked at some of the stuff and asked questions “why is this discretionary, should this be like this and should this be like that” and [s/he] asked questions of “why have you said this, why have you said that” because [s/he] came at it from an IT processing point of view and I came at it from a standards setting point of view so between us that did definitely add value [...] (IFRS standard-setting team member, interview 2015).

I really can see no negative impact [...] I can’t imagine that [taxonomy translation] would be problematic to [...] the standards. The positive part I see is [...] that in some cases it can help clarify a given disclosure that is required by the standard-setting group. [...] Sometimes they write a disclosure and I would look at it and go ‘I can’t tell if they are asking for that disclosure to be as of December 31st or for the year ended December 31st because I am trying to create a tag for it and I don’t know if it is an instant or a duration [...] [The] taxonomy actually adds value in that case to the standards setting which is something that nobody considered would be the case. (IFRS taxonomy developer, interview, 2015)

The taxonomy team also has a concern with the usability of the taxonomy, that is, it must be comprehensive enough to be useful. So, the process of translation also highlights areas in which there is need for further development in the accounting standards:

[...] so [in the taxonomy] we’ve either picked up exactly the accounting definition or we’ve given a very bland description, but it’s actually highlighted something really important because there are
some that you would look at and go “you know what the standards team should actually come along and do that […]” so for example […] what’s financing costs? Does it include the discount unwind for remedial work for […] the environment, when you have to fix the environment when the factory closes or something? It’s not defined, […] so that’s […] an example of ‘it shouldn’t be up to the taxonomy guys to define’, […] it’s up to the standard-setters to define and the taxonomy guys tell us where there are inconsistencies or gaps because […] they are capturing [the accounting standards]. (IFRS senior accounting standard-setter interview, 2015)

The discipline of the computer grammar means that the teams working on the taxonomy have an overview of the use of concepts across all the standards, their definition and how they have been classified in the taxonomy structure. They need to answer very detailed questions about each concept element to create the entry for it in the taxonomy. Consequently, the need for translation is not passive, it triggers conversations and even changes in the drafting of standards. The due process and organisational arrangements at the IASB have moved from complete isolation of the taxonomy developers to an increasing integration of the technical standards and taxonomy teams to encourage this dialogue and improve the quality of both the taxonomy and the standards (IFRS Foundation, 2015; Teixeira, 2013a, b).

The definitions are also sites of controversy in translation where concepts and their legitimacy for inclusion in taxonomies are debated. A preparer of annual reports for a large multinational company strongly asserted that there should not be an element “other assets”:

There are no “other assets”. There are either “other financial assets” or “other non-financial assets” but no “other assets”. (Preparer interview, 2015)

This type of discussion and debate is not restricted to major standard setters such as the IFRS Foundation and the FASB in the USA. Companies and other regulatory bodies seek to create taxonomies to permit structured data communication internally. Examples of these projects are more easily observed in the public sector and include projects such as reporting to the European Central Bank (COREP and FINREP), the Australian Prudential Regulatory Authority in Australia and the FDIC in the USA. There is no a priori reason why the same benefits of improved accuracy, and transparency could not be achieved by companies and organisations, particularly those that lack an integrated internal reporting system (Garbellotto, 2009b; OECD, 2009). The process of creating dialogue to clarify the vocabulary of discourse could not only reduce the reporting burden on government regulated entities by reducing the number of related, similar items of data they are required to report to government but also result in improved communication within and among government departments. There are a number of fieldwork sites in Australia, the Netherlands and the UK where a study of the processes and outcomes of this dialogue (or lack of it) could provide useful research outputs and early studies are reporting interesting results (Troshani and Lymer, 2010).

This section has explored taxonomy translation as a site for research into the translation of accounting standards and practice into the digital grammar used for taxonomy creation. The next section focusses on the translation required each time a company reports and identifies areas of potential impact that Austin and Searle’s theories of linguistic communication highlight for accounting.

6. Digital reporting as a site of translation

6.1 Introduction

The previous section explored how the extant body of knowledge in accounting may form a shared technical lexicon between a preparer of accounts (the speaker) and the receiver of those accounts, often referred to as a “user” (Young, 2006) or in the case of Searle’s theory, the hearer. The model of L compatibility raises the issue of whether the preparer of accounts
or the regulator have an intention to communicate. In Section 3, it was argued that one of the purposes of annual reports is to communicate a message despite them being “generally the creation of a collective anonymity of accountants, auditors, lawyers, marketing specialists, environmental experts and graphical designers” (Davison, 2011, p. 124). Our interviewees support this view:

Users need to be able to compare one company to another company, but [preparers] also need to tell their own story, what their strategies are and how they’ve executed on their strategies [...] I think the communication needs to be job one [...] (Chief Accountant, US Top 50 company, interview 2012).

[…] the disclosure initiative is highlighting the work on streamlining and New Zealand and Australia is saying “tell us what’s important” you know, people do want you to tell a story and then they also want […] to see your story and have the data […] (IFRS senior standard-setter, interview 2015).

[…] what I would like to see is much more, a de-emphasis on compliance, I know I am a standard-setter but, actually much more focus on communication and communicating about what’s important and sort of telling it in a real way [...] (UK standard-setter, interview 2015).

The illocutionary framework also raises questions about how the users of corporate reports understand or interpret them. If preparers put in effort to convey a message as if it may be understood, an important question is how users receive and interpret it.

The L compatibility framework is a useful way of organising the contributions of such research and highlights how little is known about what users understand from corporate reports. Studying the understanding of users is problematic because it is often assumed that the meaning of the complex tenets and outputs of accounting is shared. This may perhaps be all that is possible because all participants are acting “as if” they understand because meaning is not observable[4].

Our focus is on identifying the potential impact of digital translation on L compatibility and therefore the illocutionary force and perlocutionary acts stimulated by the communication. The next part of this section describes the site of translation from preparer systems into digital reports. This is followed by two sections that focus first on what may be gained or lost in the machine language translation undertaken by the preparer and then on the user’s perspective of digital reports.

6.2 L compatibility model of digital report translation

Our interviews and observation of the process of digital reporting has identified a two-stage process of translation between the preparer and user. This site of translation includes the preparer’s process of translating their account into the machine language and then the user’s action through computer software to extract selected data and re-constitute it into a human readable form.

Figure 5 reflects this by interposing the “digital locution and illocutionary act” between the preparer of accounts and the user to show the additional translation process and its potential effects on the act of communication. The atomisation of data is represented by showing the report broken into separate data items (pixelated) that are accessible in whatever configuration the user prefers.

6.2.1 Preparer translation. On the left-hand side of the diagram, the preparer(s) of accounts translate the text of the report from the traditional analogue report format into the structured, tagged format of digital reporting. This step involves using the taxonomy as a data dictionary to apply a tag which in the preparer’s judgement best approximates the intended meaning. This translation process is needed every time a digital report is prepared.

The translation may be an additional process undertaken after the reports are largely finalised, it can be moved back earlier in the report preparation stages, or it could even be largely automated[5]. Our respondents indicated that not many companies have
automated the process. Their descriptions of the process highlighted the interaction with the taxonomy and its effect beyond the digital reports. A senior executive in a large international financial services company based in the USA reflects on using a taxonomy to tag a financial report in preparation for its digital dissemination:

[…] when you’re searching for a tag or looking through it, if you go into let’s say Debt, and [that’s] the area you want to go into. So, first you click Debt and secondly you click maybe a certain part of it to get a certain area, within two or four clicks in either of the taxonomies [US GAAP or IFRS] you are down to the five tags or so that you need to choose from […] the key is when someone creates [a new tag] to try and […] tie it to something else. For example, if it’s in a calculation, even though it’s [a new tag], […] it still relates to something. It’s part of current assets for example because you can see the calculation rolls down to that so […] that’s important. (US preparer and taxonomy developer, interviewed 2015)

The detailed work of identifying the right tag may only need to be done when there is a new disclosure item or the taxonomy changes after the initial tagging. It is clear how painstaking the process is to find the right tag and to ensure the relationships in the report are preserved in line with the constructs in the taxonomy.

The taxonomy also offers a short-cut checklist that some preparers see as an advantage of the process of translation to digital reporting:

[…] coming back to one of my previous roles, they had a technical team […] [of] two or three technical accountants and they [had] to sit there and read through the standards, identify what was required by the standard so when year end came, and auditors went through the books then we complied with everything according to the standards. Having a taxonomy now is making that job a lot easier, because all the disclosure requirements are there and in addition to that the references are there so rather than having to troll through a whole series of pages to understand what is required of you, you can simply go to the reference and it might be a paragraph or a couple of pages, […] and it reduces the amount of time it would take you to prepare you whole set of accounts. (Accountant and taxonomy developer, interviewed 2015)

Further to this, the taxonomy may be used as a guide for required disclosures that also facilitates tagging:

So the first step was, really, not to look at the technology itself but simply to look at the financial statements and then ask ourselves, “what do we need to change in the financial statements to make the tagging process easier?” (Chief accountant, large European company, interviewed 2013)
The experience of the accuracy and quality of translation into digital reports has not been good:

[...] there are still errors in the [digital] US GAAP filings. I don't think they have improved over the last few years, I think it improved in 2009, 10, 11, 12 as people learned more and understood it more [...]) but in the last few years there has not been improvement. There has got to be some initiative that, bring[s] the hammer down and says it needs to improve [...] and I think it will get there once the SEC enforces it more. That's all it would take. (US preparer and taxonomy developer, interviewed 2015)

This is partly because of the “soft” implementation in the USA that initially did not treat the digital report as part of the legal filing even though it was required (Debreceny et al., 2010; SEC, 2009). Many of the errors were a result of preparers not understanding that the normal balance rules of debits and credits were built into the taxonomy – so they added a negative or positive sign where it was not needed, which meant that balance sheets did not balance (Boritz and No, 2008; Debreceny et al., 2010). Another common error was the failure to select the right tag (Du et al., 2013). For example, in the cash flow statement companies may report the change in cash balance excluding the impact of foreign exchange. Some companies incorrectly used the data tag, “CashAndCashEquivalentsPeriodIncreaseDecrease” rather than the more precise, “CashAndCashEquivalentsPeriodIncreaseDecreaseExcludingExchangeRateEffect”[6]. This type of problem arises where preparers are not familiar enough with the taxonomy and select an element that is descriptive of the item without realising there is a better tag. These errors lead to a loss of comparability between corporate reports and the potential for errors in automated processing.

Although tighter regulation and a requirement for audit is seen by many commentators as the solution to improving the quality of digital reports, it remains a concern for the L compatibility of digital reporting if even simple intentions such as making the balance sheet balance are not achieved in every filing.

On the other hand, the automated processing that digital filing affords can be used to improve the quality of reporting if applied by regulators:

We [fiscal regulator] discovered that a very high proportion of the balance sheets in accounts didn’t balance...And that had been true for years and years and years that, if you just get paper accounts you don’t necessarily check for that and so one thing that has happened is that [digital reporting] has improved the quality of accounting because things like balance sheets balancing, you can check that [instantly][...] (European fiscal regulator, interviewed 2015).

The tensions outlined in this section suggest a lack of fluency with the language of digital reporting that undermines even regulated attempts to provide digital reports that achieve the basic aim of digital locution to express the intention of the speaker. For many smaller companies that are not in the public eye, the effect may be to improve reporting as it becomes possible to automatically screen for errors. The irony is that there are likely to be few users of these accounts.

6.2.2 User conversion. Once the tagged data are made available on the internet, they are not themselves easily interpretable by a human receiver (as per Figure 1). It is necessary to impose a “processor” to convert them into human readable form. The processor is a computer application that fulfils the receiver’s request for data by searching for the relevant tags by reference to the taxonomy.

The atomisation of the data is likely to have a significant impact on the L compatibility of the communication. Preparers of accounting reports generally consider them to be narratives that, taken as a whole, communicate the performance, position and management strategy of the entity (Louwers et al., 1996; Stanton and Stanton, 2002). Even though the preparer translates the whole report into digital format, the receiver may extract items of data from that context without ever seeing or being aware of the whole report.
The “lifting out” (Lash, 2001; Lowe, 2004) of the digital data from its narrative reduces L compatibility, and so the potential for the accounts to have illocutionary effects.

An example of a concern in this context is that automated analysis may compare numbers of apparently the same accounting concepts but whose measurement and importance vary with the circumstances of the entity (Locke et al., 2015; Valentinetti and Rea, 2012). Similarly, an interviewee observed that:

[…] if there are two exact same things and there is no tag for it […] it’s not comparable by a computer so that is an issue. Someone must have some way to tie that into other elements [for example] whether it is a current asset because it calculates current assets then for both parties and the computer would say “well whatever that unusual thing is it’s a current asset” (Senior executive in a large international financial services company based in the US, interviewed in 2015).

The lack of appropriate tags that are terms in the lexicon of digital reporting undermines the claimed benefits of automated comparison for users. Simply put, rather than everyone speaking the same (digital) language of accounting, the user is once again in a situation where different terms may be used for the same data item. Without even an audit of the tags this is a significant concern when digitisation encourages users to extract data items out of the full report, so there is no context for interpreting data items that are the same but have different tags.

Indeed, even those closely involved in developing taxonomies argue that there are situations in which the user should read disclosures in context to understand them:

[…] the thing is data is data and a lot of accounting is contextual. I can give you a number but if I said this is the amount we are being sued for in relation to something, it’s the story about the law suit that I need, so giving me a data-point is […] just data. (Senior standard-setter, IFRS, interview 2015)

What is not clear in a digital environment is how a user will discern which atomised elements need to be considered in what part of the context. Roth (2009, np) asserts that, “(t)he era of sunlight has to give way to the era of pixelization; only when we give everyone the tools to see each point of data will the picture become clear”. Our research suggests that this view is overly simplistic and that expectations that users will be empowered to extract more understanding from digital reporting than their analogue equivalents overlooks issues that are common in translation, such as finding the right term to express an equivalent idea and the need to interpret concepts in context (Kettunen, 2017).

This atomisation of the data was a source of great concern for companies filing with regulators, particularly the SEC and UK HMRC:

Observers did say they’ve seen numerous companies tinkering with their XBRL tags, trying to get their filings to look a certain way when viewed through the rendering software on the SEC’s Website. [The SEC] urged filers not to worry about appearance, since different software tools will have their own presentations of the filing anyway. (Aguilar, 2009, p. 1)

Control over the rendering of the report or part thereof is afforded to the user by the technology (Lowe et al., 2012). This means that the preparer cannot choose the ordering (placing information earlier or later in the report), nor do they have the option to embed a data item in the context of particular text or other data items.

In the UK, the pushback from companies filing to the tax authority (HMRC) was so strong that a hybrid system was developed that allowed users to extract tagged data but presented it in an HTML page so that the preparer of the report could control, at least in that rendering of the report, the order and positioning of the elements (Troshani et al., 2015). This version of digital reporting is now being adopted by regulators worldwide (Dreyer, 2017; XBRL International, 2016). Research to understand the language drivers of the rapid uptake of this alternative to “pure” digital reporting could shed light on how preparers understand the construction of the texts that they are compiling for user consumption.
7. Discussion

The overarching proposition in the framework presented in Figure 5 is that the “locution”, the account intended by the speaker, is translated out of a simple electronic form of text (say PDF) into “digital” data by the speaker/preparer for communication to the receiver/user. A computer processor (software or application) is required to access and re-materialise the “pixelated” data into a format for analysis or reading by the human user. The locution is designed to convey the illocutionary intent of the speaker. That is, the illocutionary act, such as declaring or asserting in the case of financial reporting, may or may not be understood by the hearer. The extent to which the hearer understands the speaker’s intent is termed L compatibility (Bach and Harnish, 1979). The translation of accounts into digital form distances the preparer from the digital “text” as it is expressed in the IT grammar (such as XBRL which “tags” the data). The distance is created by the need to have expertise in IT to understand the underlying digital grammar and to access the data that have been translated for the convenience of computer processing and can no longer be easily read by humans. The accountant and others involved in the design and production of what remains conceptually an “analogue” report no longer control the presentation of the data that the user receives.

Arguments for the adoption of digital reporting suggest that it will improve the accessibility, transparency and accuracy of reported information and its subsequent analysis through automated processing (Cover, 2004; Gunn, 2007; Hodge et al., 2004; Hoffman and Rodriguez, 2013). Proponents of digital reporting argue that the equivalence will be enhanced because the tags provide definitions and link to supporting references (e.g. the relevant accounting standard). If the tagging is done accurately and the user chooses to use the information in the tag, this means that at least something beyond the data element’s label is available to improve L compatibility. However, there is early evidence suggesting that there is a technical and conceptual struggle involved in the tagging process (Boritz and No, 2008; Bovee et al., 2002; Debreceny et al., 2010). Our evidence confirms that the detailed process of selecting the right tag is a concern given that so that many filers in the USA have made fundamental mistakes. We also show that the translation of accounts using a taxonomy has unexpected effects on corporate reports where it is used as a guide to reporting requirements. Our participants, however, found it a convenient tool and are unlikely to be persuaded by the admonition of accounting standard setters that it is not intended to be used in such a way.

A limited number of studies have used experimental methods to try to evaluate the impact of digital reporting on users’ decision making using experimental methods (Arnold et al., 2012; Ghani et al., 2009; Hodge et al., 2004; Locke et al., 2015). Research on accountants found equivocal acceptance and use of tagged data (Ghani et al., 2009). The authors identify the need for education to promote awareness and this early study could usefully be replicated now that international adoption has increased. Arnold et al. (2012) and Locke et al. (2015) report the findings of experiments using non-professional investors. Arnold et al. (2012) find that “the tagged format facilitates the incorporation of risk information into investors’ decision processes,” whereas there was no evidence of improved decision making in the Locke et al. (2015) study, although participants preferred its ease of use. These studies focus on the recipient of the report, the choice they make about the sources of information to use, their preferences and whether or not they are better able to better identify and use relevant information when it is available in digital format. Results are mixed and there is a lack of conclusive evidence about what the mediating effect of digital data is on the perlocutionary acts of users.

An example of an issue that affects both L compatibility and taxonomy development is the tendency of preparers of reports to use slightly different labels in disclosures. One taxonomy developer and standard setter explained:

I was given access to some data [...] and my recollection is there are 112 different letter combinations that describe cash at bank because it’s “Cash”, “cash, at bank”, “cash (at bank)”,...
“cash and cash equivalent”. Because they are just commas or dashes or things, they’re all slightly different [...] but they should all be tagged as being “cash and cash equivalents”.

Digital tagging is argued to improve the quality of reporting by tagging all of the concepts that may be labelled differently in reports using the same tag. This is essential for automated cross-company comparison, but it assumes that in all the cases where a single tag is chosen to represent concepts expressed slightly differently by report preparers that the difference was not intentional so as to communicate something to users. This avenue for nuance is erased by the digital tags. Research into the word choices of preparers and the effect on the L compatibility of reports of their elimination by digital translation may reveal that indeed the standardisation imposed by the taxonomy improves communication, or alternatively, that something is lost.

This discussion so far has ignored what is considered a significant issue in some parts of the accounting literature; that is, whether or not the communication is “right” or “correct” or provides “greater transparency”. As Macintosh and Baker (2002) argue, whether or not we see these as important questions for accounting communication depends on our perspective on language. Is it possible to have “real-world referents” for concepts such as earnings or goodwill or deferred taxation such that every trained person would be able to reach the same judgment about the data element’s veracity? Certainly, proponents of digital reporting claim that it will improve accuracy and transparency in financial reports (Berkeley et al., 2002; Moyer, 2008). It is important to be clear what is being claimed and what type of system is required to achieve the claims (Weisel, 2002). For example, an increase in accuracy may be cited where tagging is used internally to connect disparate systems and create “straight-through” reporting. If well designed, such a system may reduce the possible errors created by attempting to combine data for reporting through a series of spreadsheets or other essentially manual processes. On the other hand, the responsibility for the translation of the accounts directly into digital data is ceded to an automated system. This presupposes that “facts are facts” and reduces the opportunities for context to be added to improve communication. Our respondents were clear that there are limits to the usefulness of isolated data points. The implication is that relying on automation to improve “accuracy” may reduce L compatibility.

Evans et al. (2015) discuss approaches to the complex translations involved in the transnational, multidisciplinary setting of the technical concepts (jargon) of accounting. They relate experience in translation from other disciplines, including law, marketing and medicine. They observe that “[...] the relatively standardized language of science and technology makes computer-based translation more feasible than in more culture-dependent domains” (p. 15). The taxonomy is affording a computer-based translation that appears to be an automated solution to digital reporting and accounting communication between countries with different languages since digital tags are provided for 14 national languages (IFRS Foundation, 2017). However, while the difficulties of translating between English and the national languages of countries adopting IFRS have been researched (Kettunen, 2017), the need for effective communication between the accounting and IT disciplines and the effects on the “equivalence” of concepts is largely unexplored because of the lack of individuals with the necessary combined expertise to span the two epistemic cultures (Knorr Cetina, 1999). We do not fully understand what effect the “computer guys” have on the framing of the concepts in the taxonomy. As digital taxonomies become part of the “black boxed” infrastructure (Hanseth and Monteiro, 1997; Latour, 1987; Lowe, 1997) of accounting it may be that not only does reporting practice affect the taxonomies, but also the taxonomies affect reporting in the nuances gained or lost in the definition and syntax of the concepts. The framework in Figure 5 reflects this in the bidirectional arrows between the translation of reports (in the top half of the diagram) and the taxonomies and the action of the processing technology and the taxonomy.
We do know that the introduction of the translation between accounting standards and digital grammars for tagging reports has impacted the standards. Both standard setters and taxonomy developers agree that the different perspectives they bring to the task of developing high-quality accounting standards improve their clarity and consistency. So while the effect remains unclear in the regular application of the taxonomy in practice, within the process of standard setting digital translation is a “primary activity” rather than a “marginal” one (Bassnett and Trivedi, 1999).

8. Conclusion and future research
Just as “translation is crucial to a process of globalisation” (Evans et al., 2015, p. 2), translation is implicated in often opaque ways in the digitisation of corporate reporting. This paper reports an analysis of the process and infrastructure for translating digital corporate reports using Searle and Austin’s illocutionary theory. The outcome is a framework which may be used to identify research approaches and important issues for future research in the sites of translation and the overarching achievement of L compatibility.

Two sites of translation are identified, one in the machine translation and interpretation of the taxonomy in the regular reporting undertaken by organisations, and the other in the translation of accounting knowledge in taxonomies that provide the syntax and semantic meta-data for creating accessible, atomised data. A key point is that like any inter-lingual translation, the production of reports that computers can recognise and “understand” involves translations which have significant potential to change, not just how business information is communicated, but also what is communicated. Further, digital reporting translation has already started shaping accounting standards and GAAP.

We have provided interview, documentary and literature evidence to develop the framework in Figure 5. As the adoption of digital reporting grows internationally, there is a substantial empirical field of research in which case study, interview, observational and archival methods as well as “big data” analysis can contribute to our understanding of this emerging issue for accounting and corporate reporting.

The translation framing also permits a critical perspective on digital reporting to be adopted. For hundreds of years “accounts” were shaped, developed and institutionalised on the basis that they would be presented as pages with a particular order and that the juxtaposition of what was presented would contribute to the communication of the meaning intended by accounting standard setters, regulators and preparers of the reports. This analogue report design, or “paper paradigm”, is now being challenged by a technological disruption that has been 16 years in the making.

The nature of the texts that constitute the accounting world is being redesigned and redefined. Rather than insisting that the traditional approaches to reporting and standard setting are the primary text to be protected and preserved in the translation to the digital language, there is an opportunity to see that the “(t)ranslation […] is a dialogue, the translator is an all-powerful reader and a free agent as a writer” (Bassnett and Trivedi, 1999, p. 5). The survival of the tagging technology is intertwined with the success of the translated reports – so in a real sense the “health and nourishment of the translator” (Bassnett and Trivedi, 1999, p. 5) is at stake. Some research works have applied a critical perspective of the digital reporting project, but not from a linguistic perspective (Lowe et al., 2012). Linguistic theories are ideally placed to study and expose the shifts in power as meaning is contested in taxonomies and digital reporting. In addition, the sites of translation identified using the framework of L compatibility developed in this paper provide important insights into the emerging field of digital reporting. Some suggested topics for future research are outlined in Table II.
The framework presented here emerges from considering digital reporting through the conceptual lens of translation. We found that this has provided us with an insightful structure within which to consider the implications of a significant change occurring in corporate reporting that may otherwise be disregarded as simply being a different medium.

Notes
1. One interviewee was interviewed twice – so there were 32 interviews.
2. The conditions for the collection and use of data from human subjects were approved by the Ethics Committee of the Open University (UK).
3. When the project started the standards were International Accounting Standards (IASs) and the Foundation was known as the International Accounting Standards Committee. For simplicity, we use a single set of names for the bodies and the standards.
4. The authors are grateful to one of our anonymous reviewers for this insight.
5. The practice of adding the digital tags after the reports that are completed has been called a "bolt on" approach (Garbellotto, 2009a). A number of our interviewees consider this term to be disparaging and lacking in nuance, so we refrain from using it here.
6. For this and other examples see https://xbrl.us/guidance/roll-forward-calculations-components/

References


Appendix. L compatibility terms

The linguistic theory used here is the subject of extensive debate and the definition of terms is contentious. These descriptions are provided to support a general understanding of the application of the theory in this paper and foster further development of the ideas.

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>L compatibility</td>
<td>If there is L compatibility, the hearer understands the intention of the speaker</td>
<td>Bach and Harnish (1979, 1992), Cooren (2000), Searle (1989), Vanderveken and Kubo (2001)</td>
</tr>
<tr>
<td>Locutionary statement (act)</td>
<td>The content of what is said or written, expressed in a language. Note that some locutionary acts may be not intended to be understood literally, for example when a speaker is joking. The hearer must interpret from the context whether the literal meaning is what is being communicated</td>
<td></td>
</tr>
<tr>
<td>Illocutionary statement (act)</td>
<td>A locutionary act intended by the speaker to be understood as having force. It is intended to be performative. For example, pronouncements, promises, assertions, requests, prohibitions, and permissions</td>
<td></td>
</tr>
<tr>
<td>Perlocutionary statement (act)</td>
<td>A locutionary act that results in the hearer taking action, which may or may not be the action intended by the speaker</td>
<td></td>
</tr>
<tr>
<td>Felicity</td>
<td>A speech act may be more or less effective in expressing the thoughts of the speaker and having the desired illocutionary and perlocutionary effects. A felicitous speech act is one that is effective in achieving the aims of the speaker</td>
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Table A1. Description of key terms

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Language at work in the Big Four: global aspirations and local segmentation

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Abstract
Purpose – The purpose of this paper is to examine how professional service firms (PSFs) manage the linguistic tensions between global Englishization and local multilingualism. It achieves this by analysing the work of Big Four audit firms in Luxembourg, where three official languages co-exist: Luxembourgish, French, and German. In addition, expatriates bring with them their native languages in a corporate environment that uses English as its lingua franca.

Design/methodology/approach – The paper combines the institutionalist sociology of the professions with theoretical concepts from sociolinguistics to study the multifaceted role of language in PSFs. Empirically, the paper draws from 25 interviews with current and former audit professionals.

Findings – The client orientation of the Big Four segments each firm into language teams based on the client’s language. It is thus the client languages, rather than English as the corporate language, that mediate, define, and structure intra- and inter-organizational relationships. While the firms emphasize the benefits of their linguistic adaptability, the paper reveals tensions along language lines, suggesting that language can be a means of creating cohesion and division within the firms.

Originality/value – This paper connects research on PSFs with that on the role of language in multinational organizations. In light of the Big Four’s increasingly global workforce, it draws attention to the linguistic divisions within the firms that question the existence of a singular corporate culture. While prior literature has centred on firms’ global–local divide, the paper shows that even single branches of such firm networks are not monolithic constructs, as conflicts and clashes unfold amid a series of “local–local” divides.

Keywords Language, Big Four firms, Language absorptive capacity, Linguascapes

Paper type Research paper

1. Introduction
Professional service firms (PSFs) promise an effortless experience worldwide, as they claim to offer globally integrated services wherever their clients operate (Segal-Horn and Dean, 2009; Faulconbridge and Muzio, 2012; Muzio and Faulconbridge, 2013). Yet, as PSFs aim to coordinate their offices with a common logic in a “one firm” model, conflicts arise in local contexts, where practices might lack legitimacy and clash with local institutional logics (Boussebaa et al., 2012; Muzio and Faulconbridge, 2013). These local barriers are accentuated for professionals, who – given their autonomy – demand a say in their firms’ strategy discourse, rendering hierarchical management and global coordination difficult (Faulconbridge and Muzio, 2007). Professions thus remain “nationally contingent” (Faulconbridge and Muzio, 2012, p. 138), and tensions in the global networks have been documented regarding the staffing of projects (Boussebaa, 2009; Boussebaa et al., 2012),
the coordination of multinational audits (Barrett et al., 2005), and the local appropriation of accounting standards (Albu et al., 2014) and appraisal processes (Spence et al., 2015, 2017).

This study draws attention to a further aspect of PSFs, namely their process of organizational “Englishization” (Boussebaa and Brown, 2017). As English has developed and been adopted as a common language around the world (Neeley, 2012), PSFs have responded to their internationalization by adopting English as a formal corporate language. Yet, although the global expansion of capitalism and the “Englishization” of audit firms promote their increasing employment of an international workforce (Kyriakidou et al., 2016), it conflicts with locally embedded clients that are the main motivation and focus of many auditors (Anderson-Gough et al., 2000; Carter and Spence, 2014). Client-related “structural forces” thus explain both the global expansion of firms and pressures to meet local demands (Roth and Morrison, 1990), and the ways that PSFs manage their organizational language capacities and practices across or within jurisdictions are illustrative of the global–local disparity outlined above. Global audit work entails some difficult navigation through multilingual work, including the translation of specialized concepts and terminology (Evans, 2004; Evans et al., 2015), whereas translation is constructed and negotiated in situ (Kettunen, 2017). Likewise, expressions and demonstrations of professional scepticism rely on effective communication, potentially creating pressure to align with local linguistic practices. While English is the corporate lingua franca in the Big Four firms, individual auditors use different languages depending on the local social and professional context. As PSFs represent a “bundle of practices” (Muzio and Faulconbridge, 2013, p. 918), analysing the effects of a global language policy at the micro level seems most promising to explore the peculiar tension between formal organizational monolingualism and individual multilingualism in the Big Four audit firms.

In addressing these issues, the paper draws from interviews with 25 Luxembourgish audit professionals who are, or have been, employed at the Big Four firms. The choice of context is based on the co-existence of manifold nationalities and languages that allow us to identify phenomena less visible in other contexts. Luxembourg maintains three official languages: Luxembourgish, French, and German. In workplaces, French is the main language in most companies, with Luxembourgish and English following at some distance, and German being spoken in a minority of companies (Gotling-Dudding and Moser, 2011). These languages intermix, making Luxembourg truly multilingual. This status is unusual when appraised through prior literature on multilingual environments, which has often focussed on settings where different languages operate in distinctive geographic areas (Steyaert et al., 2011), or investigated the role of different languages in headquarter–subsidiary relations (Marschan-Piekkari et al., 1999) and cross-border merger and acquisition processes (Piekkari et al., 2005; Piekkari et al., 2013). In contrast to this static notion of multilingualism, the actors in our case are constantly confronted with, and negotiate, changing linguistic realities. The multiple and overlapping divisions between homogenous and heterogeneous language groups, native and non-native speakers, and variances in levels of fluency among actors provide a powerful lens into the role of languages in Big Four audit firms.

The study’s theoretical starting point is the institutionalist sociology of the professions that explores the duality between firms’ implementation of global management practices and local institutional logics (Kostova, 1999; Kostova and Roth, 2002; Muzio and Faulconbridge, 2013; Spence et al., 2015). Its main tenet is the existence of competing pressures on firms to deploy their resources worldwide, while being sensitive to the local contexts in which they operate (Roth and Morrison, 1990). This viewpoint is enriched by two sociolinguistic concepts, particularly used in the international business literature, to analyse the complex and heterogeneous flow of languages in Big Four audit firms. First, “language absorptive capacity” is used to account for the Big Four’s collective ability to absorb
communications in different languages (Piekkari et al., 2013; Peltokorpi, 2017), and thus to study their claim of offering consistent services across language domains. Second, the concept of “linguascape” is employed to capture “the discursive space in which an organization or any other actor frames and imagines how it can deal with its (de facto) multilingual composition” (Steyaert et al., 2011, p. 277), thereby revealing a firm’s structuring into distinct language teams for each of its clients. We employ these theoretical concepts to understand the dynamic use of multiple languages, and to explore how individuals handle the continuous confrontation with familiar and non-familiar languages.

Building on these insights, this paper seeks to make three contributions. First, by studying the role of languages in Big Four audit firms, it adds to research on the tensions between these firms’ global aspirations and the necessities of local contexts (e.g. Barrett et al., 2005; Boussebaa et al., 2012; Muzio and Faulconbridge, 2013; Spence et al., 2017). It is argued that the audit firms’ “Englishization” does not permeate through to the interaction with their clients, as it is the client languages that mediate organizational relationships and create, define, and maintain intra-organizational structures and boundaries. As such, the claim of “language absorptive capacity” (Piekkari et al., 2013) is an integrative part of the firms’ culture. It begins with the view that linguistic structuration based on client language is a management tool that enables an efficient servicing of clients. The claim is reinforced through organizational discourse and interactions, producing a culture of viewing foreign language resources as a commodity to be activated, whenever needed, and drawn upon as part of the firms’ global network. However, because of inappropriately translated terms, the unproblematised adoption of ad hoc translations may have serious implications for the quality of audits (Evans, 2004). The claim of linguistic adaptability thus becomes a discursive device that supports the Big Four’s global expansion, while accommodating the needs of local multilingualism.

Second, the paper reveals the tensions emerging from the organizational language policy of the Big Four firms by exposing the dynamic relations between intra-organizational “linguascapes”. It is shown that “linguistic capital” (Bourdieu, 1991) can attract by creating social bonds within these discursive spaces, but also repel by introducing an “othering” between the groups. We answer Vaara et al.’s (2005, p. 621) call for further research on the “subjectivity and identity construction” that adopting English as a corporate language might entail. As this “plea remains largely ignored” (Boussebaa and Brown, 2017, p. 7), we argue that the grouping along language lines undermines the firms’ homogeneity by nourishing distancing processes between language groups, both discursively and organizationally. Consequently, equality and diversity are only constructed on the outside, whereas the firms are internally divided and riven by different subcultures and linguistic groups. As a result, while prior literature has centred on the global–local divide of PSFs, we show that even single branches of such networks should not be viewed as monolithic constructs; they are full of internal clashes and different practices that unfold amid a series of “local–local” divides.

Third, the study shows the power implications of language use that emerge in interpersonal relationships. Such findings have been demonstrated in detail in the international business literature, namely that language affects communication and “imposes its own structure on communication flows and personal networks” (Marschan-Piekkari et al., 1999, p. 421). As such, language skills are a major factor for organizational and professional access and influence in Luxembourgish audit firms. We show how multilingual language fluency is an antecedent to, and also influences, intra-organizational social interactions. Linguistic capital eases client and team communication and broadens the professionals’ scope for audit assignments as well as network opportunities. Alternatively, lacking such capital ultimately makes the respective auditor an organizational outsider, closing off the individual from the client and from team discussions. This power of exclusion is accentuated in the Luxembourgish context by the professional accountancy exam being
administered in French, making this language a prerequisite to organizational advancement by installing a language-based “glass ceiling” into the profession (Piekkari et al., 2005).

The paper proceeds as follows. The next section provides an outline of this study’s theoretical background on the role of language in PSFs, which is followed by a description of the research methods employed. Subsequently, the empirical material gathered in the interviews is presented. The concluding section offers a discussion of the findings.

2. The sociology of language in PSFs
2.1 Global PSFs and “language absorbptive capacity”

Given their emphatic focus on profitability and client satisfaction, PSFs have followed the demands of their multinational clients for globally integrated and holistic services by aligning protocols, processes, and practices across their global networks (Segal-Horn and Dean, 2009; Faulconbridge and Muzio, 2012). The firms are promoting themselves as “one stop shops” of seamless services across jurisdictions wherever their clients are located or operate (Muzio and Faulconbridge, 2013). This has resulted in a “genuinely shared mindset” throughout the networks (Segal-Horn and Dean, 2009, p. 49), to be met and fostered by a “one firm” model that coordinates the ways in which local offices operate as part of a global professional network. Based on a common logic, PSFs organize their management, structures, practices, profit allocation, and remuneration, to align practices, processes, and values across offices (Muzio and Faulconbridge, 2013).

However, an increasing body of research has documented the “fundamental clash between a shared aspiration to be truly ‘global’ and the reality of local, institutionally conditioned material interests” (Boussebaa et al., 2012, p. 482). While the “one firm” model prescribes a bundle of practices, these do not necessarily correspond to the logics and practices in local settings, and so they lack legitimacy and eventually come undone (Muzio and Faulconbridge, 2013). An important notion for this global–local divide is “institutional duality” (Kostova, 1999; Kostova and Roth, 2002), which juxtaposes firms’ striving for globally shared management practices and host countries’ distinct institutional contexts. The pressure to conform to local profiles erects a barrier to the effective implementation of firm-wide practices, and only those practices are adopted that are considered appropriate in the national contexts. Local institutions affect global strategies, in that “the specific practices embodied in the ‘one firm’ model interact with local host-country institutions and their related practices to affect the success of internationalization strategies” (Muzio and Faulconbridge, 2013, p. 898).

In the accounting literature, Barrett et al. (2005) have shown the difficulty of coordinating multinational audits, particularly with regard to how global requirements are interpreted and appropriated in local sites. Such contradictions also relate to the interpretation of global accounting and auditing standards by local actors (Mennicken, 2008; Albu et al., 2014). Based on Boussebaa’s (2015) argument that global PSFs (re)produce core periphery relations in the world economy, Belal et al. (2017, p. 145) have shown that the Big Four have “only a tentative presence” in the local market, as local societal factors affect the firms’ work practices. Likewise, Big Four promotion processes tend to be informally locally appropriated, so that understanding the local “rules of the game” is vital for career advancement (Spence et al., 2015, 2017).

Despite this evidence of a global–local divide, the “one firm” model remains the aspiration of these organizations. As the firms promote a “culture of reciprocity”, organizational strategy and rhetoric play a key role in emphasizing the benefits of working as an integrated whole, thereby employing a “language of a unity of purpose” (Greenwood et al., 2010, p. 177). This strategic use of rhetoric and communication corresponds to findings that the audit profession employs language to exercise organizational control and to socialize auditors into pre-defined roles (Dirsmith and Covaleski, 1985). In that spirit,
Anderson-Gough et al. (1998) have examined the role of clichés and slogans in audit firms. Kosmala and Herrbach (2006) have argued that auditors’ cynical distance from their firms may connote resistance and agency, but transforms them into “compliant” professionals. Again, auditors’ client service discourse enables distancing processes that contribute to the sense of auditors’ identity (Anderson-Gough et al., 2000; Carmona and Ezzamel, 2016). Discourse thus delineates objectives and affects individuals’ ways of thinking, hinting at the performative aspects of language.

The international business literature has long acknowledged the “hybridization of language policies and practices” (Peltokorpi and Vaara, 2012, p. 829). Although language homogeneity promotes knowledge flows in the multinational global networks, the lack of a shared language and limited corporate language proficiency inhibit employees’ ability to access this knowledge (Marschan-Piekkari et al., 1999; Mäkelä et al., 2007; Peltokorpi and Vaara, 2012). In multilingual settings, translation becomes a crucial task to mediate between the different languages. Peltokorpi (2017) empirically shows the effect of language-sensitive recruitment and language training to increase firms’ linguistic ability to transfer and absorb knowledge. Piekkari et al. (2013) explore how individuals meet these demands as part of their daily work in multilingual environments. Despite the local firm’s formal language policies, a central translation department, and technical translation tools, employees solved translation requirements using ad hoc mechanisms, particularly by asking colleagues but also by taking advice from their social networks outside the organization. Piekkari et al. (2013, p. 780) introduce the concept of “language absorptive capacity” as a firm’s ability “to absorb and use information and knowledge that cross language boundaries – either entering or moving around the organization”. Building on their work, we suggest that it is crucial for the Big Four to manage the “Englishization” of their professional audit work, while meeting the local clients’ language demands. Overcoming this divide requires an active management of the language requirements of a global profession in a local context. Viewing this as PSFs’s “language absorptive capacity”, we address ourselves to the following research question:

RQ1. How do Big Four audit firms manage the linguistic tensions between global Englishization and local multilingualism?

2.2 Linguascapes as intra-organizational arenas and the power effects of language
Language may be viewed functionally as a means of communication, but is generally seen as more than that, as being “central to the process of constructing organizational, social, and global realities” (Piekkari and Tietze, 2011, p. 267). Language is an important conduit through which social and organizational realities are constituted, maintained, or dissolved, becoming “an arena where organizational members communicate, while simultaneously providing a space for the processes of organizing upon which organizations depend” (Phillips and Oswick, 2012, p. 441). From this strand of literature, we identify two concepts that play a decisive role in PSFs: linguascapes and language as an empowering mechanism.

The concept of linguascapes echoes the anthropological work of Appadurai (1996), who argued that globalization results from local cultural processes that are characterized by different flows of, for instance, people (ethnoscapes), technologies (technoscapes), or ideas (ideascapes). Rather than an abstract process, globalization is something that is articulated and produced at given moments in a particular local space, “turning the global into a now and here, a globalization from below” (Steyaert et al., 2011, p. 277). Interpreting global processes as the product of local configurations allows us to discuss the identified discursive practices in multilingual PSFs in a broader context of harmonization and globalization.
Inspired by Appadurai’s work, others have developed the notion of linguascape to describe the flow and dynamics of diverse languages that co-exist, such as within a nation (Jaworski and Piller, 2008) or when entities merge (Steyaert et al., 2011). Following Steyaert et al. (2011, p. 277), we use the term in a socio-political sense “to point at the dynamics of accounting for language use and of their consequences for (im)balances among languages and the respective minorities and majorities these languages represent”. Taking this perspective, a linguascape refers to the discursive space in which organizational members make sense of organizational multilingualism. Steyaert et al. (2011) show that the way that languages are prioritized is the result of a negotiation process among individuals concerning how a specific language is adopted, highlighting that language use is anything but “natural” or easily manageable based on language policies. As organizational members argue for and negotiate specific language use, linguascapes connote a degree of reflexivity, which is “inextricably linked with the indexing of specific language forms as ideologically charged with respect to the relative power position and identity of their speakers” (Jaworski and Piller, 2008, p. 301).

In contrast to Steyaert et al. (2011), who associate different linguascapes with different companies, we conceive the multilingual audit firms as being made up of different linguascapes, which emerge out of their language policies. Such policies may relate to dealing with and coordinating audit engagements, and depend on the firm’s client portfolio and the language preferences required to appropriately serve local clients (Anderson-Gough et al., 2000; Carter and Spence, 2014). Organizational language policies affect how language skills are managed and deployed, and may have an effect on hiring, staffing, and promotion decisions. Our intra-organizational perspective allows us to problematize the effects of different yet sometimes overlapping and clashing linguascapes, resulting in our second research question:

RQ2. What are the linguascapes that mediate the intra- and inter-organizational relationships?

The second theoretical grid accounts for the implications for individuals that result from the navigation between, and confrontation with, distinct linguascapes. It is based on the idea that, in organizational interactions, language skills are resources that can empower and disempower, and that any linguistic differentials between organizational members hold power implications (Vaara et al., 2005). Having formal and informal exchanges in multilingual settings raises the issue of an individual’s ability to navigate through these interactions, and their ability to converse becomes a form of capital. “Linguistic capital” can refer to particular (upper class) accents or eloquence (Bourdieu, 1991), but may also cover an individual’s ability to speak different languages. Conceptualizing language as linguistic or social capital, language skills become informal sources of power, where individuals with the requisite language fluency are able to create broader organizational networks, while those with confined skills cannot, or need to rely on language mediators (Marschan-Piekkari et al., 1999; Welch and Welch, 2018). This has implications for individuals’ status and position in organizations (Neeley, 2013; Neeley and Dumas, 2016), as language skills become associated with competence, leading to a construction of superior and inferior standings among employees (Vaara et al., 2005; Śliwa and Johansson, 2014). These effects on power “emerge from the practices themselves”, as such problems “are something inherent to the language policies and practices” (Peltokorpi and Vaara, 2012, p. 827).

The power of language thus accelerates in multilingual contexts, where non-native actors are confronted with native speakers. Berger and Luckmann (1967, pp. 143-144) argue that a foreign language will never take the self-evident reality of one’s first language, which one treats with “affective quality”. The reality created by a second language is more artificial and vulnerable, because it is “less deeply rooted in consciousness and thus more susceptible to
displacement” (p. 148). Conversing in a foreign language may close off, or leave inaccessible, some of the meaning–bestowing effects of language. As language is a key aspect of culture, linguistic relativity suggests that people speaking different languages think differently and that one’s native language affects one’s views of the world (Evans, 2004; Evans et al., 2015). Confirming this affinity with one’s own linguistic space, Spence and Brivot (2011) exposed that, in its formative years, the professional accounting association of Montreal aimed to protect the cultural and linguistic habitus of its English-speaking members against Francophone influences by pursuing language-based exclusion strategies.

At the work practice level, the enactment of firms’ language policies can be seen in the day-to-day work of audit teams and professionals. It is here where multilingualism is experienced and where work practices, communication, and behaviour in multilingual environments unfold and are enriched with emotions (Guénin-Paracini et al., 2014). While Segal-Horn and Dean (2009) assert that the “one firm” model requires instant communication and trust between organizational members, the international business literature suggests that language diversity and differences in language skills hold power implications that further undermine the vision of a global audit firm. Studying the ways in which individuals cope with translation tasks, Piekari et al. (2013) also highlight the importance of social networks. While not explicitly discussed, the need for translation assistance may create a further source of, and demand for, social or linguistic capital of organizational actors, which leads us to our third research question:

RQ3. Which tensions and power implications emerge from social interactions within the firms’ distinct linguascapes?

3. Research site and research methods
The Grand Duchy of Luxembourg is a landlocked European country with a population of 550,000, neighbouring Belgium, France, and Germany. Notably, half of the country’s resident population is not Luxembourgish and half of the country’s working population commutes into Luxembourg on a daily basis from the neighbouring countries. Financial services are the main economic pillar, accounting for more than a third of the national income. The Big Four audit firms echo the country’s heterogeneity and its status as a leading global financial centre. The firms are among Luxembourg’s largest employers, with an overall staff of more than 6,000 people (STATEC, 2014). The intermingling of languages, cultures, and nationalities within a limited geographic space makes the Luxembourgish Big Four an appropriate setting for our research, as the firms are located in and represent themselves as multilingual contexts. One Big Four provided us with an overview of its audit staff, which, at the end of 2016, included 57 nationalities. Most auditors came from France (41 per cent), followed by Germany (18 per cent), and Belgium (17 per cent), with a small fraction from Luxembourg (5 per cent). The remainder came from other European countries (14 per cent) and the rest of the world (5 per cent). While the Big Four differ somewhat in their customer focus and client orientation, this study does not spell out these differences but focusses on the implications of the firms’ multilingual work.

Our study is informed by semi-structured interviews with 25 professionals, all of whom are, or have been, employed at the Luxembourgish branches of the Big Four audit firms (see Table A1). Its main goal was to shed light on how these firms manage the multilingual environments in which they operate, which language policies they employ, and how firm members experience these environments. We deemed interviews most suitable to achieve our goal, as we were primarily interested in the ways in which “language use is productive, but also may represent phenomena (practices, meanings) at ‘a short distance’ from the site of the language use” (Kärreman and Alvesson, 2009, p. 1123). What is expressed in interviews then indicates the perceptions, feelings, and thoughts that
interviewees normally experience, such as when discussing work-related topics in conversations with colleagues.

Given the lack of research on the role of language in PSFs, an interview approach further enabled us to pursue our broad objective, which involved recruiting interviewees from different hierarchical levels. To do so, personal networks and snowballing were relied on. The majority of interviews (16) were done with either juniors or interns, which reflects the firms’ hierarchies. It also recognizes that lower-level auditors experience language-related issues on the firms’ work floors more immediately, whereas senior auditors were more informative about the Big Fours’ language policies and management of language diversity. To account for the cultural and demographic variety of the work environment, auditors were included from 12 different countries. Interviews were carried out between June 2016 and January 2017, lasting on average for 40 minutes. In total, 11 participants were interviewed face-to-face in Luxembourg and 14 via the phone. One of the co-authors, a German native, used the German or English languages to conduct all the interviews. With the permission of the participants, we recorded and transcribed all but one of the interviews. For the unrecorded interview, the researcher typed out the responses directly after the interview. Interview excerpts in German were translated into English only when writing this paper (marked below with “TR”). Quotations from interviews have been edited slightly to improve readability, and interviewee and firm information have been anonymized.

The business context is familiar to one of the co-authors, who lived in Luxembourg for three years, where he supervised and taught some of the interviewees. Apart from the interviews, informal talks during that time informed our understanding and helped to make sense of the data. Knowing some of the interviewees also created a safe atmosphere in the interviews, thereby mitigating the potential reluctance of interviewees to share insights over the phone. As evidence of such a positive atmosphere, we noted that jokes were made, anecdotes related, and detailed information provided, regardless of the interview setting. In fact, interviewees described in rich detail their working experience at the respective audit firm, and particularly related their perceptions of language, translation, and communication in their day-to-day interactions within their audit teams, with superiors, as well as with clients and other parties. Even though some participants were interviewed in the busy season, all interviewees were eager to shed light on their work experiences. Many interviewees aimed to substantiate their observations by recounting stories and examples. Interviewees were encouraged to expand on these, as storytelling and critical incident descriptions were considered most informative about the organizational reality at these audit firms.

Data analysis made use of elements of both content and discourse analysis (Hardy et al., 2004; Phillips and Oswick, 2012). Both authors listened to the audio files separately and read the transcripts individually, before discussing them jointly. Taking an iterative approach to this analysis meant that insights from the interviews were reflected on and discussed throughout the data gathering process, both to enrich further interviews and to develop and augment theoretical viewpoints. Based on the extant literature, themes were identified in the transcripts that were subsequently interpreted through the organizational discourse and international business literature. Going back and forth between transcripts and theory, also as advised by fellow researchers and reviewers, led to the theoretical and empirical exposition as presented in this paper. That is, once our theoretical views as outlined above became crystallized, we went through all transcripts again to analyse interviewees’ views on the role of language within the Big Four; between the main language groups or linguascapes; and for individuals’ positions in Luxembourgish audit firms. The excerpts reproduced are representative of the themes and issues identified in the interviews, and were structured according to the research questions. The interviews were supplemented by archival material collected from public sources, such as the Luxembourgish websites of
audit firms and contacts at the firms’ human resources departments, publications by the professional institute of auditors (Institut des Réviseurs d’Entreprises (IRE)), and the local business press.

It is acknowledged that the research raises issues similar to the ones examined in this paper (Evans, 2018). First, interviewing participants in their non-native language might weaken their incident descriptions. While some interviewees were indeed less fluent in the interview language, they all work in a context where English is the corporate language. Using “communicative effectiveness” as a benchmark, “the primary purpose of language is to enable communication” (Ehrenreich, 2010, p. 410). In that spirit, all participants were able to express themselves in English, although one or two interviewees needed somewhat more time to do so. To the extent needed, we ensured that they were given full opportunity to relate their views and perceptions, occasionally asking them to clarify statements. Overall, we have no indication from the actual interviews, audio files, or transcripts that things remained unsaid or were skipped because of a lack of language skills. Instead, the individuals who were not as fluent in English seemed most eager to explain their views on issues with which they were confronted frequently. Second, interviewees may have been somewhat reluctant to talk to a German interviewer about stereotypes of German colleagues. Vaara et al. (2005, p. 621) label the French–German relationship as “problematic”, and we acknowledge that we may have been unable to fully access the views of the French language group, being the dominant one in Luxembourg, with regard to their German colleagues. Yet, as this paper does not aspire to provide an inventory of stereotypes in Luxembourgish audit firms, this issue may only be reflected in the kind of examples provided, rather than preventing insights into relations between language groups. Third, translation of interview extracts adds an interpretive layer to the quotes and may change the social reality conveyed (Xian, 2008). We minimized such bias by reviewing each other’s translations and, to the extent these differed, discussing their interpretations. While language issues inevitably arise in studies of multilingualism, we aimed to appropriately convey interviewees’ experiences at Luxembourgish Big Four audit firms.

4. Navigating the global and the local: language absorptive capacity, linguascapes, and the power of language

The empirical discussion begins by outlining the firms’ strategies to cope with local language diversity. Next, the research turns to the firms’ structuring into linguascapes, highlighting how language adaptability converts from an organizational capacity that facilitates client interaction into a force that creates and shapes organizational reality. Finally, the study illustrates how, through the dynamic, sometimes fluid, interactions between the linguascapes, language affects social interactions by having a range of power implications.

4.1 Language absorptive capacity: client focus and translation

The corporate lingua franca at Luxembourgish audit firms is English, having been installed at all Big Four by the mid-2000s (I No. 4, former director, Luxembourgish/French/Italian). From that point on, it was decreed that “we speak English, and we work in English” (I No. 7, manager, French). The adoption of “the global language of business” (Neeley, 2012, p. 117) pertained to all communication, documentation, and working papers. English became the formal language in e-mails and professional trainings, and the individual’s ability to communicate in English was added as a criterion to the firms’ feedback and performance systems (I No. 10, senior, US). At the same time, PSFs remain bound to practices, norms, and cultural legacies at the local level (Muzio and Faulconbridge, 2013). Specifically in terms of language, the Big Four are embedded in a mash of linguistic plurality, resulting from their clients’ preference for their respective
To manage the tensions between global Englishization and a local “client as king ethos” (Carter and Spence, 2014, p. 950), the audit firms have advanced a specific form of “language absorptive capacity”, which is cultivated in organizational and individual responses to the Big Four’s multilingual environment (Piekkari et al., 2013). The firms’ ability to absorb communications in different languages is attained, first, by a strategy of structuring the firms into language-based groups and, second, by cultivating an organizational linguistic mindset that encourages individuals to draw on other firm members’ language resources. These two managerial responses activate and reinforce the firms’ capacity to cross language boundaries.

First, the firms’ linguistic adaptability aligns internal structures with clients’ linguistic profiles, because it is “the firm’s policy to address the client in their main language” (I No. 2b, senior, Luxembourgish). As a result, this paper argues that the audit firms’ pursuit of “Englishization” and globalization ends with their clients:

When something is important, or we really want to make sure that the client is happy, the director will email them in French (I No. 10, senior, US).

The firms’ overarching client focus goes beyond that shown by prior research (Anderson-Gough et al., 2000), in that it manifests itself in three distinct types of audit teams that exist at all Big Four firms: the majority of teams are French, consisting mostly of French and French-speaking Belgian auditors, followed by a smaller number of German teams, as well as some international teams. Affiliation with these teams is based on mother tongue or language skills. The international teams consist of members with different nationalities and mother tongues, where English is indeed the working language in the audit engagements. In this way, the “imperative to be client-friendly” (Anderson-Gough et al., 2000, p. 1156) creates language-homogenous teams based on the client’s language, which is echoed and reinforced in the firms’ team staffing and recruitment procedures:

When you schedule [that is, request team members], […] you can pick if you want English, French, or German-speaking, so there is the option to pick [team members based on their language] (I No. 10, senior, US).

Organizing audit teams in line with the respective client language may be a natural response to local multilingualism, but it fragments the firms into distinct local units and introduces a “shadow structure” based on languages (Marschan-Piekkari et al., 1999). As local practices undermine the “one firm” model with its “language of a unity of purpose” (Greenwood et al., 2010, p. 177), relating to the client was said to work through language and “brings [with it], I think, this specialization in a certain language or certain nationality” (I No. 2a, senior manager, German). This was considered most important at a senior level, where speaking the client’s language entails an understanding on a more profound level:

The client interaction of course gets higher and higher, gets more and more, the more, let’s say, you grow in the company. You start getting a client-facing position, where you also start to make marketing, for instance, in the respective country. And then, of course, it is relatively clear that, if you have a visit, let’s say, for instance, in Germany or France and you meet your client, then it is most likely that you need to adapt to their language (I No. 2a, senior manager, German).

While such a client focus follows from the firms’ language absorptive capacity as part of their local practices, this paper argues that it results in the client languages *de facto* creating, defining, and maintaining intra-organizational structures and boundaries. Language use thus reverberates through the firms and affects the management practices and processes.
As a second aspect of firms’ linguistic adaptability, we identify a culture of *ad-hoc* translation as an integrative part of the firms’ local practices. This issue becomes relevant when the shadow structure of language reaches its limits, that is, if audit engagements unexpectedly require other language skills, such as team members being faced with material in a language other than English or the team language. Translation comes into play and, in line with Kettunen (2017), interviewees confirmed that it is almost exclusively constructed and negotiated at the work practice level, where individuals resort to informal and “*ad-hoc* coping mechanisms to solve translation requirements” (Piekkari et al., 2013, p. 772). As a result, translation is perceived as a temporary problem to be overcome by pragmatic means, such as the use of external online translation tools (e.g. Google Translate), whereas professional translation services are used only when reports to the regulator or the ministry are produced. As individuals struggle with audit material in foreign languages, “you reach out to your colleagues” (I No. 2a, senior manager, German) who are better versed in the respective language. Interviewees emphasized that, if clients send documents in the “wrong” language, “you nevertheless can do your audit, because you can then, the few documents you receive, you can translate” (I No. 2a, senior manager, German). Through this culture and attitude of “we will make it work” (I No. 12, senior manager, Filipino), auditors search for and activate foreign language resources within their organizations. For example:

*It was my first day in [audit firm] office and they just caught somebody speaking Chinese and I spent one week translating the long-form report from Chinese to English. But still it’s not word-by-word translation. It’s key information, key sentence, key phrase translation. […] In the long-form report, sometimes they mention a specific transaction or practice of the bank, of which I have no idea. I have not been working in a bank, so I have to search online, to be honest* (I No. 11, intern, Chinese).

Similarly, a US senior (I No. 10) reported that she gave up on correcting English grammar mistakes and typos in work files, because “it’s not taking away from the audit, like if I change this one word to make the tense correct, it doesn’t change the audit, you know, like, which conclusions we reached”. Translation tasks are thus broken down into single words or “key information”, while further details and context are disregarded. This approach does not overcome language barriers, but circumvents them by partitioning translation tasks into what is perceived as accessible portions. For these, advice from colleagues is sought (Piekkari et al., 2013). It is this unproblematized understanding of language and translation through which language diversity is cultivated into a competitive advantage of the Luxembourgish Big Four:

*I didn’t see a lot of problems with translation between French-German-English, because those are the languages you can easily find someone within the close proximity to check something, you know. You can ask your teammate or someone you work with* (I No. 1, intern, Turkish).

Language absorptive capacity is thus not only a resource that the firms hold because of their multilingual workforce, but de facto makes language and translation something that is worked around or treated as a non-issue. Conceptualizing language absorptive capacity as an organizational mindset connects with the uneasiness and discomfort that newcomers report when facing translation tasks. These activities are forced on junior auditors regardless of whether they possess adequate language skills or had sufficient access to formal language training. As a Luxembourgish junior (I No. 5) joked in German that his employer did not know how good his German is, he did so using a grammatically awkward expression. Several other junior interviewees recalled translation tasks where they did not feel at ease, such as when translating legal contracts, either due to lacking education in the foreign business system (I No. 8, senior, German) or to having insufficient knowledge of the foreign language, such as a Chinese junior (I No. 15), who considered herself “the only, kind of, German-speaking junior” on an audit of a German real estate client. It may be posited that these individuals have not yet embraced the firms’ mindset on language and translation.
However, adopting *ad-hoc* translations without cross-checks or further reflection may have serious implications for the quality of audits, as problems might result from the use of inappropriately translated terms in the engagements (Evans, 2004). Recognizing that expressions are anchored to a specific language complicates translation, which entails more than finding an equivalent term. As an example of such a “discursive void” (Tietze et al., 2017), an interviewee (I No. 4, former director, Luxembourgish/French/Italian) referred to the impairment of assets, which under Luxembourgish generally accepted accounting principles (GAAP) need to be written down “if you have a durable loss in value”. The English version uses the term “permanent”, where “the problem is that ‘permanent’ and ‘durable’, at least in French, is clearly not the same thing. ‘Durable’ is something that is going to last, but that is not definitive. ‘Permanent’ is something definitive[3]”. Awareness of such issues requires a level of fluency beyond the “communicative effectiveness in English” – or other languages – that is propagated and prevalent in corporate contexts (Ehrenreich, 2010, p. 408). While non-native languages are often used in local audit work, the issue is largely dismissed given the firms’ mindset of language absorptive capacity.

This understanding of language and translation suggests that language absorptive capacity is not just the sum of the linguistic skills of organizational members. Instead, it is an integrative part of the organizations’ culture, cultivated and reinforced through organizational discourse and interactions, and drawn upon as part of the firms’ global network. While this symbolizes and enables their status as global audit firms, it reflects an unproblematized attitude that ignores the subtleties of language and translation.

### 4.2 Linguascapes: discursive and organizational boundaries

Local language practices structure the Big Four into distinct audit teams – or “linguascapes”, in which a specific language prevails (Steyaert et al., 2011). These linguistic landscapes are discursively legitimized “in the name of the client” (Anderson-Gough et al., 2000) and are different from the firms’ branches or industry groups. This section argues that the demarcation of these linguascapes is reinforced due to the stereotyping by the team members of their own and the “other” team. This makes the group-homogeneous languages more than informal working languages, and discursive and organizational boundaries are created around the linguascapes.

In line with Steyaert et al. (2011, p. 273), the linguistic spaces emerge from auditors’ “need to adjust to [their] conversational partner”, as interviewees agreed unanimously that linguistic adaptability, practiced at all levels, to the requirements of the client is essential. This attitude is institutionalized in all firms, as underlined by interviewees’ frequent use of the term “of course”, and it was confirmed that “generally, you really try to service clients, so, of course, whatever they need, that needs to be met” (I No. 12, senior manager, Filipino). Consequently, and despite English being the corporate language, the firms’ client focus offers French and German as parallel informal languages in the Big Four firms. Besides facilitating discussions with the client, internal interactions in French or German were described as more efficient and precise than those in English. The two informal languages are thus not only constitutive of temporary audit teams, but create distinct intra-organizational groups, which stand in sharp contrast to the proclaimed diversity of the Big Four’s workforce[4].

The French and German linguascapes possess their own group identities, fabricated and maintained through “the usual stereotypes, which you have between the two cultures” (I No. 2b, senior, Luxembourgish). The Germans are said to “come early”, “are very organized and structured”, and “more serious”, whereas the French “are more flexible”, “cool”, “curse all the time”, and “enjoy drinking after work”. As these clichés float through the firms, they tend to be dismissed as “jokes”, because auditors “still should do their job” (I No. 12, senior manager, Filipino) and because “we are so busy during the busy season that we don’t have time to build up [such] differences [and] to allow people to build up, you know,
bad rumours about each other” (I No. 2b, senior, Luxembourgish). Yet discourses give rise to processes of identification (Karreman and Alvesson, 2009; Phillips and Oswick, 2012), and it is generally agreed that “you see a little of that” in the audit teams and the firms more widely (I No. 10, senior, US).

Stereotypes about working hours and behaviour at work quickly extend to discourses about other work habits, which enhance the boundaries of the linguascapes. Such discourses cover the core product of the Big Four, namely auditing. Although systems and procedures, such as audit methodology and standards, define the audit process in line with the “concept of effortless experience” (Segal-Horn and Dean, 2009, p. 49), the language groups insist that they find room to customize the process according to their work preferences (I No. 14, senior, French). In line with the stereotype of being structured, German teams are said to often use ready-made templates to run their testing procedures. From the perspective of the “other” team, such automation introduces the risk that “some junior people will tend to [or] don’t put in perspective what they’re doing and don’t think much of what they’re doing” (I No. 14, senior, French). As the French team is “more disorganized”, but “flexible”, newcomers fit in more easily. French teams might require more hours to complete an audit, but have more fun and are more social. They would also be “more autonomous in that they do not accept that you give them an order” (I No. 7, manager, French). This contrasting of work habits reveals that the separation of audit staff by client language constitutes organizational reality and introduces “othering” and distancing processes into the firms (Carmona and Ezzamel, 2016).

The resulting boundaries between the groups are rigidified by organizational rumours (Michelson and Suchitra, 2000). It was suggested that French auditors came from all over France, including graduates of elite institutions, whereas German graduates were typically recruited only from the border region. This caused a low supply of German recruits, the consequence of which triggered the suggestion: “Any German that will apply here will get hired, for sure” (I No. 3, manager, Lebanese). German-speaking recruits would thus draw higher starting salaries than French-speaking recruits and “the difference is not just 500 Euros” (I No. 8, senior, German, TR). The interviewee reports that this perceived unequal treatment enhances the distancing between the two language groups, not only because higher pay for the same work is considered unfair but also because it raises expectations as to individual performance. Thus, what begins as a teasing discourse creates and exposes more fundamental rivalries. Individuals intricately mix language with culture and nationality, as they infuse their narratives with assumptions about, for instance, the politics of promotion processes:

This is something that is much talked about, that a partner prefers promoting someone of the same nationality. [...] But what I have seen, for example, is that there is a German partner for whom I have worked a lot [...] and I was there – we were having drinks – when he said to a senior: “Yes, I would like to make you a manager, because we have only two German managers and we need some more again.” This is due to operational reasons and social, cultural reasons. That is, of course, he very much likes to work with a German, because he knows that person, because he knows him well, and he knows that they have the same quality standards. It is of course also about the client, because a German client prefers to have a German manager. That is, it can be brought down to two things, but, yet, you never quite know. And the loser of this race will always say: “Yes, this is a culture issue” (I No. 5, junior, Luxembourgish, TR).

As such, the grouping that originates with the client is fortified by stereotypes and discursive practices, and ultimately becomes performative, as “in the end, the structure of the company will always drive the behaviour of people” (I No. 14, senior, French). The resulting segmentation of audit staff interacts with individuals’ preference to gather in groups in which they are able to speak their native language. In this way, grouping exerts forces beyond the immediate work practices, and continues, for instance, during lunch
breaks in line with the work habits stereotypes: “The Germans go [to lunch] at 11:30, something like this, because they came early in the morning, [so] they eat earlier. And the French [go] more at one” (I No. 13, junior, French). Likewise, we identify open-space offices and after-work social events as reinforcing the firms’ fragmentation. Being organized as an open space, the firms’ offices are meant to enable more interaction among auditors and, along with a flat hierarchy, make everyone accessible (EY, 2016). Interviewees argued that open-space offices emphasized the “little bubbles” where the respective languages are spoken (I No. 2c, senior, Italian). Although they report that this structure enables them to get to know more people, they tend to separate themselves and their teams in “cocoons” (I No. 16, junior, Russian, TR), possibly even on separate floors (I No. 9, intern, German). Groups of desks become known as “little Germany” (I No. 5, junior, Luxembourgish) or where “the wild ones” work (I No. 8, senior, German, TR).

Similarly, social events do not per se enhance intergroup communication. These events are often structured around themes or activities, such as movies, food, or cocktails, and are to allow particularly younger staff to create an organizational network. Yet again, two types of people were said to exist, namely “those that are herding together” being the majority and a few who “talk to people who do not share the same mother tongue” (I No. 16, junior, Russian, TR):

People mingle, people work across, talk across, but oftentimes the people who are closest are all from the same country and speak the same language, and they’ll speak that language (I No. 10, senior, US).

While these organizational practices are meant to counter intra-organizational segmentation and foster broader relationships and identities, they end up exposing and rigidifying the social divisions in the firms. As a result, the linguascapes erect a “shadow structure” and undermine the firms’ striving for a singular corporate culture.

This structure exists primarily for the French and German linguascapes, which possess strong in-group identities. The international linguascape is more heterogeneous and has a different degree of perceived closeness. As international team members move back and forth between their audit teams and respective native language group, there are “no very strict boundaries” between the groups (I No. 1, intern, Turkish). Yet we also identify the beginnings of such grouping. As “networks of communication and interaction are established based on language skills” (Vaara et al., 2005, p. 618), fellow nationals were seen as vital to foster the corporate experience of new joiners. This group represents a “mini-family” that helps recruits to integrate (I No. 12, senior manager, Filipino), and individuals seek out fellow nationals for their advice, because “they may want to help me [more] easily” (I No. 23, intern, Cameroonian). International team members also tend to have lunch with fellow nationals, “even if they are from different departments or different teams” (I No. 18, junior, Chinese). As “you will have maybe more affinity with someone from your country” (I No. 7, manager, French), such grouping fuels individuals with common assumptions and beliefs that “express, normalize, and reproduce organizational practices” (Anderson-Gough et al., 1998, p. 587).

In sum, the process of “cultural matching” (Rivera, 2012) reverberates through the firms and teams, with language, or closeness of backgrounds, as the principal reference points. The performativity of the language division is enhanced by similarity between individuals creating “a powerful emotional glue” (Rivera, 2012, p. 1001) that is a stronger force than exerted by the firms’ efforts to homogenize their workforce. The linguascapes thus represent dominant language groups that define and impose their own rules for social interactions and events. As the groups tend to reproduce “their respective fields of social relations” through hegemonic practices (Tietze and Dick, 2013, p. 123), such behaviour makes it difficult for others to join and may act as social closure mechanisms.
4.3 Language skills as sources of power: competence assessment, and power of exclusion

In light of the dominance of the French and German linguascapes, their hegemonic practices may have consequences for other individuals. This section outlines how the identified linguascapes may have implications for human resources (Piekkari et al., 2005). First, it is argued that they may affect an individual’s position in the organization through the assessment of one’s competence (Śliwa and Johansson, 2014). Second, the linguascapes may exert strong exclusionary power (Vaara et al., 2005). As language introduces a powerful structure into the firms, we argue that it may construct or dissolve individual quality and performance.

First, language has the capacity to produce personal credibility and authority within the firms. As such, membership of the dominant linguascapes is seen as a salient characteristic to form expectations and pass judgement on others:

When I work with somebody […] I cannot see his nationality. But I know in advance that he has some advantages at some levels, because when he is German or Belgian I know his strong points are discipline, good organizational skills, and communication (I No. 17, junior, Greek).

While the interviewee began by suggesting that nationality and culture do not play a role, indirectly he demonstrates a strong association of language, culture, and skills. Another interviewee asserted that “you work with people that you rely on and many times it is people from the same nationality” (I No. 2a, senior manager, German), demonstrating how quality, or reliability, is attributed to language group membership. Language reflects and reproduces unproblematized and taken-for-granted understandings of the organization, but also of the world in general: “He’s Polish, but more a German type” (I No. 15, junior, Chinese). As a result, language becomes a proxy, if not a direct criterion itself, for how individuals are performing. In other words: language reveals and constructs quality.

This aspect becomes most apparent when considering the language versatility of local audit staff, which transforms the Luxembourgish into valuable assets. While French, German, Luxembourgish, and English have a “natural” status at the Big Four, individual auditors that master these four languages have an advantage in the firms:

You have these internal profiles, where it is shown what you specialize in, which other professional qualifications you have, which languages you speak. And, as a Luxembourger, you immediately have the four languages flagged up (I No. 5, junior, Luxembourgish, TR).

Consequently, “people say Luxembourgish people are above everyone” (I No. 10, senior, US). Outside the firms they can interact with local clients and authorities, are knowledgeable in local GAAP, and, on a senior level, can obtain and manage local audit engagements. For example, a Luxembourgish interviewee (I No. 20, junior) recognizes from the client’s welcoming or accent which language they prefer and adapts accordingly. Inside the organizations, they possess multiple group identities through which they are able to move freely between the linguascapes. As language fluency qualifies auditors and language skills are an indicator of competence (Śliwa and Johansson, 2014), local auditors are “very smart people” that are needed in this market (I No. 17, junior, Greek).

This special status is nurtured by a very low number of Luxembourgish audit staff, as natives tend to earn considerably more, while working less, at state institutions. One interviewee recalls his superior telling a colleague: “Don’t give him [the interviewee] too much work, don’t stress him, we need him in the future” (I No. 20, junior, Luxembourgish). While commitment and dedication to auditing are equally required, the example of local audit staff emphasizes the importance of “linguistic capital” (Bourdieu, 1991). Language skills thus translate into “unearned status gain”, that is an elevated standing “attained not through individual effort or achievement but from a shift in organizationally valued characteristics” (Neeley and Dumas, 2016, p. 14):

We have a Luxembourgish guy, who performed really, really badly in our team, at our client. And, […] of course, he got a very bad evaluation, but normally these people should be fired and cannot
pass the trial period. [...] But since he’s Luxembourgish, the company gave him an exception, yes, and then he stayed, till now. He didn’t get fired. But his evaluation is so bad, that normally he should get fired (I No. 15, junior, Chinese).

The second performative aspect of language relates to its power of exclusion (Vaara et al., 2005). This is evidenced by the French and German linguascapes strengthening their group boundaries through their native languages in contexts where English should be used:

It’s not quite easy, I mean, they would keep talking until, I don’t know, at one point, they start to explain and then they would switch back to French again (I No. 18, junior, Chinese).

Interviewees expressed anxiety and reported tensions arising from being assigned to “wrong” teams, such as to a French audit team without speaking French. This occurs in “situations where you just need to staff your team” regardless of language (I No. 4, former director, Luxembourgish/French/Italian), and especially junior audit staff tend to be assigned to teams randomly (I No. 2a, senior manager, German). A Chinese intern recalled her first assignment:

That is hard. I felt a lot of pressure at the time. But the people in the team were nice as well. They also explained things to me in English. But, still, for example, when the senior manager came, we all had a question about the testing. Actually, I was doing the testing, [and] I raised the question to the senior and he didn’t know how to do it as well. So, when the senior manager passed by he asked the question. The senior manager answered the question very well, but in French. And I didn’t understand all of that, so only after the senior manager left, the senior explained it to me [...] in English. So, I mean, it could be a problem, but as long as that is the case that everybody else in the team speaks French as mother tongue, while I am not, then they would of course prefer to speak their mother tongue (I No. 11, intern, Chinese).

Not only was the intern shut out of the conversation, she received an explanation only after the senior manager left by a “language mediator” (Marschan-Piekkari et al., 1999)[5]. What seemed to be a valid question became associated with the senior, thereby raising his visibility and leaving the intern in an inferior position (Vaara et al., 2005). As interviewees emphasized communication skills as vital for career advancement, interacting with superiors and building an organizational network were seen as essential factors to show intellectual curiosity and commitment. However, these interactions strongly rely on the individual’s language proficiency (Piekkari et al., 2005; Welch and Welch, 2018). Otherwise, it is difficult to be “a good team player” and “help others out” (I No. 9, intern, German, TR). Hence, “you need to communicate. If you don’t, you will not survive” (I No. 13, junior, French). One interviewee argued that her lack of French language skills affected her post-engagement evaluation:

Afterwards, I didn’t get good feedback on [the engagement], because they said: “Hey, you were not motivated”. [And I said:] “Well, I sat there the whole day and didn’t understand a thing” (I No. 8, senior, German, TR).

This situation shows the status loss of individuals unable to communicate in their team’s language (Neeley, 2013). It also reinforces hegemony, which is achieved when “the dominant group successfully projects its own particular ways of seeing the world, human and social relationships, such that those who are actually subordinated by these views come to accept them as being ‘common sense’ or ‘natural’” (Tietze and Dick, 2013, p. 123). Indeed, despite the awareness that others’ language use excludes them, interviewees agreed that it was “normal”, “human nature”, and “more efficient” if individuals conversed in their “comfortable language”, as “they don’t have a language barrier” and it was easier to discuss audit-related technicalities, thereby conforming to the discursive practices of the linguascapes. Interviewees rather perceived it as “a nice bonus” to understand the respective team language and listen in to the discussions of fellow team members, as these potentially
relate to one’s tasks and team members might “forget to translate” (I No. 22, junior, Russian). Notably, superiors also do not fully recognize the exclusionary power of language, and interviewees reported that it often depended on seniors how inclusive the language teams were with foreigners. Some interviewees thus perceived the need to learn one of the two major languages – French or German – to join in social interactions, as “people can feel like robots” if exchanges are only about work (I No. 1, intern, Turkish). Yet this primarily pertains to staff-level auditors:

We have directors and partners who would be from Canada or from England, you know. But then, they would be there, not speaking French or German. But then, they would have connections. They would bring in clients. And for me, it would be hard because I don’t think that I would have those kinds of connections to bring in clients, and I wouldn’t speak the languages (I No. 22, junior, Russian).

The lack of language skills can thus be compensated by other skills or social capital, such as client networks, but it generally diminishes individuals’ roles in the firms (Piekkari et al., 2005). Concurring, individuals who do not speak their team’s language find themselves unable to fully access the organizational experience and, as a result, run the risk of remaining organizational outsiders. In that spirit, language skills have extensive implications for one’s job satisfaction, but importantly also for individuals’ career advancement and success.

The exclusionary power of language is also manifested in the national audit credential, which in Luxembourg is the Réviseur d’Entreprises Agréé. Credentials from EU countries may be transferred upon obtaining a complementary certificate in local rules and regulations. Despite the country’s three official languages this examination is set in the French language, while, upon request, answers may be given in Luxembourgish, German, or English. Expatriates seeking the local audit credential thus need to have a solid working knowledge of the French language. To bypass this barrier, international staff often pursue a foreign credential, mostly the UK’s Chartered Certified Accountant (ACCA). Although this does not allow them to sign local financial statements, it qualifies them for audit work elsewhere or to take the complementary training exam at a later point. The prevailing view on the policy to have questions only in French was perceived as “discrimination” against non-French speakers:

It’s a problem for a lot of people. […] In general, most people coming from abroad, you get many people coming with an ACCA and they cannot sign accounts, because they have to pass the IRE [exam] and they struggle to understand the questions. They are really qualified, but they’re blocked because of that. It’s a big issue. There is much discussion about that. […] The strategy I see [is this]: people are a bit upset, but they try to pass it anyway. They try to understand the French questions by memorizing what it means, but they don’t learn French to pass it. They won’t start French just to pass the exam. They will try to understand the questions and try [to pass] the exam (I No. 14, senior, French).

As “you cannot go beyond senior manager if you don’t have the qualification” (I No. 12, senior manager, Filipino), the credential becomes essential to become partner, turning the professional exam into a language-based “glass ceiling” (Piekkari et al., 2005, p. 340). Indeed, a closer look at the Luxembourgish Big Four reveals that the mother tongue of half of the partners is French, followed by English (14 per cent), German (13 per cent), and Luxembourgish (10 per cent), while audit partners with a different mother tongue make up less than 3 per cent[6].

The professional exam’s language requirements thus emphasize the performative nature of language, relating to both the assessment of one’s competence and its exclusionary power (Vaara et al., 2005; Śliwa and Johansson, 2014). Language skills allow auditors to navigate the multilingual context, and obtain social capital that is vital for career success (Welch and Welch, 2018). Yet, despite the firms’ international workforce, the French and German
5. Discussion and conclusion

This paper has demonstrated the multifaceted role of language in multilingual Big Four audit firms as being visible and subtle, as well as functional and performative. Although English is the corporate lingua franca at the Luxembourgish Big Four firms, the study suggests that it is other languages that mediate the intra- and inter-organizational relationships. The Big Four organize their audit teams primarily based on the language of their clients, resulting in predominantly French and German teams as well as international ones. This client alignment introduces a grouping in the Big Four that is fostered and primarily expressed discursively. Yet, as social identities and identification processes offer comfort and security, the grouping "creates a bond between the individual and the collective" (Kärreman and Alvesson, 2009, p. 1127). As a result, the firms are internally divided and different subcultures characterize the Big Four, rather than a singular corporate culture of a global audit firm. Language thus turns into a channel of influence through which intra-organizational power is exerted, as it imposes a powerful "shadow structure" on communication patterns, hierarchies, and informal networks that lie behind the firms' formal organization charts (Marschan-Piekkari et al., 1999).

Returning to our research questions, we first asked about the ways in which the Big Four manage the linguistic tensions between global Englishization and local multilingualism. The study showed that the firms emphasize their linguistic adaptability that Piekkari et al. (2013) conceptualized as "language absorptive capacity". This claim is an integrative part of the culture of the Luxembourgish Big Four branches and stresses their ability to provide effective services to any client. The firms' client orientation (Anderson-Gough et al., 2000) structures the firms into three main language teams that cater to the language requirements of local clients. In addition, other languages are covered by the firms' absorptive capacity and we argue that language resources become a commodity within the Big Four that is freely available and activated whenever needed. Such a view of language and translation fits with the global aspirations of PSFs. However, it also exhibits an unproblematic perspective in that the firms' linguistic diversity can be activated as competitive advantage only through an organizational culture that disregards issues of translation. It confirms the tensions recognized in prior research between potential problems resulting from technical translations (Evans, 2004) and those being negotiated in situ (Kettunen, 2017). More broadly, the paper adds language as a further factor that undermines the "one firm" model (Barrett et al., 2005; Boussebaa et al., 2012; Muzio and Faulconbridge, 2013; Spence et al., 2017). Echoing the notion of institutional duality (Kostova, 1999; Kostova and Roth, 2002), it has demonstrated that local contexts require local language policies and practices. While bearing in mind that our empirical site represents an extreme case of local multilingualism, it appears only as a matter of degree that PSFs in other non-English contexts privilege local language skills, as "Englishization" does not encompass the interaction with local clients.

The second question explored the relations between the firms' linguascape (Steyaert et al., 2011). Responding to Vaara et al.'s (2005, p. 621) call for research on the "subjectivity and identity construction" of English as a corporate language, we argue that such identities are created and maintained along language lines, as the firms' linguascape...
engage in distancing processes, both discursively and organizationally. To be precise, the underlying nationality narratives and stereotypes on the language groups are continuously constructed and de-constructed as they float through the Luxembourgish Big Four. While interviewees consistently linked the same stories to specific groups, they emphasized that auditors are “too busy to be affected by [such] talk” (I No. 2b, senior, Luxembourgish). Despite this affirmation, stereotypical discourse enforces the grouping within firms and interviews suggest that association with a particular language team runs deeper than the discursive level. Language group membership is the basis for communication and interaction networks (Vaara et al., 2005) and eventually becomes a criterion for a process of “cultural matching” that bonds individuals together (Rivera, 2012). The grouping is enhanced organizationally, primarily in the open office and at social events, indicating that the firms’ segmentation creates a strong sense of belonging to a particular linguascape. As such, tensions emerge from the organizational language policy of the Luxembourgish Big Four, as the homogeneity of the firms’ workforce is undermined. Language becomes an identifier for individuals and creates social bonds within the firms’ linguascape. Between the language groups, it repels, as it introduces an “othering” into the firms (Carmona and Ezzamel, 2016). Although diversity is a strong part of the image of the Big Four in Luxembourg, this paper reveals that the internal structures reinforce conformity and homogeneity. Yet, as the multilingual environment in fact produces monolingual teams, equality and diversity are unmasked as linguistic adaptability. Abstracting beyond the case of Luxembourg, where language seems most important, it is apparent that other contexts may be divided by one or a combination of other factors, such as class, gender, or ethnicity. Thus, despite attempts to increase the profession’s inclusiveness (Kyriakidou et al., 2016), the firms may still be internally divided and riven by different subcultures that put into question the firms’ homogeneity, in terms of language, culture, and working practices. As the different subcultures employ different practices and engage in internal clashes, this paper has shown that the resulting series of “local–local” divides challenges the view of single branches of a PSF network as monolithic constructs; in other words, the “one firm” model remains an elusive ideal even for single branch offices.

Our third and final question asked about the tensions and power implications that emerge from the co-existence of distinct intra-organizational linguascape that reveal individuals’ uneven language skills. In line with the international business literature (e.g. Marschan-Piekkari et al., 1999; Vaara et al., 2005; Sliwa and Johansson, 2014), we find that language and communication affect the visibility of auditors on engagements, where those without relevant language skills run the risk of being excluded and remaining organizational outsiders. As language skills are a major factor for organizational and professional access and influence in Luxembourgish audit firms, language proficiency endows the speaker of that language with “linguistic capital” (Bourdieu, 1991) and helps auditors to connect better with their teams and clients. It thus enlarges their scope of project assignments and enables them to create intra-organizational links and relationships, thereby obtaining important social capital (Welch and Welch, 2018). Vice versa, the formal and informal hierarchies introduced by language limit an individual’s career advancement, unless auditors speak at least one of the dominant languages of French and German. First, an informal barrier is set by the need for these languages in team communication and client management. To the extent that a foreign language is needed for a particular assignment, auditors may feel shut out of the team. Since audit engagements are temporary assignments of varying lengths, the linguistic capital also seems temporary. That is, unless there is a client portfolio of, for instance, Italian clients, a person finding their Italian language skills are needed in one engagement may find these skills of less use in a subsequent audit of a French client. Thus, the hierarchies introduced by “linguistic capital” seem to be ephemeral, particularly for junior staff. Nonetheless, a more permanent shift to a
certain client portfolio, such as due to increasing numbers of Chinese firms in Luxembourg, increases the demand for Chinese auditors and possibly endows this group with more permanent “linguistic capital”. A second and more formal barrier is erected when attempting to pass the Luxemburgish audit credential, which requires a reading proficiency in French to understand accounting questions. The resulting barrier may be likened to a language-based “glass ceiling” that prevents “promising individuals with management talent from advancing in the organization” (Piekkari et al., 2005, p. 340). While it can be argued that auditors in Luxembourg need to have a working knowledge of the local language(s), the Big Four firms claim to be international environments that harbour a diverse set of backgrounds. This claim is undermined by the environment that possibly prevents international employees from advancing in the profession.

Future research is invited to examine in more detail the issues that have come to light here, primarily relating to three areas. First, this study has only begun to explore the language policies and practices of audit firms, and further efforts are needed to explore how language skills and versatility affect professional audit work. This relates to the audit work in multilingual teams and the management of these teams, as well as the substantive issues on which the language groups differ in their work and the power dynamics between the linguascape. Second, studies of the corporate experience of expatriates might corroborate our findings and shed further light on the difficulties that an increasingly international workforce experiences in monolingual, foreign audit contexts. Such studies could also explore the interaction between language and communication in the socialization of newcomers, as well as implications thereof for professional identity in global audit firms and how individuals experience and cope with conflicting practices across audit teams. Third, this study can only suggest, rather than fully examine, that interviewees’ perceptions of the role of language differed depending on their hierarchical positions. Juniors placed much more emphasis on language issues than (senior) managers. Perhaps foreign managers have found ways to adapt to the language requirements or have found a niche by working with international clients. Future work may explore how language demands change as auditors rise through the ranks and how they discursively and linguistically meet these demands or find ways around them. Beyond these more detailed issues, this research has revealed that the role of language in professional work contexts provides ample opportunities for further research.

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Notes
1. In commenting on our paper, a former HR staff member confirmed that she had recruited based on language skills and had had certain hiring quota per language skills.

2. Since Chinese firms are increasingly migrating to Luxembourg, other Chinese interviewees reported similar stories, such as receiving e-mails with translation requests from colleagues working on Chinese engagements.
3. While the interviewee refers to Luxembourgish GAAP, the example actually stems from the EU’s accounting directives, from which Luxembourgish GAAP is derived. In both the Fourth Directive of 1978 (Article 35) and the more recent Accounting Directive of 2013 (Article 12), the English version requires the value of fixed assets to be adjusted “if it is expected that the reduction in their value will be permanent”, which in the French version is translated as “si l’on prévoit que la dépréciation sera durable” (emphasis supplied).

4. Indeed, all Big Four firms emphasize their global workforce on their career websites, seeking “people who are good at working with people from different backgrounds to their own” (EY), stressing that “you will be using different languages at work” (KPMG), that “cultural diversity is a reality” (PwC), and that “sound language skills are fundamental if we are to excel in our professional activities” (Deloitte).

5. She noted that “later it came to my revenge” when she was staffed on a Chinese engagement. Since translations are typically not reviewed, translators obtain crucial power in their teams because of their language skills.

6. The list of audit partners was taken from the professional institute (IRE). Nationality and mother tongue were assigned based on LinkedIn profiles. For 10 per cent of the partners we could not find the relevant information.

References


### Appendix

<table>
<thead>
<tr>
<th>Interview No.</th>
<th>Position</th>
<th>Nationality</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Intern</td>
<td>Turkish</td>
<td>Five years at Big Four in Turkey</td>
</tr>
<tr>
<td>2a</td>
<td>Senior manager</td>
<td>German</td>
<td>Administered as group interview</td>
</tr>
<tr>
<td>2b</td>
<td>Senior</td>
<td>Luxembourgish</td>
<td>Administered as group interview</td>
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<tr>
<td>2c</td>
<td>Junior</td>
<td>Italian</td>
<td>Administered as group interview</td>
</tr>
<tr>
<td>3</td>
<td>Manager</td>
<td>Lebanese</td>
<td>Nine years at Big Four in Lebanon</td>
</tr>
<tr>
<td>4</td>
<td>Former director</td>
<td>Luxembourgish</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>French/Italian</td>
<td></td>
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<tr>
<td>5</td>
<td>Junior</td>
<td>Luxembourgish</td>
<td>–</td>
</tr>
<tr>
<td>6</td>
<td>Intern</td>
<td>Luxembourgish</td>
<td>–</td>
</tr>
<tr>
<td>7</td>
<td>Manager</td>
<td>French</td>
<td>–</td>
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<tr>
<td>8</td>
<td>Senior</td>
<td>German</td>
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<tr>
<td>9</td>
<td>Intern</td>
<td>German</td>
<td>–</td>
</tr>
<tr>
<td>10</td>
<td>Senior</td>
<td>US</td>
<td>Two years at Big Four in the US</td>
</tr>
<tr>
<td>11</td>
<td>Intern</td>
<td>Chinese</td>
<td>–</td>
</tr>
<tr>
<td>12</td>
<td>Senior manager</td>
<td>Filipino</td>
<td>Four years at Big Four in Philippines</td>
</tr>
<tr>
<td>13</td>
<td>Junior</td>
<td>French</td>
<td>–</td>
</tr>
<tr>
<td>14</td>
<td>Senior</td>
<td>French</td>
<td>Non-Big Four, previously one year at Big Four</td>
</tr>
<tr>
<td>15</td>
<td>Junior</td>
<td>Chinese</td>
<td>–</td>
</tr>
<tr>
<td>16</td>
<td>Junior</td>
<td>Russian</td>
<td>Transaction advisory services, one year at Big Four in Belgium</td>
</tr>
<tr>
<td>17</td>
<td>Junior</td>
<td>Greek</td>
<td>–</td>
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<tr>
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<td>19</td>
<td>Junior</td>
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<td>Junior</td>
<td>Russian</td>
<td>–</td>
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<tr>
<td>22</td>
<td>Junior</td>
<td>Russian</td>
<td>Left auditing just prior to interview</td>
</tr>
<tr>
<td>23</td>
<td>Intern</td>
<td>Cameroon</td>
<td>Left auditing after internship</td>
</tr>
</tbody>
</table>

**Notes:** Unless indicated otherwise, interviewees are employed at Big Four firms in Luxembourg. Positions have been harmonized across firms (intern, junior, senior, manager, senior manager, director, and partner) and indicate interviewees’ respective experience at Big Four firms.

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The semio-logic of financial accounting
A non-essentialist conceptualisation of the IFRS balance sheet

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Abstract
Purpose – The purpose of this paper is to contribute to the discussion on the non-essence of accounting by focusing on financial accounting’s distinct technology: financial statements. Complementing the genealogical perspective on accounting’s changing socio-historical settings, it proposes a semiotic perspective on the accounting statement.
Design/methodology/approach – The paper takes an interdisciplinary approach in the theoretical framing of IFRS recognition and measurement principles that underlie the statement of financial position. It mobilises Saussure and Barthes’ sign theory – semiology, as it provides a meaningful delineation of financial accounting, bringing out its distinct numerical-linguistic knowledge-construction operation.
Findings – In addition to the justification of employing semiology as a parent discipline for accounting, it is shown how IASB’s recognition and measurement procedures manifest the interrelated non-essentialist semiological principles of reciprocal articulation and value constellation. Accounting entries (“expression”) are not representations of pre-existing economic resources (“content”), but rather both are mutually constituted by delimiting the resource/asset from its broader category. Such judgment-based articulation results with value constellations, where asset value is merely a relational product of other values.
Originality/value – To the long-established critique that accounting has no essence, the paper adds a formulation of a non-essentialist semiotic logic: the financial statement’s semio-logic. It further sheds light on the role of such logic as an epistemological presupposition to the accounting – society reciprocity, where accounting is a malleable product of, and is used to exert power over, its social surroundings.

Keywords Measurement, Semiotics, Recognition, Articulation, Semiology, Value constellation

Paper type Conceptual paper

1. Introduction
Sociologically and historically informed studies have demonstrated how accounting is not a homogeneous immutable category independent of its socio-historical context, and therefore, as Miller and Napier (1993) begin their Genealogies of Calculation, “there is no ‘essence’ to accounting” (p. 631). Rather than some natural essence or substance[1] to accounting, there are merely contingent accounting “constellations” (Burchell et al., 1985), “ensembles” (Miller and Napier, 1993), “complexes” (Miller and Power, 2013), and “assemblages” (Mennicken and Power, 2015) – all being the malleable product of specific social settings in particular historical moments. These studies have also emphasised that, notwithstanding its lack of essence, accounting exerts significant power over those in its social context, in the sense that it is mobilised by various stakeholders to advance their interests and transform their surroundings. In such view, accounting is so significant that it “has become perhaps the most powerful system of representation of social and economic life that exists today” (Miller and Power, 2013, p. 563).

However, with this focus of such studies, frequently grouped under the title “social studies of accounting” (Mennicken and Miller, 2012), less attention has been given to the specific qualities of the accounting technologies themselves, which make them different from other social phenomena. With a few important exceptions (e.g. Hoskin and Macve, 1986; Ezzamel and Hoskin, 2002; Ezzamel, 2012), the emphasis has been more on what accounting does and how it is being done in terms of its consequences and the power
relations it facilitates, and less on how accounting states in terms of distinct forms of signs and statements. This conceptual paper aims to advance such complementary perspectives – to add a semiotic perspective to the predominant historical-genealogical one – through the investigation of the characteristics of the statement of financial position (the “balance sheet”) under IFRS. In order to explicate the signifying qualities – or logic – of this principal accounting statement, the paper mobilises a semiotic framework that transformed the theorisation of knowledge construction through signs and statements, namely: Ferdinand de Saussure and Roland Barthes’ semiology.

Semiology, defined by Saussure both as a theory of social sign systems and a theory of co-systemic relational values, will be shown to be suitable for the above task for two main reasons. First, semiology provides a meaningful delineation of financial accounting without decontextualising it from its social surroundings (Gallhofer et al., 2015). As a theoretical framework, it applies distinctively to purposeful communication systems operating through statements comprising multiple terms. Though originally applied to language, Saussure’s semiology was envisioned more broadly to include other sign systems, including potentially numerical systems (Saussure, 2002/2006, p. 154). In the linguistic context, the investigation has been of sentences comprising multiple words; in accounting the investigation would be of financial statements comprising multiple accounting items, like assets and liabilities. With such a focus, semiology’s theorisation of financial accounting would bring to light accounting’s unique characteristics as a sign system. Second, semiology is illuminating for the discussion on the non-essence of accounting because at its core is an original non-positivist understanding of the operation of sign systems. It offers an epistemological framework that does not presuppose existing material or conceptual objects, categories or attributes that need merely to be represented in the statement. Put differently: semiology theorises the non-essence of the sign, and is therefore of potential relevance for the debate on the non-essence of accounting entries as signs.

More specifically, the paper mobilises two interrelated conceptual instruments for the investigation and theorisation of the non-essence of the balance sheet: reciprocal articulation and value constellation. These are drawn from Saussure’s influential teachings – the Course in General Linguistics (1916/2011; the Course) – and his more recently published manuscripts (2002/2006; the Writings), as well as from the works of his advocate Roland Barthes (1968, 1993, 1994, 1997). Through these principles we are ultimately offered with a conceptual alternative to the principle of representation in statements – whether language statements or financial statements.

The paper illustrates the manifestation of these principles through IASB’s prescriptions for the interrelated practices of asset recognition and measurement. Under the principle of reciprocal articulation (or reciprocal delimitation), the “signifieds” – i.e. economic resources – and the “signifiers” – i.e. asset entries in the balance sheet – are shown to be a product of delimitation of the resource/asset from its broader category, a delimitation which inherently involves choice and judgment. In accounting, as in language, content and expression are mutually constituted through articulation. With semiology’s concept of value constellation, the value of each asset in a financial statement is shown to be not a product of natural or rational anchors, but rather derived from a constellation of other asset values. It is merely a product of differentiation from other values in the general system (the market), and interrelation with other values in the specific statement (the entity).

From these two conceptual instruments, the paper further distils a distinction between essence and logic in financial accounting. While accounting has no essence (Miller and Napier, 1993) – no predetermined categories that any accounting system must represent, the statement of financial position may nevertheless have a coherent logic: a non-essentialist logic (Quattrone, 2015). This is the logic of anchorless reciprocal articulation that produces relational value constellations. It will be shown how such a
The remainder of this paper is organised as follows. The next section depicts the focus of the extant literature discussing the non-essence of accounting. The third section introduces the theoretical framework – semiotics – and its fit to financial accounting. In the fourth section, the paper highlights the distinctive perspective offered by semiotics, namely, its focus on the epistemological (“internal”) dimension in the operation of sign systems and its explication of their non-essentialist characterisation. The fifth and the sixth sections provide the two interrelated aspects of semiotics’ non-essentialist logic – reciprocal articulation and value constellation, and illustrate their manifestation in IASB’s recognition and measurement guidance. These sections also show how such application of semiotics in accounting problematizes some of the fundamental assumptions in contemporary accounting policy making, as these have been recently formulated in IASB’s Conceptual Framework Exposure Draft (CFED) (International Accounting Standards Board, 2015). The final section further discusses implications and provides concluding notes.

2. Positioning in extant literature: the non-essence of accounting and its social context

2.1 Accounting’s non-essence from a genealogical perspective

Accounting’s interrelations with its social, organisational and institutional context have underlain a major research strand in accounting scholarship for more than three decades. From this perspective, accounting cannot be a fixed and stable phenomenon to be defined by predetermined characteristics. This fundamental understanding is at the core of the seminal paper of Burchell et al. (1985) and of the notion of “accounting constellation” which they introduce. Almost 30 years later, Miller and Power’s (2013) notion of “accounting complex” shares this approach. Accounting is a fluid “complex of capital market actors, organisations and ideas” and therefore “there is no accounting logic as such, there is no accounting essence” (p. 592).

What does it mean, more specifically, that accounting has no essence? What are the factors that allow its pliability? Even if the discussion is restricted to financial reporting, there are different aspects to this malleability. One such aspect relates to the multiplicity of objectives and users of financial statements. Thompson (1987), for example, stresses the different purposes that financial statements may serve, which imply that specific accounting innovations are political projects. Similarly, Mattessich (1995) demands attention to the “broad range of alternative purpose-oriented models to the users of accounting information” (p. 262). Young (2006) shows how standard-setters make up particular users, and privilege particular perspectives on the account of others, as “ideas, classifications, concepts and goals […] are ours rather than nature’s” (p. 581). Young and Williams (2010, p. 510) likewise emphasise that “standard-setting is a process through which some values/perspectives are valorised” while others are excluded. If under a certain regulatory regime, certain stakeholders (investors) are served and others (e.g. environmental stakeholders) are ignored, this has nothing to do with an alleged natural essence of accounting but rather with the political power of the relevant interest groups.

Another factor involved in the non-essence of financial reporting is the vagueness and openness of accounting standards, especially in an era where the standard-setter is providing general principles rather than specific rules. Accounting principles intrinsically allow space for interpretation, and their practical implementation involves socially historically situated factors. For example, professional institutions (e.g. valuation consultants) and the trust they generate may determine what is a legitimate accounting policy, not less than the accounting principles prescribed by the standard-setter.
To this interpretive openness, Evans et al. (2015) add the ambiguity of professional linguistic terminology and its never-neutral translations to multiple languages. In opening a wide range of possibilities, interpretations and translations can also be exploited (p. 24).

A third aspect of the non-essence of accounting is its multiple and ambiguous theoretical foundations. Zambon and Zan (2000) focus on the variety of theories of finance as a source for “accounting relativism” producing different representations and measurements in different national regimes. Accounting measurement cannot have a unified essence, in light of the lack of a common theory of the firm. They argue that “accounting can potentially serve many interests as a tool of power, because its knowledge base has an ambiguous theoretical status” (p. 800).

More generally, the literature’s discussion on non-essence has a dominant genealogical dimension, where the idea of accounting as an identifiable homogeneous category is fundamentally challenged. In Burchell et al. (1985), the emergence and decline of value-added reporting in the UK has been used to illustrate how accounting is “a product of a complex interplay of institutions, issues and processes” (p. 408). They have used “a historical genealogical approach as a device to avoid the assumption that accounting has some essential role or function” (p. 409). Accounting principles and techniques are not fixed, anchored in inherent characteristics, but rather are adopted, maintained, or lose attractiveness with policy makers and practitioners based on various non-accounting factors of different types and orders. In Robson’s (1991) terms, the focus should be on the arenas of accounting change: “The genealogical method is consistent with a rejection of a supposed ‘essence’ (or unchanging ‘identity’) to the practice of accounting” (p. 549).

Furthermore, not only that accounting is shaped by its context, it also has agency and power over such context as it “can mobilise and change the world of the social” (Burchell et al., 1985, p. 382). There is a reciprocal relation between accounting and its social surroundings.

Miller and Napier (1993) proposed a similar genealogical approach, as evidenced in the title of their paper. In studying the conditions for the emergence of four significant accounting techniques they have emphasised the changing nature of accounting and the lack of a fixed essence to accounting ensembles. They have also highlighted the power of calculative practices such as accounting, by showing how “successful accounting methods transform the entities and practices of which they provide a calculative knowledge” (p. 632). Similarly, Mennicken and Power (2015) have illustrated the malleability of accounting regulation with respect to four instances of accounting innovation and dissonance. Their argument on the “plasticity of valuation” is made mostly by the study of the emergence of and change in regulatory and professional accounting trends.

Miller and Power (2013), in a paper that critically surveys this strand of literature, share the focus on political and institutional powers that are reflected in practices, ideas and rationales (e.g. the market rationale), which comprise the “accounting complex” at each point in time. They further emphasise the power and consequences of accounting over its social surroundings, which they group into four categories: accounting territorialises calculable spaces, it mediates actors and interests, it adjudicates the performance of individuals and it subjects individuals to unnoticeable control. Finally, they highlight a common characteristic of this strand, namely, that the unit of analysis – “accounting” – is very broad and heterogeneous. Accounting is:

[...] an assembly of very different elements: ideas, laws, bureaucratic instruments, spreadsheets, reports, standards, and registers, not to mention accountants and other human agents. (Miller and Power, 2013, pp. 588-589)

With such broad and heterogeneous objects of enquiry, where “the important point [...] is that the components that are connected are very different kinds of things” (Miller and Power, 2013,
accounting cannot be conceived to have uniform properties. Under this approach, accounting is an undefinable (non-)category: “there is no […] invariant object to which the name ‘accounting’ can be attached” (Miller and Napier, 1993, p. 631).

2.2 Insufficient attention to the specificity of financial accounting technologies
From Burchell et al. (1985) through Miller and Power (2013), the genealogical accounting research strand has shared two fundamental principles, which in fact are in some tension. Accounting in general has no essence in the sense that it is defined and redefined on an ongoing basis by its social and organisational settings, but at the same time, such non-category is “perhaps the most powerful system of representation of social and economic life that exists today” (Miller and Power, 2013, p. 563), a power which must assume some distinctive properties.

However, the distinctiveness of accounting technologies – and specifically of financial reporting – has gained much less attention in critical and interdisciplinary accounting studies. In their review essay, Chapman et al. (2009), for example, emphasise that “Accounting has finally […] arrived back on the social science agenda” (p. 3), but also admit that, with that, it has also “lost some of its apparent uniqueness” (p. 13). Napier (2006) also observes that a “movement such as the new accounting history that emphasises the social, organisational and behavioural has in the past tended not to have much to say about financial reporting or fundamental notions of accounting theory” (p. 466). Similarly, Woolgar (2015) argues that interdisciplinary studies of accounting have been focused more on the social phenomena outside of, and relating to, accounting, and less on accounting technologies per se.

Lukka and Vinnari (2014) highlighted a related concern, namely, that sometimes theories imported from other fields are not unique to accounting, “but are of such a general nature that they can just as well be employed to explain various other social phenomena” (pp. 1313-1314). Similarly, in the context of financial accounting, Cushing (1989) described the neglect of “the fundamental issues that distinguish accounting from other fields” and concluded that “this suggests that accounting’s present crisis is not only severe, but possibly fatal to accounting as a viable branch of knowledge” (p. 31; see also Rutherford, 2010). One need not necessarily take such a pessimistic stance as that proposed by Cushing (1989), to acknowledge the necessity of treating accounting as a distinctive phenomenon. Thus, Gallhofer et al. (2015) suggested “to re-consider the delineation of accounting”, not in order to de-link it from that which constructs it but rather precisely in order to gain “a richer appreciation of the potential role of accounting(s) vis-à-vis praxis” (p. 849). While acknowledging the need to keep accounting open, Gallhofer et al. (2015) emphasised the disadvantage of having too vague and broad boundaries to the extent that accounting would include “almost everything” and would thereby lose its specificity (p. 854).

These calls to pay attention to the specificity of accounting technologies are particularly important in the context of traditional financial reporting tools, which have gained less consideration in the critical and interdisciplinary realm when compared to other tools that were considered at “the margins of accounting” (Miller, 1998), such as social and environmental accounting. Recent quantitative and qualitative reviews (Brown and Jones, 2015; Whittington, 2015) show that interdisciplinary accounting studies have not put much focus on accounting concepts such as those underlying financial reporting (see also Robson et al., 2017). Some have argued more strongly that the accounting technology, conceived as a system of interrelated principles of recognition, measurement and presentation, has been to a certain extent black-boxed in the predominant academic communities (Rutherford, 2010; see also: Kaplan, 2011; Barth, 2015). This is a consequential neglect, because the specificity of the accounting technology – its nuts and bolts – is crucial for the understanding of “how the accounting infrastructure […] brings the economy into being” (Vargha, 2016, p. 2).
As Mennicken and Millo (2017) argue, research on the socio-historical context of accounting must be supplemented with an attention to the accounting technologies themselves, including their models, concepts and infrastructures.

Putting more emphasis on the distinctive characteristics of traditional financial accounting technologies does not necessitate restraining the research approach to traditional perspectives. Indeed, the important issues of asset recognition and measurement, which are investigated in the current paper, have a long history of debates from the mid-twentieth century onwards. However, as Barth (2015) – a former standard-setter and the editor of The Accounting Review – admits, these debates have been restrained to the lenses of economics, finance and psychology. She further acknowledges that “Broader and new perspectives can rejuvenate a field and enrich it” (p. 504). In that, Barth does not aim at interdisciplinary studies of the social or political context of accounting, such as studies of standard-setting processes (e.g. Robson and Young, 2009), but rather at the study of “the content and characteristics of the information being communicated” (Barth, 2015). The following section makes the argument that semiology qualifies as one such “broader and new perspective”, which treats accounting as both open to broader contexts and distinctive in its operation. By this, the approach proposed in this paper also aims to bridge two major accounting schools, where either traditional issues are treated with traditional and discipline-restrictive theories, or broader interdisciplinary social science theories are applied to non-traditional issues. Borrowing from Lukka and Vinnari’s (2014) terminology, the challenge here is to introduce a novel method theory to a traditional domain: to offer a critical approach while still having the same objects of enquiry – financial statements principles – with their unique characteristics.

3. Accounting semiology: delineating financial accounting within semiology

The brief review of predominant themes in social studies of accounting has shown that the argument about the non-essence of accounting has been accompanied with insufficient attention to the specificity of accounting technologies. Ezzamel (2012) stressed this concern, with explicit critique of Miller and Napier (1993), arguing that their approach “runs the risk of losing sight of what may be deemed unique and ubiquitous attributes of accounting as distinct from other methods of calculation” (p. 413). What then could characterise accounting in a manner that would still keep its sensitivity to social contexts, but also bring out its distinct features and avoid specific ideological assumptions (pp. 413-414)? In answering this question, and based on the earlier work of Ezzamel and Hoskin (2002), he proposes a definition of accounting which is comprised of three elements: the practice of entering a written account of items; the account involves signs of a particular kind, which name and count those items; it results in the construction of financial values (Ezzamel, 2012, p. 414). Phrased differently, the distinctiveness of accounting involves a semiotic dimension: “all forms of accounting, from the most ancient stewardship records to contemporary systems, exhibit certain attributes: naming, counting, and recording carried on in some form of linguistic-numerical signs of assemblages of entities or networks of activities” (Ezzamel and Hoskin, 2002, p. 359). Such semiotic formulation has consequences even for those interested in the socio-politics of accounting, because different signifying forms entail different possibilities of social control (Hoskin and Macve, 1986). It is, therefore, both intriguing and consequential, that even in 2012 “conceptualising accounting as a sign system is at a very early stage of development” (Ezzamel, 2012, p. 425).

Semiology, the remainder of the paper will show, meets these guiding themes, may advance such under-developed conceptualisation of accounting as a sign system, and may serve to highlight the delicate balance between the openness and distinctiveness of accounting technologies, and in particular, the statement of financial position. The following subsections will support the meaningful delineation of contemporary financial accounting (Gallhofer et al, 2015) within semiology as a wider system of knowledge (Quattrone, 2000).
3.1 Semiology is narrow enough to be meaningful

Saussure “is generally acknowledged as the father of modern linguistics” (Gordon, 2003, p. 993), but some of his principles have been expanded well beyond linguistics and have been used, directly or indirectly, in other fields such as sociology, arts and the humanities (see e.g., the semiological origins of Actor-Network Theory as acknowledged by Latour, 1996; Law, 1999, 2007; as analysed in Hostaker, 2005; Beetz, 2013). However, the original boundaries of Saussure’s semiology – when compared to its contemporary sign theories (referred to under the more general title “semiotics”) and to its successor frameworks (such as structuralism and post-structuralism) – are quite narrow.

First, Saussure’s interest is only in social sign systems and not natural ones. This stands in contrast to the semiotic theory of C.S. Peirce. Peirce’s semiotics and Saussure’s semiology have been the two most influential competing sign paradigms of the twentieth century. But for Peirce, everything – from mathematics to ethics, from gravitation to phonetics, from economics to astronomy – can be studied through semiotics (Cobley, 2001, pp. 8-9). He discusses, for example, natural signs, such as high temperature being a sign of illness[2]. Saussure’s semiology is much more focused: it is defined in the Course as a “science that studies the life of signs within society” (p. 16). The community constitutes the sign system, and the sign system is destined to the community (Writings, pp. 202-203).

Second, semiology captures only signifying processes that are purposeful and not merely incidental. This is different from, for example, the approach of Umberto Eco (1979), who has proposed “to define as a sign everything that, on the grounds of a previously established social convention, can be taken as something standing for something else” (p. 16). Artefacts that have functions other than conveying a message, such as clothing or furniture, would be included in his version of semiotics as they also have, as a by-product, a signifying effect. In Roland Barthes’ (1968) terminology, these would be, “sign-functions”, (p. 41), which he differentiates from “pure signs” whose sole function is to signify. Semiology is limited to such “pure signs” or purposeful sign technologies: “the sign can only begin to be truly known when it is understood that it is something not only transmissible, but intrinsically destined to be transmitted” (Writings, p. 154). This characteristic of the system relates also to the nature of its signs: semiology applies only to arbitrary signs, where the relation between the signifier (an expression) and the signified (a concept) is neither natural nor purely rational (Course, pp. 68, 78; Writings, pp. 145-149, 238-239).

Indeed, the term “sign” is vague, malleable and multifaceted, and so is the scope of sign theories. At one extreme, everything – clothes, food, furniture and kinship relations – may be considered as signs: “as soon as there is a society, every usage is converted into a sign itself” (Barthes, 1968, p. 41). Saussure’s semiology is at the opposite extreme – it is restricted to signs that are social, systematic and purposeful. Financial accounting – a “purposeful process of communication” (Norreklit et al., 1994) – is situated within its narrow boundaries. Its fit to semiology is a meaningful one.

3.2 Semiology is broad enough to capture accounting

Saussure’s semiology is narrow in its scope when compared to other semiotic traditions as shown above, but nevertheless it is not too narrow to be applicable exclusively to the human language. In his manuscripts, Saussure makes clear that although his investigation has been into human language, its envisioned framework is broader: “Language is merely a specific case of the theory of Signs […] within the general theory of signs the specific case of vocal signs might not be incalculably more complex than all the specific known cases, such as writing, numerals, etc.” (Writings, p. 154). Nevertheless, in the opening words of his Elements of Semiology, Barthes (1968) accounts for the failure of Saussure’s semiology to take a more significant role in broader settings, by arguing that all meaningful social sign systems are ultimately reduced into the human language. We are, therefore, left with linguistics and no need or interest to discuss a broader semiology as a standalone discipline.
Accounting rebuts Barthes’ conclusion. It is a significant purposeful sign system, which may not be reduced to words. Although financial statements include linguistic categories of varying scope (such as “assets”, “intangible assets”, or “brands”), the accounting sign is also numerical in the fundamental sense that it is subject to aggregation. Financial accounting requires not only categorisation, but also statement totals (e.g. CFED, paras. 5.2-5.4, 7.8, 7.14-7.15). The aggregation which necessitates a reduction to a common-scale (commensurability) is unique to accounting when compared to language; measurement is unique to Accounting Semiology. As Ezzamel and Hoskin (2002) show, even in its ancient forms accounting has been based on signs that were both linguistic and numerical: “any account involves a particular kind of signs which both name and count the items and activities recorded” (p. 335; and see Llewellyn and Milne, 2007, and their characterisation of accounting as a specialised form of discourse that involves numerical representation).

Accounting Semiology is a distinct semiology: we are not able to say “the same thing” with language and with financial accounting; the two are not mutually interchangeable. By this, it stands to Benveniste’s (1981) non-redundancy criterion for semiological systems. Furthermore, the historical evidence analysed by Ezzamel and Hoskin (2002), following Schmandt-Besserat (1978, 1992), refutes the frequently assumed historical and analytical primacy of writing over accounting[3]. Accounting systems have been “neither purely linguistic (i.e. writing) nor purely numerical (i.e. abstract counting)” (Ezzamel and Hoskin, 2002, p. 341)[4]. In line with their argument (pp. 334, 346), the gap between semiology and linguistics allows the conceptual positioning of accounting not as subordinated to (or a second-order of) human language, but rather in parity with language[5].

With this disciplinary delineation of financial accounting, the paper proposes to harness semiology in the study of the statement of financial position. In previous research, semiology and other semiotic approaches have played a role mainly in analysing narrative or visual illustrations in non-accounting parts of corporate reports (e.g. Malsch and Gendron, 2009; Breton, 2009; Davison, 2011a, b, 2015), or in problematizing the terminology used in accounting standards (e.g. Walton, 1993; Parker, 1994; Evans, 2004). More generally, there is a rich literature “on written accounting communication via public written narratives outside the audited financial statements” (Merkel-Davies and Brennan, 2017, p. 437). The current paper, on the other hand, proposes to use semiology in conceptualising the operation of the core financial statements, with their distinct numerical-linguistic signs.

Furthermore, the engagement of the extant accounting literature with Saussure’s semiology has been limited in scope and depth, with references only to his posthumously edited Course in General Linguistics and mostly as a background for the frameworks of later thinkers (see e.g. Macintosh, 2002, 2003; Macintosh et al., 2000; McKernan, 2007, 2011; Graham, 2008; Hamilton and Ó hÓgartaigh, 2009). However, a more systematic assessment of semiology’s potential in accounting requires going beyond the Course and into Saussure’s manuscripts, some of which have only recently been published. As recent research in language sciences and semiotics shows[6], the Writings allow one to refute more decisively some of the most fundamental misunderstandings about Saussure’s original thought. Such misunderstandings have been an obstacle from further using his thought (and stimulated the shift of focus to his later poststructuralists critics) in accounting and elsewhere. In that regard, one of Saussure’s crucial points – and with respect of which he has been misjudged – is his distinctly non-positivist epistemological assumption[7]. In fact, with the Writings we understand that Saussure’s main objective has been to theorise the operation of language without pre-given essence: if we abandon the assumption of pre-existing semantic categories, how can language nevertheless work? The paper will present Saussure’s answer to this question, and will mobilise it in order to answer a parallel question: if we abandon the assumption of pre-existing economic categories, how can accounting nevertheless work?
4. **Semiology’s offering: a non-substantive theorisation of accounting**

Not only is the semiological delineation of financial accounting a meaningful one, but also more specifically, semiology is best positioned to shed light on one particular aspect of accounting’s distinct technology: the non-essentialist operation of the financial statement. Going back to Ezzamel and Hoskin’s (2002) guiding themes, it is not enough merely to pay attention to the signifying dimension of accounting and its quality as both linguistic and numerical. They also insist on a constructivist perspective: accounting “constructs a value not feasible before whose precision is embodied in the tokens as signs which both name and count” (p. 359). Such a non-positivist epistemological assumption is at the core of Saussure’s understanding of the operation of social sign systems, and is a crucial component in answering the question: why use semiology in the theorisation of accounting?

4.1 **The non-essence of the sign at the core of Saussure’s semiology**

Saussure’s Copernican revolution (Marin, 2001, p. 5) can be characterised as an abandonment of the substantive view of language. Signs are not pre-delimited objects, as the link between the sign’s components – expression (signifier) and content (signified) – has no natural or purely rational anchors (Course, pp. 68, 78, 122; Writings, pp. 145-149, 238-239). The expression is not merely a passive representation of pre-given semantic categories. Language is not a naming process, where we allegedly have “first the object, then the sign” (Writings, p. 162). This counterintuitive position about the non-substance of the sign (e.g. Course, pp. 113, 122; Writings, pp. 136-137) is consequential:

[…] since all our distinctions, all our terminology, all the ways we express ourselves are modelled on this involuntary supposition of a substance, it must be accepted that the most essential task of a theory of language will be to unravel the initial distinctions. (Writings, p. 136)

The sign is in fact defined by being opposed to material and conceptual substantive categories. Language and substance are mutually exclusive: “neither sounds nor ideas are linguistic objects” (Writings, p. 178). While disciplines like physics and chemistry investigate material substances, and disciplines like law or ethics contemplate on conceptual substances (like the “good” and “proper”), semiology’s focus is on the non-substance of the sign. As further explained by Saussure:

[…] linguistic facts cannot be composed only of one of these things [sounds and meanings], and at no time requires for its existence either one SUBSTANCE, OR TWO substances […] which is our unavoidable starting point, and to which we must return. (Writings, p. 168)

Instead of physical sounds or conceptual meanings, semiological systems are characterised by oppositions, differences and more generally, relations. Signs in a language system are defined by their differential relations with other signs. Semiology must be conceived in “negative” – non-substantive – terms:

*Langue* [the language system] is ever on the move, pressed forward by its imposing machinery of negative categorisation, wholly free of materiality, and thus perfectly prepared to assimilate any idea that may join those that have preceded it. (Writings, p. 51)

This Saussurean theorisation of the linguistic fact as a “plexus of eternally negative differences” has been acknowledged as transformative in language, and more broadly in Western philosophy (Agamben, 1993, p. 155). As Joubert (2006) puts it, Saussure’s project can be characterised as the “radical desubstantialising” of language (p. 58), but one that at the same time brings out the power of language as a critical force, perhaps the critical force in society.
Barthes (1968) prescribed this non-substantive characterisation to language and language alone. He explains:

The absolutely differential value of the language is therefore probable only if we mean the articulated language; in the secondary systems (which derive from non-significant usages), the language is “impure”, so to speak: it does contain a differential element (that is, pure “language”) at the level of the variants, but also something positive, at the level of the supports. (p. 73)

However, the accounting sign shares this quality: its signifying function is not a secondary by-product of a different non-signifying function. As further discussed in the following sections, the accounting sign is also purely negative differential; it is characterised by its non-substance.

4.2 The necessity of an “internal” theorisation of the sign

In order to theorise the non-substantive operation of social sign systems, Saussure offers a methodological distinction between the signifying principles of language – “internal linguistics”, and its changing social settings and impacts – “external linguistics”. While external linguistics investigates the impacts of contingent cultural and political settings on the development of a specific language in a specific geographical area and a specific time period, the internal study of linguistics – its semiological study – approaches language as a system that has its own arrangement (Course, p. 22), with a focus on its signifying power (Writings, p. 158).

This distinction applies, just as much, in the study of accounting. The social studies of accounting, as briefly discussed in Section 2, have been mainly focused on the “external” political and institutional dimensions in the operation of accounting, with the application of various social theories, and most importantly Foucault’s genealogical approach. The signifying qualities of the accounting technologies themselves, on the other hand, have been relatively neglected. However, attention to this complementary dimension is of necessity even if one is restricted to Foucault’s work. As Armstrong (2015) has recently shown, in his *Archaeology of Knowledge* Foucault (2002) “intends to concentrate exclusively on the internal dynamics of the discursive formation” (p. 32). This dimension, Armstrong emphasises, is lacking from critical accounting debates which focus on the changes in accounting systems and their use, while “Foucault’s archaeology, in contrast, is not concerned with the uses of knowledge but with its self-organising properties” (Armstrong, 2015). Put differently: Foucault’s genealogy of power is preceded – chronologically and analytically – by an archaeology of knowledge, with the operation of statement construction at its very core (Deleuze, 2006).

As Saussure emphasises, the internal-external differentiation is only a tentative-methodological distinction, because these two spheres presuppose one another and are intertwined with one another (Course, pp. 8, 18, 20-23; Writings, p. 85). He highlights the fact that the sign system operates in an environment of ever-changing circumstances, which include cultures, institutions and interests. The semiological system is so deeply historical, to the extent that “this thing cannot be suspended, even for 24 hours, and that each of its elements is re-edited thousands of times in this period” (Writings, p. 140). However, semiology must not be confused with other sciences that have a bearing on it, such as the social, psychological and logical sciences (Writings, pp. 185-186; Course, pp. 7, 22). The semiotic and the sociological are not mutually exclusive, and in fact, the semiotic dimension is deeply social, but in an order different from that explored by social theorists as applied by extant accounting literature. It is social “from within”: the “community and its laws are among their internal, rather than external elements, as far as we are concerned” (Writings, p. 203).

The approach taken in the current paper urges, therefore, to use semiology in order to advance the investigation of the “internal” dimension of accounting, complementing the
extensive debate on the “external” one. The potential usefulness of such a complementary perspective is most evident when discussing the issue of the non-essence of accounting. It will be shown below, how the lack of essence is at the core of accounting’s distinct technology: the financial statement. Furthermore, with semiology, it will become clear that such non-essence of the statement has nevertheless a homogeneous logic: a non-substantive logic.

4.3 A non-substantive logic to accounting
The possibility and usefulness of framing accounting practices through a non-substantive logic have been recently introduced by Quattrone (2015). In his earlier work, Quattrone (2009) had emphasised that a logic which “constrains, dominates, and thus forces users to do things its way” – that “drive and de-fine” finite possibilities – cannot work in the practice of accounting (p. 104). There are always gaps in pre-designed logics. In fact, such lack of substantive delimiting logics has been a pre-condition to the enduring success of accounting throughout the centuries and in diverse settings. There is a dual – “heteromogeneous” – nature (Quattrone and Hopper, 2006) to accounting as an information technology. It is heterogeneous in its substance and changing users, but homogeneous in its procedural schema.

Quattrone’s (2015) more recent notion of procedural logic enables the theorisation of the diverse practices as part of accounting’s own logic. The procedural openness to changing ideational categories (or “substances”) is an immanent feature of the accounting technology. In developing this theoretical framework, Quattrone (2015) builds on the late medieval rhetoric, and shows how spiritual and administrative accounting practices introduced by the Jesuit Order in the sixteenth and seventeenth centuries have been based on “procedural knowledge (the means, how) rather than substantial knowledge (the end, why)” (p. 13). Instead of presupposing stable external ordering principles (such as the “good” or God), the Jesuits’ accounting’s procedural logic has been stemming from rhetorical practices of classification and segmentation, recombination and ordering, and ultimately – invention of knowledge.

Quattrone’s (2015) mediaeval rhetoric and this paper’s semiology are two frameworks that are fundamentally in line with one another. As argued by Roland Barthes, an advocate of Saussure’s semiology and a scholar of the Jesuit rhetoric, rhetoric is a type of semiology (Barthes, 1968, 1994, 1997). However, there are also significant differences between Quattrone’s (2015) investigation and that of the current paper. The context of Quattrone’s (2015) research has been the individual and institutional practices of administrative ordering and governance, which in today’s terminology would be closest to the realms of management and control, or “management accounting”. With semiology, the paper offers a non-substantive logic in the context of contemporary financial accounting practices as prescribed by standard-setters. Underlying this distinction is a more fundamental difference in terms of the two papers’ objects of enquiry. Quattrone’s framework aims to address the organisational aspects of an institution (and the literature he engages with and challenges is in the organisational and institutional spheres). With rhetoric, he offers a set of general themes underlying a variety of organisational practices – from managerial to spiritual domains. The current paper, on the other hand, is focused on the epistemological dimension in the production of an account, and a specific one in that: the statement of financial position. The issue being tackled here is not the accounting practices that make an institution more or less resilient to changes, such as the benefits in the Jesuit Order’s elevation of procedural rather than substantive principles, but rather the attributes of the financial account itself and of its building blocks, namely, asset values. The current paper, therefore, embraces a procedural approach, shared by pre-modern rhetoric and modern semiology, but it does so in order to investigate the pre-suppositions for the production of an account in the first place. With such a purely “internal” focus, Saussure’s original framework is most enlightening.
5. The logic of reciprocal articulation illustrated in asset recognition

The previous sections have pointed to the general orientation of semiology as may be applicable also to accounting: the need to pay attention to the internal signifying capacity of the communicative technology under a non-positivist epistemological assumption. But how is this general theme translated to specific operative principles? How are these manifested in contemporary financial accounting practices? And in what manner do they shed a different light on accounting practices when compared to their more traditional conceptualisations? This section and the following one offer an answer to these questions through the investigation of the two main operations in the construction of the statement of financial position: asset recognition and measurement.

5.1 Beyond the insufficiency of representation: semiology’s reciprocal articulation

As discussed in the previous section, in semiological systems there are no readily defined objects, ideas or distinct phenomena, which need merely to be represented in the statement. The traditional correspondence-representation thesis is thus abandoned. Importantly, from Saussure’s teaching and writings emerges an alternative conceptual foundation for the operation of the sign system. Such an alternative to the paradigm of representation might be best captured under the term reciprocal articulation (or reciprocal delimitation). The identity of a sign is a product of its delimitation from other signs in its surroundings (Course, pp. 22, 103; Writings, pp. 72-73). Saussure illustrates this with the metaphor of a piece of paper being cut into smaller pieces: the relation between the verso and recto (expression and content) is insufficient in understanding the operation of language. Semiologically, each piece of paper is a product of its boundaries with the adjacent pieces. This is most clearly demonstrated in the way that new words are introduced into a language system, and in the way they leave it. A new word comes to life through differentiation from existing, broader, ones: no word is completely new (Writings, p. 68). On the other hand, if a certain word is lost, the remaining system will re-adjust its internal arrangement so that it would continue to account for all phenomena (Writings, p. 191).

Saussure’s distinctive argument is that expression and content are delimited together, as both sides of the piece of paper (Course, pp. 113, 139). Ideas delimit forms, and forms delimit ideas (Writings, p. 22), with no primacy of one over the other. Articulation therefore is never technical or natural. It is reciprocal, or, in contemporary terminology – it is performative:

the characteristic role of language with respect to thought is not to create a material phonic means for expressing ideas but to serve as a link between thought and sound, under conditions that of necessity bring the reciprocal delimitations of units […] the somewhat mysterious fact is that “thought-sound” implies division, and that language works out its units while taking shape between two shapeless masses. (Course, p. 112)

As Barthes (1968) explains, the semantic process is not one of conjunction, composition or correlation between expression and content, but rather one of simultaneous “carving out” of these two domains. It is as if in language “one cuts at the same time and at a single stroke into these two masses” (p. 56). Language unites these two levels “while simultaneously decomposing them” (Barthes, 1968).

 Crucially, such articulation involves discretion (Barthes, 1997, pp. 52-53), as there is more than one way to articulate these two domains. Instead of a science of representation, Saussure concludes, “language might be called the domain of articulations” (Course, p. 112) and Barthes concurs: “language is the domain of articulations, and the meaning is above all a cutting-out of shapes” (1968, p. 57). With semiology, the task “is far less to establish lexicons of objects than to rediscover the articulations which men impose on reality” (Barthes, 1968, p. 57)[9].
5.2 Reciprocal articulation underlying IASB’s asset recognition

Notwithstanding the fundamental role that the principle of representation plays in the FASB and IFRS conceptual frameworks and beyond, critical accounting studies have recognised that a representational approach is insufficient also in theorising the logic of accounting. The alleged dichotomy between accounting expression and economic reality has been undermined by many, using various intellectual traditions[10]. In Robson’s (1999) terms (p. 621): “The ‘absence’ of economic value undermines its claim to be the ‘origin’ of accounting ‘representation’. Accounting’s inter-relations with its purported economic foundations cannot be sustained in those terms”.

However, the conclusion that the logic of representation cannot capture accounting practices does not mean necessarily that there could be no other logic to capture them. With semiology, this paper goes beyond the critique of heterodox accounting, and offers an alternative: the logic of reciprocal articulation. Under such logic, as illustrated below in the context of asset recognition practices as prescribed by IASB, knowledge in the balance sheet is produced by articulating (delimiting) broader categories (ultimately the firm as a whole) into narrower ones, in a manner that involves – and constitutes – both the economic content (economic resources) and the accounting expression (asset entries in the statement).

The explanatory power of the reciprocal articulation thesis is most clearly evidenced in the recognition of intangible assets. IAS 38 (International Accounting Standards Board, 2004b) “requires an intangible asset to be identifiable to distinguish it from goodwill” (para. 11). The concept of “identifiability” or “separability” refers to the ability to delimit and separate an asset from a broader category (general goodwill) and it plays a crucial role in the recognition of intangible assets (Power, 1992; Napier and Power, 1992). According to the standard, an asset is identifiable if it is:

[...] separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so. (IAS 38.12(a))

With the concept of reciprocal articulation, it becomes clear how separability is at the core of the judgement involved in recognition, while the traditional recognition thresholds of probability of future economic benefits and reliability of cost measurement are in fact redundant. As shown in more detail elsewhere (Hayoun, 2018a), both of these threshold criteria – alleged thresholds of faithful and reliable representation – are irrelevant in practice. They are either considered always met – in the case of acquisition (IAS 38, paras. 25, 26, 33), or never met – in the case of internally generated intangible assets (paras. 63-64). With these pre-defined assumptions, the judgment in the recognition of intangible assets is focused not on representation, but rather on articulation. The role of the statement preparer is not to assess a given economic resource that is already “out there” against certain thresholds and to accurately depict it in the statement. It is rather to carve out the item from the firm as a whole. The question of whether a computer software or advertising costs, for example, would be recognised as an asset, is a question of the ability to justify their delimitation from the firm as a whole; not one of whether these may be depicted “reliably” and “faithfully”.

As in semiology, the articulation of the intangible asset from general goodwill is neither technical nor natural. There is no one clearly delimited resource that could be simply represented in the balance sheet. For example, an intangible asset may be separable “either individually or together with a related contract, identifiable asset or liability” (IAS 38.12(a)). In one case, the asset would be the computer software on its own; in others – the asset would include both the software and certain related agreements. There is more than one way to delimit an asset; more than one way to articulate a firm into distinct components. Similarly in the context of business combination under IFRS 3
(International Accounting Standards Board, 2008), where the assets of an entire new business need to be accounted for individually, the role of delimitation is at the core of the recognition process (paras. 1, 5, Appendix A). The allocation of the firm’s cash flow to distinct “identifiable” accounting entries – assets and liabilities – is judgment-based (paras. B32-34) and performative. It constitutes economic resources by delimiting their boundaries. This is indeed the sense in which the articulation is reciprocal: as the accountant is not bound (at least not fully bound) by given economic resources, its construction of the statement involves the articulation of both the accounting item (the signifier) and the economic resource (the signified).

Furthermore, the reciprocal articulation takes place on two different though interrelated levels – the system (langue) and the statement (parole), and, in accounting, it involves both linguistic and numerical dimensions. On the one hand, the accounting community as a whole – through its standard-setters – articulates the conceptual system to distinct general categories. The realm of intangible assets, for example, has been re-articulated in the 2004 amendment to IAS 38, when IASB decided, following the growing dominance of IT industries, to recognise distinct intangible assets that have previously been part of the unrecognised general goodwill. The standard-setter has, therefore, constituted new accounting categories. Indeed, categorisation in accounting is never neutral, and it is always embedded in particular perspectives, values and interests (Young and Williams, 2010; Rowbottom et al., 2016).

However, on a different level, the individual preparer articulates the specific statement – the firm’s cash flow – into distinct numerically measurable resources/assets. The process of producing a financial statement is not merely one of classifying phenomena into community-determined categories, but it also involves case-specific delimitation of the individual corporate entity. According to Saussure, development in language comes first from the use – from parole: “All innovation comes about through improvisation, when someone speaks” (Writings, pp. 64-65). This is one of the delicate points emphasised in Saussure’s manuscripts: “the speaker is not just the performer of some pre-arranged programme [...] but the organizer of the activity that brings the sign into being as a sign” (Harris, 2003, p. 245; see Benveniste, 1971, chapter 10; Bouquet, 2004, p. 212). The statements are de-composed (articulated) to elements by individual speakers, which are then grouped into general categories (Writings, p. 11; Barthes, 1968, p. 48). There are no systematic forms without individual use (Writings, p. 15). In that sense, each speaker is both a user and a creator of the language system. The performative articulation is, therefore, a product of both the community policy makers (IASB) and individual practitioners, acting in an iterative socio-individual linguistic-numerical process that brings accounting assets into existence.

Crucially, this characterisation of accounting recognition as a judgment-based act of constituting separability (articulation) is not restricted to intangible assets. Underlying the focus of extant literature on such assets is the explicit or implicit assumption (e.g. Power, 1992; Napier and Power, 1992; Sherman and Power, 1994; Barker, 2015) that separability raises no issues with respect to physical assets. However, as analysed more systematically elsewhere (Hayoun, 2018a), the recognition of all main asset types shares this fundamental feature: the boundaries of all assets are plastic. Such plasticity is understandable in light of the semiological distinction between the “signified” and the “referent”. The object expressed in a financial statement is not the material referent but rather the conceptual signified; not the physical resource, but rather the economic phenomenon; not a building, for example, but rather the rights to its potential economic benefits. This distinction becomes more explicit in the recent CFED: “Conceptually, the economic resource is the set of rights [arising from legal ownership] not the physical object” (para. 4.12; and see para. BC4.30). When these are the objects to be signified in financial statements – conceptual and not physical – one need not be a hyperrealist (Macintosh et al., 2000) in order to acknowledge the constitutive power of accounting articulation with respect to all types of assets, tangible as well as intangible.
IAS 16 (International Accounting Standards Board, 2003a), for example, reflects the malleable separability of tangible assets, and specifically of their “unit of measure”:

This Standard does not prescribe the unit of measure for recognition, i.e. what constitutes an item of property, plant and equipment. Thus, judgment is required in applying the recognition criteria to an entity’s specific circumstances. It may be appropriate to aggregate individually insignificant items, such as moulds, tools and dies, and to apply the criteria to the aggregate value. (para. 9)

Physical or legal criteria cannot provide an external anchor according to which the firm’s tangible assets are to be articulated. For example, land and buildings would frequently be considered inseparable for legal (ownership) purposes, but for recognition purposes, they are “accounted for separately, even when they are acquired together” (IAS 16.58). This is also the case of investment property under IAS 40 (International Accounting Standards Board, 2003b), as sometimes “it is difficult to determine whether ancillary services are so significant that a property does not qualify as investment property” (para 13). A similar plasticity is found in IAS 41 (International Accounting Standards Board, 2003c): even trees and biological assets are not naturally delimited. In their accounting manifestation these are also constructed and their articulation is flexible, as the grouping of such assets may be done based on different attributes (para. 15). The accountant, again, is setting the boundaries of the assets – even physical assets – with discretion: the same physical reality would be allocated differently to different assets by different statement preparers in different circumstances.

The recognition rules proposed for minerals and oil and gas properties under International Accounting Standards Board’s (2010) discussion paper exhibit even more explicitly the principle of anchorless and plastic delimitation. The boundaries of the geological resources are determined and re-determined throughout the life cycle of the exploration and production activities, based on various changing factors, such as geographical, geological, political, legal, economic and accounting factors. The dynamic reciprocal articulation is manifested here through the aggregation and disaggregation of resources that constitute the mineral/oil asset or unit of account. Again, the representational thresholds of probability and reliability are assumed to be met (para. 3.33), and the focus of discretion is instead on the “range of possible geographical boundaries that could be applied to define the unit of account for mineral or oil and gas properties” (para. 3.44).

Reformulating the conceptual procedure of asset recognition through the principle of reciprocal articulation challenges fundamental assumptions of contemporary policy making. The CFED, presenting the most current conceptualisation of asset recognition by IASB, provides only a marginal role to separability. An asset would not be recognised, “if it is uncertain whether an asset exists, or is separable from goodwill” (para. 5.13(a)), but this exception is deemed to be applicable only in restricted cases within the realm of intangible assets “such as know-how and customer or supplier relationships” (para. 5.15). According to the CFED, “the vast majority of assets and liabilities are not typically subject to existence uncertainty” as derived from separability (CFED, para. BC5.31). However, contrary to this narrative, and as illustrated above, separability is the core of recognition for all assets – tangible and intangible – and a pivotal site for accounting judgment. With reciprocal articulation as a conceptual tool, it becomes clear that the judgment in the construction of the balance sheet starts with the never-neutral decision as to the boundaries of the items to be accounted for; not with the measurement of pre-delimited items. Just as in semiology, accounting articulation is anchorless, in the sense that the accountant is not restrained (at least not fully restrained) by extra-accounting parameters, such as physical properties or legal qualities, in making the decision of how to articulate the firm. When it comes to financial statements, and contrary to IASB’s proclaimed thesis, the “existence” of items has more to do with active reciprocal delimitation than with passive representation of allegedly pre-existing economic resources.
6. The logic of value constellation illustrated in asset measurement

Saussure and Barthes’ theorisation of knowledge construction – through reciprocal articulation rather than passive representation – has been illustrated above in the context of IASB’s asset recognition prescriptions. The product of such a knowledge construction process is what Saussure calls value. Similarly, in the case of accounting, the product of recognition is an asset with a value measurement. Indeed, recognition and measurement are deeply interrelated in financial accounting (e.g. Napier and Power, 1992), and so are Saussure’s articulation and value – they are two sides of the same coin[11]. In the current section, the principles underlying Saussure’s valeur will be shown to be underlying IASB’s prescriptions for asset measurement.

6.1 Beyond the insufficiency of meaning: semiology’s value constellation

The non-substantive character of semiological elements, such as words in sentences or assets in financial statements, is a source of complexity in sign systems (Course, p. 122; Writings, p. 163). Language is unique “for two reasons: (I) the internal void of signs; (II) our mental ability to grasp a term that is in itself nothing” (Writings, p. 74). Saussure’s notion of value is a response to such “void”, or lack of pre-given signified content: “a [semiological] form does not have meaning but has value: that is the crucial point. It has value, hence it implies the existence of other values” (Writings, p. 12). And elsewhere:

Whichever viewpoint is adopted, langue is never made up of a collection of positive and absolute values, but of a collection of negative values or relative values whose existence depends wholly on the fact of their being opposed. (Writings, p. 51)

As Barthes (1994) summarises the point, Saussure realises that the connection of the signifier to the signified “is mobile, precarious; nothing certifies it” (p. 154). But he also takes a step forward in offering an alternative to the failing correspondence paradigm: Saussure “discovers value: now we can escape the impasse of signification: the relation to the signified (to gold) being uncertain, fragile, the whole system (of language, of currency) is stabilized by the behaviour of the signifiers among themselves” (Barthes, 1994). Semiology is thus reframed as a phenomenon dealing with “above all a system of values” (Writings, p. 203).

In more specific terms, the semiological value, for example of a word, is operationalised through two pragmatic relations: the associative and syntagmatic relations. The associative relation is the one according to which elements in the sign system are grouped into categories. The value of a word is based on its similarity with, and difference from, other words in the system. For example, the value of the word “chair” is a product of its differentiation from adjacent words such as “couch”, “sofa”, “table”, etc. The second relation is the syntagmatic relation: the value of a word is also derived from its interrelations with other words in the specific utterance, the “syntagm” (Course, p. 123; Writings, p. 39). In the above example, the value of the word “chair” would be impacted by the syntagm which it is part of: the “chairs” in “arm-chair”, “chair-person” or “electric chair” are very different. Put differently, a material figure assumes the capacity of a signifying form from the moment that it is situated within these two axes (Writings, p. 21): the associative differentiation from the other members of the general group which is a part of, and the syntagmatic interrelation with the other members of the specific utterance.

Value is, therefore, not a product of the characteristics of the semiological element per se, but rather of relations with other values. It is defined by its interrelations with other values in praesentia – in the particular statement, and of differentiation from other values in absentia – in the general system (Writings, p. 60; Barthes, 1968, pp. 58-9; Joseph, 2012, p. 597). It is merely “the centre of constellation; it is the point of convergence of an indefinite number of co-ordinated terms” (CLG, p. 126). This principle may be best captured in the term value constellation.
However, the “meaning” as a relation between signifier and signified is not completely abandoned. According to Saussure, we have both the “in-exchange” relation (the signifier-signified relation) and “co-systemic” relations (CLG, pp. 115-116) under the associative and syntagmatic matrix. These two dimensions are “related in a way which defeats the mind” (Writings, p. 239)[12]. The crucial point for Saussure though, is that “meaning” (or the “in-exchange” relation) is untenable and insufficient in theorising the operation of social sign systems, in light of the lack of natural or rational anchors for such a relation, as discussed in Section 5. From such insufficient substantive logic of “meaning”, Saussure shifts towards a pragmatic logic of a relational value constellation.

6.2 Value constellation underlying IASB’s current value measurement

As elaborated in more detail elsewhere (Hayoun, 2018b), the manifestation of semiology’s logic of value constellation in accounting is illustrated first in the fundamental characterisation of fair value (FV) as a difference-based measurement. FV is defined by reference to prices of comparable assets in relevant markets, adjusted to reflect relevant differences. This is shown in the input hierarchy of IFRS 13 (International Accounting Standards Board, 2011; paras. 72-90, B35-6). Level 1 inputs – prices of similar assets traded in active markets – are “unadjusted” evidence (paras. 76-77). In level 2 inputs, the measurement process starts with a market benchmark of similar assets (para. 82(a)), which is adjusted to account for factors specific to the measured asset, such as its location or physical condition (para. 83). A similar rationale of comparison and adjustment to both cash flows and discount rates applies where unobservable inputs must be used in level 3 (see paras. 88, B18-19). The overarching principle of FV under the three input levels is, therefore, the differentiation principle of semiology’s associative axis.

This analysis highlights the fact that in accounting, the constellation that produces the term’s value is not only linguistic but also numerical. Indeed, as discussed in the previous section, specific accounting categories are defined – are named – by their differentiation from other accounting categories. Intangible assets, for example, are defined by their contrast with tangible ones. However, on a different level, the monetarily quantified value of a specific asset is a product of quantified value of other relevant assets.

Second, the other axis of semiology’s value constellation – the syntagmatic axis – is most clearly demonstrated in another branch of IASB’s current value measurement regime: the entity-specific value-in-use. The distinctive quality of value-in-use measurement is its sensitivity to the interrelations between the measured asset and other items (assets and liabilities) in the particular firm. This is shown in the 2011 amendment to IAS 36 (International Accounting Standards Board, 2004a), which added a new paragraph (53A) that provided four factors to distinguish between a market assumption and an entity-specific assumption. In all such factors, the quality of the entity-specific measurement that distinguishes it from FV relates ultimately to the sensitivity of the item’s value to its interrelations with other assets of the firm (as through synergies).

Third, as in semiology, the “in-exchange” relation is not completely abandoned in the shift to the “co-systemic” value constellation. In addition to the FV and value-in-use bases, the CFED defines “cash-flow-based measurement techniques” (para. 6.5). More generally, the estimation of the future cash flow is the overarching theme of all current value measurements. However, the net present value remains an unreachable ideal, in light of risk and uncertainty embedded in any estimation of the amount and timing of future cash flows (IFRS 13.B15; see: Barker and Schulte, 2017; Richard, 2015; Bougen and Young, 2012). The “in-exchange” value – the unknowable future cash flow to be derived from the item – cannot ultimately serve as a basis for measurement.

Furthermore, and most surprisingly given contemporary accounting conceptualisations of value measurement, the manifestation of semiology’s framework is also reflected in the
The relation between the (associative) market-based measurement and the (syntagmatic) entity-specific measurement. In semiology, value is comprised of complementary inputs: it is simultaneously a constellation of other values in the general system and in the specific statement. The CFED stands in contradiction to the above principle, as it envisions dichotomous outputs: purely market-based FV is contrasted with purely entity-specific value-in-use. However, a systematic analysis of IASB’s publications shows (Hayoun, 2018b) that its nuanced measurement prescriptions – with respect to both financial and non-financial assets – manifest semiology’s model of complementary inputs rather than the CFED’s narrative of contradictory outputs. As briefly explained below, FV is a product of both differentiation from market prices and of interrelation with other assets (and liabilities) of the specific firm. FV is, counterintuitively, both market-based and entity-specific: it is two-dimensional.

With respect to non-financial assets, the market-based considerations and the entity-specific aspects frequently co-exist in the valuation techniques and assumptions. For example, under the application guidance of IFRS 13, exclusive market valuation is not appropriate “to measure the fair value of tangible assets that are used in combination with other assets” (IFRS 13.B9). In the case of a “specialised non-financial assets that have a significant value when used together with other non-financial assets” (IFRS 13.BC78; IFRS 13.31(a)), IASB implicitly acknowledges that market price cannot fully capture the asset value, as there is also a need to take into account the interrelation between the measured asset and the other items in the firm. In such cases, IASB prescribes valuation techniques other than the market-based technique, i.e. the cost approach or the income approach. It demands a FV measurement that is two-dimensional, combining both market and the entity-specific inputs.

Similarly, in the context of financial assets, entity-specific considerations are included in the FV measurement notwithstanding IASB’s contrary narrative. This is demonstrated most clearly in the case of financial assets and liabilities with offsetting positions in counterparty credit risks (IFRS 13, paras. 48-51, 56). Here, the “portfolio exception” allows the measuring of a group of assets and liabilities on a net exposure basis under certain conditions (paras. 48, BC118-9). The specific positioning of the financial asset within the particular entity with its other financial assets and liabilities (its entire securities portfolio) has measurement consequences. In contrast with the IASB’s standalone FV argumentation (Barth, 2006), the same financial asset would have different values when positioned in different entities. Though IASB does not “come clean” with this explicitly (Bougen and Young, 2012), its measurement prescriptions implicitly reflect a relation of complementarity rather than contradiction between the market perspective and the entity-specific perspective, just as in the case of the semiological value.

This also brings back the dyad of recognition and measurement. As illustrated in Section 5, an asset comes to life through reciprocal articulation that takes place both on the system level and on the statement level: the general community, through standard-setters, articulates the accounting realm to distinct asset categories (tangible assets, intangible assets, biological assets, etc.), and the individual statement preparer articulates the specific firm’s cash flow to distinctly delimited assets. This is reflected also in value constellation, which is the product of such two-level articulation: the asset value is characterised by its relation both with other items in the general market and with other items in the specific firm.

7. Discussion and conclusions: the plasticity of value constellation – the power of reciprocal articulation

Building on the intellectual heritage of Saussure and Barthes, this paper has argued that the study of the socio-historical settings of the accounting sign system must be complemented with a theorisation of its signifying procedures. The study of the sociological must be
complemented with the study of the epistemological; the genealogical with the archaeological; the “external” with the “internal”. The study of substance must be accompanied with the study of non-substance. As Barthes (1993) argues, “it is not enough to seek to change contents, we must above all aim at fissuring the meaning-system itself” (Barthes, 1994, p. 8). These are not mutually exclusive agendas: “Semiology, once its limits are settled, is not a metaphysical trap: it is a science among others, necessary but not sufficient” (Barthes, 1993, p. 112[13]. The benefits of such an additional perspective of accounting are further discussed below with respect to our understanding of the two aspects of the “accounting – society interpenetration” (Burchell et al., 1985, p. 385): the malleability of accounting to society, and the power that accounting enables its stakeholders to exert over society.

First, with semiology’s value constellation, a new aspect of accounting’s malleability – its lack of essence – is surfaced. The accounting constellation of Burchell et al. (1985), as Miller and Napier’s (1993) accounting ensemble, Miller and Power’s (2013) accounting complex and Mennicken and Power’s (2015) accounting assemblage, encompass various types of elements and themes from different arenas, which include institutions and practices, discourses and norms. These have been shown to be drawn not only from the economic sphere, but also from the social and political realms. They include varying logics, for example, that of the market efficiency (Miller and Power, 2013, p. 589), economic growth and the efficient functioning of the individual (Miller and Napier, 1993, pp. 641, 643), and the industrial democracy (Burchell et al., 1985). However, these are all substantive logics about the ideological objectives of accounting (the why question), whether economic, social or political.

Semiology’s value constellation, on the other hand, draws attention to the conceptual process of producing a (financial) statement as such (the “how” question). The focus in the previous debates has been on the changing substantive themes inhabiting the context in which accounting operates, while this paper’s focus is on procedural pre-suppositions of its distinctive technology. With the focus of social studies of accounting, it has been shown how accounting in general, similar in that regard to other social phenomena, is sociologically malleable. With a semiological perspective, as proposed here, it becomes clear that the unique building blocks of accounting’s paradigmatic technology – asset values in financial statements – are epistemologically malleable. Put differently: while previous studies have focused on challenging the stability of “accounting” as a category, this paper challenges the stability of the accounting “asset” as a category[14].

Complementing the broad literature that has explored the “ensemble of meanings and significances” in accounting (Miller and Napier, 1993, p. 642), this paper has shown how the “significance” of each asset entry in a financial statement is – in itself – an ensemble. Complementing the interest in studying the network of “beliefs about value” (Miller and Power, 2013, p. 591), this paper has shown how the asset value – in itself – is a network. To the historical singularity of an event such as the value-added accounting (Miller and Napier, 1993, p. 642), this paper proposed to relate the semiological singularity of values within statements. To the rich sociological debate on the use of accounting numbers (e.g. Vollmer, 2007; Lorino et al., 2017), it adds a focus on the epistemologically prior stage of the semiotic production of accounting numbers. In summary, the perspective offered in this paper highlights the procedural-semiotic component (Quattrone, 2015) in the plasticity of accounting, rather than its substantive, sociological and ideological component (Mennicken and Power, 2015).

Second, with semiology’s reciprocal articulation, a new aspect of accounting’s power over its social surroundings is surfaced. Viewed through its consequences, accounting territorialises spaces, mediates interests, adjudicates performance and subjects individuals to unnoticeable control (Miller and Power, 2013). However, the understanding of these (and other) consequences cannot be complete without paying attention to the power embedded in accounting’s most primordial operation – its signifying operation.
Understood through such operation, the accounting technology allows its dominant stakeholders – standard-setters and statement preparers – to employ judgment to articulate the accounting system and specific accounting statements in one way rather than the other. It allows the choice of one version of articulation among many, thus bringing into existence certain assets (with certain boundaries), and not others.

These two aspects – the malleability of the sign system and the fact that it can be mobilised in order to exert power over society – are closely interrelated. The lack of extrinsic anchors for value constellations – the inability of extra-accounting criteria (e.g. physical or legal) to determine the accounting treatment – is a pre-condition that enables the discretion of those articulating the accounting system and accounting statements. In Saussure’s terms: language does not present substance; it presents actions of forces (Writings, p. 136). Words are not signs that apply naturally to objects or ideas, but are rather “motors of ideas” (Saussure, unpublished notes, quoted in and translated by Joseph, 2012, p. 289). The signified concept and the signifier expression are mutually constitutive as “each recalls the other” (Course, p. 66). There are no predetermined economic resources to be included in the statement before the articulatory intervention by the accounting practices of both the standard-setters and the statement preparers. The relational value constellations are the outcome of such intervention.

Finally, when investigating the “internal”–epistemological–semiotic dimension of the malleability and power of the accounting statement, another distinction is surfaced: that between substance – which accounting lacks, and logic – which it maintains. The individual accounting sign lacks substance – it is arbitrary (e.g. Tinker, 1991). However, such arbitrariness is restricted by the solidarity of the system as a whole. This is a crucial and often neglected aspect in Saussure’s theory: “Reduction in any system of langue of absolute arbitrariness to relative arbitrariness; this is what makes up the “system”” (Writings, p. 233).

Hence, to the principle of “opposition” in value, Saussure adds the “systematic solidarity” (Course, pp. 132-133). Barthes (1994) has also stressed this necessity: “does not the sign’s arbitrary nature constantly risk introducing Time, Death, Anarchy into language?” (p. 155) and he answers: “In the Saussurian enterprise, value is the redeeming concept which permits saving language’s permanence and surmounting what we call fiduciary anxiety” (Barthes (1994)). While lacking substantive anchors, the accounting system is nevertheless not in a state of chaos (Ezzamel, 2012, p. 419). It has its procedural scheme of two-dimensional value constellation – a product of reciprocal articulation – to maintain its operational solidarity.

Viewed from its objectives and consequences, as a “legal-economic hybrid”, the balance sheet lacks a unifying logic (Miller and Power, 2013, p. 573). It involves changing and sometimes contradicting themes, such as stewardship and decision-usefulness, control and calculation, managerial logics and market logics. However, when viewed as a signifying technology, the balance sheet manifests the logic of reciprocal articulation and value constellation. These interrelated principles do not require, and in fact refrain from, substantive themes such as of market or management, stewardship or decision-usefulness. The assumptions underlying these principles are minimal: the statement is a numerical-linguistic social technology that is designed to signify multiple values that are related to one another as well as to other values in the relevant system. With these minimal but consequential assumptions, reciprocal articulation and value constellation comprise the non-substantive logic of the balance sheet: its semio-logic.

Drawing attention to this logic is not merely an intellectual exercise. The paper has pointed to some of the concrete consequences of explicating such signifying logic with respect to specific accounting issues, namely, asset recognition and measurement. It is not only that semiology’s principles are applicable in financial accounting; more importantly, such applicability problematizes the assumptions commonly shared by research communities and policy makers (i.e. IASB). With semiology, the widely shared dichotomy
of market measurement vs entity-specific measurement is fractured and FV is shown to be, counterintuitively, both market based and entity specific. With semiology, the core of accounting recognition shifts from questions of recognition thresholds to the issue of asset separability, contrary to its marginal portrayal in IASB’s conceptual framework. Further semio-logic oriented accounting research – unbounded by traditional intra-accounting and economics-based assumptions – may explore these, as well as other issues, in more depth and with an objective to draw more practical and policy oriented implications (Hayoun, 2018a, b).

More generally, bringing to light the semiotic logic of accounting is important because, as Saussure emphasised, we cannot fully understand the contingency of language (the parole) without also understanding its distinctive characteristics as a sign system (the langue), as the two are supporting and presupposing one another. Similarly, we cannot fully account for accounting as social and political without also unpacking the characteristics of its distinctive semiotic operation. Such semiological characteristics take part in facilitating the accounting–society reciprocity. The distinct problem of the sign – which the “ideological commitment of semiology” is to expose (Barthes, 1994, p. 8) – is a pre-condition to the problems of status and politics, interests and power, classes and social relations. The unpacking of the archaeology of knowledge is a pre-condition to the exploration of the genealogy of power.

With semiology, in summary, the paper has proposed to both expand and refine the argument that accounting has no essence or logic (Miller and Power, 2013, p. 592). There is no accounting essence, and that is precisely the distinct and consequential logic of accounting – at least of its most dominant technology: the balance sheet. This is neither an economic logic, nor an institutional or ideological one, but rather a semiotic logic of knowledge-production through statements as such. Minimal as it may seem to be, such semio-logic is consequential for our understanding of the principles underlying the production of financial statements. Importantly, it opens an avenue to significantly challenge – from outside the conventional disciplinary boundaries of contemporary debates – commonly shared assumptions regarding such principles.

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Notes
1. The terms “essence” and “substance” are used interchangeably in this paper.
2. Similarly, Sebeok’s vast semiotic project includes the investigation of nonverbal interactions between animals as well as chemical and biological interaction between body cells and organs (e.g. Sebeok, 2001).
3. There are now more and more studies challenging the previously taken-for-granted primacy of linguistic communication (writing) over numerical communication (ancient forms of accounting), as well as their alleged separation in the first place (e.g. Damerow, 1999; Hyman, 2006).
4. The term “language” itself has various meanings (which, as emphasised by Saussure, would be different in different languages), and this paper uses it in its narrow version to include human language as vocally spoken or textually written. One may take a different – broader – terminological approach to include the act of counting as part of “languaging” or “verbalizing” (Hyman, 2006). This paper chooses the former in order to advance clarity and avoid confusion. Put differently and schematically: semiology is conceived here as the parent discipline of two sub-disciplines – linguistics and accounting.

5. Accounting is not necessarily the only possible sign system involving numerical quantification that would be amenable to a semiological analysis. However, it must be emphasised that Saussure’s semiology is applicable only to communication through statements, namely: when the utterance being communicated contains more than one item and the interrelation between such items is somehow meaningful (see Sections 5 and 6 below). The case of financial statements is therefore its paradigmatic manifestation. This is different, for example, from a debt rating issued by a rating agency: the rating sign (e.g. AA+) may be conceived as a numerical-linguistic sign but it is given to a specific contractual obligation (or a specific entity or country) on a stand-alone basis and is not part of a broader utterance.


8. The use of capital letters is in Saussure’s original manuscript.

9. The notion of articulation will take a central role in other intellectual frameworks, including in Deleuze and Guattari (2013[1980]), Barad (2003) and Latour (2013). However, in all of these theoretical frameworks the notion of articulation is extended beyond the scope of sign systems. Each of these is in fact a proposal for a metaphysics. These extensions do not require analysis here, as financial accounting falls within the narrower scope of semiology as discussed above, and, as Saussure insists “we are very far here from wanting to engage in metaphysics” (Writings, p. 56).


11. One might argue that recognition and measurement are two conceptual operations that mutually articulate one another. Indeed, the explanatory power of reciprocal articulation (or delimitation) may be applicable on many different levels, including the delimitation of assets vs liabilities (and see footnote 9 above and the references there to articulation on a metaphysical level). The current paper, however, is specifically focused on the reciprocal articulation among named assets in the balance sheet.

12. See a similar approach, dually characterising signs intrinsically and extrinsically, in Ezzamel and Hoskin (2002) and Ezzamel (2012).

13. Levine (2015) makes a similar argument with respect to the discipline of literature, which in this regard manifests a remarkable similarity to accounting studies, with a focus on sociological and ideological contexts, and relative neglect of semiotic and formal dimensions. She argues that the formal and the social are interrelated and inseparable: “there is no politics without form” (p. 3). Rethinking the relation between forms and politics of literature – or accounting – is consequential: “I want to persuade those who are interested in politics to become formalists, so that we can begin to intervene” (p. 23).

14. The sociological malleability is also explored by Saussure through his dual notions of mutability and immutability, which simultaneously (and counterintuitively) characterise language systems.
On the one hand, as language originates in the use of the collective, the social sphere is never static and its force is reflected in change through time. In such a collective phenomenon which is positioned in time, evolution is inevitable (Course, pp. 228-230). On the other hand, language involves numerous elements, constantly employed and shaped by numerous and changing users, and this complexity is an obstacle for inciting voluntary change. Being positioned in time also means that the solidarity of the past is always present and with significant consequences of stability (Course, pp. 73-74). Though this is beyond the scope of this paper, it should be noted that in accounting, as in language, we acknowledge the important notions of both consistency and development. As in the case of language, so is in accounting, continuity and mutability are in a close-knit relationship with one another (Writings, pp. 104, 235, 239).

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The unspeakable truth of accounting

On the genesis and consequences of the first “non-glottographic” statement form

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Abstract

Purpose – The purpose of this paper is to investigate accounting as first visible-sign statement form, and also as the first writing, and analyse its systematic differences, syntactic and semantic, from subsequent speech-following (glottographic) writing forms. The authors consider how accounting as non-glottographic (and so “unspeakable”) writing form renders “glottography” a “subsystem of writing” (Hyman, 2006), while initiating a mode of veridiction which always and only names and counts, silently and synoptically. The authors also consider the translation of this statement form into the graphs, charts, equations, etc., which are central to the making of modern scientific truth claims, and to remaking the boundaries of “languaging” and translatability.

Design/methodology/approach – As a historical–theoretical study, this draws on work reconceptualising writing vs speech (e.g. Harris, 1986: 2000), the statement vs the word (e.g. Foucault, 1972/2002) and the parameters of translation (e.g. Littau, 2016) to re-think the conceptual significance of accounting as constitutive of our “literate modes” of thinking, acting and “languaging in general”.

Findings – Specific reflections are offered on how the accounting statement, as mathematically regularised naming of what “ought” to be counted, is then evaluated against what is counted, thus generating a first discourse of the norm and a first accounting-based apparatus for governing the state. The authors analyse how the non-glottographic statement is constructed and read not as linear flow of signs but as simulacrum; and on how the accounting statement poses both the practical issue of how to translate non-linear flow statements, and the conceptual problem of how to think this statement form’s general translatability, given its irreducibility to the linear narrative statement form.

Originality/value – The paper pioneers in approaching accounting as statement form in a way that analyses the differences that flow from its non-glottographic status.

Keywords Foucault, Clay-tablet accounting, Languaging-in-general, Non-glottographic writing, Translatability

Paper type Conceptual paper

1. Introduction: before writing? The accounting statement as first visible-sign statement

Writing in the strict sense of the word, the technology which has shaped and powered the intellectual activity of modern man, was a very late development in human history. […] The first script, or true writing that we know was developed among the Sumerians in Mesopotamia only around the year 3500 BCE. Human beings had been drawing pictures for countless millennia […] and various recording devices or aides-mémoire had been used by various societies: a notched stick, rows of pebbles, other tallying devices such as the quipu of the Incas […] and so on. […] However […] the critical and unique breakthrough […] was achieved within human consciousness not when simple semiotic marking was devised but when a coded system of visible marks was invented where a writer could determine the exact words that the reader would generate from the text. With writing or script in this full sense, encoded visible markings engage words fully so that exquisitely intricate structures and references evolved in sound can be visibly recorded exactly […] and can implement production of still more exquisite structures and references, far surpassing the potentials of oral utterance (Ong, 1982, pp. 83-85).
Thus, does Walter Ong in his still germane *Orality and Literacy* summarise the significance of “the critical and unique breakthrough” which is “writing”: a writing that is unlike older supplements to orality, such as pictures and tally-sticks; a writing which engineers an internal transformation in how we think, which for him is at the level of “human consciousness”, such that we must posit a fundamental “contrast between orality and literacy” whose study is “largely unfinished business” (Ong, 1982, p. 156).

In this paper we take up one aspect of this unfinished business by engaging with the question of when and how writing was invented, and treating it as a fundamental transition point in the history of human thought, language and action, but we do so from the slightly unfamiliar and oblique perspectives of critical accounting and translation studies. Our reason is that the invention of what Ong calls the “first script, or true writing” is an issue in which each of these fields has a central conceptual as well as historical interest in differing yet reciprocal ways. The nature of these interests and the reciprocal insights that they may yield is what we seek to explore, in an initial way, here.

This has become feasible because in more recent decades a number of revisions which are as much conceptual as historical have begun to clarify both the nature and significance of accounting as the possible answer to what Roy Harris (1986), in *The Origin of Writing*, describes as “the issue of what basic conceptual advance underlay the first attempts to produce written records” (p. 74, emphasis added; see also Harris, 2000). Harris himself proposes that the first accounting statements which go beyond the basic “1 + 1 + 1” counting of the earliest token accounting, namely those made in clay-tablet format, achieve this conceptual breakthrough, constituting both the first “scriptorial” rather than “pictorial” form of “graphic expression” and so launching “graphic communication (as) a mode of communication *sui generis*, through differing systematically from oral communication.

More detailed work undertaken largely by a cross-disciplinary network of scholars, centred around the Max Planck Institute for the History of Science in Berlin, has been responsible for cracking the code of the statements made in the earliest clay tablets so far discovered, excavated for the most part in and around the ancient Mesopotamian city of Uruk (southwest of modern Baghdad and growing over the period in question from an estimated population of c 20,000–c 50,000 inhabitants)\[1\].

The work of this network has established the case for these tablets meeting Ong’s (1982) criterion as the first “coded systems of visible marks” (p. 84), working on a series of finds dated to the era from around 3300 to near 3000 BCE, along with a second series of finds from the period known as Ur III, about a millennium later (c. 2100–2000 BCE). Their major findings are the result of working as an interdisciplinary group, which has included Assyriologists, archaeologists and historians and theorists of writing, mathematics and language, and who have published a range of path breaking works from the 1970s to 1990s and beyond (e.g. Friberg, 1978/1979, 1994, 1999; Damerow and Englund, 1987; Nissen *et al.*, 1993; Damerow, 1999, 2011; Englund, 2006, 2011; Hyman, 2006).

This work has also established more securely two major insights. First it has clarified the connections to, and also differences from, the earlier form of clay-token accounting whose earliest finds date to before 8000 BCE, and which spread over the following millennia as far east as India and as far west as the Mediterranean and Egypt. The most widely read (and also much challenged) interpretation of the development of the clay-token system is the work of Schmandt-Besserat (e.g. 1978, 1992), which we do not go into in detail here\[2\]. At the same time, there has been general acceptance that the clay-tokens form the basis on which the clay-tablet accounting is built. Thus, even critics such as Michalowski (1993) acknowledge, in part because of the intersection of her analyses with those of the Max Planck Institute network, that “there can be no doubt that both the known envelopes and the impressed tablets for the most part precede the first evidence of [cuneiform] writing” (p. 997).
Here one particular achievement has been to specify the extent of the links between the later and more complex token systems (dating to c. 3500 BCE) and the clay-tablet system, not least through the work on the clay envelopes and the complex tokens they enclosed by one of the pioneers in deciphering the number or “metrological” systems used in the clay-tablet texts, Joran Friberg. Friberg (1994) established plausible links between the signs used in these later metrological systems and some of the tokens used for counting in the late token system, both at the level of appearance and the calculations made (pp. 485-487); on that basis Friberg concludes that it is highly probable that first versions of what would become the clay-tablet metrological systems had already been developed in the late forms of clay-token accounting developed by around 3500 BCE. So Friberg (1994) concludes: “There can no longer be any doubt that the tokens found all over the Middle East mark the beginning of civilization, and that they gradually evolved over several millennia and led to the invention of both counting, accounting and ultimately writing” (p. 498).

The second great insight arising from the Max Planck group’s work in our view is that the kind of progression implicit in both Michalowski’s and Friberg’s turn of phrase here – that there is a progression through counting and accounting to what is only then what Jack Goody (1987) also at one point calls “fully-fledged” writing (p. 66) – is thrown in radical question. Through their close study of these clay tablets, the question implicitly raised by Harris receives the possible answer that this accounting already constitutes writing as such, rather than a preliminary stage of “proto-writing” where it is only a precursor to writing, so to speak.

There is a historical dimension to this, in that the first known clay-tablet texts date from around 3300 to near 3000 BCE, and precede by almost half a millennium the first known cuneiform texts (from c. 2600 BCE) that contain the kind of linear narrative writing that follows whether to a lesser or greater extent the necessarily temporally linear flow of speech. They are made up of two kinds of text: texts made up overwhelmingly (c. 85 per cent) of sets of accounts or accounting statements, plus a secondary set of so-called lexical lists (c. 15 per cent), pedagogic texts which enabled a selected few from successive generations to become the readers and writers of the accounting texts, through transmitting the key terms and conventions required for learning to produce such texts and statements, and also perhaps for thinking beyond what had already been written through making new forms of writerly statement.

Considering the format of these tablet texts more closely, first we note that the tablets are small, and, in the case of the 85 per cent that are accounting texts, the entries impressed or incised in the clay before it hardens are typically made in separate boxes or “cases”, each separated from all other sets of entries by lines scored in the clay. Some of the tablets contain more complex statements, and these may have whole series of entries separated by lines into “cases” impressed on the one side of the tablet, definable as the “obverse”, with sub-totals and totals on the “reverse”.

These are therefore not statements that are readable in terms of a temporally linear flow. First each statement must be understood in itself, in its own “case”, then it must be read alongside the statements in other “cases” and then in the more complex tablets, there must be a summing of sub-totals to reach the final “statement of account”. The 15 per cent of “lexical lists” are also not readable in a linear narrative format, but are also not just simple vocabulary lists. Instead, as described by Hyman (2006), they constitute “thematically arranged enumerations of designations for such categories as professions, places, animals, plants and manufactured items” (p. 232)[3]. Thus, they are, we would argue, set up to help the “apprentice accountant” learn all the key features required to maintain and reproduce the system for making accounting statements.

What the work of the Max Planck group has then established is that there were three sets of such signs deployed in these new graphic spaces: first “naming signs” specifying the
objects being accounted for, second “counting signs”, formed into different metrological systems (13 in all), specifying the actual amounts of such objects recorded at a given moment of accounting and finally a separate form of “naming signs”, impressed into the clay using cylinder seals, and specifying the key subjects for and by whom the accounting was undertaken – the “principals” and the “agents” or stewards who were “accountable” to them (always noting, however, that “principals” at one level might then be “agents” at another, accountable to still higher “principals”). The metrological lists, and the particular form of the counting signs used in each list, were seemingly learned separately. But the lexical lists, in setting out “professions, places, animals, plants and manufactured items”, provided an initiation into both learning the “naming signs” for key objects accounted for (such as animals, plants and manufactured items), and the “naming signs” needed to operate in the principal/agent world of significant subjects, where discriminating between different professional designations would be crucial to getting status designations correct, and where knowledge of key locations (the places of work and those of administration) would be essential in locating a given account within what we might describe as the “spaces of power”.

Therefore, we suggest, what got learned through these “lexical” lists was not just the names of categories but such other vital aspects of making well-formed accounting statements as what particular metrological system each category of object to be accounted for must be counted in, what position in the hierarchy of “principals” a particular professional level corresponds to and what the significance of a given location is as either a central or peripheral accounting site. So what at first sight might appear, from a modern frame of thought, to be just simple lists were both far from simple and essential to the maintenance and expansion of the accounting system as a whole, from bottom to top.

Finally, what is particularly distinctive about these texts is that they have a syntax, in the sense of rules for connecting the entries within a given “case” and for then constructing accounting statements comprising the contents of two or more “cases”, but this is not a speech-like linear narrative syntax. It follows, in other words, the dictates of the “tablet format” (Nissen et al., 1993, p. 30) and in this respect, they go on to say that the tablets “bear a closer resemblance to such modern documents as punched cards, dockets, clearing checks, balance sheets, or many other formalized data carriers”.

2. The accounting statement as object of analysis for critical accounting and translation studies

We propose to consider the working of the system in more detail below. But we do so seeing this as a significant issue for “critical accounting” to consider, insofar as here we have a first historical instance of how accounting as statement, and not just as practice, can be constitutive of ways of thinking and acting, and of ways of coordinating the world. In that respect we draw on, and also begin to think beyond, an earlier definition of accounting’s key attributes as set out in Ezzamel and Hoskin (2002), in a study that also begins from the study of this early accounting, and also seeks on that basis to develop a more general “baseline understanding of accounting”:

First, that accounting is a practice of entering in a visible format a record (an account) of items and activities. Secondly, that any account involves a particular kind of signs which both name and count the items and activities recorded. Thirdly, that the practice of producing an account is always a form of valuing: (i) extrinsically as a means of capturing and representing values derived from outside for external purposes, and defined as valuable by some other agent, and (ii) intrinsically, in so far as this practice of naming, counting, and recording in visible format in itself constructs the possibility of precise valuing (Ezzamel and Hoskin, 2002, p. 335, original emphases).

Here all we would add is that the practice of producing a form of valuing through constructing any account depends crucially on the fact just noted, namely that the
accounting statement is, from its inception, a statement form that does not conform to the temporal linearity of either speech or of that linear narrative form of writing that appears subsequently to this accounting. It is that difference in form, and then also in content, of the accounting statement that now needs to become a more prominent focus of analysis in critical accounting, if we are to begin to appreciate the full extent to which accounting operates as constitutive factor in our thinking, acting and ways of coordinating and perhaps controlling the world, both human and natural.

In this respect, while the phenomenon of early accounting has now become analysed and discussed in a variety of ways in the accounting history field (e.g. Mattesich, 1989, 2000; Ezzamel and Hoskin, 2002; Mouck, 2004; Ezzamel, 2009, 2012), we propose here that it has particular significance for the field of critical accounting since, insofar as Harris and the Max Planck History of Science network are correct, then accounting can begin to be understood as the first writing, and as what has engineered those profound transformative effects in human thinking and consciousness that Ong spells out in our opening quotation. But insofar as that is the case, then this first accounting equally becomes of major potential interest to translation studies. Writing has long been recognised as perhaps the greatest “translation event” or moment, after the initial event of speaking as such, in what we might call the history of human “languaging in general” – a term we adopt here as an equivalent to the French langage which since the work of Saussure has been widely used in this wide kind of way, in order to differentiate it from the term “langue”, which has become used instead to refer to a specific language[4]. But translation studies can no longer unquestioningly accept that this “translation event” takes place when writing moves beyond the formats of clay-tablet accounting and begins to follow, so to speak, the “template” of speech, as it does in both Mesopotamia and ancient Egypt (Baines, 2004) by 2500 BCE at the latest.

That stage has now, following a usage suggested by Pulgram (1976), become designated by the historians of writing systems as “glottography”, i.e. the kind of writing/graphism that follows the “flow” of statements made with the tongue (in Greek, glotta). So long as the “glottographic” transition continues to be accepted as the real or authentic moment of writing’s invention then translation studies does not necessarily need to have any engagement with this clay-tablet accounting phenomenon. But that is what now comes into question. Beginning from “glottographic” writing as Goody’s “fully-fledged writing” by definition renders the earlier clay tablets into a “proto-writing” – a recourse that Postgate (2005, p. 276), reflecting on the possible competing definitions of writing, describes as “clumsy”, not least because labelling accounting as a “precursor” leaves it somewhere on the way to the new “invention” but stopping just short of success.

In Harris’s (1986) analysis of the problems raised here, there is an “evolutionist” assumption at work, wherein there is an assumed progression from speech to writing which shuts down on the alternative possibility that there is a radical discontinuity in “languaging”/langage, where things begin to be thought and articulated that were never feasible in speech (ch. 3, “The evolutionary fallacy”, esp. pp. 56-66)[5].

Now we recognise that the evolutionist view comes in various forms and from influential sources. For instance Daniels (1996) in The World’s Writing Systems defines writing as “a system of more or less permanent marks used to represent an utterance in such a way that it can be recovered more or less exactly without the intervention of the utterer” (p. 3, emphasis added). In contrast Ignaz Gelb’s (1962) magisterial A Study of Writing first defines writing as any “system of human intercommunication by means of conventional visible marks” (p. 12), a definition which could recognise this early accounting-as-writing. Meanwhile, Gelb (1962) then differentiates writing into two major stages, the first of which is named as “semasiographic” – “expressing meanings and notions loosely connected with speech”, that is the stage at which accounting must therefore be located; but it is only the
second stage which for Gelb is full writing, which again occurs with the advent of “the phonographic stage (expressing speech)” (p. 11). So again accounting, through failing to be glottographic, fails to be “writing as such”.

However, members of the Max Planck network have in various ways suggested that these approaches put the definitional line in the wrong, if different, places by not focussing sufficiently on what constitutes the specific difference that produces accounting-as-writing as something other than both the “visible marks” of a tally-stick on the one side and writing as extension of spoken language on the other. First Damerow (1999) proposes that the origins of writing should be treated as a “problem of historical epistemology” rather than one informed by an implicit “philological” perspective (pp. 1-2) in which “a writing system is essentially conceived of as a representation of a particular language” (i.e. a spoken language), so that the “language” continues as what underlies both. This philological approach is then “an interpretation of writing […] as a written representation of the representation of knowledge in oral language” (Damerow, 1999, p. 3).

What therefore gets overlooked or occluded is the possibility that there may be a writing that is other than such a representation, which breaks with what has been “said” previously by making written statements that have no existence prior to the invention of writing, and in this instance prior to the invention of accounting-as-writing. The nature of this difference is well captured by the historian Jerrold Cooper who has observed that the domains in which accounting-as-writing was used were co-constituted with accounting-as-writing. “Livestock or ration accounts, land management records, lexical texts, labels identifying funerary offerings, offering lists, divination records, and commemorative stelae have no oral counterparts. Rather they represent the extension of language use into areas where spoken language cannot do the job” (Cooper, 2004, p. 83, emphasis added).

It is precisely to address this issue that Damerow (1999) proposes an epistemological perspective which specifically focuses as a “historical epistemology” on when and how new types of knowledge statement get made in the new medium, thus, approaching written statements in terms of how far they are “a successful means of representing knowledge and transmitting it from one individual to another” (p. 3). Damerow (1999) then makes the point noted above that in their structure the cuneiform statements “are far from matching the syntax of a language” and so “phonetic coding plays only a minor role if any” (p. 4). But this does not mean that there is no syntax, it is just that the system operates with a syntax that is not seeking to reproduce the linearity of speech where statements entail action terms or verbs.

So the historical-epistemological approach needs to focus specifically on how the tablet statements are such a “successful means of representing knowledge” by recognising that it is “necessary to pay attention to the non-linguistic structures of syntax” in this system (Damerow, 1999, p. 16). Here he notes the syntactic importance of the spatial-visual linearity through which each “case” is differentiated, as a syntactic device that displaces the temporal linearity found in the flow of speech.

The second point that follows from this, as noted above, is that this syntactic way of making statements operates without verb forms, since within each case (again as noted above) there are only two kinds of signs: “naming” signs (for naming objects and for naming key subjects) and “counting signs”. Given this different syntax, what we encounter is a very different form of “languing act” from any form of oral “speech act”. What is required is a disjointed decoding first of what is encoded in each box or case, and then a conjoining of the statements made across cases, resulting in a form of “synoptic” comprehending of both parts and whole.

In any event, what follows, so Damerow (1999) concludes, from taking this historical-epistemological rather than philological approach is the importance of cultivating a focus on how meaning is set up to be conveyed at the level of “the semantic fields of early writing systems” and by studying “the nature […] of the various techniques used to represent meanings” (p. 15, emphasis added), without presupposing that the linearity of speech is in play.
Fuller implications are then developed in an analysis by another of the Max Planck network, Malcolm Hyman (2006), in his article “Of glyphs and glottography”. Here the limitations of the “glottographic” assumption are addressed in a complementary way, through beginning with a consideration of how these early accounting statements were made through the incision and impression of “glyphs” (marks make by a stylus) into the wet clay of the tablets, but then broadening out to consider how far there is therefore a more general category of statements that are other-than-glottographic, and so, in his formulation, “non-glottographic”, but nevertheless writing.

In this respect accounting is treated by Hyman as the archetype of a form of writing which has since proliferated in multiple forms, particularly in recent times in the world of knowledge disciplines. As Hyman (2006) says: “For at least a century graphs, charts, figures and tables (none of which is a spoken-language form) have increased in books and papers”, and so while glottographic artefacts – he references Plato’s dialogues, the *Qu’ran*, Gibbon’s *Decline and Fall* – may be ranked as “the most valuable written products of a culture”, nevertheless “calendars, tables of sines and cosines, architectural plans […] coins and bank-notes […] computer programs – reflect highly sophisticated intellectual activity” (p. 245).

One feature that Hyman (2006) then sees as differentiating these two forms is their degree of “speakability”, seeing the glottographic statement as what can be read both silently and aloud, while the non-glottographic can only be read for meaning in silence: in reading them aloud one is only “verbalizing” (p. 231). Hyman (2006) gives as an example of the latter the issue of how one is to read (aloud) the notation $E = mc^2$ (Planck’s equation), and says:

> How do I read this? Perhaps “ee equals aitch nu”? Or “ee equals Planck’s constant times nu”? Or “the energy of a quantum is equal to Planck’s constant multiplied by the frequency of the radiation”? Here it seems not to be the case that the equation represents a natural language utterance, but rather that we can translate the equation into spoken language – in a word verbalize it (p. 244, original emphases).

It is largely thanks to this insight of Hyman’s that we have designated, in our title, accounting as what utters an “unspeakable truth”.

But it is Hyman’s conclusion concerning how we should think writing-in-general that is of particular significance to us here. The conclusion Hyman’s (2006) analysis leads to is that the glottographic and non-glottographic are two distinct forms of writing, so that consequently “glottography is best viewed as a single subsystem of written language” (p. 231), and so that, more generally “we may conceive of writing as a system of systems” (p. 245, author’s emphasis).

The significance of this for translation studies, we suggest, is that, once this differentiation is put in play, it appears that to date the field has framed “language in general”/*language* in a philological rather than epistemological frame, so that the major focus of analysis for translation has been speech and glottographic forms of writing.

Even such foundational works on translation as Steiner’s (1975) *After Babel: Aspects of Language and Translation*, or Roman Jakobson’s (1959) “On Linguistic Aspects of Translation”, operate with the term “language” as a relatively non-problematic “hinge term” which for the most part allows issues of translation to be posed and answered in terms of either speech or glottographic writing.

So for instance Steiner articulates, as Karin Littau (2016) has recently put it, “a thesis about language and the multiplicity of languages” (p. 85) such that in his book, while “interlingual translation is the main concern” he is also developing “an inquiry into language itself” in which translation “is a special case of the arc of communication which every successful speech-act closes within a given language” (Steiner, 1975, p. 47, emphasis added), which leads to the claim that “inside and between languages, human communication equals translation” (p. 47, emphasis in original). This concern with language and languages can therefore be posed on the one hand at the level of “human communication”, but on the
other it specifies its object as “speech acts” and so within a “language” frame where there is no space for analysis of the “non-glottographic act” in the way that there is for “glottographic acts”[6].

In Jakobson’s (1959) case, what is perhaps a more widely followed conceptualisation of translation’s scope also begins from a focus on the level of “language” in his famous tripartite distinction of forms of translation into: “(i) intralingual translation or rewording […] (ii) interlingual translation or translation proper […] and (iii) intersemiotic translation or transmutation (an interpretation of verbal signs by means of signs of nonverbal sign systems)” (p. 233, original emphases). Here the first two categories signal that translation may take place either within the conceptual frame defined by language as “langue” i.e. between signs within one language, as a “rewording” procedure, or between the signs of a source language and a target language (TL), the process of “translation proper”. But in both cases non-glottographic statements such as the chart, the graph and the equation appear overlooked. But this is equally the case with Jakobson’s third category of the “intersemiotic” since this must embrace both purely pictorial and non-glottographic but “scriptorial” statements such as the account or the graph, since the category of the semiotic necessarily comprehends all “visualisms” whether glottographic or not.

This is not to discount the significant contributions made to translation studies through the traditional focus on speech and glottography, for instance through the study of the fact that translatability appears to operate across all languages (spoken and written), even though the number of languages that humans speak (and here the reference is to languages not dialects) is in the thousands, with the 2017 edition of the reference work Ethnologue listing around 7,100 languages extant, and furthermore this total is, as Steiner (1975) observes “the remnant of a much larger number spoken in the past” (p. 51)[7]. As Paul Ricoeur (2009) said, following on from Steiner’s observation, “this fact is at the same time an enigma”, but at the same time “this uncountable multiplicity of languages is not only needless, it is a problem” (p. 215). How then can there be a “logos”, or an underlying “generative grammar” or “generative semantics”?

But there is, we suggest, a reciprocal problem to confront once the category of non-glottographic writing is admitted to consideration. Once one posits the possibility of accounting as the first writing, then there is no longer a simple “translation moment” to writing that is synonymous and synchronised with “glottographic” writing. This, we suggest, is where the new conceptual possibility opens up for translation analysis, of moving beyond that kind of “philological” level of analysis where writing is taken as extension of speech, and so fundamentally aligned with it.

Instead, in the non-glottographic writing that is the first accounting-as-writing we confront a writing that constitutes a radical difference from speech, which irruts into human thinking acting as a discontinuity, and so fundamentally reframes the question of what we mean by “ languaging in general”, and the question of what “langage” therefore is. We have to move beyond the vision that Ong paints in the final sentence in our opening quote, where “structures and references evolved in sound can be visibly recorded exactly […] and can implement production of still more exquisite structures and references” (Ong, 1982, p. 85, emphasis added), passing over how writing also enables the making of new statements of kinds that are simply not makeable in speech.

But that is perhaps particularly apposite as a problem to confront given the recent emergence and discussion of the approach to translation studies, championed by Littau (2011, 2016), which links the field to “the materialities of communication”, thereby seeking to highlight “the importance that objects, things, media and machines play in the very stakes of civilization”, including here the materialities and “medialties” from “the human body to exosomatic medial carriers, from human memory to the memory chip, that house and give shape to the products of spirit, mind, consciousness” (Littau, 2016, pp. 82-83). The first accounting now can present itself
as a passage point in the consideration of the ways in which materialities and the interplay of thinking humans with them construct texts, given how, as first form of non-glottographic statement, it brings into play a new spatial-visual linearity, a different mode of syntax and a level or type of “unspeakability” in statements not known before. Study of the great “translational event” that is accounting-as-writing therefore may excite a particular interest in this materialist approach.

So in summary, what we propose here is to investigate what a closer focus on accounting-as-writing, as first form of non-glottographic statement, may yield in terms of insights from the perspectives of critical accounting and translation studies. We turn in our next sections to the issue of what constitutes the accounting statement as a step beyond the purely counting function residing in calculi and tally-sticks.

In the next section we consider a possible theorising of the concept of the non-glottographic statement, drawing on Foucault’s (1972/2002) analysis of the statement in The Archaeology of Knowledge. We then consider how the statement form may enable the development of ways of exercising power through constituting a new form of “space/time/value apparatus” or in Foucault’s chosen French term, dispositif. We finally consider how the statement form constitutes a mode of veridiction, and suggest that it does so through operating as “simulacrum” in its spatial-visual embodiment, before returning to the issue of how such statements may inform, going forward, our thinking on the scope and specificity of translation.

3. From clay-token and clay-tablet accounting practice to the construction of the first “naming and counting” statement

We have suggested above that the distinctive aspect of the accounting statement in both its clay-tablet and earlier clay-token form is that it names and counts, and also that it names not only the objects that are then counted but also the subjects implicated in the naming and counting process. We have also noted that there is a progression in token accounting beyond the kind of counting found in tally-sticks (which count without naming via their visible marks whatever object is being counted) since now the shaping of clay into different forms meant that, different items or objects could be variously both named and counted. Thus, clay tokens were able to make new kinds of valuing statement, since they “always functioned as linguistic-numerical signs, i.e. each token both named and counted a specific quantity of a particular designated item (e.g. ‘one jar of oil’)” (Ezzamel and Hoskin, 2002, p. 341). Or as the historian of mathematics Jens Høyrup (2009) puts it, the tokens “had to represent both the kind of thing they stood for and the quantity involved” (p. 24, author’s emphasis).

But the significant transformation that ensues in clay-tablet accounting is when the objects named came to represent not real “physical” objects, but objects that were beginning to be named and counted in regularised amounts, and in regularities that soon took different forms of mathematical expression. We therefore draw here on a review of the work on clay tablets undertaken by Høyrup, since in his capacity as historian of early mathematics he draws out successive stages in this process, and the fact that across it the naming of objects becomes a mathematically regularised form of naming.

He notes initially that such regularisation is visible by 3500 BCE at the latest, as objects to be accounted for are expressed in terms of amounts of such objects as grain or oil contained within what are known as “customary containers” (Høyrup, 2009, p. 18). These were being manufactured to more or less regular specifications in terms of dimensions and volume from before 4000 BCE. Therefore, it is in the context of this already regularised form of accounting that the clay-tablet accounting develops; and it is as it does, that the naming and counting functions, in a break from the older practice, become undertaken through the separate naming and counting signs. These were initially impressed into the wet clay of the tablets using two types of reed stylus through which different types of naming signs and
counting signs could be made visible through impression into the clay when wet, so forming a permanent record once it dried; additionally a pointed stylus produced the signs naming objects to be counted, while a blunt-ended one produced the number signs through which were counted the actual numbers of each mathematically regularised category of named objects. The latter, being larger at one end than the other, could either be impressed vertically to produce large and small circles, or at an oblique angle to produce “wedge-shaped” characters again in either small or large size – in Latin, “cuneus” is a wedge, whence the name of this writing as cuneiform.

The next significant step was that the kind of contextualised regularisation of what was counted enacted by “customary containers” began to be supplemented by what Høyrup characterises as a more formally mathematical and decontextualised form of “arithmetically” or “numerically” regularised counting. This approach enabled the specification of arithmetically defined “bundling units” for use in metrological systems, some of which were used to count discrete objects, while others were used to count amounts of goods such as grain and liquids. As this happened, the customary container measures were displaced with explicitly mathematical and regularised measures of volume, or “capacity measures”, which were used to account for amounts of grain and liquids. From these, further “capacity measures” could be constructed for products generated from the raw materials, so for instance a ratio of what was expected as output in terms of the “finished goods capacity measures” was derivable, and derived, from the raw material input capacity measures. Later, the same could be done with labour days so that there was a “capacity measure” of how much work could be done on a given activity (e.g. sieving corn, or digging ditches) by one labourer on a given working day (defined as from sunrise to sunset). From this the amount of labour required on a given project was calculable, measured in total number of labour days required, and so the number of labourers required to work those labour days could be specified.

In these ways, by around 3200 BCE, a series of numerical metrological sequences had been developed, with different sequences of “bundling units” or “capacity measures” for counting different object categories. The system as finally deciphered by joint work between Friberg and the team of Nissen, Damerow and Englund was found to comprise 13 different counting systems for 13 categories of “things countable”, drawing on 64 variant counting signs put together with similar but distinct internal progressions up through the “bundling units” (for detail on the full set of numerical signs and systems, see Nissen et al., 1993, pp. 26, 28-29, Figures 27 and 28; and also for examples see Figure 1 in this paper). Of these 13 systems, 6 were used in accounting for items measured via capacity measures, 4 were for counting discrete objects and 3 were for noting arithmetically regularised measures of space (in terms of area), time (in a regularised calendar made up of twelve 30-day months for a working year) and perhaps for noting weight measures (Nissen et al., 1993, pp. 28-29).

Figure 1. Proto-cuneiform numerical sign systems as illustrated in Høyrup (2009)
All 13 of these systems were either “sexagesimal” (i.e. they proceeded upwards and downwards through the number 60 as a form of “base”) or “bisexagesimal” (proceeding upwards and downwards through “120” as base). But each proceeded in a different, arithmetically regularised way, utilising its particular selection of signs to enable the one set of subjects not named as such in most accounts, those “invisible subjects” doing the accounting, to maintain both consistency of counting within a given system and consistent differentiation of metrological systems, so that the right set of “mathematically regularised objects” was accounted for using the right set of naming and counting signs.

We give two examples along with Høyrup’s description/interpretation of each as Figure 1: the modern stylising of the notation system is due to Friberg, and reflects the generic size and shape of each number sign, and is set out following the usual direction used in counting numbers of objects in a given “case”, i.e. from right to left, starting from the sign for 1 in a given system[8].

The first (Figure 1(a)) is the sexagesimal system used to count “capacity measures of grain, in particular barley” (Nissen et al., 1993, p. 29, ŠE System S). Starting from the right, the basic unit is a small cone designating the number “1”, 6 of these become a small circle, which is the picture of a small sphere impressed in the clay that designates “6”; the small spheres count in “6’s” until 10 small spheres become 1 large sphere, designating “60”, three large spheres are then bundled as a large cone, designating “180” and finally 10 large cones become the final number in the system, “1,800”, a representation of a cone with a sphere impressed into it. Høyrup (2009) observes that this final number sign “is possibly a representing of a punched large cone (an existing token)” (p. 21); if the speculation is correct, then it is possible that a form of arithmetical regularisation was already grasped at a late stage of the token system, in that a lower-value “unit” sign already in use, the small sphere, was superimposed on a higher-value unit sign, the large cone, indicating a multiplication of the larger value by the smaller one.

Whether that is the case or not, the second system that he discusses has, for him, gone a stage further to where it “may be regarded as a ‘number sequence’”. This is the “Sexagesimal system S” (Figure 1(b)), which was used to count discrete objects including “animals, fish, dairy and textile products, wooden and stone implements and containers” (Nissen et al., 1993, p. 28). This now starts from a small cone, standing for “1” again, and again progresses to the small sphere, which now has the value “10” not “6”; but it then progresses to the large cone, which is 10 of the small spheres, value “60” in this system, and moves next to a large cone with the small sphere impressed inside, which the evidence shows has a value of “600”, i.e. 60 × 10. Only then does the large sphere enter the system, with a value 6 times the cone-plus-sphere sign, “3,600”, and the final sign is the large sphere with small sphere impressed inside, to give 3,600 × 10 or “36,000”.

Høyrup’s (2009) interpretation is that the first system, being for grain measured in capacity measures, already had a form of regularisation captured in the measuring containers mass-manufactured to a regularised volume. So “the grain sequence is likely to continue an old system in a new medium (though now with arithmetical bundling)” (p. 21, our emphasis). However, in the second system, “the number sequence can be supposed to be new – the representation of pure numbers (i.e. numbers abstracted from the quantity they count)”, as evidenced in the progression first from small cone through small sphere to large cone (1 × 6 × 10), and then through the introduction at that point of a first double sign, large-cone-plus-small-sphere, getting the combination of signs to articulate what is now an arithmetically multiplicative principle that is expressed through the combination (60 × 6) thus to produce the large sphere as the number (in this system) with the value of “3,600”, and then getting a second double sign, large-sphere-plus-small sphere, to articulate, through its combination (3,600 × 10), the system’s highest number-value of “36,000”. This final highest “sign” in the metrological system could, like the highest value “sign” in all the systems, then be replicated to still express the larger numbers that would be required in a world or state now becoming capable of a mass production and coordination of objects such as dairy and textile products.
Høyrup (2009) concludes: “this sequence, in contrast to the preceding one, is highly systematic, and therefore almost certainly represents the deliberate transformation of the grain sequence”; if the latter was made to fit an older regime (and perhaps as he suggests “an existing oral number system”), this new system was perhaps extending the old system “beyond existing spoken numerals”, where the shift in the sequencing of the initial three simple signs perhaps indicates, in the return of the small cone as the large cone, that “60 must in some way have been understood as a ‘return of the unit’” (p. 21).

So by this point in this conceptual “mathematizing” progression there is a clear principle of mathematical regularisation in the counting of objects. At the same time, what is increasingly counted is, as noted, metaphysical or conceptualised object categories not “real objects”. The use made of one further system makes this dramatically clear; this is a system that uses variant forms of the 1, 10 and 60 units only, but is used to count “for example, dead animals from herds and jars of certain types of liquids” (Nissen et al., 1993, p. 28). This indicates a way of thinking that, as Høyrup (2009) puts it, reflects “in Luria’s terminology […] ‘categorical classification’ and not ‘situational thinking’” (p. 24), while also requiring an internalising by both accountants and the relevant “principals” and “agents” or stewards involved of a complex array of different numerically regularised metrological systems, and the categories of objects pertaining to each.

This internalisation process was then systematically reinforced for those other subjects working and living under this regularised naming and counting regime, because of how time and space were subject to the same regularisation. Time had by now become measured via a metrological system where there are just five counting signs (significantly different in format although based still around wedge shapes). The basic unit sign measured days as 1s; when 10 days were reached a new sign representing a new “bundling unit” measured what we might call “10-day weeks”; after three such weeks a further sign represented 30-day “months”, and the two final signs in the sequence measured either a 10-month or a 12-month total time period (the latter being a “calendar year”, the former perhaps something like a “from sowing to harvesting year”). In any event, the making of mathematically regularised naming and counting statements brought with it for those working and living under its aegis a necessary acceptance of a regularised “accounting” time which abandoned the variability of both lunar and solar calendar time. Life for workforces and families as well as rulers had become periodised in terms of arithmetically regularised weeks, months and years (with the five or six remainder days in the year given over to festival/holiday activity) [9]. A similar dynamic applies to space, through the development of a normalised system of area measurement (based on the unit “nindan” or “rod” of c 6 m) which was used to measure both the areas of fields and the dimensions of buildings (Høyrup, 2009, p. 22).

Høyrup (2009) recognises the sophistication in all this, describing Uruk therefore as a “mathematical state” (p. 25), in which the mathematisation embedded in the naming and counting function becomes the means that shapes “the end itself (the Mesopotamian state)” in terms of a system of justice where regularised amounts of provisions and materials are disbursed on a priority basis to those who serve the state, out of the also regularised (and larger) amounts taken in by the state. The evidence of the clay finds shows that “taxation and allocation of resources – be it the fields apportioned to high-ranking temple officials, be it the rations of grain distributed to workers – were made according to mathematically determined rules” (Høyrup, 2009, p. 26).

All we would add is that this was also an “accounting state”, where rulers governed through the mathematised regularisation and coordination of action made possible only after and through the invention of this new form of non-glottographic accounting statement.

We now turn to the issue of how to approach this episode as a discontinuity within “languaging in general”, and so as an issue of concern both to accounting and to translation.


4. Defining new problematics: or conceptualising the accounting statement as “non-glottographic” and “naming and counting” statement form

We wish now to bring alongside the radical observations of Harris, Damerow and Hyman concerning the inadequacy of thinking languaging in terms of a progression or evolution from speech to (glottographic) writing, the observations of one other conceptualisation of the problematic of langage which “thinks” the statement in a comparable manner. This is the analysis developed by Foucault (1972/2002) in *The Archaeology of Knowledge* at a point where he is posing the general question of “Defining the Statement” (pp. 89-98), given that he has already posited the statement as the most appropriate starting point in seeking to understand “languaging-in-general”.

In that section he begins by considering each of the great “language arts” of the alphabetic or western knowledge tradition – logic, grammar and rhetoric – and the extent to which any of them provides an adequate basis for a general definition of the statement. So he first considers whether “the proposition”, the basic unit of Aristotelian logic, can do so; then whether “the sentence”, the basic unit of traditional surface grammar, can; and finally whether the “speech act” – which he also in the French original writes as “acte de langage” (Foucault, 1969, p. 112, twice) – can. The particular passage of interest here is where Foucault (1972/2002) is considering the sentence, and rejects its candidacy on the following basis:

> [...] it is relatively easy to cite statements that do not correspond to the linguistic structure of sentences [...] a classificatory table of the botanical species is made up of statements, not sentences (Linnaeus’ *Genera Plantarum* is a whole book of statements, in which one can recognize only a small number of sentences); a genealogical tree, an accounts book, the calculations of a trade balance are statements; where are the sentences? One can go further: an equation of the nth degree, or the algebraic formula of the law of refraction must be regarded as statements (pp. 92-93).

Here, we suggest, Foucault presents a precise analogue of the kind of analysis that Damerow and Hyman generate some three decades later. All the statement forms he lists, including of course “the accounts book”, are what we may now call non-glottographic in their form, but they are all for him nevertheless “statements”. Furthermore, he then proceeds to specify their differences from both spoken and “written speech” statements in analogous ways to those we have encountered above; first through their possessing a different but no less rigorous “grammaticality” than those statement forms, and second for being irreducible in terms of what they say and how they say it to such forms. So Foucault (1972/2002) continues, all such statements:

> [...] possess a highly rigorous grammaticality (since they are all made up of symbols whose meaning is determined by rules of usage, and whose succession is governed by laws of construction), [but] this grammaticality cannot be judged by the same criteria that, in a natural language (*langue*), make it possible to define an acceptable, or interpretable sentence. Lastly, a graph, a growth curve, an age pyramid, a distribution, form statements; any sentences that accompany them are merely their interpretation or commentary; they are in no way an equivalent: this is proved by the fact that, in a great many cases, only an infinite number of sentences could equal all the elements that are explicitly formulated in this sort of statement. It would not appear to be possible, therefore, to define a statement by the grammatical characteristics of the sentence (p. 93, emphases added).

One particular observation we see of special relevance in relation to this first accounting relates to the roles of interpretation and commentary. Here we would argue that these are integral and essential to the constitution of the accounting statement, precisely because the statement is non-glottographic and unprecedented, so far as we know, in human experience. But of course the only way in which they can be undertaken is via speech, since there is as yet no form of glottographic statement. Yet at the same time, speech would be essential since otherwise “apprentice accountants” could not even begin to decode the specificities within and differences between the naming and counting sign sets or the correct
grammatical/syntactic deployment of each and all. So there is necessarily always an interplay of non-glottographic statement forms with some form of linear narrative statement making in order for its distinctive mode of making truth claims – its form of “veridiction” as Foucault (2000b, p. 460) puts it, to come into existence.

We bring in Foucault’s analysis here for two reasons: first to show that one does not have to engage in a Foucauldian analysis to put to work the concept of the non-glottographic statement; and second to draw on its insights in developing the rest of our analysis here, seeking to extend what may be said about statements such as this which “name and count”.

In this respect, we hope this may open up a new way of drawing on Foucault’s general analysis of the statement in the context of theorizing accounting; we say that recognising that Grahame Thompson (1991, 1998) did raise the possibility of using Foucault’s general approach to the statement in addressing the issue of how and how far accounting is rhetorical from the sixteenth century on (Thompson, 1991, p. 579ff); also that he then draws on Foucault’s discourse-based analysis of the emergence of an episteme of representation to analyse how, from the seventeenth century, and increasingly from the nineteenth, the table becomes a device for imposing a new kind of “coherence” on knowledge statements (Thompson, 1998, p. 283, citing Foucault, The Order of Things, p. xix); as he then concludes, this leads by the early nineteenth century towards a marked emphasis on what Tufte (1990) explored as “envisaging information”.

Thompson’s interventions remain an important contribution to the development of “critical accounting” analyses. At the same time, the conceptual distance from the way we may now approach accounting as statement is apparent in the way that in the recent accounting and management research literatures, the graph, table and chart are seen as distinct from accounting through not being analysed as statements, so much as “visualisations” of accounting, or more generally “visualisms”, rather than as alternative forms of “statement” as they are here[10].

If we now suspend this distinction, it may become more feasible to at least put into question the widespread acceptance of a conceptual opposition between the visual and the graphic, or the pictorial and the textual. This may then enable us to pursue the roles of multiple non-glottographic statement forms in a more integrated way in, for instance, enabling a certain form of relation of knowledge (savoir) to power (pouvoir). Just as there is a system of “justice” enacted within the “mathematical state”, as Høyrup rightly observes, we may also, drawing on Foucault’s analyses of governmentality, explore the possible emergence of a first discourse of the norm, and the circulation of a first form of apparatus, or dispositif, of governmentality in the Mesopotamian state as well. In particular, given how there is a mathematical regularising of space and time alongside a new mathematically regularised mode of constituting value through the deployment of naming and counting, we propose that there is a first form of regularised “space-time-value” dispositif (cf. Frandsen, 2009).

In pursuing that possibility, we should perhaps look more closely at the non-glottographic form of “grammaticality” which operates across series of accounting statements, and ask how far the mathematical regularisation incorporated within its naming signs invokes a first but particularly powerful form of “ought/is” verbal interplay, which follows from the grammatical fact that, within any statement that only has “naming” and “counting” signs, there can be no verbs. In that case, this non-linear statement form does not “tell us”, imperatively, or “advise” us, subjunctively, or “question” us, interrogatively, as to what it says. It has no verb forms within the statement as such through which to undertake those functions.

Instead it simply declares, indicatively, that this is how things are, except that “how things are” entails an “ought” as well as an “is”: the “ought” that is captured in the mathematically regularised naming which prescribes what “is to be” counted in any given accounting event by what we might call the “passive” or (in the Aristotelian formulation)
“numbered” numbers that make up the “is” that is then counted. Thus ensues what emerges as a constant and continuous interplay of “ought” and “is”; first within each “case” or box within a given account, and then across all the cases making up the accounting statement that constitutes a particular accounting text or “accounts book”, and then across the accumulation of accounting statements/texts which form a series of past accounting statement events leading through this present or current one to a series of such events still to come stretching potentially to eternity/infinity. Hence, we suggest, there may emerge in this setting of the Mesopotamian state a first form of managing or governing the large-scale entity via accounting, and with it a first discourse of the “norm”, so that in sum we may discern, in what is a new kind of governing of time, space and subjects, a first form of the “governmentality” that Foucault would go on to study in more modern eras.

5. From new “form of veridiction” to first mode of “managing via accounting”? The constitution of the first “space/time/value dispositif”

Ought/is or is/ought statements potentially promote a discourse of norms; and in the Mesopotamian records there is already some evidence that there were forms of accounting for labour which had such norming effects on workers and their family units. For instance, Englund refers to accounts where groups of labourers appear to be counted and differentiated, as number terms are combined with sign combinations designating “labourer” and other signs designating personal names and also giving gender and ages. He also notes that pigs and cattle are assorted in similar accounts, with pigs differentiated by age and cattle by gender. Then labour rations for the young are allocated via a counting sign, N₈, “which usually qualifies a half […] of some unit counted in the sexagesimal or bisexagesimal systems”. Englund (2011) suggests that this may relate to “an apportioning of rations to children of productive age of approximately half that of adults, as was administrative labour practice in later periods” (pp. 46-47).

But more significant, we suggest, is the extent to which the accountants and those who operated as agents or stewards responsible for managing such workforces and the projects they were allotted to came to internalise the mathematically regularised way of thinking and acting we outlined through immersion in lexical lists and training exercises, and of course in developing associated skills in linear narrative but oral commentary and interpretation.

Thus, we should perhaps focus primarily on how proto-cuneiform accounting statements operated on the “agent and steward” class both to render them accountable and also have them think and act as wielders and disseminators of a mathematically regularised accounting truth form. This is where the pedagogic function of the lexical list texts came particularly into play, through their construction as what Englund (2011, pp. 40-41) describes “artificial texts”, which confronted the learner with multiple decoding problems not all of which were practical or “real-life” problems – one of which therefore served the modern decoders of the cuneiform clay tablets as the elusive key – “something of a Rosetta stone” Englund (2011, p. 41) says – to deciphering both the clay-tablet naming and counting signs and the indexical signs designating the key subjects involved in the accounting regime[11].

Only a few in any given locality would become literate in decoding and encoding the full range of accounting statements, although the number across localities would therefore be substantial. However, one did not have to be literate to appreciate and internalise whatever were the norms of performance that directly shaped and appraised the quantity and/or quality of your work. Few of those immersed in a world where there circulated so many non-narrative is/ought statements, each declaring a prospective or actual performance truth, were likely to escape a shaping of conduct that for the first time in human existence was “prescribed”. What we therefore suggest should be explored is how far this constant circulation of “is/ought” accounting statements enacted a form of managing via accounting through constituting
a dispositif of governing, through in this instance bringing space, time and value together into a nexus of mathematically regularised statements, and thus enabling a regularised running of the state. This we see as facilitated, as suggested above, through the regularisation of time and space enacted through the relevant metrological systems, and also through the emergence of an accounting-grounded valuing measured through the concept of “value equivalences”. This, Englund (2011) suggested, initially takes shape in the form of “grain product equivalences”, but later manifests itself in “general value equivalences best attested in the Ur III period (c. 2100 BCE) for silver, but then still generally applicable for other commodities such as grain or fish, including finally also labour time” (p. 44).

As Frandsen (2009, pp. 103, 105-107) argued, a focus on accounting as constituting space/time/value connections has made sense through a growing recognition – across fieldwork, archival study and teaching settings – that “accounting numbers [are] always ‘named numbers’, and […] accounting’s translating practice never deviate[s] from producing its references to things through naming and counting, and in this way designating them as ‘having a value’ or ‘being valuable’, and [so] assembling ‘named numbers’ in texts as the means to getting streams of ‘named numbers’ to circulate” (p. 107). Here we discern the same dynamics already operating more than five millennia ago[12]. Such an ancestral dispositif is not modern; it does not involve a normalising of subjects who constitute a population of accountable yet desiring selves, for instance (Hoskin, 2017). But it still can have systematic effects within and across subjects, for instance through a form of what Foucault (2007) suggests at one point in Security, Territory, Population might be described as “normation” (pp. 56-57).

Here Foucault moves away from his earlier view, expressed in Discipline and Punish (Foucault, 1977, pp. 170-192), that the modern subject and modern state are shaped through “means of correct training” instilled in artificial spaces. Foucault (2007) argues instead that modern governmental management operates through forms of cost-benefit analysis (pp. 3-5) to optimise outcomes for a population which now has “one mainspring of action […] desire” (p. 72). So being or becoming “normal” can become one potential object of desire. But for the emergence of such modern dynamics of normalisation to become possible, Foucault (2007) suggests that first “the principle of the norm must be articulated”, at which point he suggests that if there is a “primacy of the norm in relation to the normal, I would rather say that what is involved in disciplinary techniques is a normation rather than normalization” (p. 57).

But there is no a priori reason why “normation” as conceptual category should emerge only with the development of early modern techniques of discipline, particularly if discourses of the norm pre-date that era, as we now argue they do here. So we suggest that a first form of “normation” is precisely what gets initiated, through the invention of the accounting statement as enacter and evoker of a discourse of statements that articulate a constant series of mathematically regularised “oughts” and then measure how far any given “is” deviates from what it “ought” to be.

This might then help us also think, in a more sustained way, the issue of accounting’s relation to the law in this early state, and so to that (less-than-just) “justice” that Høyrup sees operating in Uruk as “mathematical state”, given that Foucault (2007) has already in the passage just cited argued that it is incumbent “to mark out how techniques of normalisation develop from and below a system of law, in its margins and maybe even against it” (p. 56). The “ought/is” dynamic of the accounting statement is precisely what makes thinkable the less-than-just justice principle that Høyrup perceives, while also working extensively and insistently below the law and in its margins, as it shapes the parameters of how humans think and act in ways that diverge radically from those experienced in cultures before accounting, but become increasingly “normal” in its wake.
Thus, accounting may perhaps be more clearly perceived, even at this earliest juncture of the state, as not just contributing to and enabling the activity that Nissen et al. (1993) describe, in the subtitle to *Archaic Bookkeeping*, as “economic administration”, and also as constituting a means to a first form of what we might, after Foucault, also characterise as the “governmentality” of the state. But to pursue that possibility also entails an engagement with what for Foucault is a necessary precondition for being able to exercise power through forms of knowledge, including for him accounting (Hoskin, 2017): the status of any given statement form through which powerful knowledge is articulated as mode of “veridiction”, and the nature of the “truth claims” that statement form is therefore able to make.

So what precise form of veridiction is articulated by the accounting statement, and also perhaps by the non-glottographic statement form more generally: what forms of “truth games” get played, with what forms of error, misinformation and disinformation? Here we propose, drawing on a much earlier reflection of Foucault’s (2000a) on the stories and novels of Pierre Klossowski, that we should at least entertain the idea of the accounting statement as “simulacrum”.

6. The accounting statement as “simulacrum”

Our point of departure here is not Baudrillard’s version of the simulacrum as modern extension of and move away from the real, but what Foucault has to say on a modern literary development; this is Klossowski’s articulation, in Foucault’s analysis, of a simulacrual form of narrative writing in his books.

In the essay, “The prose of Actaeon”, Foucault (2000a, pp. 123-135) describes how, for him, Klossowski’s writing subverts the rule of linear narrative through becoming simulacral, which it does through ensuring that “the reign of simulacra obeys precise rules” (p. 128). So for instance “the reversal of situations occurs in a moment [...] (the good become wicked, the dead come back to life, rivals reveal themselves to be accomplices) [...]”, and also “the speaking subject scatters into voices that prompt one another, suggest one another, extinguish one another, replace one another – dispersing the act of writing and the writer into the distance of the simulacrum where it loses itself” (Foucault, 2000a, p. 134). So what Klossowski writes is non-linear, delineated fragments, each allowing “reversal in a moment”, and where the author or “author function” becomes different in each different fragment.

But we suggest that what Foucault’s reading makes visible is the translation by Klossowski into linear narrative form of the statement which began with accounting and which had hitherto resisted translation into the linear narrative frames of commentary and interpretation. But that is because, with Klossowski, the temporal linear flow of narrative is translated into a series of boxes, in a version of the filmmaker’s storyboard; each box or case is a potential reversal, the author is regularly deauthored and the speaking subject “loses itself”. And perhaps most evocative of all, each such reversal of situations “occurs in a moment” (Foucault, 2000a, p. 134).

This, Foucault recognises, is the articulation of a simulacral truth game, in which the simulacrum itself leads the way by constantly reversing how it appears to us. Typically today we “see” it first as visual and spatial, the visible double of “the real”. But in its etymology the term is temporal: for “simul” is the Latin for “at the same time as”, and “simulac” the Latin for “as soon as”. But then it is spatio-temporal, a term concerned with the Augenblick, with what happens in the “blink of an eye”: blink and you miss it, but catch it, in a moment caught even in the corner of your eye, and you see what you did not before, which is precisely what the synoptic form of reading, generated by the first accounting-as-writing statements and all their successors, enacts.

Foucault (2000a) proposes that we therefore need an expanded sense of the simulacrum, specifically “we need to understand this word in the resonance we can now give to it”, which is as part of a “constellation” of etymologically linked terms made up as follows:
“simulacrum, similitude, simultaneity, simulation, and dissimulation” (p. 127). So we may read the accounting statement and its successors as manifestations of this constellation as follows.

Its first simulacral move is to constitute the similitude between the virtual reality world of the “ought” and the lived reality world of the “is”, and to remake the latter in the image and terms of the former. Its second move is to constitute a play of simultaneity which does not end with the moment of comprehension of any immediately given accounting statement since any present is then simultaneously readable alongside and against both actual past and projected future accounting statements, as the means to then projecting strategic options, “real” options, and as many more or less likely scenarios as simultaneity and desire can entertain.

From this derives the simulacrum’s third move as simulation. Herein lies the great governmental and managerial attraction of accounting and of its many other non-glottographic companion statements. It is through the conjunction they make possible between the residue of events now past and the possibilities of events yet to come, and through the synoptic and simultaneous reading of simulacral statements both past and future, that simulation is made possible in the form of models and projections of imagined futures, at which point the sentence form narratives of interpretation and commentary begin to raise their voices, supplementing but never supplanting the simulacral forms of truth claim, which appears to remain the case even though the range of possible futures that simulation forecasts continues so often to disappoint.

Finally there is dissimulation, simulation’s constant companion, precisely because the accounting statement must be well formed in terms of format, then so long as its naming and counting signs make coherent truth claims within the parameters of the format, the accounting statement can present a perfect set of dissimulating entries as the public face of the privately held and secret “true” set of books; and even where the “lie direct” is not invoked, dissimulation enables the artful construction of “good news” both from inferiors to superiors and vice versa.

7. Conclusion: the accounting statement as problem of and for translation

The accounting statement as non-glottographic form of naming and counting (and perhaps also as simulacrum) cannot be treated simply as a problem in or of glottographic translation. The constraints (and so strengths) of the naming and counting format – and in particular its constant articulation of ought/is dynamics – pose a serious practical and also conceptual problem of translation, namely, how to translate a translation practice that has had a traditional focus on speech and glottographic statement forms to engage with a statement form which has, conceptually, remained invisible and unnamed.

But there is a related problem identified by Peter Damerow (2011) in one of his reflections on what ensued once distinct systems of writing and mathematics developed, so that accounting could disappear from view as transformative moment in human languaging. He notes how writing and arithmetical notation systems and their ways of making statements have followed increasingly divergent paths. So on the one hand: “In the case of arithmetic, the final outcome is a relatively unified system of arithmetical notation and calculation methods”. So as regards the counting aspect of accounting, the translational “problem” or challenge is one of reproducing “the same” (Damerow, 2011, p. 155), typically through using the arabic numeral system, and this applies whether the object is an interlingual translation between one source and one TL text or a more translingual translation across multiple TLs and texts.

But the situation for the translation of naming signs is completely the reverse. As Damerow (2011) goes on: “(W)riting is used all over the world, but neither the languages nor the writing systems have been unified by these processes” (p. 155). Thus, the translational problem, as regards the naming signs, is not just one of seeking to capture or reflect the conceptual complexity of the naming signs (including their wonderfully
dissimulative self-presentation as statements purely of “what is”) but also one where the challenge is also to stay alert to the “otherness” that necessarily attends naming signs as they migrate across disparate and different languages and writing systems.

These are, we suggest, both practical and conceptual translational problems that are not resolvable by translation strategies that somehow seek to render the naming signs as homologous or analogous to the counting signs, i.e. as instances where what has to reproduced is also “the same”, particularly as understood through some alphabet-centric word-for-word way of thinking, so that the problems of migration simultaneously across languages and writing systems simply (supposedly) dissolve.

More seemingly intractable, but therefore perhaps more interesting still, are the issues that surface around the possibility that the accounting statement is the great translational event in the history of human thinking and acting. We refer in particular to the fact that all the resources of the scholarship devoted to the clay-tablet accounting in Uruk have been unable to say with certainty what was the spoken language, or in an older turn of phrase the “Ur-language”, in which this new statement form was first articulated. Precisely because writing was pure difference from speech, in the form of the unspeakable non-glottographic statement, there are no narrative texts with all the cues that come with verb forms and multiple modifier and linking terms which might connect the accounting statements to one or other known spoken language. So the problem is, currently at least, recognised as insoluble.

In particular the tempting or obvious “solution” that the “spoken language” operating alongside these non-glottographic statements was Sumerian is no longer seen as obvious. Certainly Sumerian has become, by around 2600 BCE, the lingua franca of this Mesopotamian world[14]. But the situation is such that Englund (2006) chooses to refer to the people inhabiting the area in which Uruk is located as “Babylonians[…] in avoidance of a charged term like ‘Sumerians’ or ‘Euphratians’, since the linguistic affiliation of 4th millennium inhabitants of this area is not known” (p. 2). Meanwhile Hoyrup (2009, pp. 27-28) goes further to suggest that Sumerian may well have developed out of the success of the “mathematical state” was its ability to enslave people from many different language backgrounds to serve the state; furthermore, “many features of Sumerian look like those of languages that over some centuries have developed from pidgins and creoles”.

In consequence Hoyrup (2009) sees Sumerian emerging from the interplay of slaves and masters first through a pidgin developed to enable communication across multiple groups with no language in common, then through the dissemination of a creole as a new first language across the subject population and then through its transmission to ruling class members “influenced as children by lower-class nurses and servants” (pp. 27-28).

While this remains a hypothesis, it does throw light on the interplay of accounting and translation in a way that brings out the way in which a knowledge-based technology of power gains purchase through being able to migrate (and translate) interlingually in a way that reconstitutes the whole linguistic field of a region or in this instance a state.

What is also striking, from the point of view of this heuristic study, is how, across these encounters with the non-glottographic statement form, translation as field concerned with linguistic difference discovers new frames of reference within which to explore, reframe and redefine the limits of such difference. Here in particular we note the possibility of developing a materialist analysis of this translational event, in the manner that Littau (2016) sets out where the facticity of the new medium, the materials, the stylus, the embodied positioning of the scribe and the reader so different from those of speaker and listener all require analysis in seeking to understand how the “translational event” of writing became possible. At the same time, we note Coldiron’s (2016) observation on undertaking such an approach that the material always implicates the immaterial, noting that while “physical forms […] not only make possible the uptake of meaning, but also shape and construct that meaning and
mean in themselves”, still at the same time “such meaning derives from the affordances of human-created material forms, the features of which are [...] conceived, planned and executed, and signifying inside cultural matrices” (p. 97, original emphasis). The significance in this respect of framing the material within the cultural is of fundamental conceptual importance (cf. Bassnett, 2016, pp. 110-111).

In conclusion, through this heuristic exercise we have been able to “find” things jointly that we would otherwise, separately, not have stumbled upon. In particular we have begun to discern conceptual connections whose existence previously remained below the horizon of visibility.

We recognise that this is not least because accounting and translation studies are both knowledge fields which have established distinctive disciplinary identities only relatively recently, arguably from the 1970s, and which have followed similar disciplinary trajectories since.

The term “translation studies” was for instance only coined in the early 1970s by James Holmes (Bassnett, 2014, p. 2) and then picked up in 1978 by André Lefèvre, one of the field’s foundational scholars, as the proposed name for the discipline that concerns itself with “the problems raised by the production and description of translations” (Lefevere, 1978, pp. 234-235). By the early 1980s there was a growing number of scholars, coming from a range of disciplinary backgrounds, primarily but not exclusively in literature and linguistics, who came together into new research and publishing networks, and in the process launched new journals (e.g. New Horizons, and Perspectives: Studies in Translatology), explicitly committed to defining and researching the parameters and concepts of a “disciplinary knowledge field”. By the 1990s there was a self-confidence about engaging with a growing range of theoretical approaches and empirical agendas, leading over the past two decades to signs of “institutional maturity” insofar as there are now established “paradigms” for doing translation studies work, which tyro scholars embarking on PhDs increasingly find themselves either choosing between or seeking to extend (Bassnett, 2014, pp. 83-87).

The trajectory of accounting as “discipline” is very similar. Again it was the 1970s where the idea of accounting as a distinctive knowledge field rather than a secondary and inferior version of economics began to be articulated, with a crystallising event being the founding by Anthony Hopwood of Accounting, Organizations and Society as a vehicle for saying the previously unsaid and again facilitating the development of new research and publishing networks and identity-reinforcing journals (e.g. Accounting, Auditing and Accountability Journal, Critical Perspectives on Accounting).

Again a new grouping of scholars, from a range of disciplinary backgrounds beyond accounting, particularly at first in sociology, history, neo-institutionalism and structuralist or post-structuralist theory, developed a range of theoretical and empirical agendas, thus, constituting a range of increasingly autonomous “paradigms” for doing accounting research work, which again tyro scholars now frequently either choose between or seek to extend.

They remain supposedly “secondary” fields to many. What Klamer and McCloskey (1992) said a quarter of a century ago concerning accounting’s status and visibility in the world of economists not only still holds true, but now has an edge of concern perhaps lacking back then:

"To outsiders the economist and the accountant look similar [...] Yet most economists [...] have not read an article on accounting. In fact most are startled to learn of the existence of academic articles on accounting. Academic accounting? One might as well have academic plumbing (p. 145).

Much the same applies to the view of translation (not yet then “translation studies”) expressed in Hilaire Belloc’s (1931) lecture On Translation, which observes: “The art of translation is a subsidiary art and derivative. On this account it has never been granted the dignity of original work [...]”. Certainly Belloc does go on to characterise this view as a
“natural underestimation of its (sc. translation’s) value” and to argue that “neither its importance nor its difficulty has been grasped”. However, the sentiment survives, and with it, of course “a restricted concept of translation” (Bassnett, 2014, p. 15).

We always of course are limited in our conceptualisations, but it is precisely in order to think beyond continuing versions of potentially “restricted concepts” that we have embarked on this heuristic odyssey. In the process, we have, we hope, revealed, as our title puts it, “the unspeakable truth of accounting”: unspeakable first because, as Hyman observes, non-glottographic statements are never speakable, but only verbalisable: and unspeakable second, because in the case of the accounting before glottographic writing, when it was the only writing, it must have depended on speech to enable its learning and transmission, but it cannot “say” to us what that spoken language was; and finally unspeakable, because as with translation studies, it is one of those unspeakably “common” knowledge fields.

Notes

1. The Uruk finds constitute over 5,000 tablets, and are supplemented with finds of over 1,000 tablets in the urban centre of Elam, written not in cuneiform but in a script known as proto-Elamite.

2. Many of the challenges are justified, in the sense that Schmandt-Besserat often claimed more than the evidence she collected warranted, or failed to draw sufficiently upon evidence that would have buttressed her case (e.g. Lieberman, 1980; Michalowski, 1993; Zimansky, 1993; Friberg, 1994). Friberg at the same time is very positive about the underlying argument, thus, appropriately sub-titling his critique of her 1992 book as a “constructively critical review”.

3. Englund (2011, p. 35) notes that in the finds from the earliest period, known as Uruk IV (c. 3350–3200 BCE), the lists form less than 1 per cent of the total, whereas in the later Uruk III period (also called Jemdet Nasr), where finds come from sites beyond Uruk, the percentage is nearer 20 per cent, thus, suggesting a growing recognition of the importance of this system, usually understood as a pedagogic device for training accountants, but also presumably those involved in being accounted for or to.

4. This distinction is not replicable in the one English term “language”, but can be an important distinction to draw on in translation issues such as this. More formally within Saussurean linguistics “langue” is the main formal object of Saussurean analysis, in the form of the total set of signs making up a particular language in a given synchronic present; at the same time Saussure acknowledges how “languaging in general” has a function as a form of “languaging in general”.

5. Harris (1986, p. 57) observes that “evolutionist historians” all propose some first stage of a writing that is not quite writing, e.g. a “protowriting” (Cohen), “a transition from “synthetic” to “analytic” writing” (Février), a distinction “between ‘full writing’ and primitive ‘semasiography’ ” (Gelb), but “they disagree where to place it” (p. 74). Harris’s (1986) conclusion is that “none of these evolutionary accounts can satisfactorily identify the transition from pre-writing to writing, because they do not squarely face the issue of what basic conceptual advance underlay the first attempts to produce written records” (p. 74). Harris’s (1986) own explanation is to refuse the evolutionary attempts to find some transition from pictures to words as the “origin of writing”, and instead to focus on the process by which humans discover number systems beyond finger counting or 1 + 1 + 1 counting; in other words “the human race had to become numerate to become literate” (p. 133), a transition that took place when forms of accounting began making statements via distinct naming and counting signs, with the latter signs being constituted into metrological systems.

6. As one little aside, we note that Steiner (1975) does, near the start of After Babel, introduce a non-glottographic statement in the form of a formula used in “glottochronology” to calculate “the time $t$ that has elapsed since related languages have split away from a common ancestral stem” (p. 18, note 1), but the formula is not approached as an object for translational analysis, even though it is an everyday, if sophisticated, form of “human communication”.

7. The number of known extant languages has steadily increased across the last century: the 1911 Encyclopaedia Britannica estimated around 1,000, Steiner estimated 4,000–5,000 and the reference work Ethnologue (www.ethnologue.com) lists around 7,100 in its 2017 edition.
8. We note that the tablet finds also show that at least six of the systems also have signs progressing downwards, into fractions of a unit: each system uses conventionalised variations on the cone-shaped basic sign for “1”, some then being unique to a given system, while others are used across systems to designate a particular fraction. The discoveries establish signs for 1/2, 1/3, 1/4, 1/5, 1/6 and 1/10; also in a couple of systems, including the second one we illustrate (Sexagesimal System S), there is just one fraction sign used, but it is unclear as to whether it designates 1/2 or 1/10 (see Nissen et al., 1993, pp. 28-29).

9. There is of course one concession to the physical variability of time. The length of the work day comes to run from sunrise to sunset, divided it seems sexagesimally into 12 hours; so the winter “labour days” or “hours” are shorter than the summer ones. The accounts show that already this was used to calculate the amount of fodder to be allocated to herds tended for the state, and possibly (but certainly in the system developed a millennium in the Ur III period) in the system for the determining of number of work-days and workers required for a given task. So the system then determined “the work which overseers were to press out of their crew each month irrespective of its length” (Hoyrup, 2009, p. 23).

10. There is much valuable work into the relation of “visualization and cognition” (Latour, 1986, p. 1), which has led, particularly over the past decade, to a burgeoning field of “visualisation studies” in both accounting and organisation studies (e.g. Bell et al., 2013; Davison et al., 2015; Warren, 2017).

11. Englund (1996) discusses one particular tablet, labelled as MSCO 4: 66 (p. 66) where the learner must learn to decode and then encode notations representing grain products actually produced, which constitute the entries in one lined box or “case”, along with the notations to be found in the reciprocal “case” which represents measures of unprocessed grain “equivalent to the amount necessary to produce the individually recorded products”. Englund (2011) also notes how solving this kind of problem and grasping the relation between product outputs and the labour inputs that “ought” to be required should make it possible to extrapolate from this text norms of workforce performance required (in terms of both time worked and quality of work) and so further internalise the relational differences between “ought” and “is” (pp. 41-42, 46-49).

12. The problem with seeing a dispositif as an “apparatus” is to endow it with machine-like qualities or more generally to see it as an externally imposed means of arranging and managing subjects as objects of forms of indirection such as the disciplining of time, space and conduct. But when Foucault (2007), in Security, Territory, Population (pp. 99-100), discusses the idea of reasoned governing as “a right way of arranging things”, he sees this as a matter of governing having “a series of specific finalities” and of “arranging things to achieve these” (p. 99), which then requires that those who govern “must possess wisdom, patience and diligence”, a wisdom concerning “the objectives that can and must be attained” and the “disposition one must deploy in order to attain them”. Thus a successful dispositif entails the ruler as subject having a good “disposition” and seeking to promote a similar disposition to good conduct in all the subjects of rule as well.

13. Note that the English translation begins the list with “simulation” which therefore appears twice (and makes no sense). The French original (Foucault, 1994, I, p. 329) confirms that the constellation begins with “simulacre” not “simulation”.

14. So for instance Goody (1987, p. 28), in making the case that the “earliest elaborated writing is the cuneiform (wedge-shaped) orthography which appeared at the end of the fourth millennium BCE”, then goes on: “This script was used to write down the language of the Sumerian people who inhabited the lower part of Mesopotamia” (emphasis added). That imputes to proto-cuneiform a glottographic intent and facility which is now precisely what is acknowledged as unproven and currently unproveable.

References


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