

109 Voices: Translation Issues for accounting standards in the EU

Inaugural Lecture, Professor Rachel Baskerville

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Tēnā koutou.

I am a professor of accounting, and accounting is, above all, a human artefact, and cultural activity which makes it a fascinating area of research. But I will not bow my head if this lecture tonight strays away from accounting towards more anthropological and linguistic topics. I do wear my ‘accountant’s hat’ most of my time at VUW.



As part of this preamble, I need to acknowledge a debt to four others.... a debt that cannot be described easily.... two of whom are in the UK: my academic partner in this project, Professor Lisa Evans from the University of Stirling. And my Welsh partner, Huw Rhys, as this project has its specific origin in walking around with him in a very wet Oxford in June 2007, visiting JRR Tolkien’s grave, talking much about language and meanings. Little did we know that soft rain in Oxford and elsewhere was going to lead to disastrous flooding right across England in the summer of 2007. And a flood of research for me which is ongoing now looking at translation issues in auditing and accounting in China.



(My mother, Shirley Rowe (née Roberts) is seated at the far right end of the front row).

The other two I wish to acknowledge are my parents; my mother studied Maths and Latin in VUW 1929 – 1932, which meant she worked here in the Hunter Library¹, with the soft morning sun tinted by the then new Memorial window to the most tragic war the world had ever known, and both parents very active on what was called the ‘Save the Hunter’ campaign. She told me that however Victoria acted, whatever was going on, whether or not I agreed with what was going on, I must always defend the need for and place of the University in Society; as Wellingtonians and Kiwis we need VUW to be a ‘critic and conscience of society’.

So I am doubly pleased to acknowledge how the deep commitment by both my parents to VUW inspired me, and to be here tonight, with two of my children, being able to say so.

Tonight I intend to review

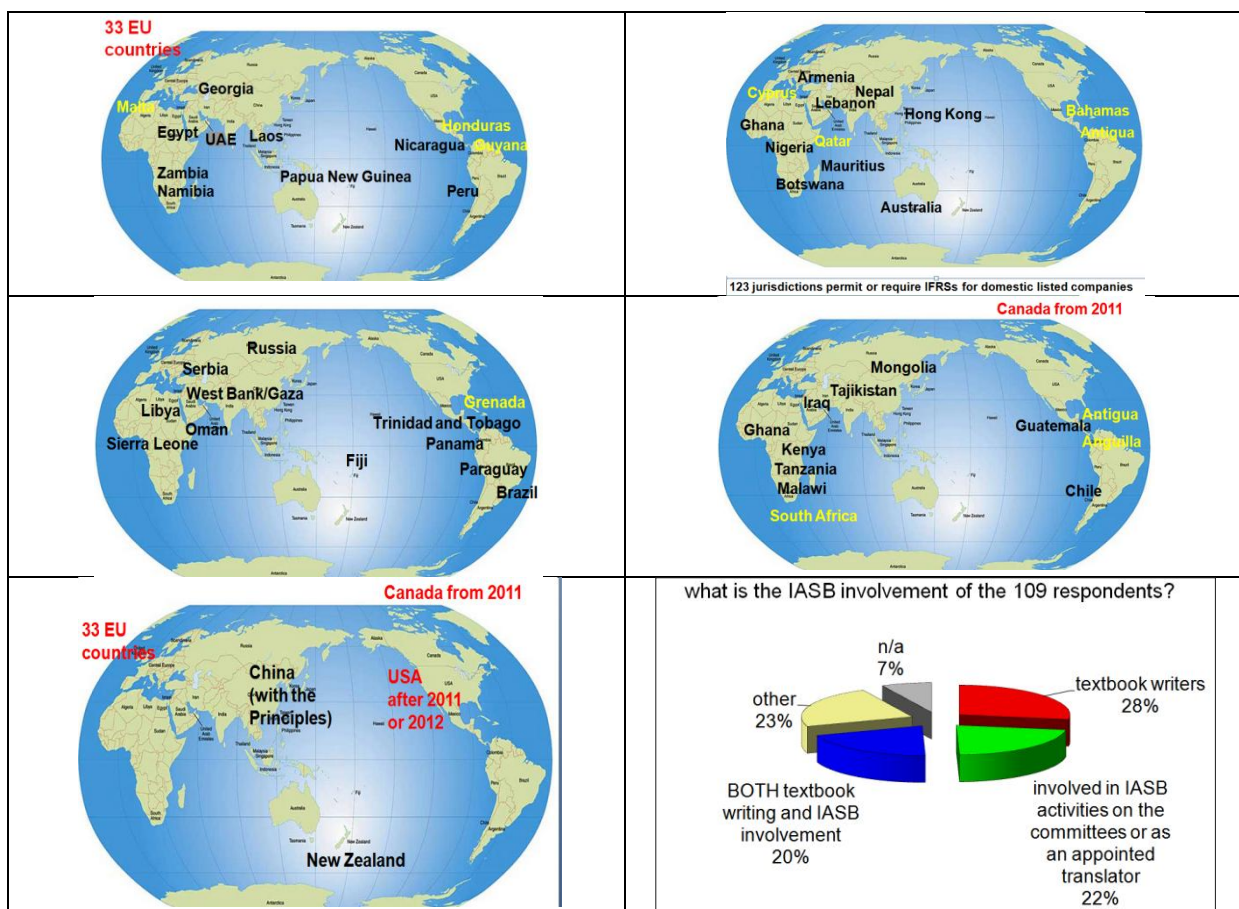
- 1 Accounting standards and their technical complexity
- 2 Translators’ nightmares and toolkits
- 3 Theories about the evolution of language and diversity of languages
- 4 The diversity of speech communities and ethnic identity
- 5 What this means for the global business community

Conclusion: Language in our neighbourhood

¹ The VUW Council Chamber was, in earlier years, the Library in the Hunter Building

Part one:

An important foundation for the discussion tonight is existing research that suggests that even looking within the same language, accounting concepts are perceived or interpreted differently by different groups, such as academics, users or preparers of accounting information, accounting students, or members of different cultural groups. I will return to this later. The last decade has seen the adoption of an international set of accounting standards in 123 different countries; these are called International financial reporting standards, established by a Board in London, the IASB^{2 3}. And the G20 have asked the two giants in the international accounting bodies (IASB and the US FASB) to redouble their efforts to complete what is called the “convergence project” by June 2011. This “internationalisation” of accounting means these standards are translated into more than 40 languages, as many different jurisdictions adopt this set of regulation. Progress toward this goal has been steady.



² www.ifrs.org

³ <http://www.iasplus.com/country/useias.htm>

Information, to the best of our knowledge, for 174 jurisdictions for domestic listed companies (totals without CN):

IFRSs not permitted — 30 jurisdictions

IFRSs permitted — 24 jurisdictions

IFRSs required for some — 6 jurisdictions

IFRSs required for all — 93 jurisdictions

** No stock exchange — 21 jurisdictions

**Includes 30 EU/EEA member states (Note 1) and 5 jurisdictions that have adopted full IFRS equivalents (Notes, 2 3, and 7)

Of the 123 jurisdictions (24 + 6 + 93) that permit or require IFRSs for domestic listed companies: In 88 jurisdictions the audit report refers to conformity with IFRSs In 30 jurisdictions the audit report refers to conformity with IFRSs as adopted by the EU In 1 jurisdiction (HK) the audit report for companies incorporated in HK refers to local GAAP and for companies incorporated elsewhere it refers to IFRSs For 2 jurisdictions (JP and NG) this has not yet been announced For 2 jurisdictions (LY and ZM) this information is not available

In 2009 Lisa Evans and I administered a survey to translators of accounting textbooks and accounting standards in the EU. This survey was sent through the offices of the IASB, and also from tracking the names of textbook writers (293 of them). Thus we were able to survey a large number of those working in accounting translation in the EU in 23 different languages. The answers reflected passion and commitment, perseverance and tenacity. The survey instrument was sent by staff at IFRS to translators for the IASCF in Europe, and members of translation committees.

The following is a very small part of the analysis of the results. So without any delay, I am going to tell you about this research project and begin by looking at one standard in particular, in order to illustrate how an accounting standard can cause a ‘nightmare’ for translators.

1 Accounting standards and their technical complexity

This standard called IAS 39; prescribes how accountants should undertake financial instrument recognition in the balance sheet and profit and loss account....So it is prescribing the standard for recognition and measurement of financial instruments, such as options or commodity contracts.

It is a very technical standard. The definition of “effective interest rate” is one very long paragraph, comprising of six sentences and 21 words per sentence. And in other Definitions, a sentence can be 70 words long.

The teaching of such a complex standard is also difficult. Sir David Tweedie was referring to IAS 39 when he said “If you think you understand the standard, you have not read it properly⁴”. I don’t think I am unjustified in saying that this Standard is deemed largely incomprehensible in English.

So what happens when Translators address its translation?

A Swedish translator agreed: “Generally it is difficult to solve this type of problem since complexity of language is a consequence of complexity in real life accounting”.

As already noted, in addition, there is a considerable body of accounting research which suggests that, even looking within the same language, accounting concepts are perceived or interpreted differently by different groups, such as academics, users or preparers of accounting information, accounting students, or members of different cultural groups⁵. This viewpoint was further evidenced by the results of this survey.

2. Translators’ nightmares and toolkits.

[This next slide was built up with each topic one by one with comments on % who found this a problem].

⁴ Sir D. Tweedie was quoted in *FT.com*, December 13, 2007

⁵ Haried, 1972 and 1973; Oliver, 1974; Belkaoui, 1980; Houghton, 1987; Adelberg and Farelly, 1989; Riahi-Belkaoui and Picur, 1991 and Bagranoff et al., 1994

Nightmares?

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Technical complexity of the IFRS generally	38%
... of particular IFRS	28%
Possible multiple translations of one word in English	38%
Lack of commonality in accounting concepts between IFRS GAAP and GAAP in my jurisdiction	36%
..... between GAAP elsewhere and GAAP in my jurisdiction	13%
Synonyms or near-synonyms (e.g. buy, purchase)	34%
Distinctions between terms such as "may, might, could, should, must"	34%
Adherence to the grammatical and syntactic features of the original versions of IFRS	31%
Apparent redundancies in the English version	26%
Grammatical or lexical features of English generally	20%
Subtlety in the use of tenses in English e.g. active versus passive	18%
Lack of gendered nouns in English	7%
Limited use of inflection in English	6%
Other 'nightmares' as suggested	22%




This survey did not intend to focus on IAS 39, but when it asked: “what was your biggest nightmare?”

<p>1st and 2nd topics: A wide variety of translators of different languages, many expressed reservation with the technical complexity.</p>	<p>Two other views on IAS 39: Italian: <i>When it comes to IAS39 the problem concerns technical understanding of financial instruments for which more examples are needed.</i> Swedish: <i>IAS 19 and IAS 39 are on subjects that are complex as such, and we had no tradition at all in Sweden with more comprehensive accounting standards.</i></p>
<p>3rd: Possible multiple translations of one word in English’</p>	<p>to Estonian: “One example, 'dispose', which has multiple translations and I never know should I translate it in the meaning of 'sell', or 'transfer' or just 'get rid of'.”</p> <p>“Words like allocation or allowance, benefit, capital or capitalisation, cash, charge, claim, credit, equity, fund, input or output, interest, investment, recovery, revenue and transfer are always problematic as to what meaning out of several possibilities does apply. The context is often not enough and there are risks of translating errors” (French viewpoint)</p>

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<p>4th and 5th: Distinctions between GAAP.....local v IASB or local v. Other.</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Inaugural Lecture</p> <div style="border: 1px solid red; padding: 5px; margin-bottom: 10px;"> <p>"IFRS includes concepts that did not previously exist in Finnish accounting thought. I have no short way to solve the problem. I would probably add explanations".</p> </div> <div style="border: 1px solid red; padding: 5px; margin-bottom: 10px;"> <p>"For those who are from civil law countries, different words can really embed different commitment"</p> </div> <div style="border: 1px solid red; padding: 5px;"> <p>"In Greece, GAAP include the provisions stipulated in the so called "Code of Books and Records" (<i>Kodikas Vivlion ke Stihion</i>) which is an entirely Greek set of accounting principles".</p> </div> <p style="text-align: right;"></p>
<p>6th: Synonyms or near-synonyms (e.g. buy, purchase)</p>	<p>From the Scandinavian group ...multiple, inconsistent translations of the same English term, and issues with the translation of near-synonyms, such as 'purchase' and 'buy'.also occurred in the Romance language translators. Typically, these languages have a smaller vocabulary than English.</p>
<p>7th: distinctions between terms such as "may, might, could, should, must"</p>	<p>For an Italian: "Yes, since my school years I've been trying to understand these distinctions..."</p>

The other nightmares and suggestions of possible solutions, offered a similarly diverse set of viewpoints. Any particular issue in translation, most of which have already been identified in academic studies, can be shown to generate a range of responses and viewpoints, with strongly expressed opinions in some cases, and strong emotions in some others.

The translators were generous in their thoughts on solutions to these nightmares, with over one hundred offered in the narratives and commentary

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Portuguese: I think this could be avoided by writing technical issues in a simpler way. This would require a great effort since the IASB standards are already written in a complex way.

Slovakian: It is evident that different standards use different English. It is probably the result of the work of different people using different "style" of language. The team of people primarily writing those standards should be more consistent


Swedish: I have several examples of obvious mistranslations and misunderstandings in the official translations of IAS/IFRS from English to Swedish.

Swedish: To a certain extent, it is not resolved. Otherwise, it requires more hard translation work.

French: It is very often difficult to see the economic reality behind the concepts used.

Maltese: The English text sometimes uses newly-coined concise terms to express complex ideas.

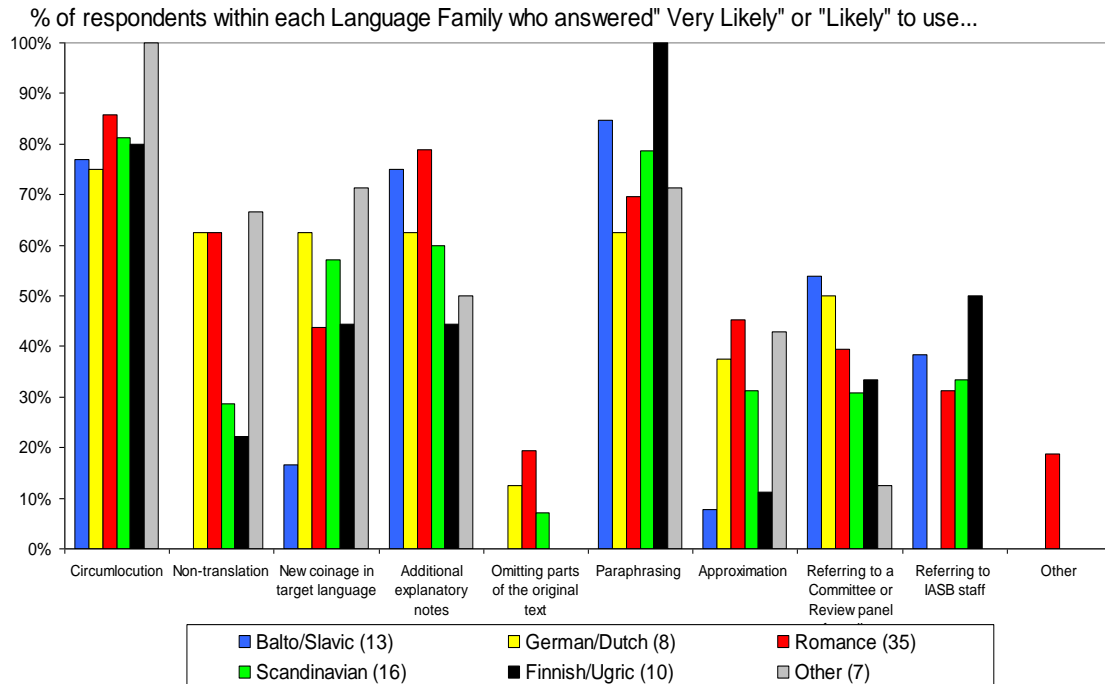
French: I just try to traduce the expression as I understand it, but I may make mistakes



[Apart from ones listed in the survey, Appendix A to this document suggests others which were mentioned, and possible solutions].

But translators have many tools at their disposal to address problems caused by such nightmares. We divided the analysis into different language family groups to determine if there were any differences in approaches to resolving problems which varied with the target language.

[Discussion of following chart]



We had also sought translators' opinions on specific types of expressions or linguistic challenges, most of which had already been identified in the academic literature on translation of accounting and auditing concepts, asking

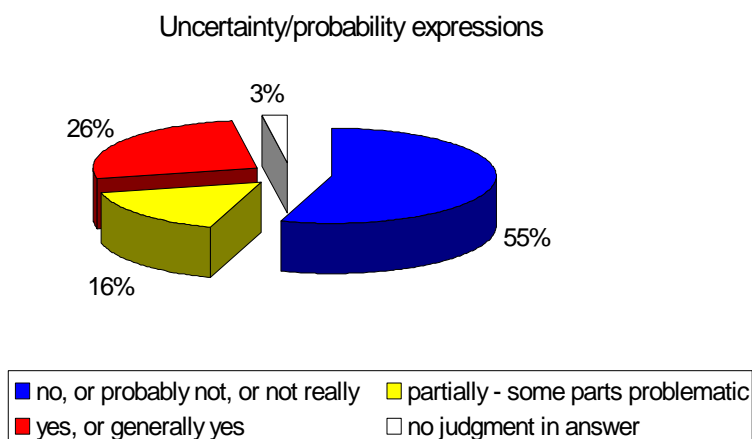
“Does the translation of these concepts create any particular problems when translating into your target language?”

We asked in particular about.

1. Complexity of syntax/sentence structure or length of sentences
2. Concepts with a wider or different meaning in ‘everyday’ language such as - ‘entities’ - ‘prudence’ - ‘material’
3. Uncertainty/probability expressions
4. Undefined or undefinable concepts, such as: - ‘substance over form’ - ‘presenting fairly’
5. Terms denoting different concepts or multiple meanings such as - interest (minority interest as an ownership share) compared with interest (return on investment) - stocks (share ownership compared with inventory)

<p>1. Complexity of syntax/sentence structure or length of sentences.</p>	<p>When one respondent particularly identified complexity in the structure of long sentences as a key problem translating in to French, she added: <i>“translating terrible English is an awful and depressing task”</i>. although few found it a problem</p>
<p>2. Concepts with a wider or different meaning in ‘everyday’ language such as - ‘entities’ - ‘prudence’ - ‘material’.</p>	<p><i>“In Finnish accounting tradition, there is no specific embedded word concept for material. I would probably translate it as olennainen, essential”</i>. <i>“ ‘Entities’ is a real problem (in Hungarian). each auditing company seems to have different terms in use ”</i></p>
	<p>French: “a precise and accurate translation does not imply that the readers in the target language are sufficiently familiar with the concept or idea to fully understand the meaning”. Romanian: “Sometimes concepts in the IFRS are literally translated without thorough understanding of senseswithout consistency with the original sense in the English language”.</p>

The third example we asked about concerned uncertainty and probability expressions. Example 3 touches on issues already explored in accounting research on the so-called uncertainty or probability expressions (such as ‘probably’, ‘likely’, ‘remote’). Some researchers have extended this debate to address translation issues; suggesting that such terms in English permit more precise interpretation than their French translations.



As far as translation from English to German was concerned, this was found to result “in significant differences in interpretation”, which may be due to poor translation or a lack of an available equivalent term in German. Other researchers have similarly suggested cultural differences lead to a lack of equivalent interpretation of uncertainty expressions and thereby

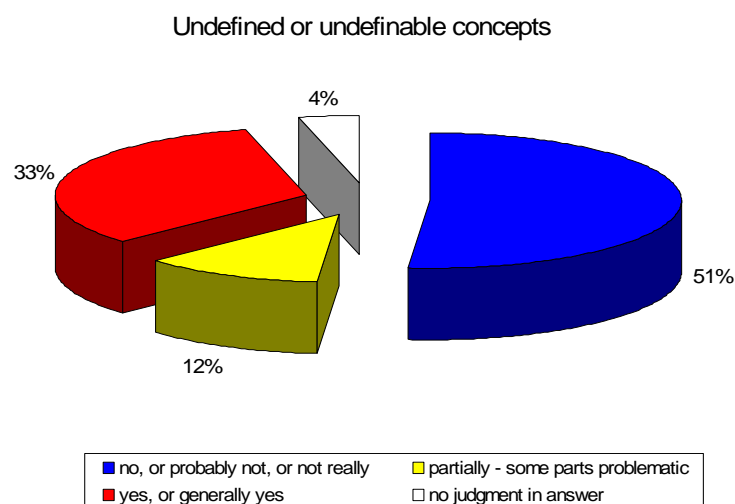
to differences in the application of International Accounting Standards. No doubt some of the respondents would have already been familiar with these studies⁶.

“There are plenty of problems. Only one example: “Probable” in the context of the recognition of provision is in Germany (HGB) connected to a lower probability hurdle than in IAS 37. Even in the SAME language, in English, probable in IAS 37 may relate to another probability hurdle than the same terminology used in US-GAAP (SFAS 5?)”.

Danish: Yes, there are problems indeed when translating such expressions - first of all because they are not even consistently used across the IFRS standards - ...many meanings in IFRS - alone in English - of likelihood (probably = UK: more likely than not ---US: meaning a probability of 51%+).

From a Finnish translator: “... we have only one word for "depreciation" and "amortisation". In some cases, the text includes several concepts in English to cover both American and British practice (for example trust fund and unit trust) and we naturally can only have one translation.

Example Four asked whether or not translators had any problems around alluded to issues surround the translation of True and fair view, or fairly present. This has been well documented in prior research as a particular contentious issue in the EU and many of the respondents would be familiar with this debate to a lesser or greater extent^{7 8}. Some accounting researchers describe it as “an alien concept” in the EU, and others have further demonstrated a diversity of views within US and British perceptions of meanings within similar terms. Many countries imposed their own culture on what was to them an alien concept (e.g. Parker 1989 Nobes 1993).



⁶ E.g. Laswad and Mak, (1997 and 2000). Davidson and Chrisman (1993, 1994) Douppnik and Richter (2003, p.30) Douppnik and Richter (2004)

⁷ Some prior studies are Rutherford (1983), Zeff (1990), Nobes (1993), Alexander (1993), Evans and Nobes (1996), and Aisbitt and Nobes (2001). Parker, 1989, Sucher & Jindrichovska, 2004, Ordeltjeide 1990, 1993, 1996)

⁸ The findings suggest translations of ‘True and fair view’ into the official language versions of the EU member states are not, as a rule, literal translations of the English original (Rutherford, 1983; Nobes, 1993; Alexander, 1993; Aisbitt and Nobes, 2001) nor applied equivalently (Nobes, 1993; Aisbitt and Nobes, 2001).

A Romanian translator noted: “Sometimes we do not deal only with words but also with concepts, which are very context-dependent. For example, TFV in English is image fidele in French; but we know Image fidele usually means regularite et sincerite. not the same concept”.

McEnroe and Martens (1998) demonstrated a diversity of views within US and British perceptions of meanings within similar terms.

Kosmala-MacLulich (2003) found that a variety of translations appear in Polish, which reflect a lack of consensus on the concept’s role. She argues that this is due to the fact that the Polish translations are incompatible with the meanings associated with ‘True and fair view’ in English. And from Norway:

“Accounting is an old language developed through practice (bookkeeping). Most accounting theory is in English and a precise translation into Norwegian may be difficult. New words in Norwegian may have to be created in some cases. For instance is the meaning of phrase "True and Fair view" is difficult to translate into any language even English!”.

Lastly: terms denoting different concepts or multiple meanings such as - interest (minority interest as an ownership share) compared with interest (return on investment) - stocks (share ownership compared with inventory) [*we discussed as the 2nd nightmare above*]. Different terminology was seen to exist in the IASB’s and the EU Commission’s translations. Overall there appears a need to:

“Reform the source language usage” (French view).

Translators were quick to distinguish between American and British English.

As one Danish textbook writer noted: “[The] general challenge [is] to distinguish correctly between US and UK English vis-a-vis IFRS English that is a mix of both (90% US terminology but UK grammar and spelling)”. Some respondents were concerned about inconsistency in English terminology in different varieties of English and within IAS and IFRS.

Key to this issue is that whilst the US moves towards adoption of IFRS, the convergence processes for IFRS have been seen by some to be putting pressure on the standard-writers to permit an increasing adoption of US English in IFRS; or create a third language – IFRS English, an amalgam of the two. But already there are inconsistencies in the use of terminology in English when using just US and British English. Given the diversity of Englishes and the divergence of accounting concepts between different nation states, a third version of English does not appear a natural step towards clarity and consistency.

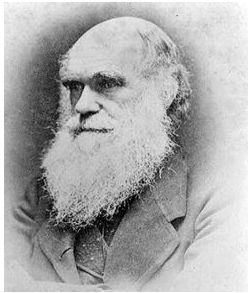
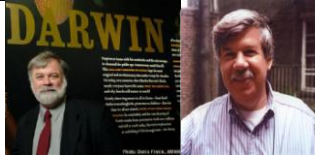
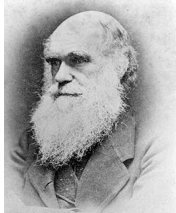
Behind this debate, there appears to be amongst some a desire for English to be not only the *lingua franca*, but also for the UK/USA concepts to dominate globally as well. The path of globalisation of accounting standards needs to be better informed about the origins of language diversity and why diversity not only persists but grows...even in the face of

increasing homogenisation [through the internet] of English as a *lingua franca*. Will language diversity persist? And why does it exist? Moving now to:

3 Theories about the evolution of language and diversity of languages

....starting with general principles of speciation (biological) and enquiring if this can be applied to the origins of language diversity.

In spite of my scholarship contrasting cultural evolution with biological evolution, I do find in Darwin's principles some important parallels which may be gainfully applied between Darwin's theories of speciation and the divergence of language.

 <ul style="list-style-type: none"> •not progressive •not deterministic •not adaptive •gradual 	  <ul style="list-style-type: none"> •not progressive •not deterministic •not adaptive •subject to punctuated equilibrium
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First, there are four characteristics of biological speciation within Darwin's *Origin of Species*. It is not progressive. It is not deterministic. It is not optimally adaptive. It is gradual. On this last plank, many Darwinists have adopted the Eldredge-Gould hypothesis⁹ of speciation as being characterised by punctuated equilibrium, rather than a gradual process; and I do as well.

But let's take those important characteristics of speciation and use these to illustrate possible processes of language divergence. It is not progressive: there is no judgement as to whether or not the divergence of language leads to better communication processes, and language is all about communication. The writings of Homer (whoever or whatever Homer was) are described as "endued with extraordinary richness and splendour...that Homer has never been surpassed"¹⁰.

It is not deterministic; languages do not evolve and diverge in a predetermined process, with a particular predetermined outcome envisaged. It is not adaptive, in that optimal adaptation is unlikely. When the languages of west Polynesia and east Polynesia diverged, did this mean the language of east Polynesia was better adapted for its environment? Not at all... and the loss of writing from the Asian origins of the Polynesians is a curious by-product of the great Polynesian migrations east across the Pacific, but does not lessen the utility and sophistication of language for those societies.

⁹ Eldredge, Niles, and Stephen Jay Gould. 1972. "Punctuated Equilibria: An Alternative to Phyletic Gradualism". In *Models in Paleobiology*, ed. Thomas J. M. Schopf, 82-115. San Francisco: Freeman, Cooper

¹⁰ Owen Barfield, 1928, *Poetic Diction – A Study In Meaning* Faber and Gwyer Ltd, London, page 51

Languages do not change in a steady gradual manner; the shifts of what we now call English from the Anglo-Saxon of ‘Beowulf’ had a pattern of periods of stability and periods of rapid change.

I have taken the liberty of using the Darwinian theory of speciation as a mirror with which to illustrate the *processes* by which languages may have diverged, but this does not answer question of why they diverged.

The reason for the diversity of human languages receives sporadic attention but satisfactory explanations are thin on the ground. In many books about the evolution of language, the topic is defined as being principally concerned with universal grammar and its origins.



Noam Chomsky

.....diversity a violation of the “spirit” of his theories based on sensorimotor systems in the human brain



Steven Pinker

...three necessary conditions

When Noam Chomsky asks: why are there so many languages (2010)¹¹ he considers the diversity is a violation of the “spirit” of his theories based on sensori-motor systems in the human brain (SMT); Chomsky notes “there have been suggestions over the years, ranging from sociological/cultural to possible minimax optimization” (page 60) as to the causes of the diversity of languages; but to him, none seem compelling. He prefers to restrict discussion about the evolution of languages within physical evolution and brain processes, considering language diversity as historical change, not evolutionary change.

This question was also addressed in Steven Pinker’s noteworthy tome, *The Language Instinct*, in which he questions the adaptive origins of the diversity among languages (p. 259- 260). He attributes differences between languages to three forces:

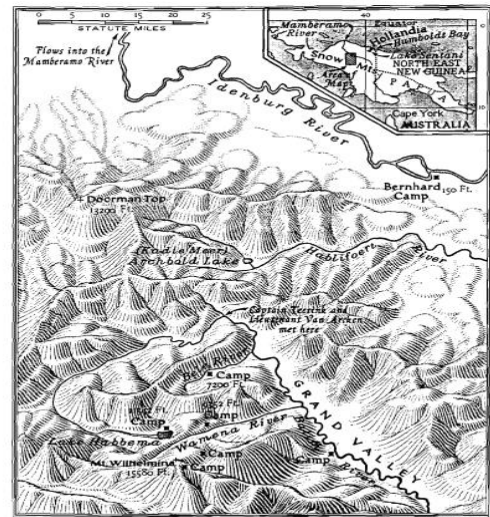
- linguistic innovations becoming standard
- children learning and perpetuating the language of their parents
- migration – isolation and social barriers

However, Pinker had already discussed the example of the Grand Valley:

¹¹ Noam Chomsky, “Some simple Evo Devo theses: how true might they be for Language” pages 45 – 62 in *The Evolution of Human Language – a Bilingual perspective* (Eds: R K Larson, A Deprez, H YAkamido) Cambridge Univ Press 2010, page 58



An Amazing Farming Civilization Occupies Grand Valley in the Heart of Savage New Guinea
 ing, the explorers were astounded to find that this fencing and ditching and beautiful cultivation had been accomplished by a people working with stone tools and sticks. Sweet potatoes are the main crop; turn, spinach, cucumbers, and beans also are grown. Bananas and tobacco are found in the compounds. (pages 551, 551A).



In New Guinea's Snow Mountains the Grand Valley of the Balim Lay Hidden from White Men Until the Guba Flew Over It
 Drawn by John J. Bristol

.....A valley unseen until the National Geographic sponsored a small plane to fly an exploratory reconnoitre in 1938. In the *National Geographic* of March 1941 we find pictures of the Grand Valley of Highland New Guinea first photographed from the air in 1938. The Grand Valley was an extremely large agricultural highland valley of Papua New Guinea which is known for having more than 800 separate languages up to the 1960s (Pinker 1994, page 26). So given that geographic isolation cannot be a requirement for the divergence of dialects into different languages, it is within the answers to this survey that we can identify a clear illustration of the drivers to the diversity of languages which is a characteristic of human speech communities.

Let's go back to Darwin and his translators: Darwin was very interested in the evolution of language, but was not addressing the drivers to language differentiation specifically unless, as I have already illustrated, the principles of *The Origin Of Species* can equally illustrate principles whereby the occurrence of natural selection favours those random mutational (events) which prove to render some advantage.

Darwin was very supportive of his *Origin of Species* being translated into other languages to enhance its impact, and *The Origin of Species* was translated into 29 languages. To this end, he corresponded with translators and with publishers. This level of translation was exceeded only by translations of Euclid for a scientific text.

But it is illuminating to consider the views of another linguist/writer on translation: J.R.R. Tolkien, who was greatly troubled by the liberties taken by translators when his books were translated into other languages [56 in total; although some of these translations would have occurred after his death]¹².

¹² HarperCollins acknowledges 38 languages into which either *The Hobbit*, *The Lord of the Rings* or both have been translated. In addition, translations of one or both seem to exist in 18 other languages. It is also noted that during his school years Tolkien learnt Greek, Anglo Saxon, Welsh, Ancient Norse, Finnish, Icelandic and Spanish, and contributed not only to translating the OED, as is well known, but also

In principle I object as strongly as is possible to the ‘translation’ of the nomenclature [in his own invented languages] at all (even by a competent person).

I wonder why a translator should think himself called on or entitled to do any such thing.

That this is an ‘imaginary’ world does not give him any right to remodel it according to his fancy, even if he could in a few months create a new coherent structure which it took me years to work out. [.]

May I say at once that I will not tolerate any similar tinkering with the personal nomenclature.





Nor with the name/word Hobbit.

(3 July 1956, letter to Rayner Unwin, Letters, pp. 249-51).

This criticism of the translator taking liberties with inventions of a creative genius may not be far removed from:

“IFRS includes concepts that did not previously exist in Finnish accounting thought. I have no short way to solve the problem. I would probably add explanations”.

I would agree with those who suggest Tolkien might have found an ally in the writings of Edward Sapir¹³; Tolkien described *The Lord of the Rings* as largely an essay in 'linguistic aesthetic'” (*Letter* 165). The languages were created before the mythology, and the mythology before the histories.

<p>In Darwin's lifetime, <i>The Origin of Species</i> was translated into 11 European languages and a further 18 after that</p>   <p>Another literary giant found the translations and translators' liberties extremely difficult</p>	<p>Sapir-Whorf revisited</p>   <p>Linguistic patterns are held to affect, to some degree, ways of perceiving the world, and cultural experience is affected by linguistic categories. The English language itself shapes both explicit and implicit accounting concepts ingrained within IFRS</p>
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Ahmed Belkaoui: “Whether language is a mere reflection of the sociocultural structure, or a constraint followed by particular behaviour rests on the kind of interpretation of results of the empirical studies on the Sapir Whorf hypothesis” (1980, p.99)¹⁴.

Following the views of others much more expert in such matters, I am suggesting here that linguistic patterns impact on ways of perceiving the world, and cultural experience is affected by linguistic categories. Precise meanings of words are culture-dependent, and there is rarely

the translation of the Bible, in particular the Book of Job. He also created 14 languages which, in turn, led to the development of the *Legendarium* of Middle Earth we read about in *The Silmarillion*

¹³ “Tolkien’s notion of “phonetic fitness” is examined extensively by Ross Smith (2006, 2007) and Fimi (2009) in relation to the theory of sound symbolism, which recognizes the link between sound and meaning. They also delineate how Tolkien’s notion ran counter to the major trend of linguistic theories of his time, although he might have found allies in such prominent linguists as Otto Jespersen and Edward Sapir”. (Hemmi 2010, page 151)

¹⁴ The starting point is the 1980 study by Belkaoui of “The interprofessional linguistic communication of accounting concepts: an experiment in sociolinguistics”. He reviews the Sapir-Whorf hypothesis, both the sharp end of this hypothesis (The linguistic relativity hypothesis) and its softer interpretations, including The Cultural Relativity Hypothesis and the Linguistic Reflection Hypothesis.

a one-to-one correspondence, or an exact overlap of vocabulary in different languages. And the problem of different perception and interpretation is increased when aspects such as accounting concepts and regulation are translated from one language to another, because translation is not straightforward: the signifier (the sound pattern or word) and the signified (the underlying concept) are not equivalent in different languages and cultures (Saussure, 1915).

Furthermore, Monti-Belkaoui and Belkaoui (1983) found that professional concepts are interpreted differently when comparing monolingual speakers of separate languages with bilingual speakers, suggesting that translation between one language and another is at the very least problematic and sometimes impossible. Evans (2004) has more recently linked issues arising from accounting translation to the Sapir-Whorf hypothesis.

If we envisage IFRS as starting as a language from which the concepts of accounting are derived then this is entirely consistent with those who believe that language does, in fact, fashion thought and meaning. The problem translators have is only not with the lexicon or the grammar; the highest level of difficulties is with the standards themselves, especially IAS 39, with which we started, in which the language embodies social consciousness and a shared system of values, technically complex even for the most experienced accountants.

4 The diversity of speech communities and ethnic identity.

Given that, even within the same language, accounting concepts are perceived or interpreted differently by different groups, such as academics, users or preparers of accounting information, accounting students, or members of different cultural groups we can expect them to diverge even further between languages. But tonight is not an exercise in describing issues; we also need to link the problems and passion of these respondents to the cultural milieu of accounting in the EU.

My interpretation from reading many times over the responses to this survey is that it shows how a passion for language and language issues by these translators reflects a strong causal relationship between the growth of an ethnic identity and language divergence. We have earlier discussed that some branches of specialist research on the evolution of languages overlooks causes of language differentiation. However, two areas of scholarship do address it:

- Habermas 1984: the core function of language is core to the social processes of reaching understanding, the co-ordination of actions and socialization of individuals.
- Berger and Luckmann 1967: offer a view of language as a system of representation providing a shared world view.

Therefore language has a crucial role in symbolism of group identity; language contributes to social integration at two levels: its communicative function and its symbolic function. Language is a constitutive factor of ethnicity.

[There is a remarkable example of this in Katherine Woolard's study of Catalan and Castilian language use and its link to ethnic identity¹⁵. It is also illustrated in the problems in Belgium, the heart of the EU itself, with the current furore between Dutch versus French speakers].

5 What this means for the global business community

From H. L. Mencken's 'inquiry into the development of English in the United States' in 1921 he noted American English was characterised by "its impatient disregard of rule and precedent, and hence its large capacity (distinctly greater than that of the English of England) for taking in new words and phrases and for manufacturing new locutions out of its own materials". Such a disregard for rules in the US may be symptomatic of less interest in issues pertaining to language generally in the US, and foreign language acquisition in particular....very different from this community of EU translators.

They need:

Well-written English

Consistently used

"Less is better"

As already noted: those at the forefront in the paths of globalisation of accounting standards may need to be better informed about the origins of language diversity, its link to ethnic identity, and – incidentally - why diversity not only persists, but grows.

Globalisation is not a neutraliser of national identity; and despite some claiming that it is a form of 'intellectual violence', we can see that the internationalisation of accounting is very unlikely to eradicate jurisdictional differences in accounting concepts. We accountants are part of what I referred to earlier as the Convergence Project; and

- with the USA being thought by some to be not as respectful of language as those across the Atlantic; and that
- in terms of size, the tendency of the standard setters in the USA is to produce very large quantum of regulation, compared with the two volumes of IFR standards.

....there is a danger in this process we call 'Convergence' that the IFR standards will get bigger, with longer sentences and more complex language. The importance of appreciating how languages and accounting concepts continue to be tightly bound, and the need for standards to be written in clearer, and more concise, English, may need to be repeatedly demonstrated by those in a position to do so. I hope this research contributes in offering such evidence.

Where to from now? I was granted funding from this University to organise a Mandarin speaker to interview Chinese practitioners, and I am to visit China to discuss those findings with them later this year. I have also reported on these survey findings to the staff at the IASB in London in 2009, and have been asked also to report to the IPSASB later this year if possible.

¹⁵ Woolard, K. A. *Double talk: Bilingualism and the Politics of Ethnicity in Catalonia*, 1989, Stanford Uni Press, Calif.

Conclusion: Language in our neighbourhood

The manner in which language ties us to a place and a time.....

A glance at the list of the finalists for the 2011 NZ Post Book Awards alerts us to a wealth of NZ writing which is fundamentally regionalist in scope....

The latter being what Donoso¹⁶ once characterized as “writing for [one’s] parish,” “cataloging the flora and fauna, the races and sayings that were unmistakably ours ... that differentiated us— separated us— from other regions and countries in the continent.... reinforcing boundaries between region and region, between country and country”.



When Jenny Bornholdt’s poem opens with the line: “Make sure you fall in love with a man who you know will survive in the bush” this strikes a complex personal chord in my heart and also, I am sure, of many other New Zealanders. It could not have been written in any other country.

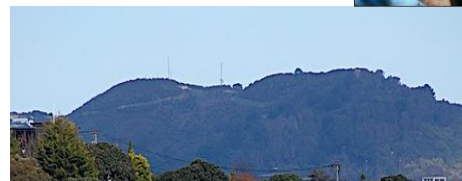
Let’s look back to the accounting standard I started with, called IAS 39. Could this have been written 25 years ago? No. I think not: it is not only time-specific in terms of the growth so the use of complex financial instruments as well as the (albeit grudging) acceptance by those who prepare sets of account that such intangible obligators and rights need to be counted up and added into a balance sheet. It is also written in an amalgam of American and British English by a regulator who did not exist 25 years ago. Language ties us to a place and a time, and the challenges to translators are dynamic as both their own languages change, and the English changes.

[Twenty years ago there were not the separate states of Slovenia and Slovakia; now are both official languages of the EU and have their own IFRS translations. Although Gaelic and Welsh are official languages of the EU, accounting standards are not yet translated. One might speculate that they have a strong enough sense of cultural identify not to demand IFRS in their tongue, or, as I suspect, there would be a material risk of divergence of accounting practices as their languages would recreate and mould the principles underlying the standards].

The manner in which the English of IAS 39 is located to a place and a time



Owen Barfield (1928) “wherever two consciousnesses differ ...there is an unbridgeable gap between the souls of any two great cultures”



¹⁶ José Donoso, 1998, *Historia personal del "Boom"*, Aguilar (first published 1977)

At this point, many of you will be wondering when I am going to make the linkages between this study of accounting standards in the EU to those matters about which we are being informed and challenged for many decades: the languages of New Zealand.

It is a moot point as to whether I was initially interested in this research because I am a New Zealander, or an anthropologist. As the Vice Chancellor informed you, my first training was as an anthropologist and [as indicated in the description of my other areas of research], that lens through which I understand what I see and hear is very evident in my career. The disparity in the meaning of the Māori and English versions of the Treaty of Waitangi was not only a translation issue but inevitable as those languages could only reflect the different worlds of meaning. As described by Owen Barfield in 1928, “wherever two consciousnesses differ ...there is an unbridgeable gap between the souls of any two great cultures”¹⁷. The importance of language to cultural growth and identity has been strong throughout all of New Zealand’s phases of settlement.

But it is as a New Zealander that I talk here tonight, and for all of us issues around translation of the Treaty of Waitangi, the importance of language to the functioning and growth of cultural identity and, indeed, survival; and the manner in which language ties us to a place and a time are self-evident. Te Ahu Mairangi is my mountain; the swoop of the kereru, and more recently the rasping call of kaka greet me when I return home. I hope your return home tonight is to similarly comforting sounds as you might further reflect on the comfort of, familiarity with, and love of, languages we share.

Ahakoā korero noa ahau i nga reo o nga tangata, o nga anahera, ki te kahore oku aroha, ka rite ahau ki te parahi tangi, ki te himipora tatangi.

1 Corinthians 13 verse 1.

If I speak in the tongues of men and angels, but have not love, I have become sounding brass or a tinkling symbol.

Ka kite anō.

¹⁷ Owen Barfield, 1928, *Poetic Diction – A Study in Meaning* Faber and Gwyer Ltd, London

Postscript:

Wilhelm von Humboldt on Language: “Man lives in the world about him principally, indeed exclusively, as language presents it to him” (1841 – 52). Edward Sapir had studied the researches of Wilhelm von Humboldt.

The great Humboldt current, named after his younger brother Alexander, separates the islands of the Pacific, including NZ, from the east (Meso and South America). However, the most difficult part of the voyage from the east is the first 50 miles. It is of note that Heyerdahl’s trip in the *Kon Tiki* started with his boat being towed 50 miles to reach the Humboldt current. This allowed the *Kon Tiki* to bypass the treacherous currents close to shore (something all sailors would have had to deal with, and may have effectively stopped settlement of Pacific by the Spanish.) *ref. Wikipedia*

If it was not for that current in the east Pacific, maybe NZ would have been settled by the Conquistadores, and we would all be speaking Spanish

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“*The Darkening Glass: Issues for Translation of IFRS*” by Lisa Evans and Rachel Baskerville published by The Institute of Chartered Accountants of Scotland, Edinburgh, in 2011 and can be accessed on:

http://www.icas.org.uk/site/cms/download/res/baskerville_evans_Report_mar_2011.pdf

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Appendix A: What are your 'biggest nightmares' in translation? -Other (text added).

Czech: old fashioned language of some standards, such as IAS 20 *Solution?* by referring to previous translations of these standards.

Finnish: use of "including" where it is not clear if the list is exhaustive or includes examples *Solution?* Sometimes we simply have to guess, or otherwise use an artificial direct translation which clearly shows that it is a translation but is grammatically correct.

Finnish: multiple "of" genitives. *Solution?* There is only one possible *Solution*. We will have to start with the "owner" and then proceed in the opposite order than the English text. Sometimes we then reformulate the text as it may be more or less.

Finnish: extremely long sentences *Solution?* There is nothing to do. Sometimes we use a semicolon (;) to break a sentence, but even that might be forbidden.

Hungarian: It is difficult to find it out whether it is compulsory (shall) or just an example, possibility or explanation (uses).

French: a lot of "faux amis"'s words *Solution?* new accounting dictionaries would be a mean to resolve it.

French: complexity in the structure of long sentences (see examples above) *Solution?* same comment as above: translating terrible English is an awful and depressing task.

French: rare words, for instance.

Romanian: from the first pilot tester: contextualized terms such as TFV, but this is usually resolved through French.

Romanian: from the first pilot tester difficult terms which have not equivalent translations in Romanian such as 'disposable'; this implies usually translation through 'vanzare' which is actually 'sale' IAS 32, 39.

Spanish: When there is a translation of the word but the meaning is not "exactly" the same *Solution?* Very often the problem remains unsolved. I try to explain the real meaning through examples or changing the wording.

German: translating standards is close to impossible if you do not share the same institutional and legal background German: the wording changes in IAS 1 (2007) *Solution?* The changes in wording would lead, if adopted properly, to very technical wording: A word-by-word translation would lead to senseless or mistakable expressions. And word inventions would not lead to any better understanding. Therefore we did not adopt all the changes in the German translation.

German: epic (belletristic) style without the legal precision of a code-law-system.

Norwegian: The main problem is the volume. Getting a consistent vocabulary is a major task.

Danish: inconsistency across IFRS standards *Solution?* comparing with Danish accounting standards and legislation and discussing the challenge with accounting professors and accountants or other technical experts.

Greek: The problem: wrong or inefficient use of punctuation/commas. *Solution?* Commas are often absent or inappropriately used in financial texts, including of course IFRS, thus posing difficulties in semantic grouping.

Maltese: complex noun phrases (adjective adjective- noun) where it is difficult to establish whether the first adjective qualifies the second or the noun *Solution?* The problem can be resolved by expending the English text to make the sense more clear.

Appendix B:

Jenny Bornholdt, 'Make Sure', Sport 2: Autumn 1989 page 114

<http://www.nzetc.org/tm/scholarly/tei-Ba02Spo- div1-N11FB9.html>

Make Sure

Make sure you fall in love with a man who you know will survive in the bush.

This way, when he is three nights overdue from his trip and the search and rescue team is out looking for him and the helicopter has been called back because the weather is closing in and they're interviewing you on television in a close-up camera shot, asking you what you think his chances are — hoping you will cry and your lip will tremble — you can look them straight in the eye and say you *know* he will be all right, he has had plenty of experience and he knows what to do, he was carrying plenty of food and warm clothing and he is strong.

Even if he is hurt, you know he will be all right.

He's a fighter, you'll say. He won't give in.

But the weather is closing in, you must be worried, they'll ask. You keep your resolve. He will be all right, you say. I know he will.