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The Significance of Language for Accounting Theory and Methodology

A thesis submitted in fulfilment of the requirements for the award of the degree

Doctor of Philosophy

From

University of Wollongong

By

Ahmad Nasser

B.A. in Accounting (University of Mazandaran, Babolsar, Iran)

M.A. in Accounting (University of Tarbiat Modarres, Tehran, Iran)

School of Accounting and Finance

2007

In Memorial of
Imam Khomeini

Dedicated to Akram,
My Beloved Wife,
For Her Patience

Certification

I, Ahmad Nasser, declare that this thesis, submitted in partial fulfilment of the requirements for the award of Doctor of Philosophy, in the School of Accounting and Finance, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

Ahmad Nasser

1 February 2007

Abstract

The significance of language for accounting theory and methodology is investigated and discussed through three different approaches. First, linguistic analyses of accounting language declare that some difficulties and misunderstandings in accounting are grounded in language and linguistics. The relevance of linguistics to accounting is examined through analysing a number of Iranian accounting terminology cases (e.g. hesaabdaaree, sarghoflee, etc.). It is shown that improving accounting theory and practice necessitates considering its linguistics. The linguistic significance of language on accounting is that, without considering language and linguistic problems, misunderstandings and difficulties are drawn into accounting. Translation, ambiguity, and acronyms are introduced as the most effective linguistic problems that produce difficulties within accounting.

Secondly, philosophical investigations reveal that identifying accounting [as well as any other human knowledge] is entirely related to language. A philosophical foundation is established through criticising Frege's definition of thought, idea, truth, and falsity. It is argued that truth and falsity, contrary to what Frege argues, have different natures and thus different methods of inquiry. It is explained how the dangerous similarity of truth and falsity is a matter of language and how language trammels true meaning and false meaning into the same trap. The philosophical criticism results in a multidimensional explication of accounting. The three main dimensions of accounting are empirical, critical, and hermeneutical accounting. The singular definitions, generalisation, and boundary presumptions of accounting theory are consequently criticised.

Finally, hermeneutical accounting is studied historically to explore the presence of language in accounting. Hermeneutics has found several different readings through time. The implications of divergent readings of hermeneutics in accounting are examined through reviewing the accounting literature. It is revealed that very few accounting contributors have so far

considered the interpretive aspect of knowledge. The few hermeneutical explanations of accounting which do exist nevertheless, declare that accounting is a text which requires interpretation.

This thesis totally adds value of the existing body of accounting theory by introducing and examining linguistic problems that cause difficulties and misunderstandings within accounting, analysing two problematic cases of Iranian accounting terminology and thus evidencing the relevance of a linguistic approach to accounting, explaining the dangers and difficulties arising from acronyms within accounting, criticising Frege's philosophy and concluding that true thoughts are different in nature and method of inquiry with false thoughts and then discussing that accounting and all human knowledge as they are intended to be true thoughts but not false ones are to be discovered and not created, identifying accounting as a multidimensional knowledge, and finally explaining the hermeneutical dimension of accounting through an historical analysis. The thesis entirely approaches empirical, critical, and historical analyses to announce that language plays a crucial role in theorising and practicing accounting. It is evidentially emphasised that dismissing language and linguistic problems of accounting weakens accounting theory and methodology.

Acknowledgement

First of all, I would like to express my deep sense of gratitude to my supervisor, **Professor Michael Gaffikin**, for his friendly encouragement, scholarly guidance, continuous support, and rigorous inspiration without which the subject of this thesis would have never come to my mind and would have never matured into a research proposal. I will never forget his unbelievable tolerance in facing my bare and raw questions. His incredibly kind behaviour lifted me even to the extent of criticising him. This is what is generally called 'academic' behaviour here, but, I feel, worthy enough to be transferred as the PhD experience to my home country. Thank you Michael and thank you Australia for this valuable experience and for every thing I did not have before visiting you.

I am also thankful to Professor Warwick Funnell, Professor Christopher Poullaos, and Associate Professor Mary Kaidonis of the academic staff of School of Accounting and Finance of University of Wollongong, for their considerable support and consistent attentiveness to my questions. In addition, thank you to Professor Barbara Merino and Professor Alan Mayper (of the University of North Texas) both of whom invested remarkable time assisting me with the development of my questions during their short residence in Wollongong University. Thank you all for your selfless attention.

Dr. Michael Jones and his respectful wife Valerie have paid remarkable and uninterrupted attentions to my academic and non-academic requirements. Giving a written thanks to them is the least I have to do in response to their kind and valuable assistance. With a friend as such as Michael, I never felt alone in doing this research.

At the time of submitting, I noticed that the editor of this thesis who has obscurely given the majority of my writings a readable shape in association with Professor Gaffikin is his respectful wife, Mrs. Angela Gaffikin. I can only imagine how boring and noisome my writing must have been to her. I cannot find words to express the depth of my gratitude to her. I hope one day that I will have an opportunity to return my gratitude to her in return for her selfless donation of time, effort and skill for me.

Mr. David Aylward, Mr. Dean Trifunovich, Mr. Laszlo Abel, Ms. Cynthia Nicholson, Ms. Maree Horne, Mrs. Allison Hill, and other staff of Faculty of Commerce have considered my requests in relation to their job. They have been kindly effective in improving this research experience. It is not fair to forget their attempts at the time of closing this file. Thanks to them all.

My wife, Akram has provided me with continuous support during this difficult time. In addition to all general difficulties an overseas PhD student produces for his wife, Akram has devoted remarkable attention to my research topic. She has played the role of a professional audience to my lectures on this research. Her questions and criticisms have been more than what is expected from a young theologian. All her kind attentions and her encouragements cause me to dedicate this thesis to her even though this dedication would never be enough to express by true regard for her support.

My beloved children, Mohammad and Fatemeh, suffered from my decision to travel overseas to do a PhD. They have been distressed and deprived for all these long years. They have lost golden opportunities of visiting with grandparents, uncles, aunts, cousins, and all other relatives. They have also lost the opportunity to improve their native language, Persian, even though as a result they have flourished in English. This might be ranked as a part of PhD cost or a subsidiary benefit of it. Good or bad this journey has had an indelible effect on their future, and I should apologise for any unknown affects in advance.

My father, who died when I was thousands of kilometres far away from him last year, was really the first to encourage me along this path. May Allah reward him with graces and blessings for his virtuous paternity. My beloved mother, mother in law, father in law, brothers, brothers in law, sister, and sisters in law have also done their best in encouraging and helping me to travel overseas for this stage of my academic life. Without their help and encouragement I could not sit relax and write this thesis. I hereby express my formal appreciations to all of them. May Allah reward them all with the best here and hereafter.

Table of Contents

Certification	III
Abstract	IV
Acknowledgement	VI
Table of Contents.....	VIII
List of Figures	XII
CHAPTER 1. INTRODUCTION	1
1.1. Commencement.....	1
1.2. Key Words	2
1.3. The Aim of Research	2
1.4. The Structure of the Thesis.....	3
1.5. Methodology	12
1.6. Literature Review	12
1.7. <u>Penglish</u>	14
CHAPTER 2. LANGUAGE AND LINGUISTICS	15
2.1. Introduction	15
2.2. General Systems Theory	16
2.3. Systems Thinking.....	22
2.4. Systems Thinking Language.....	25
2.5. Language as a System	30
2.5.1. Functions	31
2.5.2. Structure	35
2.5.3. Interactions	36
2.5.4. Language Variation and Change	41

2.5.5. Language is Purposeful	43
2.6. Globalisation and Language	45
2.7. Language Forms.....	49
2.8. Word and Meaning.....	49
2.9. Linguistic Problems.....	52
2.9.1. Ambiguity.....	53
2.9.2. Translation.....	55
2.9.3. Acronyms.....	57
2.10. Language Disciplines	62
2.10.1. Linguistics.....	62
2.10.2. Philosophy of Language	64
 CHAPTER 3. A LINGUISTIC APPROACH TO ACCOUNTING	67
3.1. Introduction	67
3.2. Literature Review	68
3.2.1. Linguistic Studies in Iranian Accounting Literature	68
3.2.2. Linguistic Studies in English Accounting Literature	74
3.3. The Purpose of this Chapter	87
3.4. Linguistic Problems of Iranian Accounting	89
3.4.1. <u>Hesaabdaaree</u>	89
3.4.1.1. A Localistic Lexical Semantic Approach	90
3.4.1.2. A Holistic Lexical Semantic Approach	92
3.4.1.3. Conclusion	96
3.4.2. <u>Sarghoflee</u>	98
3.4.3. <u>Bedehkaar</u> and <u>Bestaankaar</u>	107
3.4.4. Accounting and Acronyms	107
3.5. Conclusion	112

CHAPTER 4. A PHILOSOPHICAL ASPECT OF LANGUAGE, THOUGHT

AND ACCOUNTING113

4.1. Introduction	113
4.2. Language and Thought.....	116
4.3. Thoughts and Dreams	120
4.3.1. Ambition is the Death of Thought	124
4.4. Thinking	126
4.5. The Development of Accounting Thought.....	129
4.6. Lingual and Non-Lingual Disagreements	149
4.7. Generalising and Boundary Assumptions	153
4.8. Accounting is Multidimensional	154
4.9. A Knowledge Classification.....	156
4.10. Termination	160

CHAPTER 5. AN HISTORICAL VIEW OF HERMENEUTICAL

ACCOUNTING163

5.1. Introduction	163
5.2. Hermeneutics.....	165
5.2.1. Definitions.....	166
5.2.2. Historical Development.....	168
5.2.2.1. Religious Hermeneutics.....	169
5.2.2.2. General Hermeneutics.....	170
5.2.2.3. Methodological Hermeneutics.....	170
5.2.2.4. Philosophical Hermeneutics	171
5.2.2.5. Ontological Hermeneutics.....	172
5.2.2.6. Critical Hermeneutics.....	172
5.2.2.7. Reception Hermeneutics	173
5.2.3. The Contemporary Battle.....	174
5.2.3.1. Post-Modern Hermeneutics	176
5.2.3.2. Critics of Post-Modern Hermeneutics	178
5.3. Hermeneutics of Accounting	181

5.3.1. Modern Hermeneutics of Accounting.....	182
5.3.2. Post Modern Hermeneutics of Accounting.....	187
5.3.3. Critical Hermeneutics of Accounting	200
5.3.4. Reception Hermeneutics and Accounting.....	201
5.4. Conclusion	202
 CHAPTER 6. CONCLUSION.....	205
6.1. Introduction	205
6.2. Summary.....	206
6.3. Contributions.....	211
6.4. The Limitations of This Research.....	215
6.5. Proposed Research	216
 Bibliography	219
 Appendix 1: English Acronyms in Persian Scripts.....	243
 Appendix 2: Persian Letters and Phonemes	244
 Appendix 3: A Selected List of the Combinations of the Suffix <u>Daaree</u>.....	246

List of Figures

Figure 2-1	The Hierarchy of Systems Complexity	19
Figure 2-2	HIPO Diagram	20
Figure 2-3	A Simplified View of Systems' Hierarchical Structure	22
Figure 2-4	A Simple Road Network.....	23
Figure 2-5	The Main Conceptual Sub-Systems of Human Beings	37
Figure 2-6	Constraints of the Meanings of a Word.....	50
Figure 2-7	Language strata.....	63
Figure 4-1	Types of Theories	139

Chapter 1. Introduction

The limits of my language mean the limits of my world.

Ludwig Wittgenstein

1.1. Commencement

If the congruity of accounting and language which is frequently expressed as “Accounting is the Language of Business” is at all real, and if as Wittgenstein (1961) says, the limits of one’s language mean the limits of his/her world, then the limits of accounting mean the limits of business. It is consequently concluded that to improve business, accounting should be essentially improved. On the other hand, accounting, as a socially constructed system, is entirely linked to language as well as culture, history, and thought. The circular chain of improvement comes back to *language*, particularly the language of accounting. That is, to philosophise, improving accounting language would result in improvements in accounting and hence

business. This research is commenced with aiming to introduce the lingual perspective of accounting to examine the significance of language in developing its theory and methodology.

1.2. Key Words

Accounting, Accountancy, Theory, Practice, Methodology, Empirical, Critical, Hermeneutical, Historical, History, Multidimensional, Plural, Singular, Positive, Normative, Thought, True, False, Language, Linguistics, Iranian, Persian, Goodwill, Translation, Ambiguity, Acronyms, Word, Meaning, Systems Thinking, General Systems Theory, Knowledge, Understanding, Misunderstanding, Interpretation, are the most relevant terms to this thesis.

1.3. The Aim of Research

As entitled, this thesis aims to explore the significance of language for accounting theory and methodology. The main concern is that if and how language appears in accounting. The presence of language in accounting is studied through three approaches. Each argument establishes particular sorts of supporting evidence to show that language is significant in accounting. The first argument follows a linguistic approach to see if and how linguistic problems affect the way accounting is theorised, regulated, standardised, taught/learnt, practiced, interpreted and understood. It is sought to see how a linguistic problem produces difficulties and misunderstandings in accounting regulation, education, profession, etc. and to examine the relevance of a linguistic approach to accounting. The second argument is formed to see if and how accounting thought is interrelated to

language theoretically. This philosophical argument is based on Frege's *thought* while making a specific criticism of it. Through this argument the aim is to discuss how accounting [as well as any human thought] is not identifiable without language. The third argument approaches a specific aspect of accounting within which language plays the first role. This argument is organised to see how accounting is a text and hence a subject of interpretation to support the main aim of the research, the significance of language.

1.4. The Structure of the Thesis

The structure of the thesis or the sequence of arguments is illustrated to explain how the three different approaches result in supporting the main aim of the research. This thesis is organised in six chapters. The current chapter is an introduction to the whole thesis. The last chapter, chapter 6 presents a conclusive summary of the whole arguments and examinations. The other four chapters construct the body of thesis. Chapter 2 provides a theoretical background for identifying accounting and language through a systemic approach. Chapter 3 focuses on some cases of linguistic problems of Iranian accounting and shows that some of the misinterpretations and misunderstandings in accounting are rooted in language. Chapter 4 establishes a philosophical argument to show that language and thought are entirely interrelated to each other. The last part of the body text, chapter 5 presents an historical study of the interpretive aspect of accounting to see if and how hermeneutics is implicated in accounting. Under the banner of the thesis' structure, a short description of each body chapter (i.e. chapters two

to five) of the thesis is provided to see how the body chapters are related to each other, and also to suggest the sequence of reading the whole work.

Chapter 2 establishes a theoretical process to identify accounting and language through a systems thinking approach. It argues that the systems thinking model results in a more spacious understanding of the cosmos in comparison with its precedent schools of thought because of its holistic foundational sense. A brief explanation of General Systems Theory is illustrated in section 2-2 and then Systems Thinking is explained in section 2-3. It is argued through section 2-4 that to understand a system, Systems Thinking Language should be employed. Functions, structure, interactions, and all major characteristics of 'language' are explained through implicating the systems thinking approach in section 2-5. It is shown that language is entirely a system belonging to the highest levels of complexity. Chapter 2 also criticises 'globalisation' in its modern sense, establishing a unique language for all people. It is argued that globalisation (in this sense) is neither possible nor beneficial (section 2-6). And finally the interaction of 'word' and 'meaning' is explained illustratively in section 2-8.

Chapter 2 continues with section 2-9 by introducing some linguistic problems that produce difficulties within human communications. 'Ambiguity', 'translation', and 'acronyms' are enbolded as three problems which are either inherent in or obviously intertwined with language. These issues are explored for their influences on accounting theory and practice. It is hypothetically presumed that these sorts of linguistic problems produce misinterpretations and misunderstandings when they are drawn into accounting. The last

section of chapter 2 (section 2-10) describes how language can be studied through two academic disciplines. Linguistics and Philosophy have their particular concerns and particular methods of inquiries in evolving with language. Chapter 2, therefore, presents a theoretical background for the following chapter. Chapter 3 is heavily dependent on chapter 2, as it is a linguistic approach to accounting. The fundamental idea of implicating the systems thinking approach in understanding the world and its components is however considered through the whole thesis.

Chapter 3 is organised to examine the relevance of linguistics to accounting. It comes in two main parts; first an historical background of linguistic studies in the realm of accounting is provided, and then a number of linguistic cases of Iranian accounting are analysed. The chapter is totally concerned with evidence to emphasise the significance of language for accounting theory and practice. A brief description of chapter 3 shows that it is obviously successful in supporting the aim of the research.

The section 3-2 of chapter 3 reviews the linguistic studies in accounting literature. It is divided in two subsections; the first one (section 3-2-1) provides a complete list of all linguistic [published] research works of Iranian accounting literature. It is found that very few people have academically studied accounting through a linguistic approach in Iran to date. The few published works are however reviewed in order to [at least] protect the research of repeating findings of previously published works. The other subsection of the literature review (3-2-2) focuses on linguistic studies in the English accounting literature. It shows that language and linguistics are

among the most universally considered research subjects by accounting contributors. The poverty of linguistic studies within Iranian accounting literature increases the motivations of the researcher to emphasise practice through some linguistic case studies throughout chapter 3.

The second part of chapter 3 applies linguistics to accounting practically. First, in section 3-4-1 the word hesaabdaaree which is the Persian equal of 'accounting' and 'accountancy' is analysed through two lexical semantic approaches. A localistic lexical semantic analysis determines the meaning[s] of a word in accordance to its structure. It is presumed in this approach that the meaning of a word is constructed of the meanings of its parts. A holistic lexical semantic approach determines the meaning[s] of a word through analysing its position in the network of word families. The meaning of a word in this view is entirely related to the meaning of many other words in a network of relations. The both localistic and holistic lexical semantic analyses show that the word hesaabdaaree fails to completely cover all the meanings and senses of 'accounting'. In other words, hesaabdaaree does not precisely represent the meanings of 'accounting'.

In section 3-4-2 another linguistic case of accounting is analysed. 'Goodwill' and its Persian equivalent, sarghoflee, are both examined to see if and how they are ambiguous. It is found that they are both not only ambiguous but also representing different senses. In other words, goodwill and sarghoflee are ambiguous on the one hand and not overlapping each other on the other hand. This is a specific case of mistranslating accounting

terms from English to Persian. The misunderstandings arising from this linguistic problem is consequently considered. It is explained through this case how a linguistic problem produces difficulties within accounting fields.

In section 3-4-4 the problems and difficulties inherent in creating and using acronyms which are drawn into accounting are examined for the first time in the accounting literature. It is discussed how acronyms make interruptions in transferring the meanings particularly when they are similarly used in other languages. It is shown how English acronyms are disharmonious with Persian terms in both their phonology (i.e. pronunciation) and graphology (i.e. calligraphy). It is found that there is a lack of academic attempts to examine the success of acronyms in accounting realm. Buckler's suggestion of removing acronyms and using the original words instead, is reemphasised consequently.

Chapter 3, therefore, focuses on linguistic problems of accounting. It shows that some of the misunderstandings of accounting are rooted in language. It declares that translation, ambiguity, acronyms, and such matters of language may produce difficulties in accounting. Consequently the relevance of a linguistic approach in dealing with such linguistic problems is examined. The entire conclusion of the examinations is that in theorising and practicing accounting, language and linguistics are to be seriously considered.

Chapter 4 presents a philosophical description of the interactions of accounting and language. The argument begins with criticising Frege's definition of thought and a refined definition of thought is then concluded.

Contrary to Frege, false thoughts and true thoughts have different natures and hence different methods of inquiry. It is argued that true thoughts are matters of discovery while false thoughts are matters of creation. In other words, true thoughts exist independently [of man's existence] and thus humans discover them. While false thoughts are created in humans minds individually. Accounting theory [as well as every human knowledge] is a type of true thought but not false. Therefore, accounting theory is to be discovered and not created. Sections 4-2 and 4-3 concentrate on this argument and conclude that true thoughts and false thoughts despite their different natures appear in a similar format. It is argued how their similarity is a matter of language then. Humans' lingual power enables them to represent falsity and truth in a similar format. This danger is inherent in language and should be seriously considered in theorising accounting.

Section 4-4 indicates that true thoughts can be classified in different categories; every particular category would logically have its particular methodology. Chapter 4 is followed by concern with a specific type of accounting thought and its particular methodology. Prior to determining the type of accounting thought the historical development of accounting thought is reviewed in section 4-5. The major attempts of accounting scholars and thinkers are analytically reviewed. It is described that all accounting theorising attempts have taken accounting as either positive or normative theory during the last century. Accounting has been either empirical or non-empirical to them. The disagreements between accounting scholars on theorising accounting are classified into lingual and non-lingual in section 4-6.

It is explained how a methodological difference is rooted in either linguistic misunderstandings or ontological and or epistemological differences.

Positive accounting theory (i.e. the mainstream) is criticised for failing to theorise accounting. Section 4-7 challenges generalisation and boundary assumption as two characteristics of the mainstream accounting research. It is philosophised that an observation based understanding of a part does not represent an understanding of the whole. Therefore, generalising an observation based theory is entirely challengeable. It is consequently concluded that generalising a theory necessitates assuming boundaries; while boundaries are not valid to all extents in the real world. The singular understandings are consequently criticised and thus a popular interpretation of accounting is extracted contrarily.

Section 4-8 introduces accounting as a multidimensional discipline through examining the implication of Habermas' knowledge classification. Section 4-9 describes Habermas' philosophical classification of human knowledge. It is consequently discussed that accounting can be studied through three interrelated approaches: empirical, critical, and hermeneutical; it is also indicated that the presence of language within every dimension of accounting is particularly different.

Chapter 5 concentrates on one of the dimensions of accounting. Hermeneutics is discussed in order to emphasise the significance of language in theorising accounting. Section 5-2 describes divergent readings of hermeneutics. It finds that hermeneutics [as well as in any other human knowledge] has been continuously changing and growing through time. The

main traditions of hermeneutics are briefly explained. Religious, general, methodological, philosophical, ontological, critical, and reception hermeneutics are briefly extracted as the major readings of hermeneutics to date. It is argued in section 5-2-3 that the above different readings are collapsed into two major contrasting classes. The contemporary battle of hermeneutists is between those who believe that a true and complete understanding of the meaning[s] of a text is possible and those who contrarily do not believe in such a possibility.

It is explained that some philosophers believe that every text has a final and complete meaning to be discovered. Interpretation to them means discovering and understanding the final, complete and true meaning of the text. Schleiermacher and Dilthey stand in this category. On the contrary, a group of philosophers and thinkers do not believe in a complete, final, and forever-true meaning of a text. Heidegger and Gadamer belong to this class. It is questioned that which one of these readings are sensible to accounting. In other words, which one of the divergent readings of hermeneutics can be employed in accounting? The final part of chapter 5 seeks to examine the implications of divergent readings of hermeneutics in accounting.

Section 5-3 reviews the hermeneutical literature of accounting to see if the divergent readings of hermeneutics have been applied in accounting to date. This section aims to present an historical analysis of the implications of hermeneutics to accounting. It is presumed that an historical study provides an essential background for subsequent critical and philosophical studies. The historical examination declares that a few accounting scholars and

contributors have directly considered the interpretive and hermeneutical perspective of accounting to date. The few studies, nonetheless, declare that accounting thinkers and contributors do not share a common position on hermeneutics. The historical study is designed as a basis for further critical and philosophical research which is proposed for the future.

Chapter 6 closes the thesis by listing the major and minor findings and contributions of the research. It also provides a suggestive list of research topics for future studies. It is intended that chapters 1 and 6 provide a view of the whole thesis for those who do not read the entire long context. However, to go through the body chapters it is suggested to divide the body into two major parts. Chapters 2 and 3 are mostly related to each other. They centre on linguistic approaches to accounting. Chapter 2 provides a theoretical background for chapter 3. Therefore, it is suggested to read chapter 2 before chapter 3. The second part turns to philosophical, critical, and historical arguments. It commences mainly with chapter 4 and slightly goes through chapter 5. Chapters 4 and 5 can be studied individually for each of them provides an essential introduction and conclusion.

It is formally expected to see the centrepiece of the thesis within the last section of the body chapters in which all the minor findings are collapsed into the major one[s]. The last section of this one looks like a literature review that is expected to be placed in the first chapter, contrariwise. This format is intentionally established to settle down the thesis as an introduction to *multidimensional accounting theory*. The deepest philosophical argument is presented through chapter 4 where the nature of accounting though and its

relation with language is philosophised. Therefore, chapter 4 can be introduced as the centrepiece of the thesis if the thesis is not considered as an introduction to *multidimensional accounting theory*. A sense of systems thinking, as illustrated through chapter 2, has mildly affected the way of philosophising the relating accounting thought and language in chapter 4.

1.5. Methodology

This thesis explores three different arguments through three particular methodologies. First, in the section where linguistic view of accounting is examined, employing applicable linguistic methods is necessitated (e.g. localistic lexical semantic approach and holistic lexical semantic approach are used in analysing the meanings of a number of accounting terms). Secondly, a major line is drawn on analysing the historical development of accounting theory and methodology prior to entering the philosophical and critical arguments. This necessitates employing an historical analysis approach. Thirdly, the main argument which is directed at philosophising the interrelations of language and accounting thought is approached through a philosophical debate. Therefore, the whole thesis does not adhere to a single methodology.

1.6. Literature Review

Although this thesis does not follow a single approach, a single literature review does not satisfy the study. Every single argument which is formed throughout the following chapters presents its particular historical background in accounting literature. The whole bounding may also be

regarded as a literature review in a sense. As an introduction, it is shortly indicated that language and linguistics of accounting have been widely considered by accounting contributors during the last century. McClure (1983, pp. 160-177 appendix 1) reviews a set of academic (mostly positivistic) research which applies a linguistic model to accounting up to his time. Belkaoui (1995) also lists a number of studies that use linguistic and language-based models in the realm of accounting. The works of McClure (1983), Tanaka (1982), and Belkaoui (1978; 1980; 1989; 1995) are introduced as a few examples of the numerous objectivistic and empirical studies representing a linguistic approach to accounting. To them, analysing and improving accounting language as with any other language is a subject of linguistics. This thesis will also apply a linguistic approach in analysing Iranian accounting terms through chapter 3 which will though contain a relevant literature review.

The critics of positive accounting have also considered language within their alternative approaches. The main issue from this view is not to empirically discover and describe a functional or structural linguistic problem of accounting. Accounting in this sense is much wider than the world of objective facts in fact; it is not definitely identified as an object, but as a social construction which is continuously changed and reconstructed in relation to the changes of history, culture and language. This thesis discusses critical, hermeneutical, rhetorical, etc. accounting within which language plays a crucial role. The relevant literature review of every subject comes through the appropriated chapter and section.

1.7. Penglish

There is not any standard for writing Persian words in English script (form). The Persian Chatrooms, Emails, and Weblogs (of Internet) transfer thousands of Persian words in English script every day. This type of writing is called Penglish /pɪn.ge.liʃ/ (i.e. Persian-English) or Fenglish /fin.ge.liʃ/ (i.e. Farsi-English). However there is not a general rule for these kinds of writings and every person individually finds out how to decode Penglish words written by someone else, back into their Persian origin. Even the software packages recently issued in order to convert Penglish to Persian are not generally accepted. Introducing Persian letters and phonemes, appendix 2 establishes English-form equals of Persian letters as well as their phonetics. This establishment is not claimed to be generalised; they are to be considered only in this dissertation.

All Persian words appear in underlined format (e.g. Penglish) through the chapters and appendixes (the names of people are excluded). The phonetic symbols (see appendix 2) come between two slash marks (e.g. /pɪn.ge.liʃ/). Many of Persian words have Arabic origins; some of them have exactly the same forms and meanings as their Arabic origin. However, they are all underlined to emphasise that they are known for and used by Persian speakers as Persian words. Every non-English word, including Arabic ones, will appear in italic format if they are not known and used in English. (e.g. *hasaba*). All non-English names of people are excluded from these rules. Names of people appear through the whole thesis in similar format regardless to the language they come from.

Chapter 2. Language and linguistics

2.1. Introduction

Reading about the relationship between accounting and language, essentially requires a background in language and linguistics. This chapter presents an overview of the most related linguistic concepts relevant to this study. Language is simply defined in the Oxford dictionary as a **system** of sounds and words used by humans to express their thoughts and feelings (Hornby 1999). To enter the debate it is first necessary to look at the term “system” and its common characteristics. Presenting an understanding of the characteristics of language based on General Systems Theory, reviewing linguistics and its sub-disciplines, and explaining the linguistic problems which are drawn into accounting and then produce some difficulties within it, are the next stages of this chapter. The implications of the discussed linguistic problems in accounting will be examined through chapter three.

2.2. General Systems Theory

As thinking creatures, humans have always been and still are looking for the most reliable way to understand the world. This is evident from the various methods of inquiry, which have been changing continuously throughout history from the earliest time before there was any academic research, and our limited knowledge of understanding came from myths and tales, to the age of machines, to the age of analysis, to the age of reductionism, and so on and on, until our time, the period of transition toward the age of systems (Ackoff 1999, pp. 6-14).

Originated by Ludwig Von Bertalanffy (1901-1972), the notion of systems, our age's dominant way of understanding, is defined by Skyttner (2001, p. 53) as a set of interacting units or elements that form an integrated whole intended to perform some function. Alexander (1974, p. 4) defines the term system as "a group of elements, either physical or non-physical in nature, that exhibit a set of interrelations among themselves and interact together toward one or more goals, objectives, or ends." System is considered as a frame to identify a physical or conceptual phenomenon. To Dowing Bowler (1981; cited in Skyttner 2001, p. 48) everything that exists, whether formal, existential, or psychological, is a system. According to this school of thought, we can identify any physical and mental phenomenon as a system. A systems thinking approach hopefully gives us a more complete and more reliable understanding of the world in comparison with the other schools of thought. Ackoff (1999) compares the systems school of thought with the erstwhile ones and shows that the systems approach covers and

extends those beneficial features which are effectively important in human understanding. For example, both the structure and the function of an object is considered when it is identified as a system, while in structuralism, only the structure is studied; in functionalism, only the function is considered to identify the object.

Bowler (1981; cited in Skyttner 2001, p. 47) indicates that all systems have some characteristics in common and he assumes that statements concerning these characteristics are universally applicable generalisations. The main hallmarks and characteristics of a system are: (Skyttner 2001, pp. 49-50; Wu 1983, p. 6)

➔Interrelationship: The elements constructing a system are related to each other. Unrelated elements cannot set up a system. A car for instance, is a set of [say] chassis, engine, gearbox, axle, and wheels which are related to each other in order to construct the vehicle. The interrelationship and interactions between these subsystems can be seen as their mutual function in transforming fuel, air, power, movement, etc. from one part to another.

➔Holism: A system is more than the sum of its elements and it can only be studied as a whole. Through considering the parts of a system in isolation, one cannot understand the whole of the system. Studying each component of a car individually does not give us a reliable understanding of the structure and function of the car. Holism and structuralism are totally related to each other and might be as Skyttner (2001, p. 46) describes, one (structuralism) the root of the other (holism).

➔Goal seeking: Every system has a specific goal or a set of goals. Back to the example, it may simply be said that the goal of a car is movement. All subsystems work together to achieve the designed goal of the car, which might be completely different from the function of each part individually.

➔Inputs and outputs: A system accepts inputs and produces outputs. Petrol, air, electricity, power of the driver's hands and legs, etc. are employed in the car producing circular movement and sending it out through its wheels.

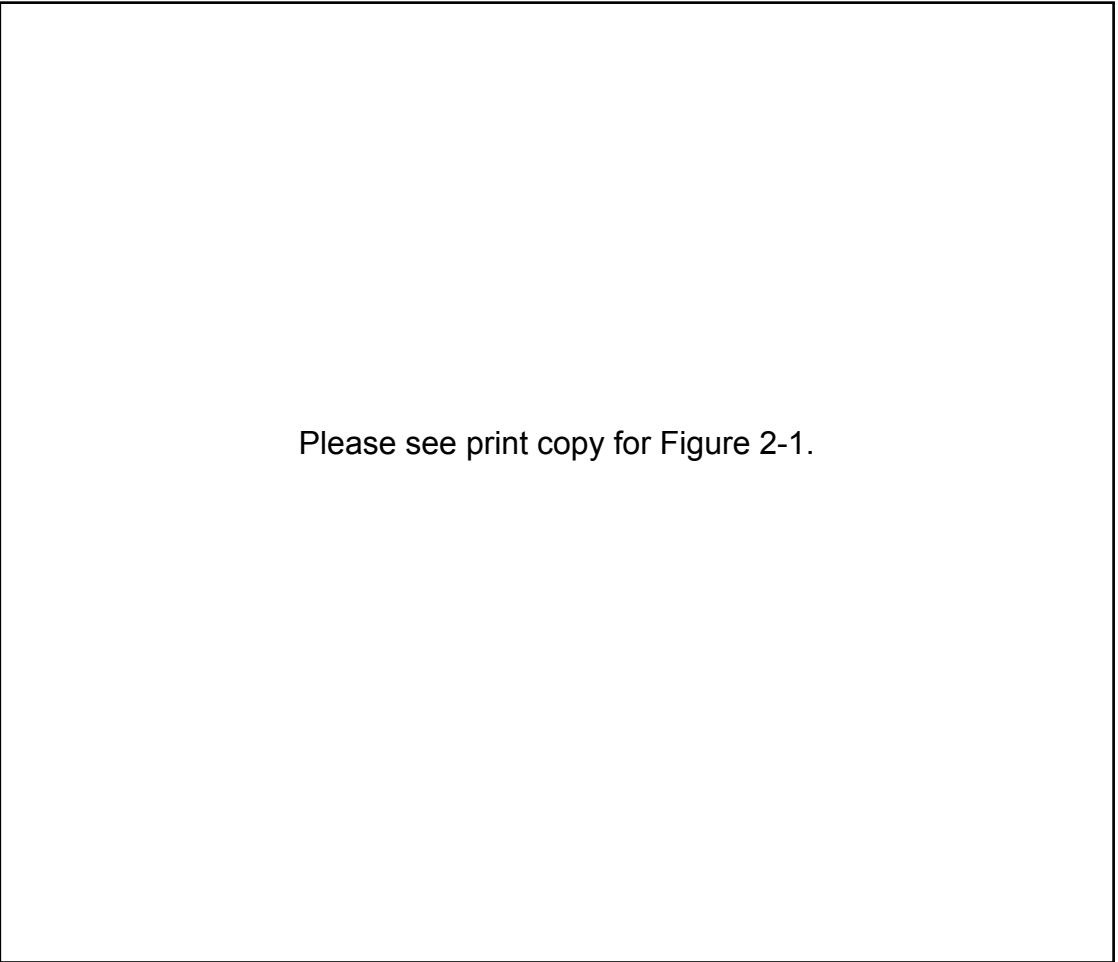
➔Transformation process: Every system converts inputs to outputs.

➔Regulation and feedback: Each system needs information to regulate the interacting activities of its parts or objects. The outputs of a system have a regulative role when they are fed back to the system. Feedback causes growth, and if the world is regarded as a world of systems, all outputs of individual systems are being fed into other systems. The world in this view is growing as a system even if some of its subsystems are not. This is clearly visible in cybernetic systems.

➔ Hierarchy: Systems are fundamentally set in a hierarchic complex order (Bertalanffy 1968, p. 27). A hierarchic order basically reflects that the universe is a tremendous hierarchy from the whole world to its smallest parts. In this hierarchy "the higher levels presuppose the lower ones" (Bertalanffy 1968, p. 29). A hierarchy of complexity indicating the relationship between the different levels is shown in the Figure 2-1.

Figure 2-1 shows the levels of systems complexity and how they compare with each other. As shown in Figure 2-1, for example, humans appear more complex than animals when they are studied as systems. The most complex system comes at level 9 of the figure and the simplest one which is called 'frameworks' comes at level 1.

The hierarchy of a system is studied from two distinct aspects. First, it is studied from the complexity level viewpoint, which is its comparison with the other systems. This study gives us an overall view about the complexity



Please see print copy for Figure 2-1.

Figure 2-1 The Hierarchy of Systems Complexity (Skyttner 2001, p. 105)

level of the system being studied, in comparison with the other systems in the world. This sort of systems' hierarchic view is shown and discussed in Figure 2-1. The other hierarchical aspect of a system is its internal hierarchy. Each system comes with a hierarchic order itself. This theory of hierarchic order is studied from two aspects also: the hierarchy in the order of process (i.e. the function of systems) and the hierarchy in the order of parts (i.e. the structure of the system).

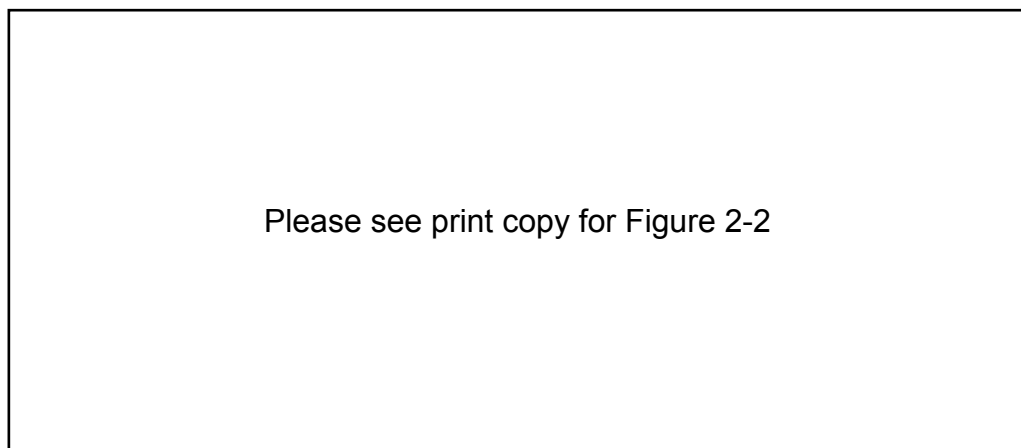


Figure 2-2 HIPO Diagram (Skyttner 2001, p. 74)

The so called, functional hierarchy which is abbreviated as the HIPO characteristic of systems, is about the logical sequence of running the system's function or functions. Input, process, and output logically appear in a hierarchical order. The process stage does not happen before entering the inputs, and the output stage of a system comes only after the process. This characteristic is often shown by a HIPO (Hierarchy of Input, Process, and Output) diagram as in Figure 2-2.

The other hierarchy of systems is about the order of parts or the structure of systems, which is called structural hierarchy. Each system is constructed from two or more subsystems. Each subsystem appears as a system itself which is constructed from two or more subsystems. These subsystems are systems themselves too. This hierarchy goes down to the smallest known system in nature. On the other hand, each system is a subsystem of another system which is a subsystem of another system and so on and on to the whole system in the natural world. In this school of thought the world is one system constructed from several subsystems, each subsystem constructed from several subsystems and so on. Figure 2-3 shows a simple view of the structural hierarchy of systems.

2.3. Systems Thinking

The most important difference between systems thinking and the other schools is its holistic sense. Systems thinking is essentially a holistic thinking approach. Holism, which was signalled in Ancient Athenian Scholars' writings, had not appeared as a structured school of thought until the 20th century. It came to the consideration of thinkers, and was modified and

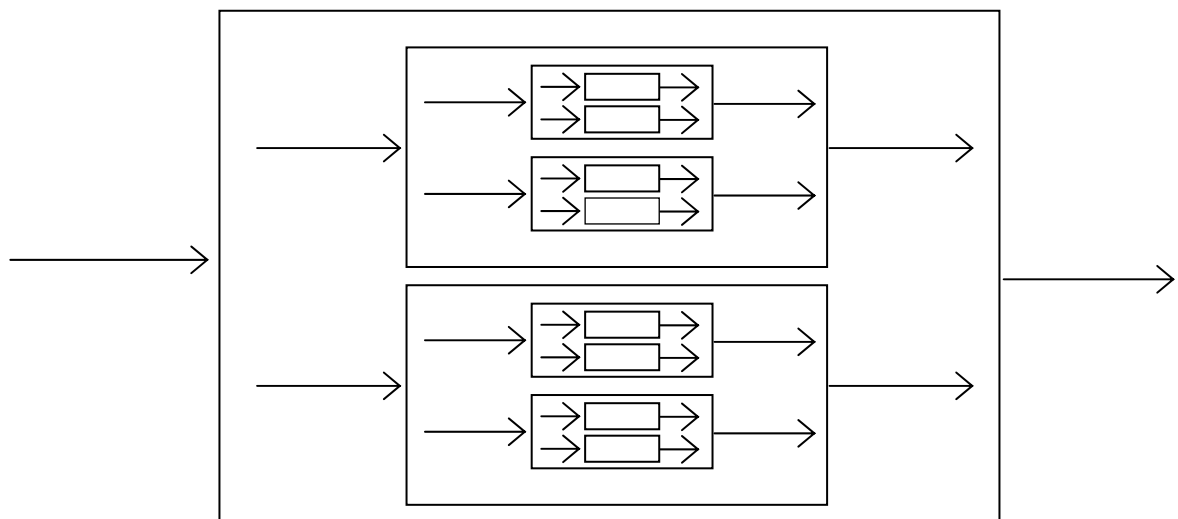


Figure 2-3 A Simplified View of Systems' Hierarchical Structure

presented as a structured thinking model, as the central concept of the General Systems Theory by Ludwig Von Bertalanffy (1901-1972) and his followers. Holism appears in contradiction to reductionism which is in a fundamental sense the traditional approach to knowledge. Seemingly a simple solution, reductionism is the approach of seeing the parts as paramount and seeking to identify the parts, understand the parts and work up from an understanding of the parts to an understanding of the whole

(Jackson 2003, p. 3). Jackson (2003, p. xiv) indicates that simple solutions fail to solve the complex, diverse, and changing problems because they are not holistic enough.

If a solution concentrates on the elements of a set, rather than on its whole, then it is not holistic. The non-holistic solutions do not recognise that optimising the performance of one element may have consequences elsewhere which are damaging for the whole, because these non-holistic solutions only consider the elements instead of the elements and the crucial interactions between them. “This fault is known as suboptimization” (Jackson 2003, p. xiv). The ‘whole’ which is constructed from interacting elements affecting each other through complex networks of relationships gives meaning to the elements and their interactions (Jackson 2003, p. 3). That is why Jackson (2003) (as well as every believer in systems thinking) believes that a non-holistic solution such as the reductionist approach, leads to a misunderstanding of systems.

To illustrate the holistic approach of thinking and compare it to a reductionist one in understanding and optimising the systems, Figure 2-4 is presented. Figure 2-4 depicts a simple road network. This road network is

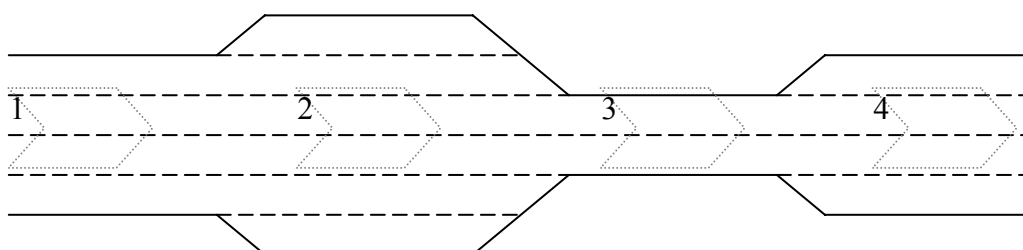


Figure 2-4 A Simple Road Network

simply constructed from four major parts. Assuming the same conditions for all parts except the number of lanes, a quick look at the figure shows that the maximum performance (i.e. the number of cars that can pass the road in a specific time) of the whole road is not more than the maximum performance of part 3, which has the least number of lanes in the whole road. We briefly label part 3 as the 'Object' (not necessarily in terms of Object Oriented Analysis which is an advanced technical approach in developing systems) of the system. Obviously, to optimise the performance of a system, the performance of its Object should be optimised. Object in this viewpoint refers to that element or unit of the system which is limiting the performance of the whole. In the example, the third part of the road clearly is the Object if seen in relation to the other parts, and as a part of a whole road network. Everyone can easily find the Object of such a simple system if s/he looks at it holistically.

Contrary to the holistic viewer, one may break the whole road network shown in Figure 2-4 into four separate parts and consider the performance of each part in isolation. Assume the individual performance rates of parts 1 - 4 of the road network, shown in figure 2-4, are sequentially 95%, 60%, 100%, and 95%. A reductionist Road Minister would find out that part 2 of this network has the least performance. S/he may then agree to spend some money on maximising the performance of the 2nd part which is 60% now. But systems thinkers recognise that increasing the performance of the 2nd part is not maximising the performance of the whole system. Such an effectively different understanding of the system, means that some people

(e.g. Jackson 2003, p. 4) are not surprised that holism alternatively takes place instead of reductionism, and some (e.g. Churchman 1968; cited in Checkland 1993, p. xi) conservatively agree that a “systems approach is not a bad idea”.

Of course the problem is rarely so easy. Not all systems are as simple as the road network shown in the Figure 2-4. The level of complexity (Figure 2-1) of a road network is probably not more than 2 out of 9. The more complex systems in which the number of elements, the functions of each element, the ways each element relates with the other elements, etc. are not always simple enough to be drawn in a fixed chart so as to be easily explained and understood as the road network shown in the Figure 2-4. The more complex systems are occasionally changing through time, and after the 7th level of complexity, the systems containing human beings will be purposeful. Social and organisational systems have multiple purposes and what makes them more complex is that they can generate their own purposes from inside the system, while the purposes of the less complex systems are ascribed to them from outside (Jackson 2003, pp. 9-10).

2.4. Systems Thinking Language

One of the most important difficulties in understanding and describing high level systems, rather than their own complex attributes (i.e. inconstancy, purposefulness, etc.), lies in a misunderstanding of the language of systems thinking. Most scientists and science theoreticians do not recognise that systems thinking cannot be driven by a unique and necessarily scientific

language. If one studies a less complex system she/he may simply use the less complex lingual tools to explain what she/he understands. To explain our understanding of the road networks, we simply use maps, figures, diagrams, numerical statistics, and ultimately less ambiguous words and sentences for the non-quantifiable information. In a more complex system there would be more complex language applied. For instance the metaphorical language which is used in explaining love, feeling, dreaming, etc. is more ambiguous than the mathematical language which is used in explaining physical, chemical, mechanical, and other such phenomena. Trying to use the mathematical language of physics in explaining the loving relationship between a boy and a girl is as time wasting and useless as trying to use a poetic and metaphorical language in explaining a physical or chemical phenomenon.

Looking back at figure 2-1 we can now imagine a virtual line on which the language of systems thinking is shown effectively related to the complexity level of systems. The higher level of systems to be understood needs a higher level of language to be used in explaining our understanding. To acquire a perfect understanding, people have had to improve their language. A quick look at the history of accounting theory shows that the theoreticians of the mainstream went another way during the last century. Two possible scenarios could be assumed: either adjust the level of applied language to the level of the system, to acquire a better understanding of the system, or degrade the complexity level of the system to the level of a commonly understandable language to get a faster and easier understanding

and explanation of the complex systems. The American mainstream accounting thinkers have consciously, or unconsciously, selected the second approach. Each approach has its own characteristics. The first approach is limited by our lingual skills and the second one is limiting our cognition. While a faster understanding of the systems through selecting the second approach is expected to be acquired, some aspects of knowledge (accounting) is ignored. In such a way, many real elements and the interrelationships between the elements of the system, which are not describable by using language, are assumed as nothing. Waning from the level of a social knowledge to the level of information processing during the last century, accounting is just one instance of reducing the level of complex systems to the level of the technical language of engineering. Sociology, economics, politics, and many other human sciences suffer from the same bathos.

To attain a better understanding and explanation of more complex systems, higher levels of language should be used. What is a higher level of language then? Is language constructed from several discrete types labelled as low, medium, high . . . languages? Definitely not; language is not a toolbox in which a wide range of different size screwdrivers are set to be used in driving the exact screw sizes. Considering the very first words a baby learns, one cannot sort a list of words as low level ones to be used just in explaining the simple phenomena. The first words humans learn and use, 'mum', 'dad', etc. may even appear and act in a poem as metaphors. The very seemingly simple sentence structures such as 'Subject + Verb' which is learnt and used at a young age in such a simple sentence as 'I do', may be easily used in a

philosophically complex and meaningful sentence as in for example, “I exist”. Therefore, neither the vocabulary nor the grammar of a language is classified into low or high levels. The level of a word or a sentence is dependent on the context and the way we use them.

The context as a whole gives a simple or a complex meaningful role to its elements: sentences, phrases, words. Consequently, each element of a language appears in a wide spectrum of the quality (e.g. complexity) levels. While reading a philosophical essay of a famous philosopher, a vigorous student will be careful to read every part in detail, word by word, very slowly, to catch the meaning, even if they seem very simple words. But if the same simple words are used in our child’s homework we often read and mark them very fast. For the student expects that the philosopher’s text is explaining a more complex phenomenon, a more complex system, she/he ascribes a higher level of complexity to the words and sentences. By such a primarily ranking appraisal she/he begins to interpret the elements of the context. This basic judgement is not fixed forever of course. The text will soon effect the early ranking judgement during the time of reading. But obviously a set of pre-reading factors, time by time, are determining our assessment about the complexity level of its language. As a result, a word or a sentence cannot be labelled as a high or low level on its own. It should appear in a context including the text, the author, the reader, the historical and cultural environment, etc., to be ranked as high or low, complex or simple. [It is discussed in chapter 5 that prejudgement based understanding is the main feature of Gadamerian philosophical hermeneutics.]

Therefore, the phrase “systems thinking language” is not referring to a particular set of lingual tools which are applied when explaining any sort of system. So it does not seem reasonable to determine a particular type of language as a systems thinking language, the same as what is introduced as mathematics language, computer language, and so on. The language to be applied in systems understanding and explanation, which is referred to as the systems thinking language, is then all of human communicative tools. The crucial issue is to recognise that the human communicative tools’ complexity levels are related to the complexity levels of the contexts in which they are used. That means that a seemingly simple word appearing in a complex context explaining a complex system cannot be ranked simple at all. Assume two tiny screws exactly the same as each other, one of which is used in a childish toy and the other one in a space shuttle. It seems sensible to say that the space shuttle’s screw has a more important role than the other one; and it stands in a higher level of complexity. Determining the significance of a screw without attention to the whole system in which it is used would be totally challengeable. That is because the lineament of any subsystem is entirely related to the lineament of the whole system in which it exists. The words and sentences of a text are not excluded.

The proper language of systems thinking is not predetermined then. The appropriate language in explaining a system are those sort of lingual tools, which enable us to explain it easier, faster, and more beautifully without losing the goal, the best understanding. Even though a human being is free to use any sort of communicative tools to explain what she/he understands,

her/his purpose is a better communicating of what she/he means or supposes to be achieved. So man's freedom in selecting any type of language is limited; and it is not expected to be chaotic in its way of speaking and writing. There is a target at which a text is aimed; not all texts are successful in meeting their targets of course. The type of language which is applied in the text affects its degree of nearness to its goal. Thus 'author' will try to construct the 'best text' she/he can do.

A text which is ranked as 'best' may be 'best' only for a particular time and situation. For a text serves as a means of conveying a meaning from 'author' to 'reader', its quality is appraised according to its success in transferring the meaning. In this appraisal not only the structure of 'text' but also the environmental elements of the text which affect its performance such as the author's and the reader's cultures, social and historical backgrounds, perspectives, etc. are considered. The ways through which a better understanding (of accounting) may occur will be discussed in chapter 5 in more detail. The rest of this chapter concentrates on language as a system, linguistics, and finally linguistic problems which are drawn into accounting. Hopefully, this explanation of language through the system thinking approach, and the language used to explain this will be the most satisfactory for transferring these ideas to the respectful readers.

2.5. Language as a System

To Bertalanffy (1968, p. 29), the originator of General Systems Theory, who arranges the systems in a hierarchic order, language stands as

an example of the highest level viz. symbolic systems. Presenting a holistic view of language necessitates a discussion of it from at least five major aspects. Function, structure, domain system(s), relative or neighbouring systems, and behavioural characteristics of language are considered in order to find a systemic acknowledgement about it. Its high complexity level is also debated in this part. The disciplines whose main subject is language will then be briefly introduced.

2.5.1. Functions

Language certainly has several functions. Foley and Van Valin (1984, p. 9; cited in Butler 2003, p. 2) point out that “an understanding of language structure requires an understanding of the functions language can serve, communication being the primary one”. Butler (2003, p. 2) indicates that “the starting point for functionalists is the view that language is first and foremost an instrument for communication between human beings and this fact is central in explaining why languages are as they are”. Dik (1986, p. 21; cited in Butler 2003, p. 2) claims that “the primary aim of natural languages is the establishment of inter-human communication; other aims are either secondary or derived”. “Communication tool” which declares the main function of language, is therefore the most popular metaphor used in identifying language. In regards to the term “metaphor”, Morgan (1997, pp. 4-5) implies that it “frames our understanding in a distinctive yet partial way”. ‘Communication tool’ is therefore metaphorically announcing the essential and central function of language only if it is studied within a sociological context.

Another function of language within a society, which might be derived from its communicative function, Coulmas (1997, p. 7) indicates that it appears as a means of group formation. Coulmas (1997, p. 7) indicates that this is a symbolic function of language and labels it as “boundary maker”. In the *Report of the Inquiry into Aboriginal and Torres Strait Islander Language Maintenance* (House of Representatives and Kerr 1992) it is insistently reported that:

For each Aboriginal and Torres Strait Islander [ATSI] language group, language was much more than a means of day-to-day communication. As with all other languages it is a means of group identification and contained embedded within it much of the culture, social values and world view of the language group. Adding to the crucial importance of ATSI language is the reliance on an oral heritage. Each language is a conduit of the group heritage which in many cases goes back thousands of years and conveys the history, culture and experience of the group. Stories and songs explain the origin of landforms, animals and plants, their special features and their uses. Rituals, law, social mores and technology are conveyed through, and [are] part of, the language. Similarly, their world view is embedded in the language that conveys it.

Even though the social functions of language are mostly considered as the main and the primary functions of language, it also plays a crucial role for individuals. Well known as one who believes in non-communicative functions of language, Chomsky (1980; cited in Butler 2003, p. 2) attacks the claim that language is essentially communicative. One of the important functions of language is to serve as an aid to thought, from a psychological point of view (Martinet 1960, p. 18). In criticising the “Lockean theory of

communication”, Gauker (1994, p. 3) insists that “spoken languages are the very medium of our most sophisticated thinking” even though some kinds of thinking (e.g. animals’ or pre-linguistic children’s thinking processes) ignore it. Stiver (1996, p. 11) indicates that the philosophical paradigm rooted in Greek philosophy that has predominated in philosophical thought until modern times considers language as instrumental for thought. As another function of language one may even conceive of a mirror reflecting one’s ambitions, dreams, daydreams, feelings, imaginings, and so forth, to her/him self. Martinet (1960, p. 19) reminds us that man is using language to express himself without concern for the reaction of possible listeners.

The metaphorical phrases (i.e. communicating tool, thinking medium, ambition mirror, boundary maker, etc.) distinctively declare the similarities between language and long-familiar concepts (i.e. tool, medium, mirror . . .) but naturally (as described by Morgan 1997, p. 5) ignore the differences. We hire the example ‘blood pump’ brought about by Millikan (1984, p. 17), to examine how a metaphorical phrase may mislead us in identifying language. If the biological heart is identified according to its main function, pumping the blood, then confusions will happen. For some hearts are diseased and some are malformed in such a way that they are unable to pump blood on the one hand, and other devices, such as water pumps, are perfectly capable of pumping blood on the other hand, so the metaphor ‘blood pump’ fails to cover all of what a heart is and ignores all of what a heart is not. It demonstrates the similarities between a heart and a pump but obviously ignores the differences between them. Therefore, even though the

metaphors 'communicative tool', 'boundary maker', 'thinking medium', 'ambition mirror', etc are enlightening the major functions of language, one cannot identify every communicative tool, boundary maker, thinking medium, or ambition mirror as a language. Functioning as a communicative tool, thinking medium and etc., language has a very particular structure, purpose, etc., and these are briefly viewed in the next sections.

Language functions in a systemic manner. As mentioned before, every system has a functional hierarchy (HIPO). Language as in any other open system imports the inputs, transforms them to outputs, and exports the outputs. The meanings (e.g. thoughts, dreams, imaginations, feelings . . .) generated by the system of mind (internal) or perceived from external sources through the media (hearing, seeing, touching . . .) systems can be considered as the raw materials being imported into the language system. The system of language converts the imported meanings to lingual meanings. By lingual meaning we refer to that sort of meaning which is transferable through one's language; not all meanings are transferable through human language. A lingual meaning is ascribed to a word. Generating words and constructing phrases and sentences by using these words is a crucial function of language. The last step in the systemic function of language is to export the constructed texts (i.e. words, phrases, and or sentences) which are in two whole forms; vocal, graphical, or signal (body language) forms which are exported toward the external users (i.e. listener, reader, etc.), and personal form(s) being exported back to ones mind; being used internally. Through the external forms one communicates to other

people. The internal forms are useful in one's personal thinking, dreaming, etc. The systemic view of the functions of language, perfectly satisfies all sorts of metaphorical phrases recited about the functions of language so far; these views clearly show that language is not only useful in communicating and group boundary making with other people, but also in thinking, feeling, dreaming, and within the various mental processes of individuals.

2.5.2. Structure

From a systemic point of view, language is constructed from three subsystems: sounds or phonemes, rules or grammar, and words or vocabulary. The central system of every language is its phonemes. The function of phonemes is to construct vocal word forms. A limited list of phonemes of a language builds up a theoretically infinite list of word forms. The vocal feature of human language is known as its main characteristic. So all human languages are basically vocal and just a few of them have found a graphical form. Mentioning that even today the majority of human beings speak without being able to read, Martinet (1960, p. 17) points out the fact that the signs of human language are primarily vocal. Grammar sounds as the skeleton of language on which words and sentences are constructed. In order to combine the basic units of language (words) into phrases and sentences, a set of rules is necessarily applied. The combinatory rules tell us how to build word forms and how also, to compute their meanings. While the combinatory rules constitute the grammar, the basic units constitute the lexicon (vocabulary) of language (Cruse 2003, p. 238). Carrying concepts and meanings, vocabulary appears as the shell of language. The basic units,

words, have both a form and a meaning. A particular language would essentially consist of a particular phonology, a particular grammar and a varying list of words, its vocabulary.

2.5.3. Interactions

To acquire a holistic understanding about any system, its domain or parental system in which it is identifiable is basically considered. 'Human' per se is the domain system in which language exists [say lives] and seeks goals. The thinking, speaking, and social creature, 'human' per se has four main conceptual characteristics which are all linked together: thought, language, culture, and history (Figure 2-5). Even though one may theoretically identify language and thought independently from 'human', the existence of language in the realm of the real world is entirely related to the existence of the human being. Needless to say, if there is no human being, then logically there is no human communication (and also human thought, culture, history, etc.) assumable, and then there is no human language recognisable. So the existence of language in the real world is entirely related to the existence of human being. Accordingly, the purpose of language is entirely related to the humans' goal of acquiring a humane perfect life, here and hereafter, through constructing humane thoughts and humane societies. Language complies with human thought, culture, and history in order to perform a purposeful function.

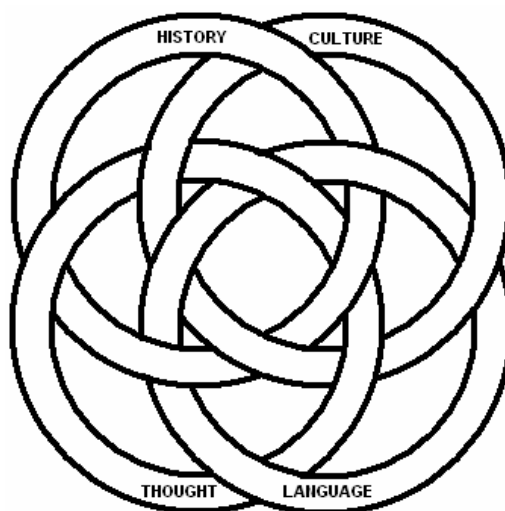


Figure 2-5 The Main Conceptual Sub-Systems of Human Beings.

The interrelations and interactions between language and thought have been the subject of many books (such as: Frege 1918; Amery 1949; Piaget 1959; Carroll 1964; Greene 1975; Wurm and McCormack 1977; Pollock 1982; Millikan 1984; Moravcsik 1990; Mayer 1992; Gauker 1994; Preston 1997), articles (including Bing 1992; Hartlep 1992; Dykeman 1993; Skrine 1993; Arno 1998; Childs 1998; Nara 1998; MacSweeney 1998; Heal 1999; Wilson 1999; Corazza 2000; Haritos and Nelson 2001; McCormick 2001; Bryant and Gibbs 2002; Johnson 2004; Almog 2005), PhD dissertations (e.g. Berry 1963; Fogel 1975; Koblenz 1979; Newham 1979; Hof 1981; Konishi 1991; Kita 1993; Leao 1996; Ewelu 1998; Anderberg 1999; Zheng 2000), conference publications and many academic lectures and workshops over the last century. This subject has been and still is studied within different disciplines such as philosophy, psychology, linguistics, literature, art, etc.; each of them have particular sorts of concerns

and questions about language, thought, etc. which is somehow related to the interactions and interrelations of language and thought in human societies or individual minds. This study has a paradigmatic tendency toward philosophy and then linguistics rather than psychology, literature, or art. The relationship between language and thought and its significance in accounting theory forms a totally philosophical and critical argument in chapter 4.

Language is also related to culture; particularly when it is considered from a social aspect. Bakhshi (1990) illustrates that in the cultural assaults and cultural interactions between nations the vocabulary of a language is affected. On the other hand it is stated that a language is a part of a culture. For example these unchallengeable sentences are easily found in a formal report:

Aboriginal and Torres Strait Islander languages are an important part of Australia's cultural heritage. Their unique linguistic features are also significant in terms of world heritage. (House of Representatives and Kerr 1992, p. 11)

The diverse names of snow in Eskimos' language¹ show that they live in snow and with snow; the diverse names of drinks, in Australia show that people live here differently with Iranians, who do not have such a wide range of names for drinks. The main business of people living in the northern part of Iran (the southern bank of the Caspian Sea) is related to fish, rice, and oranges, and their native languages (Gilaki and Mazani) are rich with a wide range of different names for different types of fish, rice, and oranges. Without

1) . . . Eskimo has many words for snow, each word having a different meaning for different ideas of snow, such as falling snow, snow on the ground, etc. . . . Aztec has a single word for many concepts: ice, snow, and cold . . . (Lord 2001)

trying to find a causal relationship between language and culture we may primarily conclude, based on such cases, that how people live determines what they speak. An understanding of language is not totally possible without having an understanding of the culture it represents. Landar (1966, p. 24) states that to understand a text one must understand it as the author understood it. That means that to acquire a perfect understanding of a text the cultural environment of the author should be basically considered¹. On the other hand one (e.g. Lord 2001) may according to the Sapir-Whorf hypothesis (which proposes that language determines how people think) conclude that language has undoubtedly an effect on the cultures and characters of the people speaking the language. It is out of the range of this research to examine the claimed causal relationships between language and culture. What is generally accepted is that language and culture are not separately researchable.

Language and culture are also interrelated with history, in the domain of human beings. This thesis' view of history-language or culture-language interactions is not a cause-and-effect one totally, because if there is a cause-and-effect relationship between language, culture, and history then the behaviour of the effect should be logically predictable through the study of the behaviour of the cause. Neither history nor language nor human utterances are predictable (Campbell 2003, p. 101). Noam Chomsky believes that those behaviourist psychologists who try to predict human behaviour and

1) Chapter 5 specifically concentrates on 'understanding' and explains the different readings of hermeneutics. What cited from Landar is a view of 'author oriented' readings and traditions of hermeneutics. More details can be found in chapter 5.

language have misunderstood the nature of language (Campbell 2003, p. 101). The significance of history is highlighted for “it is not possible to understand developments in linguistics without taking into account their historical and cultural contexts” (Campbell 2003, p. 81); but it does not mean that one can easily draw a one-sided cause-and-effect relationship between them. The entire relationship between language and history is that all languages change in the history riverbed; history representatively records all of what flows within it by means of language, language is one of them.

Historical observations of language support the idea that language is a system. Many languages that were spoken years ago are no longer alive (instances at: Comrie 2003). Historically, a language, as in any other system, has a life cycle, from its birth to its death, continuously proceeding and growing (i.e. changing). When a language is not answering its speakers’ needs anymore, it will disappear and a new language will be born. Some languages with severe limitations of vocabulary, proceed so fast that grandparents cannot understand their grandchildren (Campbell 2003, p. 97). Languages are born from each other and slowly find a mutually independent existence in the course of time. Jager (1686) expresses this idea fluently as a mother-daughter generating relationships:

An ancient language, once spoken in the distant past in the area of the Caucasus mountains and spreading by waves of migration throughout Europe and Asia, had itself ceased to be spoken and had left no linguistic monuments behind, but had as a “mother” generated a host of “daughter languages”, many of which in turn had become “mothers” to further “daughters.” For a language tends to develop dialects, and these dialects in the

course of time become independent, mutually unintelligible languages (Jager 1686; cited by Metcalf 1974; cited in Campbell 2003, p. 88).

2.5.4. Language Variation and Change

The interaction of language with culture, history, and thought has a natural outcome which is considered by linguists as Language Variation and Change (see Chambers *et al.* 2002; Coulmas 1997). In this thesis it is not relevant to debate about how these changes happen and how people evolve with them. We just hire the idea from linguists and recite that all languages and all parts of each language change through time, in order to be aware that when we involve language we are not studying a static object. Linguists share the idea that, as in any other high level system, human language is continuously changing through time. Joseph (2003, p. 105) emphasises that language is changing whilst some aspects of human communication systems such as Morse code or the value of a smile as a nonverbal signal may remain unchanged over time. Some languages (such as certain South American Indian ones) as restated from Campbell (2003, p. 97) a few paragraphs ago, change so fast that “grandparents cannot understand their grandchildren” while the changes in some languages (such as Persian, Arabic, etc.) may happen too slowly to be felt in short or even mid times¹. Change does not appear equally in all layers of language. Changes in phonology happen too slowly to be felt while changes in vocabulary happen visibly fast within almost all languages and cultures. Campbell (2003, p. 83) indicates that “while no

1) Iranians today read and enjoy Sa’di, Hafez, etc. after seven centuries without difficulty.

change was acknowledged in formal Arabic after the eighth century, the realization that the spoken Arabic of the eighth and ninth centuries was changing stimulated the development of Arabic grammatical study.”

The reason or reasons for these changes and variations is also a relatively important subject of linguistics, but not of our study. Joseph (2003, p. 114) indicates that one way that language changes is through changes in the behaviour of its speakers. Martinet (1960, p. 18) expresses that because of changes in humans’ communicative needs, every given language would essentially change in the course of time. According to this point of view every language is functioning as a communication tool and changes happening in communication subjects within human societies from time to time must affect language and cause changes to it. Bakhshi (1990) argues that because language is linked to culture, in the cultural assaults and cultural interactions between nations the vocabulary of a language is affected; he mentions of course that the phonology and even the grammar rarely change. Accordingly in cultural interactions we may find some words, acronyms and even mnemonics transferring between different cultures and languages but the pronunciation of them would be based on the phonology of the target language and not based on the phonology of its source language and culture. As Arabic does not include the phoneme ‘P’, for instance, ‘The Pope’ is pronounced as ‘*Al Baba*’, ‘computer’ as ‘*Komputer*’ and ‘panda’ as ‘*banda*’ when they are entered into its vocabulary. The changes of a language within a short time are mostly in vocabulary rather than phonology and structure, and the changes of vocabulary, as Parker (1994, p. 70) indicates, occur in

both words (signifier) and their meanings (signified) over time. The subject of our research prohibits us from investigating why and how languages change, but what apparently is crucial to being considered in this research is that language is floating; and that everything which is riding¹ on it (e.g. accounting theory) will naturally not remain unchanged forever.

2.5.5. Language is Purposeful

As in any system, as mentioned above, language is purposeful. The purpose of language is entirely related to the goal of a human being of acquiring a humane perfect life, here and hereafter, by constructing humane thoughts and humane societies. Language complies with human thought, culture, and history in order to perform a purposeful function. There are two considerable points about the purpose of human language; first, the purpose of language is generated from the inside. Language is a part or a subsystem of a human being. Human in this systemic sense is identified as a construction of culture, history, thought . . . and language systems. Therefore, a 'human being' stands as the parental system of language; the goal of human beings is consequently the purpose of language too. Whilst in less complex systems such as clockworks, the purpose of a system is not determined by itself or by its parental or sub systems. The study lamp on my

1) To metaphorically imagine humanity as a river, history as the riverbed, cultures as the water, languages as the floating boats, meanings as the passengers of the boats and of the riversides waiting for a boat to carry them, and thoughts as the boat drivers springs to mind from famous Molana's poetic thoughts (Roumi, Molana Jalal-eldin Mohamad Balkhi (1207 - 1273)): "maa ze daryaaem-o daryaa meeraveem" meaning "we originally belong to the sea, going back there" and "ey baraadar to hameh andeeshehee" meaning "O brother, you are all thoughts". The metaphors declare the similarities but naturally (as described by Morgan 1997, p. 5) ignore the differences. Language apparently carries the meanings and thoughts within the river of cultures but it is not hard, fixed, and unchangeable wooden stuff like a boat. Languages are particular types of boats which are able to change their forms, shapes, sizes . . . to be able to do different tasks.

desk, for example, has not determined its purpose, and has not had any impact on the study lamp designer and producer in determining its purpose.

Secondly, the purpose of language changes in accordance with a human's ideological and ontological growth and understanding. So the purpose of language is the same as language itself and is not fixed forever but changes through time and among nations. Our understanding of a 'good citizen' is changing. Therefore we improve the purpose of our life in terms of our language. Assume figuratively a nation which (ontologically or ideologically) thinks of enjoyment as the main goal of life. 'Good citizenship' means 'enjoyable life' to the people of such a nation; the purpose of writing should consequently be increasing this enjoyment. We may find another nation which [figuratively] is a pragmatist. Everything should increase productivity toward 'good citizenship' according to these people's ontology; language is not excluded; it should be useful in practice. Without trying to compare French ontology with German ontology, we can recall some book titles about a unique subject written by different scholars from different nations: *'The Pleasure of the Text'* written by Roland Barthes (1975) who is French, and *'The Act of Reading'* written by Wolfgang Iser (1978) who is German. These book titles clearly show the different expectation of life and its components, with language being one of the most important. This issue is discussed in more depth in chapter 5 where the way one may interpret a text is considered. Here we just notice that the purpose of language differs between nations and from time to time. These two points about the purpose of language might not be directly related to this thesis, but, in order to provide

a fluent and unconfused theory, a researcher in any research of related subjects of language should be aware of them.

2.6. Globalisation and Language

One of the most questionable issues about language is about the possibility of establishing a unique language for all people around the world. This question is important to our study because there were and still are some attempts toward introducing English as the language of Accounting for the whole world. It is claimed and explained that during the last century English has established itself as the world language of business and of International Accounting Standards (Parker 1994; Parker *et al.* 2000). If the possibility of establishing a universal language comes under challenge and doubt then the possibility to globalise a unique accounting language will also be challengeable. “Americans feel everyone in the world should know English” (Deluna 2006), therefore when they think of international standards, they basically think of English as its language. Many scientists agree that an internationally “standardised language would be beneficial” in most respects (Jones 1978). Many of them regard English as an international language and some of them, mostly non-Americans, think of alternative choices. Esperanto was created by the Polish oculist, Zamenhof, in the late 1800s in order to serve as everyone's second language, but not to take the place of existing languages (Kessler 2004; Deluna 2006). As Esperanto is the mother tongue of nobody, it allows everyone to speak to others on the same level, politically unbiased, and it does not give a particular country an unfair advantage (Deluna 2006).

Concern about the ability of international communication is magnified by genius politicians. Archibugi (2005) discusses the idea that democratic politics should imply the willingness of all players to make an effort to understand each other. Linguists estimate that more than 6700 languages are spoken in the world today (Comrie 2003, p. 19). Unesco's study shows that about half the world's 6,000 languages could disappear, driven out by dominant tongues or repressive government policies (Times 2002). In such a case, Deluna (2006) asks, with more than 3,000 languages remaining in the world, how will people ever communicate and learn to get along? Obviously, the internationally spoken languages give their nations some sort of mediumistic power in their political, economical, scientific, cultural, etc. dialogues and interactions. Therefore it is not surprising [to see] that every conscious nation tries to save its own language from being replaced or being weakened by other languages; and even takes the opportunity to expand and distribute its own language. For those politicians who desire to establish a universal empire or some sort of control (i.e. economical, cultural, political, etc.) upon the whole world, the idea of establishing their own language as a unique language for the whole world would essentially be important. On the contrary for those nations who are on the other side, having a goal to defend against such activities would seem to be vital.

Establishing a universal language is a step toward globalisation. To some people (e.g. Gabelmann 1980), globalisation totally means Americanisation today. If so, the non-Americans would essentially try to either close their eyes to what happens and ignore globalisation completely,

or fix and match their own culture and language to English so as to be a part of American culture and language in order to be accepted and known as a member of the big family of America, or in order to save their own small national family in the neighbourhood of America. Conscious nations have sensitively opened their eyes to this issue. Most developed European nations such as Germany, Austria, Italy, Spain, etc. are sensitive to American globalisation. In France the government has a program to try to preserve the language and to prevent its Americanisation (Gabelmann 1980). Even in some developing countries such as Iran an awareness of the significance of language in increasing the international credit and power of the nation is observed. The Supreme Leader of the Islamic Republic of Iran insists:

One of the major duties that should be performed by the three Persian-speaking countries of Iran, Tajikistan and Afghanistan with the intention of boosting their international status is to preserve and promote the Persian language (Khamenei 2006).

There is no doubt that conscious nations will try to protect their languages and they even will not miss any opportunity to distribute their languages over the other nations. The point is not that the other nations may consciously reject a new language. The point is that a language is the central feature of a nation's identity and if it is changed it means that the nation is changed. Berbers who replaced their own African language, Amazic¹, with Arabic about 1300 years ago then Libyan, Moroccan, Algerian, Tunisian, etc.

1) Amazic (Tamazic) people (also known as Berbers or Amazighen) lived in northern Africa before the Arabic invasion in the 7th century, in the area from the Canary Islands and the Atlantic Ocean to the western end of Egypt, and from the Mediterranean to the Senegal and Niger rivers and the Tibesti mountains in the south (Burnett 2003, p. 135).

nations are not known as Berbers today but Arabs; they are a part of the big Arab family. Language in this view stands as the identifying feature of a nation, similar to the fingerprint which is an identifying feature of individuals. If it is reasonable and possible to replace the fingerprint of people with a universal one, then we may accept talking about a universally common language for all humans.

The challenges and criticisms in establishing a unique language for all people can be drawn into the accounting realm because of their congruencies. McClure (1983), Tanaka (1982), Belkaoui, (1978; 1989; 1995) and many others have explored the analogy and congruency of accounting and language to some extent to date. It is important to point out that accounting is not only a financial statement producer system, but the language of business in all respects. Similar to a language which is called a thinking medium, accounting seems to be the financial (business) thinking medium. Accounting is also the boundary maker of financial entities. This is totally the same as the boundary making role of language for groups and nations as mentioned above (in section 2.5.1). From another point of view the nature of accounting is similar to the natural structure of language, unique and universal, not only between companies and countries but also throughout history. The phrase “accounting is the universal language of business” (Luenstroth 1952) is acceptable if it is referring to the ‘natural structure’ of accounting. These are of nailing research issues left for future studies.

2.7. Language Forms

Language as a communication tool appears in different forms (e.g. body language, spoken language, etc.). However, in this study, language refers to only spoken and written forms of language; because the study is basically about accounting language. Accounting appears mostly in the written and sometimes in the spoken forms of language. Cooper and Puxty (1994, p. 127) indicate that accounting is text; oral or written. Financial reports, accounting knowledge, accounting standards and rules, etc. are mainly in written and lowly spoken forms. Daniels (2003, p. 75) indicates that:

*Most of the thousands of human languages were never written until recent years, and their speakers were none the worse for it. Their cultures were full and rich, **lacking only accountancy and science**. Everything else that is written need not be: poetry, narrative, law, and their apotheosis, scripture, are all part of every oral culture.*

2.8. Word and Meaning

The term 'word' is used in different senses. In one sense by 'word' one may refer to 'lexeme'. A dictionary provides a list of the lexemes; Cruse (2003, p. 239) describes a technical characterization:

A lexeme is a set of related meanings associated with a set of related word forms. Sometimes meanings associated with a single word form are clearly unrelated, as in the case of bank (financial) and bank (river); these would therefore be assigned to different lexemes. In other cases a relationship can easily be

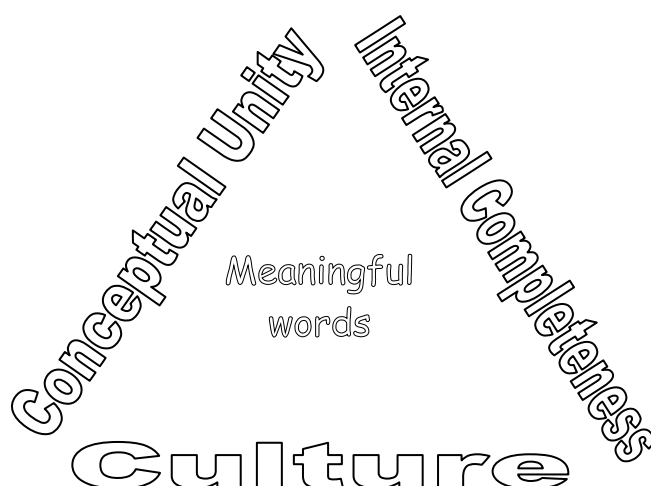


Figure 2-6 Constraints of the Meanings of a Word

intuited, as with position (location), position (opinion), and position (job), and these will be considered to belong to the same lexeme.

The other sense of 'word' is called 'lexical' unit by Cruse (2003, p. 239). The lexical units are distinct meanings 'senses' used in designating the sound meaning of word forms. These examples clarify the different senses of the term 'word'. Bank (financial) and bank (river) belong to the same word forms but different lexemes and different lexical units. 'Position' (location), 'position' (job), and 'position' (opinion) belong to the same word form and the same lexeme but different lexical units. 'Walk', 'walked', and 'walking' belong to the same lexeme and the same lexical unit but visibly different word forms. The expressions word form, 'lexeme', and 'lexical unit' will only be used if there is a danger of confusion in this text, otherwise the expression 'word' will be employed freely.

Indicating that to the layperson the most important thing about a word probably is what it means, Cruse (2003, pp. 238-242) argues that there are

three constraints on what a word can possibly mean; culture (say non-constraint) and two more serious constraints: conceptual unity and internal completeness. Figure 2-6 illustrates a simple view of what Cruse has described. The elements that constitute the meaning of a word are continuously dependent. The study of the meanings of words is the subject of lexical semantics as a sub-discipline of linguistics. Syntax therefore is not separated from semantics because the function of language is entirely related to its structure in a systematic sense (Hoffmann 1986). Spencer (2003, p. 215) declares that even though we cannot determine the meaning of a compound just from the meaning of its parts (e.g. blackbird is not a black) but the semantics of a phrase is compositional nevertheless. An important feature impacting the meaning of a word is its structure therefore (Hoffmann 1986).

Lexical semanticists study the meaning of words via two different approaches: contextual approach and componential approach (Cruse 2003, p. 242). By the contextual approach which is based on holism, the linguist believes that the meaning of a word is fundamentally a matter of relations with other words in the language. So to learn a word and understand its meaning or meanings, all of the other words related to it should be learned. *Structural semantics* is the study and characterizing of the meanings of words with their position in the network of relationships. On the contrary, under the componential approach which is based on localism, linguists study the meaning of a word as a self-contained subject which is describable

independently of the meanings of other words. Cruse (2003, p. 243) compares these two approaches:

A localist believes that the meaning of a word is a self-sufficient entity which in principle is finitely describable. Whereas holists tend to see the meaning of a word as a set of relations, either with other words, or with possible contexts, a localist will typically say that these relations are a consequence of the word's meaning.

2.9. Linguistic Problems

There are some problems and difficulties in accounting which are rooted in language. Acquiring an awareness of these sorts of problems and difficulties is a basic step toward solving them. Problem solving is not the direct contribution of this study of course. The idea (if any) that a PhD dissertation must directly solve a problem may even be challenged. The purpose of discussing a few linguistic problems in this section and in the next chapter is to just prepare a background for the main aim of the research, 'language is important in accounting' and to provide a premature discussion about how language appears important to accounting. In this section the main linguistic problems which are drawn into accounting are briefly introduced. In the next chapter the presence of these problems within accounting is examined. The next chapter provides some cases of Iranian accounting in which lingual difficulties are observed. A linguistic approach to dealing with these problems of accounting is then suggested. These types of informatively critical studies may be totally useful in any secondary studies, problem solving ones among them.

2.9.1. Ambiguity

One of the problems inherent in language is ambiguity. Rodd *et al.* (2004) believe that most English words are ambiguous. An ambiguous word signifies more than one meaning (e.g. the word 'present' which means: 1- now, 2-gift, 3-display etc. or the Persian word sheer¹ which means 1-milk, 2- lion, 3-tap, 4- brave etc.). Ambiguous words are indeed only understood in their contexts. Even though most words are capable of presenting different semantic faces in different contexts, the differences are not always major and clear. Comparing the word 'bank' with the word 'teacher', Cruse (2003, p. 244) concludes that the word 'bank' is clearly ambiguous because it has completely different senses (i.e. river vs. financial) in different contexts, whereas the word 'teacher', despite referring to different meanings (e.g. male vs. female) in different contexts, is not clearly ambiguous. Cruse (2003, p. 245) says that the basic unit of word meaning is the 'sense', and a word has X senses if and only if it is X-ways ambiguous. Ambiguity tests help us recognise ambiguous words.

One of the ambiguity tests is called the **identity test**. Based on this test if we use a word in a two-clause sentence, it must be interpreted the same way in both halves of the sentence to be called ambiguous; otherwise if we are not forced to interpret it the same way, it fails the test. Cruse (2003) compares the words 'position' and 'teacher' with each other as an example and concludes that 'position' is ambiguous but 'teacher' is not:

1) شیر /ʃiːr/

In “John has changed his position; so has Mary”, the word “position” must be interpreted the same way in both halves of the sentence: if John has changed his mind on some political issue, then that’s what Mary did, too; likewise if John has changed his location. This shows that “position” is ambiguous. In contrast, in “I spoke to a teacher; so did Mary”, there is no pressure to interpret “teacher” in the same way (gender-wise) in each conjunct; hence “teacher” fails this test. (Cruse 2003, pp. 245-246)

The other ambiguity test is the **independent truth-condition test**.

To see whether a word is ambiguous or not by this test, we can easily build a question with that word, such as those Cruse (2003, p. 246) suggests, and think of a situation where one tries to answer them truthfully both in the negative and the affirmative. Designing the questions “have you had a drink in the last six hours?” and “have you spoken to a teacher?” Cruse (2003, p. 246) shows that the ambiguous word ‘drink’ passes the test but the word ‘teacher’ fails.

The last ambiguity test pointed out by Cruse (2003, p. 246) is the **zeugma test**. “It’s time to present the present at present” is an example of activating more than one reading of an ambiguous word. Such a pun phrase or sentence is a clue to recognising ambiguous words. Using ambiguous words, poets, novelists, and others may produce humorous phrases and [say] artistic senses. Based on this test a word is essentially ambiguous if it causes different readings of a phrase, a sentence, or a text.

Ambiguity which on the one hand plays a positive role in creating artistic senses shows a problematic face in transferring scientific concepts on the other. Therefore this fact, ambiguity, in itself has an ambiguous role in

human communications. A poetic and ambiguous sentence is not generally useful in an academic and/or scientific product as well as in court statements¹. It may be very costly and even dangerous to put ambiguous sentences in regulatory acts and fundamental rules. In the realm of knowledge generally and in the realm of pure sciences such as mathematics, physics, chemistry, etc. particularly, ambiguity is completely unacceptable. A mathematical or physics formula should not be ambiguous in transferring its meaning. But in the realm of arts and humanities an ambiguous sentence may be not only funny and enjoyable but also useful and beneficial². Imagine a virtual line one end of which shows pure mathematics and its other end illustrates literal arts (poem . . .); the social sciences, accounting among them, would be somewhere in the middle. Social sciences are not as ambiguous as arts academically, and not as certain as mathematics apparently. The presence of ambiguity in accounting is examined through a linguistic case study in next chapter.

2.9.2. Translation

Absorbing the linguists' attention as a very important problem, translation means changing a text from one language (i.e. source language) to another (i.e. target language). A technically complete translation would essentially apply to both words and the grammar of language but this is just a technical issue. In the sense of a literal meaning it seems impossible that a

1) "I ordered you FREE him", shouted the king. "I freed him from his terrible life, your highness", answered the soldier who killed the prisoner . . . Such sentences might be interesting being heard in a theatre, but horrible in real life.

2) Consider the current international challenges about Iran and Israel, and the way American politicians use the words democracy, peace, human rights, etc. to find out how ambiguity serves politics in dealing differently with each case.

complete translation could happen. Showing an interesting illustration of “two men carrying four boxes” which may sound as either eight boxes or four in different languages and cultures, Munro (2003, pp. 138-140) evinces the uncomfortableness of translation for the speakers of many languages. Translation has some dangers (Martinet 1960, p. 45). The dangers of translation induce misinterpreting, misleading, and/or misunderstanding. Sometimes we may easily see that translation is impossible. For example the simple sentence ‘she is a man’ which might be artistic or metaphorical somehow in a particular case, is not translatable into Persian, because Persian has only one personal pronoun in order to refer to both ‘she’ and ‘he’. So if the English sentence ‘she is a man’ is translated to ‘oo yek mard ast’ (of Persian), the main message of that sentence is missed. ‘oo yek mard ast’ primarily means ‘he is a man’. In such a dangerous case, translators may be tempted to interpret and describe the source language. That is, in this example: ‘oo ke yek zan ast, yek mard ast’ which is: ‘s/he who is a woman is a man’ or ‘aan zan yek mard ast’ which is ‘that woman is a man’. The main metaphorical, artistic and/or pun sense of ‘she is a man’ is obviously lost in translating it into Persian anyhow. That is why one may come to the paradoxical position that “a text is at the same time both translatable and untranslatable” (Benjamin 1989, p. 1).

Translation with all of its problems and difficulties is a necessity without which general and professional (economical, political, scientific, etc.) communications among nations would seem impossible (Firth 1957). The job of a translator and/or interpreter according to Gutknecht (2003, p. 692) is to

try to bridge the gap between two foreign languages. Emphasising that translation is an essential communicative device, Gutknecht (2003, p. 692) points out that this can also include translation problems which, arise from historical developments within one language. The term 'translation' normally refers to written materials but is also an umbrella term used for all tasks where elements of a text of one [source] language are moulded into a text of another [target] language, whether the medium is written, spoken, or even signed (Gutknecht 2003, p. 693).

2.9.3. Acronyms

One of the most problematic issues of many languages is the fast growing lists of their acronyms. 'Acronym' is defined in the Oxford dictionary as "a word formed from the first letters of a group of words, e.g. UNESCO i.e. United Nations Educational, Scientific, and Cultural Organization" (Hornby 1999). This is a traditional definition which allows a layperson to recognise its meaning. It is claimed that acronyms are built to help users read and understand specialized texts more easily (Zahariev 2004). At the time of finalising his PhD thesis (February 2004), Zahariev (2004, p. 58) found out that more than 330,000 acronyms were listed in an online resource, the Acronym Finder website¹, with an average of 196 entries being added every day, and he pointed to a comprehensive hardcopy acronym dictionary for the English language, which listed 420,000 entries. The Acronym Finder website claims that it contains more than 3 million acronyms and abbreviations at the time of writing this section of thesis (May 2006). At the time of submitting this

1) <http://www.acronymfinder.com/>

thesis (February 2007) the Acronym Finder website claims that it contains more than 4 million acronyms and abbreviations.

It is claimed that acronyms help us provide shorter texts which are expectedly easier and faster for the readers to read and understand. The issue is in regard to the time, space . . . [say cost] being spent on a text. For instance in this chapter the term 'General Systems Theory' has been currently used four times. If the whole phrase 'General Systems Theory' is replaced with its suggested acronym 'GST' we might economise the dissertation in terms of the number of words, and streamline its content for expert readers who would be aware that GST in this study stands for 'General Systems Theory', and not for 'Goods and Services Tax'.¹ Forgione and Smith (1993) emphasise the point that acronyms "provide a means of simplification in communicating complex ideas among members of any profession", the expert readers of their own professional texts. Accountants, doctors, lawyers, engineers, computer programmers, and such groups who are most involved in some sort of practical profession are faced with more acronyms in comparison to others (Forgione and Smith 1993).

Acronyms have caused (and continued to cause) some problems and difficulties. The first problem of acronyms is that they are growing very fast, "popping up like mushrooms after a spring rain" (Parker 1998), seemingly out of control. While generating a word is a completely scientific and professional process within any language, building up an acronym is a very easy way to label an object, an organisation, a subject, etc. Even though

1) If 'Language' is replaced with 'L' and 'Accounting' with 'A' in this chapter, the number of characters of this file is reduced by 3.77% and the number of pages by 1.28 pages.

some linguists (e.g. Zahariev 2004) try to introduce the process of acronym building as a linguistic and professional process, everybody regardless of the level of her/his expertise can easily build an acronym. This feature of acronyms allows them to grow larger and larger daily. So practically, it would seem impossible to learn and memorise all of them. The second problem of acronyms is that each acronym potentially stands for infinite phrases, therefore engendering confusion. (Parker 1998; Prager 1999). This is basically different to the ambiguity feature of words because ambiguity is understood within the context and it is not totally misleading people by itself while acronyms may do so (Walsh 2000). Forgione and Smith (1993) indicate that the meanings of computer related acronyms are not readily discernable from the immediate context in which they are found.

The third problematic feature of acronyms is that they are not internally related to a language system, so they do not remain forever by themselves. If we separate an acronym from the whole phrase for which it stands, then the acronym will no longer exist. The interrelation of a word to a language is explainable from three aspects. First, a word is pronounced as a unit not as separated letters in terms of the phonemes. Only a few acronyms are pronounceable as a unit, most of them are not. An acronym is more stable when it is pronounceable as a unit. For example, the acronym MODEM sounds as a word, and perhaps it will not be surprising (in terms of its phonology) if we eventually hear the words modems, modeming, modemed, modemic, modernify, modernise, moderner, and so forth. But only

a few of acronyms have such a phonetic interaction with their language phonology.

Secondly, a word is interrelated with a language at the level of its grammar; its construction is based on a particular linguistic rule. English words are generated according to English grammar, not Persian grammar, not a mathematics formula, not anything else. The acronym building way is claimed to be universal (Zahariev 2004). This means that a unique rule is suggested for building up acronyms in all languages. Thirdly, a word in a particular language functions (i.e. transfers its meaning[s]) in relation to other words. The meaning of a word is in relation to a complex network of word meanings, word families (Cruse 2003, pp. 259-263). There is not such an issue about acronyms. An acronym is not a member of a word or acronym family. This separate existence of acronyms makes the study of a lexicon most probably impossible for linguists, and if they cannot find the reference to which an acronym refers how will they be able to relate its meaning. Therefore acronyms are in fact meaningless combinatorial word-formed letters. When we can easily build acronyms there is no endeavour to build real words.

The fourth problem of acronyms is that they are not translatable into other languages; they are either used per se or the whole phrase for which the acronym stands is translated. It is not too difficult to find thousands of non-English texts through websites in which English acronyms appear unchanged. To be more precise about the difference between the translation of a word and an acronym, assume an English text contains some names

and some acronyms, and is being translated into Persian. The names are translated into Persian phonetics to save the phonetic harmony of the text. For instance, Britain is transformed to Bereetaaneeyaa /be,ri:,tʌ,ni:,yʌ/, America to Aamreekaa /ʌm,ri:,kʌ/, but acronyms such as GB, or USA appear in their English literal forms, which is problematic in terms of both phonology and graphology. Appendix 1 illustrates the appearance of English acronyms inside Persian texts.

If acronyms are so problematic, why are they still built and distributed so rapidly and widely? Language during the last two or three centuries which is the period of human sciences, industries, communications, etc. explosions, has not grown enough to cover all the new requirements in time. These scientific and technological inventions have grown much faster than the speed of the languages' growth. In such a case several things have happened, the explosion of acronyms being one of them. The evidence is that in any area in which more growth has occurred in the last two centuries (e.g. accounting, computers, medicine, etc.), more acronyms have been used. Of course acronyms appear in all areas and even in our daily life; they are even found in the first academic writings of 3000 years ago; but their mushrooming (presently more than 3 million and hundreds of them being added every day) has occurred in our era. The main reason for this fact is that constructing or generating a new word linguistically is expensive in terms of time and scientific energy, while building an acronym is easy and cheap. In the next chapter the problems and difficulties of Iranian accounting which are rooted in acronyms are viewed. There is no apparent solution for the

problems that arise from acronyms, Buckler (1999) insists that the only way to solve these problems is to remove them:

[T]here is only one way to solve the EPAASFS¹ problem, and sooner or later we will be forced to accept it. We're going to have to start using complete words. This paper tells about the problems of acronyms and suggests using the complete sentences instead of acronyms. (Buckler 1999)

2.10. Language Disciplines

Language is totally studied through two disciplines: linguistics and philosophy. This study employs both philosophical and linguistic approaches. The tendency towards philosophy and then linguistics is important to the main concerns about accounting. The obvious problems and difficulties of accounting which are rooted in language, have led to a consideration of the both linguistic shaping of accounting and theoretical dependency of accounting upon language. The former view is presented through a linguistic examination of accounting terms in chapter 3. The latter has resulted in a theoretical argument about accounting in regard to its lingual nature in chapters 4 and 5. Linguistics and philosophy of language are briefly introduced in this section and then their implications are examined through the next three chapters.

2.10.1. Linguistics

Divided into several sub-disciplines such as historical linguistics, field linguistics, functional linguistics, sociolinguistics, psycholinguistics,

1) Every Possible Acronym Already Stands For Something.

computational linguistics, applied linguistics, educational linguistics, clinical linguistics, forensic linguistics, and so on, linguistics is defined as the scientific study of the nature, use, and variety of all subjects of human language or of a particular language (Hornby 1999, p. 686; Martinet 1960, p. 15; Laver 2003, p. 150). Language as a scientifically describable resource for making meaning is studied from three different but interrelated standpoints: phonology, grammar, and vocabulary (Bakhshi 1990). Poynton (1986, pp. 6-7) takes grammar and vocabulary of language as one stratum and talks about three strata of language as shown in Figure 2-7 and argues that any stretch of language can be considered in three ways. It can be considered in relation to the construction of text, the way different texts of different kinds hang together as a whole. Discourse analysis is the study of language in this layer. Analysing language in terms of grammatical structure means studying how sentences are constructed from smaller units, including words. The level Lexico-Grammar of language in Figure 2-7 indicates that the two major standpoints of language, grammar and vocabulary, sound as one stratum of linguistics to Poynton.

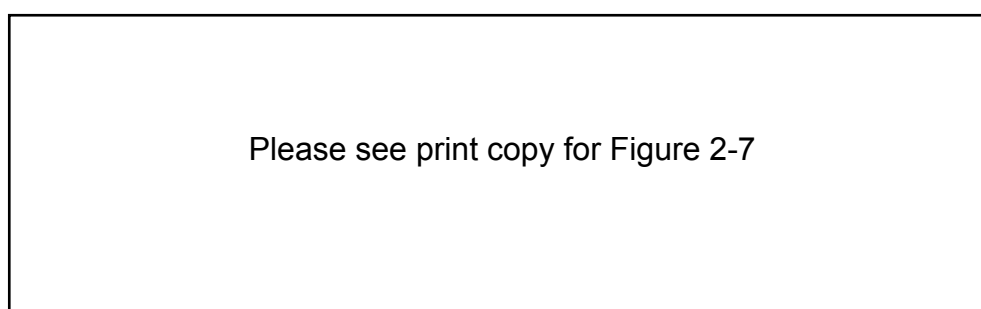


Figure 2-7 Language strata (Poynton 1986, p. 7)

Language is even considered in terms of its physical substance. This means looking at speech sounds, rhythm, and intonation in the case of speech and at the visual media rather than aural media in the case of written texts. This is named phonology in the case of speech versus graphology in the case of written texts. Phonology is the study of phonemes, the core or the central concept of language (Campbell 2003, p. 95; Cohn 2003, p. 181). Munro (2003, p. 143) believes that an early goal in any sustained field work should be to arrive at an understanding of the language's basic phonology.

2.10.2. Philosophy of Language

Contrary to linguistics which studies language from an empirical aspect, the philosophy of language studies language from a theoretical and conceptual aspect. The first scholar who provided a deep argument about language and its characteristics was Gottlob Frege (1848-1925). Bertrand Russell (1872-1970), Ludwig Wittgenstein (1889-1951), and George Edward Moore (1873-1958) are other early scholars with the same concerns about philosophy and knowledge. Their attempts originated a movement generally known later as analytical philosophy. Analytical philosophy is not a branch of philosophy with particular sorts of ideas and beliefs by which the philosophical questions being investigated are answered. Analytical philosophers share the idea of the significance of language in philosophy and in methodologies and methods of philosophical inquiries (Aliabadi 1996). Moore always emphasised that the misuse of language in philosophy is the main reason for philosophical questions, and the only solution for such problems is to use language correctly (Aliabadi 1996). According to Moore,

most philosophical questions are not real questions. If we analyse the philosophical questions linguistically, we will soon find out that most of them are not questions in fact. Russell and Wittgenstein also followed the same idea of Moore being that philosophical questions and problems are not all real and valid, but most of them are outcomes from the misuse of language (Aliabadi 1996).

Therefore the analytical philosophy movement was rooted in language and might be referred to as the philosophy of language too. There might be some philosophers who think of the philosophy of language as any other branch of philosophy, but they will soon recognise that the philosophy of language is not looking for particular sorts of questions in the realm of language, but that all sorts of philosophical questions in any realm of human knowledge might be investigated through its approach. For example Katz and Fodor (1962) once believed that "the philosophy of language should be constructed as nothing other than the philosophy of linguistics, a discipline analogous in every respect to the philosophy of psychology, the philosophy of mathematics, the philosophy of physics, etc." But four years later one of them, Katz, wrote a book titled "the philosophy of language" which rejected what he had previously believed. He then said:

my present view is that Fodor and I were quite wrong in constructing the philosophy of language as a branch of the philosophy of science.(Katz 1966, p. 4)

In chapter 4 a philosophical approach is followed towards finding a refined understanding of accounting theory and practice, and the intertwined nature of them with language, as well as thought, culture, and history.

The following chapter is a practice of what was preached in this chapter. Chapter 3 approaches a linguistic analysis in accounting. A number of linguistic cases of Iranian accounting terminology are studied to examine the relevance of linguistics to accounting.

Chapter 3. A Linguistic Approach to Accounting

3.1. Introduction

The previous chapter provided a theoretical background about language and linguistics. It was briefly argued that some of difficulties and misunderstandings appearing in [say] accounting are related to language. This chapter examines a few linguistic cases of accounting to illustrate some of the known problems. This chapter can be seen as a practice of what was preached in the previous chapter. The native language of the researcher is Persian, and the motivating concern of the researcher is mainly about Iranian accounting theory and practice. Therefore, the cases and examples on which this chapter focuses come purportedly from Iranian accounting terminology. However, without generalising the findings about other languages and

cultures, it does not seem acceptable to limit the range of findings to conclude that problems and difficulties exist only in Iranian accounting. This chapter structurally supports the main aim that language is very important in accounting. Paying less attention to the language and linguistic problems of accounting causes some basic difficulties in its education, profession, regulation, etc. Through this chapter it is practically emphasised that a linguistic approach is relevant to accounting. The main purpose of the chapter is to declare the relevance of linguistics to accounting in order to emphasise the significance of accounting language. A review of the majority of the linguistic studies which have so far been published is the starting base of this chapter.

3.2. Literature Review

3.2.1. Linguistic Studies in Iranian Accounting Literature

Language is not considered an important issue in improving accounting theory and practice in Iran as yet. In all of the 283 issues of accounting and auditing journals and magazines published so far¹ only a very few of them attend to the language of accounting. Alimadad (2005) indicates in an interview that the decedent scholars Hassan Sadjadinezhad and Fazlollah Akbari who were among former accounting academics in Iran had

1) There are presently six accounting magazines and journals being published in Iran which have issued 283 volumes all together; 173 of them belong to the oldest monthly magazine, Hesabdar [Hesaabdaar] (حسابدار i.e. Accountant). The only top scientific journal, the bilingual (i.e. English and Persian) Iranian Accounting and Auditing Review (بررسی‌های حسابداری و حسابرسی), has published 41 volumes so far. Hesabras [Hesaabras] (حسابرس i.e. Auditor), Danesh-e Hesabresi [Daanesh-e Hesaabrese] (دانش حسابرسی i.e. Auditing Knowledge), Motaleat-e Hesabdari [Motaale'at-e Hesaabdaaree] (مطالعات حسابداری i.e. Accounting Studies), and Hesabdar-e Rasmi [Hesaabdaar-e Rasmee] (حسابدار رسمی i.e. Certified Public Accountant) are the others.

concerns about accounting terminology; evidence of this being their attempt to publish a Persian accounting dictionary. Alimadad (2005) is also quick to imply that the difficulties and limitations of writing a dictionary, such as a lack of motivated researchers, has affected the improvement of the Persian accounting language.

The only Iranian publication which has considered the language and linguistic problems of accounting is the oldest Iranian accounting magazine, *Hesabdar*. This magazine is not totally ranked as scientific or academic; however it contains the only linguistic studies of Iranian accounting, the writings of Amir Poorianasab; they are briefly reviewed in this chapter. A review of the previous even premature studies in this area protects the study from repeating what has previously been undertaken. Poorianasab, during 2000 - 2003, published four articles about accounting language and the linguistic problems of accounting.

In his first article, Poorianasab (2000) primarily insists that accounting is imported from English writings, and thus translation is a necessity in this realm. Drawing a model for translation, he shows that with “the appearance of translated accounting knowledge in Iran most translators have tried to translate every single word from the source languages (mostly English) to Persian even if the selected equivalent does not transfer the exact meaning of the original term”. He notes with regret that this is the worst way to translate, and it produces chaos within accounting terminology. His first concern is specifically about translation and translators, where many words entered into Persian come from other languages especially Arabic. The

problem is that sometimes the imported words are used with different meanings from their original meanings. For example the word Ta'ahhodee which is the Persian equivalent of the accounting term 'accrual', is an Arabic word. Originally, the meaning of this word in Arabic is different to its meaning in Persian. People have used this word for a purpose which is totally different to its Arabic usage. The Arabic meaning of this word is entirely similar to what the word 'accrual' means. However, Persian speakers are not aware of this. Therefore, the exact meaning of 'accrual' is not transferred to the Persian speakers when it is translated as ta'ahhodee. A similar problem happens in using tataabogh for 'matching'.

Secondly, some translators select only one Persian word for an English word according to the general English-Persian dictionaries. In such cases the selected word may not expound the ambiguity of the original word. For example the word tahaghogh which is used for 'realise', is not capable of covering all meanings of 'realise'. The word 'realise' may have different meanings in different cases. The ambiguous word 'realise' may even appear with two meanings in one text. Using only tahaghogh for 'realise' in all cases, is then problematic. The use of the word eraaeh for both 'presentation' and 'representation' also produces the same problem. Thirdly, some translators take the easier way and simply repeat previously translated words without checking the previous translation. And the last issue concerning Poorianasab (2000) is "the coining of a new word". He implies that the coinage of a new word is the most important part, and needs the cooperation of writers and

translators; “it needs working groups and thinking teams; but Iranian translators mostly work alone”.

Poorianasab (2000) lists some of the weaknesses in Persian accounting terminology translated from English. For each weakness he also brings some examples of English words translated to Persian. Using the words san'atee, bahaa, hazeeneh, makhaarej, and bahaa-ye tamaam shodeh for 'cost', hazeeneh for 'cost', 'expense', and 'loss', sood for 'income', 'earning', 'profit', and 'gain', moghaayerat for 'reconciliation', aarteekl for 'entry' (notice that both are English; aarteekl is article), sabt for 'entry' and 'record', soorat-e jareeyaan-e naghdee for 'cash flows statements' (notice that flows is plural while jareeyaan is singular), reesk-e adam-e kashf for 'detection risk', matloob for 'fair' (he suggests ensaaf for 'fair'), and manba for both 'source' and 'resource' are among the examples he extracts from Iranian accounting texts. Poorianasab (2000) believes that if one of the above problems appears in a text then the text will be difficult to understand. “Surely the problems can be solved”, he says, “but there are some limitations in applying the solutions”. The defiance of some writers and translators against changes, the expense involved in changing everything, the lack of a government office for this aim, and a cultural environment which leads translators to work alone are among the main limitations for improving accounting terminology.

In his second article about accounting language, Poorianasab (2001) does not focus on particular accounting terms but presents a theoretical argument on the importance of terminology. Representing a positivistic

reading of accounting, as it is dominantly popular in Iran, he lists three internal and five external criteria a discipline should have in order to be called a science; a special language is among the internal criteria. He argues that to develop accounting and highlight its position as a scientific discipline, its language should be developed. Indicating that every science should have a clear boundary, Poorianasab (2001) concludes that establishing a comprehensive Persian terminology would confine the boundaries of Iranian accounting¹. Even though he does not aim to criticise Persian accounting terms in this paper he mentions the linguistic problems happening in translating the terms 'debit', 'debtor', 'credit', and 'creditor' into Persian. The details of these cases are developed in this chapter (in section 3.4.3).

In his third article about accounting language, Poorianasab (2002) criticises the Iranian accounting term estehlaak which is used for three accounting concepts: 'depreciation', 'depletion' and 'amortisation'. After a short introduction about the misunderstandings that arise from a misused or a mistranslated term, Poorianasab (2002) analyses the structure of the originally Arabic word estehlaak and expresses that the sense of this word is not only unable to transfer the meaning of the three different English words at the same time but is also weak in transferring the meaning of every single one of them. Finally he suggests the words bahaakaast (which is newly coined by him) for 'depreciation' and the word vaakhaast (which had been coined by Ashuri (1997, p. 15; cited in Poorianasab 2002) previously) for 'amortisation'. He even presents a list of words which can be used as

1) Positive theory, boundary presumptions, etc. are criticised in next chapter.

equivalents for 'depletion'; above all of them he prefers the two newly coined words forookaast and toheedegee.

The fourth article of Poorianasab (2003) focuses on a syntactical problem of Iranian accounting language. According to Persian grammar adjectives always come after nouns in adjectival clauses. For example, the phrase 'beautiful mouse' is translated to 'moosh-e zeebaa' in which moosh stands for 'mouse' and zeebaa stands for 'beautiful'. Indicating this rule, Poorianasab (2003) points to the series of 'net X' in accounting terminology such as 'net income', 'net worth', 'net assets', 'net cash flows', 'net present value', and so forth, all of which, except two, are translated incorrectly. For example 'net assets' is incorrectly translated to khaales-e daaraayeehaa [instead of daaraayeehaa-ye khaales] in which khaales stands for 'net' and daaraayeehaa means 'assets'. Providing a brief historical and cultural background of the case, he finally claims that disobeying the structural rules of Persian language in accounting writings has an effect on transferring exact meanings and produces difficulties in understanding accurate accounting concepts.

The four articles (i.e. Poorianasab 2000; 2001; 2002; 2003) which were briefly reviewed above, are the sum total of the written resources to be found concerning linguistic problems of Iranian accounting language. It seems that even if Amir Poorianasab or the other contributors published any other study about accounting language other than what is listed above, the outcomes should not be very different with what Poorianasab presented in the reviewed articles. A complete list of the PhD and Master theses of Iranian

students presented on the website of the Iranian Information and Documentation Centre¹ lacks even one thesis concerned about the significance of language from a linguistic approach within accounting until today. The Iranian ancient accounting system which is known by a particular accounting language (numerical linguistic system) named siaagh [/siagh] is also so far rarely studied. Khodadoust Foroughi (1980) has explained siaagh in a conference paper; the bibliography of her paper exhibits the absolute poverty of Iranian accounting written knowledge of such studies up until that time. Affirming that “since there is no scholarly research on this subject, I have based my studies and findings on my personal investigations through interviews with elderly Iranian merchants . . .” and then presenting an explanation of ancient (i.e. pre-1900) Iranian accounting language, siaagh, she (1980) discovers the complexity and complicatedness of siaagh to be learned and consequentially its functionality in secrecy, privacy, and internal control.

3.2.2. Linguistic Studies in English Accounting Literature

Contrary to Iranian accounting literature, linguistic attention to accounting in English literature is of course not rare. During the past century, many accounting contributors have considered the communicative aspect of accounting. Bagranoff *et al.* (1994) indicate that because accounting is essentially a communicative process, topics related to communication theory are important areas of research in accounting. A brief review of the previous studies gives a basic viewpoint that almost all of them can be divided into two

1) <http://www.irandoc.ac.ir/index.htm>

groups. The first group are those which consider accounting as a language, i.e. the language of business (e.g. Belkaoui 1978; 1989; 1990; Jain 1973). The second group are those, which reject or doubt that accounting is analogous with language; they consider the presence of language and the use of linguistics in accounting instead (e.g. Parker 2000; Evans 2004).

McClure (1983) examines the validity of the claim “accounting is the language of business” in terms of both the function and the structure of accounting and language. McClure believes that if accounting, as is frequently claimed, is the language of business, then linguistic analysis is certainly relevant to accounting. He investigates the degree of congruence between accounting and language and then through establishing a three-way (i.e. structural, functional, and lexical) analogy between accounting and “natural language” suggests an “alternative approach from that of positive theory” to describing systemic changes in accounting. He concludes that even though accounting is not a language in the sense used by linguists, it shares a number of characteristics with language, which are of sufficient importance so that a number of linguistic models may be used in the study of accounting. He takes Noam Chomsky’s transformational grammar model as a basic framework in equating journal entries of accounting with sentences of natural language to draw a structural analogy between accounting and language. He also uses Charles Fillmore’s approach (Fillmore 1968; cited in McClure 1983), which he calls “case grammar” to describe the syntactic rules of accounting journal entries. This examination also shows a sort of similarity between accounting and language. McClure (1983, p. 150) also concludes

that “the functions of accounting, although more limited, are basically the same as those of language, so that functional results derived from the study of language should apply to accounting”. He also argues that since part of the vocabulary of accounting is a subset of the vocabulary of natural language (lexical analogy), that part can be legitimately approached using tools derived from linguistics and linguistic anthropology for the description of the bounded semantic domains. Finding language and accounting analogous, McClure (1983) applies a number of models developed by linguists to explain the behaviour of natural languages to accounting to provide an explanation of some aspects of its behaviour.

The historical study of the sources and development of words, etymology, is among the most fundamental linguistic studies in the realm of accounting. Baladouni (1984) indicates that “an etymological interest in accounting vocabulary can help not only in revealing our past, but also in making the present meaning of our terms richer and less forgettable”. Believing that “a knowledge of etymology can often give a fuller and clearer understanding of what a word means now”, Baladouni (1984) presents an etymological study of the accounting terms ‘account’, ‘assets’, ‘amortise’, ‘auditor’, ‘budget’, ‘capital’, ‘securities’, ‘cash’, ‘revenue’, ‘profit’, ‘journal’, ‘ledger’, ‘cost’, ‘transaction’, ‘depreciation’, ‘depletion’, and ‘debits equal credits’. Mills (1989) considers the misuse and misunderstanding of the words ‘capital’, ‘capitalist’ and ‘capitalism’, through an historical analysis. Mills (1989, p. 23) also reviews an etymological study in accounting from Yamey (1961) in which the English origins of the word ‘ledger’ is traced. Mills

(1989, p. 33) implies that the study of words and the subtleties of meaning they convey are very important for accounting historians. 'Accounting', 'chartered accountants', and some of the other accounting terms are likewise examined by Parker (1994).

Bagranoff *et al.* (1994) investigate shared meaning among North American and Australian auditors for the accounting concept 'extraordinary items'. They emphasise the communicative aspect of accounting, and cater the premise into the mind of the reader that an effective accounting should essentially provide an effective communicative process. Reciting from Osgood *et al.* (1957) and Johnson (1977) in a sensible introduction, Bagranoff *et al.* (1994) argue that shared meaning is a necessary condition for effective communication. Johnson (1977, p. 5; cited in Bagranoff *et al.* 1994) indicates that meaning is "created" rather than "exchanged". Therefore, Bagranoff *et al.* (1994) say, "in order for a message to be communicated effectively, it is vital that the message sender and the message receiver create the same meaning" which is referred to as the "shared meaning" in their writings. The purpose of their (i.e. Bagranoff *et al.* 1994) study is "to determine whether or not message recipients in different national cultures exhibit shared meaning for accounting communications".

Comparing "both denotative and connotative aspects of meaning for producers and users of financial statement information", Adelberg and Farrelly (1989, p. 39; cited in Bagranoff *et al.* 1994) conclude that "it is the connotative meaning which has the most significance in accounting". Bagranoff *et al.* (1994, p. 37) declare that the mechanism which has been

most frequently used by accounting researchers to measure the connotative meanings of financial statement terminology or financial accounting concepts is the “semantic differential” technique developed by Osgood *et al.* (1957). As a general literature review related to their paper, Bagranoff *et al.* (1994) recite several studies including Haried (1972; 1973), Oliver (1974), McNamara and Moores (1982), Houghton (1987a; 1987b; 1988), Flamholtz and Cook (1978), Karvel (1979), and Houghton and Messier (1990) which evaluate the meaning of different accounting and auditing concepts through the semantic differential approach.

Many other studies (such as Mueller 1968; Radebaugh 1975; Frank 1979; Gray 1980; Nair and Frank 1980; Hofstede 1983; Nobes 1983; Aitken and Islam 1984; Taylor *et al.* 1986; Gray 1988) are reviewed by Bagranoff *et al.* (1994) as those which are referred to as cross-cultural studies in accounting. These sorts of studies are either “focusing on differences in reporting standards and disclosure”, or “categorising countries according to accounting differences”, and/or “tracing the cultural or environmental differences which cause variation”. Their research is to investigate “the cross-cultural or cross-national impacts on shared meaning with respect to an accounting concept”. They imply that “cross-cultural differences may impact on meaning, and hence judgement, in applying accounting standards”. They review some other studies such as Belkaoui (1980; 1990), Monti-Belkaoui and Belkaoui (1983), Burke and Chlala (1983), Ramaglia (1988) . . . which have also applied a linguistic approach to examine the differences in accounting concepts between different groups (i.e. academics, accountants,

students. . .), countries, or languages. Evans (2004, p. 220) reviews Belkaoui (1978; 1989; 1990 chapter 3) and Jain (1973) among those who “treat accounting as a language or as analogous to language” and thus “apply linguistic theories about perception to accounting”. Ong (2003, p. 16) is worried about when the definition of an accounting term differs from country to country:

It becomes more worrying when one uses the same or similar words but mean[s] different things or measure[s] it in different ways. The word ‘profit’ in Germany does not mean the same thing as in the USA. It is easy to imagine the confusion that this causes.

Almost all researchers who focus on an audit expectation gap are indeed considering the communicative aspect of auditing. Gay *et al.* (1998, p. 472) indicate that “the audit expectation gap refers to differences between the public’s perceptions of the role of the audit and auditor’s perception of that role”. Humphrey *et al.* (1992; cited in Gay *et al.* 1998, p. 473) list four perennial issues around which all the audit expectation gap debates consistently centre, “the nature and meaning of audit report message” among them (For a comprehensive literature review of audit expectation gap debates refer to Koh and Woo 1998). Gay *et al.* (1998) are concerned with “measuring the meaning of review and audit report messages” through the use of “semantic differential statements”. They focus on “messages communicated by review reports and audit reports in order to provide an indication of users’ understanding of these reports”. Their study shows “how audit and review report messages affect the perceptions of users, auditors

and preparers in relation to auditor/management responsibilities, financial statement reliability and the decision usefulness of financial statements". Houghton and Messier (1990), Holt and Moizer (1990), and many other researchers have examined the measurement of meaning in auditing using the general semantic differential scales.

Kirk (2006) expands the audit expectation gap arguments to 'financial reporting expectation gap' by comparing such fuzzy concepts as 'true and fair view', 'present fairly', and 'fair presentation'. The subjects of her survey are New Zealand financial directors, auditors, and shareholders, and she examines their perceptions of terms associated with financial reporting quality. The results of her research show that the majority of all the three subject groups share similar perceptions of the 'true and fair view' concept. However, their perception of 'true and fair view' is quite different from their perception of 'fairly presents' and 'fair presentation' concepts which are equalised to 'true and fair view' by the New Zealand Institute of Chartered Accountants (i.e. ICANZ 2005; cited in Kirk 2006). She also points to many studies (including Alexander 1993; 1996; 1999; Nobes 1993; 2000; Ordelheide 1993; 1996; Alexander and Archer 2000; 2003; Aisbitt and Nobes 2001; Hopwood *et al.* 1990; Dunk and Kilgore 2000; Maines *et al.* 2003; Schipper 2003; Nelson 2003; Nobes 2005) to declare the regional usage of 'true and fair view' concept with its equivalent, 'present fairly'. She implies that even though many researchers have concentrated on the 'audit expectation gap', the 'gap' exists in other areas of accounting and financial reporting; referral to Guy and Sullivan (1988), Anderson *et al.* (1993), Epstein

and Geiger (1994), Chenok (1994), Klein (1994), Lee (1994), McEnroe and Martens (2001), Porter (1996), Hronsky (1998), and Allen (1991) is also suggested by Kirk (2006, p. 207). Walton (1991; cited in Evans 2004) also examines the 'true and fair view' concept in British accounting.

Another research subject in this realm is the international language of accounting. This issue would probably be most interesting for those (such as Alexander and Archer 2006; Nobes 2004; 1999; 1996; Belkaoui 2002; 1985) who turn around accounting harmonisation and international accounting standardisation. Parker *et al.* (2000) explain "why English is the language of International Accounting Standards". In another research study, Parker (2000) argues that English and French are two international languages of accounting because of "the export of professional qualifications, accounting literature and accounting plans". He also emphasises that "the increasing use of English as an international language of accounting is a form of linguistic imperialism" (Parker suggests seeing Phillipson 1992). Parker's linguistic belief is that "all languages are potentially languages of account", and neither English nor French nor any other language can be labelled as the most suitable language of accounting inherently.

Viewing accounting as a social and institutional practice necessitates focusing on the complex language and set of meanings that are intrinsic to accounting (Miller 1994, p. 3; cited in Potter 2005, p. 269). In this perspective, "accounting is associated with a specialized vocabulary or terminology" (Potter 2005). Potter (2005) provides a classified examination of the studies which have dealt with accounting as a social and institutional

practice in the past two decades, based on the themes identified by Miller (1994). His classification comes under two key themes: accounting as a legitimating device, and accounting as a linguistic device. About the second group Potter (2005) says:

Accounting theorists have also concerned themselves with accounting as a linguistic device, exploring how this language has developed and is applied in specific instances. Researchers in this area have considered accounting for its rhetorical dimensions, identifying a number of rhetorical images that appear to underpin accounting regulation and practice (see, e.g. Boland 1989; Boland and Greenberg 1992; Davis et al. 1982; Morgan 1986; 1988; Morgan et al. 1983; Meyer 1984; Tinker 1985; Heath 1987; Thornton 1988; Walters-York 1996; Potter 1999; Young 2003).

Rhetoric is introduced as the way of exploring thought through conversation (McCloskey 1983). Brown (1987) proposes rhetoric as a fourth view of reason (the other three views of reason he (p. 184) describes are 1- the dominant modern view which sees reason as calculation, 2- the nature law like view which sees reason as “interpretation of natural laws and their application to specific instances”, and 3- the transcendental creativity view which sees reason as “an agency or activity that shapes or informs the world but stands above or outside it”). Brown (1987, p. 188) proposes the fourth view of reasoning as a “rhetorical practice”, a “social construction of meaning”. Rhetoric also appeared in the title of a number of credible accounting essays during the last two decades. Arrington and Schweiker (1992) reckon “rhetoric as one salient component of the social character of accounting research and the knowledge that it yields”. Arguing that “Rhetoric

is ubiquitous to accounting research, and any accounting researcher who has tried to publish a study or convince a colleague in a workshop or a student in a classroom already knows that he or she needs an **art of argumentative persuasion**, a rhetoric”, they point out that “accounting researchers perhaps must be among the most skilled of rhetoricians”. Many other accounting researchers and contributors have considered rhetoric (among them e.g. Nahapiet 1988; Arrington and Francis 1989; Carruthers and Espeland 1991; Arrington and Schweiker 1992; Mouck 1992; Craig and Amernic 1997; Rajan 1997; Oakes *et al.* 1999; Young 2003; Craig and Amernic 2004; Potter 2005). The alluded rhetorical aspect of accounting is suggested as a research proposal in chapter 6; to be studied deeply in the realm of Iranian accounting which already suffers from the lack of such a theoretical research.

One of the most related research backgrounds to this chapter, to where the Persian translations of accounting terms are analysed, is the work of Evans (2004) in which “the danger of misunderstandings inherent in the use of language as a means of communication in accounting” is considered. The basic premise of her study is the linguistic theory suggesting “language affects the way we think”; she believes that translating accounting or legal concepts from one language and cultural area into another language exacerbates misunderstandings. She indicates that where an exact equivalent does not exist in the accounting terminology of the target language, translating a foreign concept is difficult. In such cases the selected “nearest equivalents” cause “blurring of meaning or loss of significant differences in the concepts”. She emphasises, based on the Sapir-Whorf

hypothesis that “the language we use is linked to culture and affects our perception and thinking”. Evans (2004) chooses examples from accounting terminology to illustrate the “difficulties that can arise” from linguistic problems. She concludes that “the choice of a misleading label can create problems for different user groups of financial statements as well as for preparers, accounting academics, researchers and students of international accounting”, etc.

Evans (2004) reviews some research papers (i.e. Aisbitt and Nobes 2001; Alexander 1993; Evans and Nobes 1996; Nobes 1993; Parker 1989; Rutherford 1983; Zeff 1994) in which the translation of selected accounting concepts are examined and concludes:

Most of the above papers are descriptive in nature, not drawing on linguistic and related theories, while most of those that do draw on such theories are not concerned with translation . . . however, Archer and McLeay (1991) examine, against the background of theories from semantics and pragmatics, the linguistic implications of transnational financial reporting. (p. 222)

Davidson and Chrisman (1993; 1994; cited in Evans 2004, p. 222) examine the interpretation of such “uncertainty expressions” as probably, likely, remote, etc. in various subjects. Through both studies they conclude that “the English terms allow a more precise interpretation than the French”. Comparing the interpretation of uncertainty expressions in various subject groups, Doupink and Richter (2002; 2003; reviewed by Evans 2004, p. 222) find that “differences in cultural values can cause differences in interpretation” and “the translation from English to German results in

significant differences in interpretation". To them this might be due to "poor translation" or "lack of an equivalent English term in German".

Evans (2004) supports the qualitative method in examining the translated accounting terms. She finds it appropriate to examine the translation of accounting technical terms through a qualitative approach while Davidson and Chrisman (1993; 1994) and Doupnik and Richter (2002; 2003) consider translation through employing statistical approaches. "However, given the fuzziness of language, culture, meaning and translation, a qualitative approach appears at least equally appropriate". She claims that her paper is the first academic attempt to consider the situation where the "signifier chosen to translate a term is already associated with a specific meaning in the target language". In this sense her paper is supportive of this thesis. She insists "this problem has not been considered sufficiently in the literature linking accounting and linguistics". In this chapter, an examination of the Persian accounting term 'sargoflee', which was meaningfully in use by ordinary Persian speakers before being selected as the equivalent of the English accounting term 'goodwill', will follow her (2004) approach.

Further research, closely related to where we focus on the Persian equivalents of 'accounting' and 'bookkeeping' in this chapter, is Parker's (1994) article. He presents an etymological review of the name of the discipline and the profession of accounting in the English literature. A couple of selective parts of his writing would sufficiently explain the subject and the methodology of his study:

. . . In the eighteenth century, the preferred word changed again to 'bookkeeping'. The word 'accounting' (or 'accompting'), which seems to twentieth-century accountants to describe a superior activity, was not widely used in the accounting literature until the nineteenth century (although it was used, for example, by the philosopher Thomas Hobbes 1651, ch.4), and 'accountancy' (or 'accomptancy') has not been found before 1831 (in John Bowring's *Second Report on the Public Accounts of France* (Bowring 1831, p. 180, Appendix B). 'Accountantship' (or 'accomptantship') was used in the long titles of works by Dafforne (1640) and Scruton (1777) and in the title of a book by William Murray in 1862 (Goldberg 1982) but its use is now very rare. Few even of late nineteenth- and early twentieth-century books had either 'accounting' or 'accountancy' in their titles. Notable exceptions, however, were the books of Pixley, Dicksee and Lisle, three of the leading authors of the period. . . . Throughout this period the word 'accounting' was available but it may well have been thought to be a less precise word to express the concept than 'bookkeeping'. From perhaps the 1880s onwards, however, a need grew for words that expressed two separate but connected concepts: first, that accountants now formed a profession which needed to be distinguished from the subject and, second, that accountants performed tasks which were in some way 'higher' than bookkeeping. 'Accountancy' and 'accounting' were the words available but they were too close in form to be clearly distinguished, although the former could usefully have been reserved for the profession and the latter for the subject. British academics today distinguish clearly between bookkeeping and accounting but not between accounting and accountancy. . . . (Parker 1994, p. 72)

The above literature review shows that English accounting contributors have seriously considered language and linguistics in every assumable extent in their research publications during the last decades. It

however declares that contrarily, language has not taken place in Iranian accounting publications. This fact increases the primary motivation of the researcher to consider linguistic problems of Persian accounting, and introduce linguistics to Iranian accounting.

3.3. The Purpose of this Chapter

The relevance of language and linguistic studies in accounting has been reviewed above. Hundreds of pages, books and articles written and published, thousands of hours of forums and lectures run and presented, declare the significance of language to accounting theory and practice. A simply quick-search for a combination of a word such as 'language', 'linguistic', 'linguistics', 'communication', 'rhetoric', 'translation', 'word', 'semantic', etc. with an accounting term such as 'accounting', 'auditing', 'finance', 'business', 'accountant', 'financial report', and so on through the online databases, lists a huge number of (mostly in English) journal papers, books, book sections, PhD theses, conference proceedings, magazine articles, interviews, reports, etc. which orbit around accounting-language concerns. Through this study concern is drawn to 'accounting and language' in the Persian literature. As mentioned above Iranian accounting is suffering the exiguity of such language and linguistic studies in accounting; the only contributor who has shown concern about linguistic problems of accounting in Iran is Amir Poorianasab. The main hope in writing this long chapter is to encourage other Iranian researchers towards such linguistic endeavours. This hope is followed through providing a sufficient theoretical background and also illustrating how a linguistic approach seems relevant to accounting.

The previous part provided an historical background for such approaches. The next section examines the presence of some linguistic problems in Iranian accounting. This section focuses on translation, ambiguity, and acronyms as they are among the most problematic issues of language which are drawn into accounting and produce difficulties within it. As the purpose of this part is to supply an opening argument for such crucial studies within Iranian accounting, no endeavour is made to extract any linguistic problem of Iranian accounting. Nor is there a claim that the linguistic examination presented in this chapter is in terms of a linguistic study, matured and perfect. The linguistic problems drawn into the accounting realm through a mistranslated or misused word are illustrated through a few cases of Iranian accounting terminology to practise what has been preached concerning the relevance of a linguistic approach to accounting. This study, of course, is not intended to be a problem solving one. The linguistic problems which are revealed through linguistic analysis in this chapter are not followed by a resolution. For example, when it is argued that the current Persian equivalent of the word 'accounting' is not transferring all of its conceptual aspects, a newly coined word is not suggested to solve this problem, and nor is any other sort of solution suggested, except an illustrative affirmation on the vital necessity of such critical, historical . . . and theoretical studies in Iranian accounting.

3.4. Linguistic Problems of Iranian Accounting

3.4.1. Hesaabdaaree

The Persian word hesaabdaaree¹ is one of the instances of mistranslated accounting terms causing misunderstandings and misinterpretations about accounting in Iran. Hesaabdaaree is supposed to be the Persian equal of accounting and accountancy but it seems not to cover the meaning of accounting as it sounds in English. It is important to first extract the exact meaning that the word hesaabdaaree may transfer and then compare it with the English meaning of accounting to find out how it causes misunderstandings. In chapter 2 (section 2-7) lexical semantics were described as providing two linguistic approaches to the study of the meaning of words. In this section the lexical semantics approaches are applied to analyse the meaning of hesaabdaaree.

Hesaab is originally an Arabic deverbal noun derived from hasaba²; its general sense in Persian which is not totally different from its Arabic sense is [to] count, [to] calculate, [to] reckon (Dekhoda *et al.* 2002). Mohaasabah³ and mohaaseb which are of paronyms of hesaab sequentially stand for accounting and accountant in Arabic. The same words were used in Persian for accounting and accountant up until the last century. The waves of Iranian nationalism in the last century affected everything, language among them. Most writers, translators, scientists, etc. tried to generate new or revive

1) Hesaabdaaree حسابداری /he.sʌb.dʌ.ri/.

2) حَسَبَ /hæ.sæ.bæ/.

3) Mohaasabah مُحَاسِبَة (mo.hʌ.sæ.bæ) which is Arabic is pronounced Mohaasebeh (mo.hʌ.se.be) in Persian.

forgotten Persian words in their particular academic disciplines. The words hesaabdaaree and hesaabdaar and many other Iranian accounting terms are the outcomes of those nationalistic endeavours. Hesaabdaaree, therefore, is a combination of an Arabic noun and a Persian suffix. Even though none of the words of different languages overlap each other completely, for hesaab is rich enough in terms of its senses to transfer what account is, the impuissance and limitations of hessabdaaree in transferring all conceptual aspects of accounting has not arisen from hesaab, but daaree.

3.4.1.1. A Localistic Lexical Semantic Approach

Hesaabdaaree is constructed from two parts, hesaab and daaree. The combination 'noun + the suffix daaree' is used for two purposes (Dehkhoda *et al.* 2002). The main usage of this combination indicates the name of a job or business, with sort of regular tasks, which are the subject of the main activity of a person or an organization. The second usage of this suffix indicates a particular characteristic or behaviour. Daaree has two different but not completely unrelated meanings when it appears as a suffix. Therefore, the built combinations of daaree are capable of transferring various meanings. In other words, the ambiguity of the suffix daaree is drawn into the combinations.

The suffix daaree is a combination of daar and ee. Daar [in this sense] is the imperative form of the verb daashtan¹. Daashtan means, first, to possess, to own, to have, and second, to hold, to keep, and to maintain.

1) دار daar /d/Ar/ has also other senses such as tree, hanging pole, house, rural area, etc

Therefore, the combination 'noun+ daaree' may structurally refer to either possessing something (i.e. the reference of that noun) or keeping it or both. If in a combination of 'noun + daaree' the noun is not something to be owned, then the combination does not represent an ownership concept. For example in shovhardaaree¹, shovhar (i.e. husband) is not a property to be possessed; a lady is not the owner of her husband; so the combination shovhardaaree does not represent an ownership but a keeping (i.e. watching, helping, nursing, managing . . . taking care of) sense. On the other hand if the noun is something to be owned, then the combination may refer to either an ownership sense, or a maintenance sense, or also even both of them. In the case of taakseedaaree², Taaksee (i.e. taxi, cab) is something to be owned; then taakseedaaree may sound owning or keeping (i.e. maintaining, managing, driving. . .), or both owning and keeping a taxi.

The noun hesaab refers to a record of information, so it is not an object to be owned or possessed by someone. The combination hesaabdaaree therefore, is not related to the first sense of daaree (i.e. to possess, to own, to have) indicated above. Hesaabdaar is also not a person who has the hesaab[s]. Therefore, the second sense of daaree should be considered in analysing the meaning of hesaabdaaree and hesaabdaar. Hesaabdaaree, therefore, means keeping account[s]; hesaabdaar is a person who keeps (i.e. records. . .) the account[s]. The meaning of the word accounting and the meaning of 'keeping accounts' are not overlapping each

1) شوهرداری /ʃov.hær.dʌ.ri/

2) Taakseedaaree تاکسیداری /tʌk.sɪ.dʌ.ri/. The pronunciation of taxi /tæksi/ was changed to /tʌk.sɪ/ in Persian for the sake of harmonisation.

other; this also applies to the meanings of the words booking and bookkeeping which are not completely similar. One cannot generally replace them with each other in a text.

As a brief conclusion to this structural analysis it can be noted that, if there was no such word as accounting, accounting, reckoning, etc. in English and one tried to translate the word hesaabdaaree from Persian to English, the word accountkeeping for hesaabdaaree and accountkeeper for hesaabdaar would structurally be pointed out. A sample of such matched combinations is the term bookkeeping which is called daftardaaree and its relative bookkeeper which is equalised with daftardaar in Persian Accounting terminology. Even though the assumed word accountkeeping shares a common sense with accounting (as well as accountkeeper with accountant) in a general sense, they do not overlap each other. If there is a reason in presenting different word structures for accounting and bookkeeping in English then this 'rule' should be challenged if their Persian equals share a unique structure (i.e. hesaabdaaree and daftardaaree). The same challenge would be expected concerning the Persian equals of accountant and bookkeeper (i.e. hesaabdaar and daftardaar).

3.4.1.2. A Holistic Lexical Semantic Approach

As mentioned above the combinations of the suffix daaree may refer to two sorts of meanings; either in relation to one sense of daaree (i.e. keeping, maintaining. . .) which represents the name of a job or business, with a sort of regular tasks, and is the subject of the main activity of a person

or an organization, or in relation to the other sense of daaree (i.e. possessing, owning. . .) which points to a particular behaviour or characteristic of people or organisations (i.e. of any potential possessor and owner; any entity that can have something). The last version of Dehkhoda's dictionary (Dehkhoda *et al.* 2002) lists 213 words built up of the suffix daaree, 123 entries of which (hesaabdaaree among them) refer to the first usage of this suffix and the remaining 90 to its second usage. Even though Dehkhoda's dictionary is the most completed Persian dictionary, it does not cover all Persian words for (most probably) it is developed based on written sources of Persian literature and not oral ones. As an example it misses the words kafshdaaree, maghaazehdaaree, mazra'edaaree, zanboordaaree, bongaahdaaree, and many other combinations of daaree which are known and used by people today.

A sample list of the 'noun+ daaree' combinations which are defined and explained in appendix 3 show that the suffix 'daaree' is fluently satisfying Persian speakers in labelling businesses and professions. The sample words which are mostly extracted from Dehkhoda's dictionary point to the first usage of the suffix daaree, that is words which represent professional jobs, activities and/or businesses. A holistic semantic approach determines the meaning of a word in the presence of the word's family. According to the holistic semanticists, the meanings (of words) are understood in a network of word relations; every word is related to other words through a network of words. The meaning of hesaabdaaree, therefore, is holistically related to the meaning of a network of the combinations of daaree. Hundreds of

combinations of daaree are known and spoken today; some of them are listed in Persian dictionaries but most of them not as yet. Appendix 3 presents just a sample list of these words.

Even though Dehkhoda's dictionary which is updated continuously in Dehkhoda's governmental institution is the biggest Persian dictionary in the world and claims to cover all other Persian dictionaries, it fails to list all of the words which Iranians use today. It would appear that the main resources for the dictionaries are Persian literature (i.e. histories, novels, poems, religious, literal, etc.) and therefore, the dictionaries are really useful while reading an old writing. However there are many words spoken in Persian which are completely new but not as yet used widely in books. There are also many words spoken in Persian which fundamentally are not Persian. For example the word 'taxi' which has slipped into Persian (from English or whatever) and some combinations derived from that such as Taakseedaaree (i.e. the business of owning and or driving a taxi) and Taakseedaar (i.e. the person who is involved in owning, driving, maintaining . . . a taxi as his/her main job) are entirely known and used by Iranian people while none of them are found in the dictionary. The dictionaries basically reject the non-Persian words, even if they are widely spoken by people, most probably in order to protect the Persian language. However people do not obey the wish of dictionary writers. People easily accept the English word taxi, localise its pronunciation, and build various combinations of that (e.g. taxi + Persian suffixes daaree, daar, raanee, raan, savaaree, rov, khor . . .)¹.

(1) تاکسی، تاکسیداری، تاکسیدار، تاکسیرانی، تاکسیران، تاکسی سواری، تاکسی رو، تاکسی خور، . . .

All the words which people know and use appear in the network of meanings even if they are not considered by the dictionary writers. The word hesaabdaaree is related to many words; the combinations of daaree among them, and the meaning of them share a sense of daaree. The role of daaree in the combination hesaabdaaree is similar to the role of daaree in the combinations listed in appendix 3. The meanings of these combinations share a sense of daaree with each other. An extraction of the meaning of the combination daftardaaree, for example, shows the sense with which it is shared with hesaabdaaree. These combinations all refer to the professions.

Daftar means booklet, notebook, book, office; daftar in daftardaaree means formal and or legal booklet, (e.g. journal, ledger, sub ledgers, etc. in the accounting profession and the similarly legal books in court, notary public, etc.). Daftardaaree is the job and profession of daftardaar who is the person responsible for making records and taking care of the legal books. Daftardaar is the precise equal of bookkeeper and daftardaaree refers to the job and business of bookkeeper which is called bookkeeping. The suffixes daar and daaree play the same role in many other combinations. Somethingdaar is a person (or entity) whose business is somethingdaaree. Somethingdaaree is a sort of regular activity which is considered as the job and main business of some people. The combinations listed in appendix 3 typically represent the same sense of daar and daaree. Hesaabdaar and hesaabdaaree are two important terms representing the same sense. Hesaabdaar is the person whose skill is hesaabdaaree. Hesaabdaaree is the professional process being done by hesaabdaar.

3.4.1.3. Conclusion

The above semantic examinations show that the term hesaabdaaree has a well known structure and function in Persian. Both examinations confirm the conjecture that hesaabdaaree refers to particular kinds of professional activities related to hesaab (i.e. financial account). Therefore hesaabdaaree, as well as the other combinations of daaree listed in appendix 3, have a particular usage in a particular [say professional] area; it has less usages in general dialogues between ordinary people. Hesaabdaaree may be considered as a perfect word in reference to accountancy but not to accounting. A comparison between the Persian word 'hesaabdaaree' and the English word 'accounting' will show their similarities and dissimilarities in terms of the meaning they transfer.

The word 'accounting' is a deverbal noun derived from 'to account'. To account is defined in the Oxford Dictionary first as "to think of somebody or something as something; to consider: *In English law a man is accounted innocent until he is proved guilty*" (Deegan 1999, p. 212; Moody 2003, pp. 20.6-20.14). The structure 'infinitive + ing' has several usages. The word accounting appears as a continuous or progressive verb in the combination 'to be + accounting', an adjective, and a noun. Its familiar usage in our academic discipline is when it is capitalised which is the 'name' of our discipline, 'Accounting'. Therefore, 'Accounting' is used in ordinary language as accounting prior to its particular usage, the name of our academic discipline. The central sense of this name, 'Accounting', is intertwined with the meaning[s] of the word 'accounting' in ordinary language. In other words,

the name 'Accounting' represents a reference which is totally related to the meaning of accounting. In accounting, financial information is kept, recorded . . . considered; so, the sense of accounting is not far from considering. When one is thinking of some information she/he is considering and accounting for the information indeed.

Even though accounting was initially introduced as a financial information process, the word 'Accounting' did not restrict man's mind to think of a wider sense of accounting. This is why an English thinker has fewer difficulties in thinking of Accounting as accounting everything rather than only keeping financial figures. Looking back to Iran to see why Iranian accounting family members (teachers, students, practitioners, etc.) and consequently other academic thinkers in management, economics, etc. and obviously all Persian speakers primarily refuse new discussions and concepts of accounting (e.g. ethical, social, cultural, environmental, and etc.), the researcher concludes that the Iranian accounting term, hesaabdaaree, is basically constraining the concept. Therefore, because the word hesaabdaaree is not capable enough to transfer such a wide concept as the word 'accounting' transfers, the improvement of Iranian accounting would face difficulties.

This study aims to show the inherent difficulties which are rooted in language in the improving of accounting. We previously called them lingual problems and difficulties. This section has only briefly introduced one case of Persian words, which supports the main aim of the study. There might be a question asked here about the solution to reduce or control the problem of

the word hesaabdaaree. This study is not aimed to be a problem solving one. For those who are interested, it is briefly indicated that there are some endeavours to consider linguistic problems of Iranian accounting. These studies are not academically mature enough to be referred to and relied upon, but as part of what has currently happened, and as an essential step forward, they were mentioned in the related literature review of this chapter above. Incidentally, as a premature suggestion for the word hesaabdaaree a blogger¹ pointed to the well known Persian word hesaabgaree². Investigating this suggestion or any other suggestion is out of this research; it is left for a future study.

3.4.2. Sarghoflee

Goodwill and its Persian equivalent sarghoflee are also two problematic accounting terms. The first problem with them is that they are both ambiguous. The other problem is that sarghoflee does not entirely overlap goodwill. Sarghoflee then may be mentioned as a mistranslated or misused Iranian accounting term. These cases also support the main aim of this chapter which is that a linguistic problem may cause difficulties in accounting. It will also be insisted on again that linguistic approaches would be relevant in solving these problems and difficulties; however applying suitable linguistic approaches to solve the accounting linguistic problems is being left for further studies. In this, as well as the previous section, there is only an indication that without paying attention to language and its behaviour,

1) <http://hesabgar.persianblog.com>

2) حسابگری /he.sʌb.gæ.ri/

such known or even unknown difficulties, misunderstandings, and misinterpretations will manifest in the accounting realm. The word sarghoflee¹ is supposed to be the Persian equal of goodwill. This section examines how divergent sarghoflee and goodwill are. The ambiguity of both goodwill and sarghoflee is also examined.

Goodwill is an ambiguous word in English accounting terminology. Goodwill is pointed to as an intangible asset in accounting terminology. Intangible assets are classified as either identifiable or unidentifiable. Some certainly identifiable, intangible assets are known to accountants as copyrights, mastheads and copyrights, patents, costumer and supplier lists, franchises, leases and leasehold rights, organisation costs, registration costs, moving costs, research and development costs, royalty and license agreements, licences, secret formulas and processes, start-up activities, tooling costs, trademarks and trade names, brand names, advertisings, web site development costs (Deegan 1999).

In a sense, such intangibles can be considered identifiable, as a specific value can be placed on each individual asset, and they can be separately identified and sold. Identifiable intangible assets can also be recognised for financial accounting purposes regardless of whether they have been acquired from an external party, or developed internally. (1999, p. 212)

Rather than identifiable assets there are other beneficial economic resources in successful businesses. Deegan (1999) expresses that unidentifiable intangible assets would be those intangible assets that cannot

1) سرقفلی /sær. ɢof.li/

be separately sold. Indicating that successful businesses have a reputation linked to their name, Izhar (1990, p. 121) points out that they also have an established group of loyal costumers. This intangible asset which cannot be identified as well as certain identifiable intangible assets is referred to as goodwill. "Goodwill is not an independent asset like cash or merchandise which can be sold or exchanged" (Weil and Davidson 1983, p. 21.2). Implying that business executives used the term goodwill in a variety of meanings before it became part of accounting terminology, Meigs and Meigs (1993, p. 400) point to the ambiguous function of the word goodwill. They mention that the word goodwill has a variety of meanings in accounting and non-accounting realms:

One of the most common meanings of goodwill in a nonaccounting sense concerns the benefits derived from a favourable reputation among costumers. To accountants, however, goodwill has a very specific meaning not necessarily limited to costumer relations. It means the present value of future earnings in excess of the normal return on net identifiable assets. Above-average earnings may arise not only from favourable customer relations but also from such factors as superior management, manufacturing efficiency, and weak competition (Meigs and Meigs 1993, p. 400).

Applying ambiguity tests (see chapter 2 section 2.9.1) reveals that the word 'goodwill' is ambiguous. The ambiguity of goodwill is declared when it is considered as a word with general senses in ordinary language and specialised meanings in accounting language. The ambiguous words in the realm of academic teachings produce difficulties for students and even teachers. Weil and Davidson (1983, p. 21.2) indicate that many serious

students contend that goodwill exists independent of all other assets of an entity. This trouble is increased when the word goodwill is translated from English to Persian. The main problem of the Persian equivalent of goodwill is that it is not a new term coined by the translators but a traditionally meaningful word.

Before being used as a modern advanced accounting term, the Persian word sarghoflee was a multifunctional and even ambiguous word. On one hand it was and still is a meaningful word being used by ordinary speakers, referring to a social wealth, that is a priority or precedence right. On the other hand it was and still is a particular identifiable intangible asset, being recognised, sold, and even leased in Iranian business tradition. Therefore, the word sarghoflee is ambiguous before being matched with the new advanced accounting concept, goodwill. Ascribing the third function to this word makes it more ambiguous. This case causes some problems and difficulties in transferring the meaning of goodwill, 'consolidation goodwill', and particularly 'negative goodwill' to Iranian accounting students. The confusion even is observed in some accounting books; it warns us that the lingual misunderstandings happen not only for young students, but also for some of those educated people who feel confident to write and publish accounting books.

Of course it is not odd to find some academic terms which are meaningful and useful in ordinary language. The words Newton and Pascal are among the examples. However, physicians never confuse such an ambiguous word as Newton or Pascal in their studies, because the different

references of each word do not share a unique central sense; one is the name of a person and the other is a scientific concept and equation. Another example is the word germ (i.e. microbe, dirtiness) which is entered to Persian without any change, and the Persian word jerm which means mass. However, the Persian speaking scientists do not confuse jerm (i.e. germ) and jerm (i.e. mass) for they have different senses; different lexemes (see chapter 2 section 2.8). Contrary to this, the word sarghoflee refers to different meanings which all share a unique central sense, a common lexeme.

Sarghoflee has a general meaning in Persian ordinary language, a traditionally professional meaning in Iranian business, and a new meaning ascribed to it through modern advanced accounting books mainly translated from English. Let us first review the traditional sense of sarghoflee in Iranian business. If one travels around Iran, one of the most popular signs s/he will see in the most cities is the 'For Sale' advertisement signs about the sarghoflee of a place. It is popular to see an advertisement declaring that Sarghoflee of a place is for sale or for lease. What is this sarghoflee which can be bought or rented? When a shopkeeper seals an advertisement on her/his shop's [showcase] glass to sell her/his sarghoflee, what is s/he exactly going to exchange? Sarghoflee in this sense transfers a particular meaning belonging to traditional business language, as well as land, building, cash, and so on. The usage of this word is entirely related to its general meaning which is used in ordinary language. A structural analysis of this word will give us a closer view of what it precisely is.

The word sarghoflee is combined from the words sar (i.e. peer; equal; match), ghofl (i.e. lock), and the suffix ee (which here means related to). This combination means apparently something which is equal and matched with lock. It is something to be paid in order to open the lock of a place; what the tenant pays to the owner rather than the rent, as the wage to open the lock (Dehkhoda *et al.* 2002). If one rents a business place s/he should pay a regular rent. In addition s/he may first be asked to pay an amount as sarghoflee to the owner. In this case sarghoflee refers to an amount of money which is transferred from the tenant to the landlord. This is the formal and legal meaning of sarghoflee appearing in legal documents, regulations and laws. For example, the Owner-Tenant Act approved by the Iranian Parliament refers to this meaning of sarghoflee. “when the owner leases his/her property, s/he can take an amount from the tenant as sarghoflee” (IRI Parliament 1997, Chapter 6).

A more precise definition of the traditional sarghoflee representing a more central concept to what is explained above is the right (i.e. authority or permission) to use the place. So, the ‘Use Right’ of a property is recognised separately from the property itself, in the Iranian traditional business system. One may practically acquire only the use right of a place. There are three assets related together, every one of which can be possessed separately: sarghoflee, a'yaan¹ (i.e. building), and arseh² (i.e. land). One may own the land and another one the building; in such a case the third one, who is the owner of the sarghoflee, will pay a rent to the other two owners. Therefore,

1) اعیان /æ'.yʌn/

2) عرصه /ær.se/

the word sarghoflee has two functional meanings in its traditionally professional usage: 1) the Use Right of a place and 2) the money which is paid to acquire the Use Right of a place. The general meaning of sarghoflee in ordinary language is essentially related to the sense of the Use Right.

Iranians' cultural and even religious concerns about the priority and precedence right of others, provides a background for the socially worthy wealth for individuals. This social wealth is not measured in terms of economic benefits but it certainly is beneficial in terms of social relationships. The idiomatic phrase hagh-e aab-o gel¹ is an example of reckoning the priority right in the social relationships. Sarghoflee is widely used as the social wealth of people. Sarghoflee in this sense refers to a priority right. However, a stronger and more sensible usage of sarghoflee in ordinary language represents an economically beneficial wealth which is rooted in the social wealth of being famous. If a place is famous as a business then the place has sarghoflee. This sense of sarghoflee is extremely similar to what 'goodwill' is.

The price (i.e. market value) of sarghoflee is determined through an agreement between the buyer and the seller. A supply-demand system is effective on this pricing agreement. Several factors effect the value of sarghoflee. If the place where its sarghoflee is exchanged is not an active

1) حق آب و گل The Right of Water and Mud. To build a building the first thing which was needed was water and soil to prepare mud. This idiomatic phrase regards the priority right of those who first provided water and mud to build a building. It means that the first developers and those who are first in an organisation or any system are respected and given an opportunity to speak, select, work, decide. . . before others. This Right is sometimes respected legally. For example if one works on a piece of barren wasteland of desert without a legal and formal deed or permission, then the land is found to have worth, this person has a priority right to own the land if the government decides and allows the transfer of it to a private owner.

business, then the location and everything which is effective on the location will be the main factor in determining the value of the sarghoflee. In such a case the sarghoflee of neighbouring idling business places have approximately similar unit prices. In this case the measuring unit of sarghoflee is generally the same as the measuring unit of lands and buildings, square metre. But in the case where the sarghoflee of an active business place is exchanged, its price will be affected by further factors. If a business satisfies its customers with kind, compassionate, friendly, fast, cheap, and [say] good services, then a higher price for its sarghoflee is determined. The morale and satisfying behaviour of a businessman guarantees a higher number of potential customers. For while buying the Use Right of an active business one considers everything that will enable her/him to earn higher profits than other similar businesses, a higher number of potential costumers, reflected in sarghoflee, will then evolve more demands. The more demands, the higher the price. The main features of sarghoflee are:

- It is an intangible asset.
- It is exchangeable. It is bought, sold, rented, and leased, for a particular amount as its price or rent.
- It is priced separately from the other assets of the business.
- It is documented separately from the other assets when the deed is formed.
- Its value is affected by the professional behaviour of the businessman.
- Its market value is determined through a supply-demand system.

- Its price (the market value) will not become negative as with any other real asset.

As a well known traditional business term, sarghoflee, which is ambiguous and multifunctional in itself, is used in the transference of a new concept of advanced accounting terminology. Sarghoflee is ambiguous in three ways, viz: 1) It is used in ordinary language referring to the social sense of goodwill and grace; 2) It refers traditionally to an identifiable intangible asset which is recognised and sold separately i.e. Use Right; and 3) it is used in the transference of the advanced accounting term goodwill, which is an unidentifiable intangible asset. This case shows linguistic problems within Iranian Accounting. The problems are that it is first ambiguous [by the first and the second concepts] and secondly paradoxical [by the paradox of the second and the third meanings]. Needless to say that accounting teachers and students have trouble in recognising the right meaning of the word. According to the researcher's personal experience and observations, some accounting teachers ignore and even sometimes deny the second meaning of this, some add an adjective such as 'Iranian', 'Traditional', 'English', 'Modern', etc. to the word sarghoflee in different cases, and some others use another word when referring to the third meaning of sarghoflee. However the problem exists and the solutions are individual not generally accepted. (There is not a common and generally accepted solution for this and everybody solves the problem individually). Finding a solution or investigating the suggested ones is not the aim of this limited study. An effort is made to explain that there is a linguistic problem which is producing difficulties in accounting.

3.4.3. Bedehkaar and Bestaankaar

The Persian words bedehkaar and bestaankaar are also among the examples of ambiguous accounting terms, producing misinterpretations in educational contexts. The word bedehkaar is used for both accounting concepts 'debit' (i.e. the name of the left column of an account) and 'debtor' (i.e. someone who has the obligation of paying a debt). The word bestaankaar is also used for the two accounting concepts 'credit' (i.e. the name of the right column of an account) and 'creditor' (i.e. A person to whom money is owed by a debtor). Poorianasab (2001) indicates that the words Bedehkaar and Bestaankaar were first equalised with debtor and creditor. Afterwards they were used for the newly imported accounting terms debit and credit. Obviously, the linguistic approach in such cases is the coining of new words to protect the previously used terms, unambiguous on the one hand and transfer the meaning of the new concepts without any confusion on the other hand. Poorianasab (2001) suggests that there could be a committee constructed from academic and professional members to refine and improve the Persian accounting language.

3.4.4. Accounting and Acronyms

As mentioned in chapter 2 (section 2.9.3) acronyms are going to be a big problem emerging from the English language. Four features of acronyms to be considered as the main disadvantages and problems of acronyms are 1- they are growing very fast, seemingly out of control, 2- each acronym potentially stands for infinite phrases, therefore confusion happens, 3- they

are not internally related to the language system, so they do not remain forever by themselves, and 4- they are not translatable into other languages. It was also argued that acronyms are intrinsically meaningless, and therefore the study of acronyms is difficult if the reader cannot find their references. The only solution for the problem of acronyms recited from Buckler (1999) in the previous chapter as the way which is claimed “sooner or later we will be forced to accept”, is to stop building and using acronyms. Buckler reasonably suggests “using complete sentences instead of acronyms”. In this section the presence of the so called linguistic problem of acronyms which is drawn into the Iranian accounting language is briefly reviewed.

Importing and using English accounting acronyms seems to be one of the ineluctabilities of Iranian accounting among the other such seemingly unavoidable parts as positive accounting theory, international accounting standards, accounting education system and syllables, and so forth. The English acronyms bring all of their problems into Persian accounting terminology. In addition, they contribute to more disadvantages in the Persian literature. The obvious difficulties they produce are as a dissonance with a Persian-like pronunciation on one hand and as a terrible appearance in Persian scripts on the other hand, involving Iranian accounting in further difficulty. Fortunately, Iranian accounting knowledge is still in a novice state and in mint condition. There is still a good opportunity to consider these sorts of linguistic problems and solve them before it is too late. This study is honoured to be a first short step in this direction and as a first step, providing

a critical and theoretical argument is more acceptable than approaching the problem linguistically.

Iranian accounting terminology suffers from English acronyms in three forms. First, the majority of them are appearing exactly in their English forms inside the Persian texts. It is not odd to see a Persian accounting book or article in which a number of English acronyms appear in their English scripts. A general view of this case was given in the previous chapter through appendix 1; the same problem is also seen in accounting books and financial reports. Most of the newly imported acronyms of the last three decades such as AIS, HC, HCCD, CCCD, NPV, EPS, etc. belong to this group. Second, a number of English acronyms are observed written in a Persian word form. These acronyms are basically those which are pronounceable as a word unit, as for example, the acronyms 'FIFO' and 'LIFO' which are pronounced as other English words are written in a Persian word form (i.e. **فایفو** and **لایفو**). These acronyms are considered as other English nouns and names written in Persian script. In such cases the reference of the acronym is slowly forgotten over time. As a famous example, the acronym C.I.A. (which stands for 'Central Intelligence Agency' of the United States of America) is pronounced as a word instead of separate letters. It is even written in a Persian script (i.e. **سیا**, seeyaa) which is very similar to another well known Persian word (i.e. **سیاه**: seeyaah meaning 'black'). This acronym appears as a name and it is popular today to hear seeyaa organisation. A similar story is slowly happening for such acronyms as FIFO, LIFO, FOB, etc. which are pronounceable as words.

The third form of using English acronyms in Persian is to read them as separate English letters and write them as separate Persian letters for the sake of script harmonisation and/or calligraphy. As mentioned before, Persian handwriting is a right-to-left script as is Arabic and Hebrew, while English and other European languages are written from left to right; this difference may affect the fluency of writing and reading in the case of mixing English and Persian together. On the other hand the Persian grapheme is basically different to those of English; a mixture of English and Persian letters in a text makes for visual oddity. The previous paragraph which contains some Persian words inside a whole English text is a good example of this sense. This problem should be of less bother in the case of using, for example, a French word with its original script inside an English text. Therefore, to harmonise the appearance of Persian texts, the third form to represent English acronyms in Persian texts is followed. For instance, the acronym BBC appears as بی بی سی and K.G.B. comes as ک.گ.ب. in Persian.

Rather than English acronyms, there has been a tendency toward building and using Persian acronyms in all areas including accounting. At the time of this study there is not available any dictionary listing Persian acronyms. Obviously, the number of Persian acronyms is not comparable with those in English. The main reason is that most acronyms are related to modern technology and science which has been mainly produced outside of Iran. As modern technology and new science are being transferred from the west, a huge list of their [mainly English] words and acronyms are also coming. However, there have been some endeavours to build Persian

acronyms. Persian acronyms are basically related to the Iranian objects or subjects. For example HOMA, NAJA, NEZAJA, NEDAJA, NEHAJA, SAMT, KOMA, SASAD, etc. are of Iranian organisations or entities. A rare attempt has also started to translate English (or any non-Persian) acronyms to Persian ones based on the translation of their original references. Many years ago a number of inharmonious acronyms such as ASAVA¹ for FIFO and ASAKHO² for LIFO, suggested by some accounting teachers in the universities, were comically used among the students. The indicated acronyms ASAVA and ASAKHO sound more like Japanese or Russian words (compare ASAVA with Osaka for example) rather than Persian.

If such endeavours have served to provide a more understandable accounting context, this brief critical view has produced doubt about their success. To follow the way of building Persian acronyms based on a translation of the original reference of the imported acronyms, or using the non-Persian acronyms in any of the three mentioned forms requires a basically linguistic study of their success in providing more confident and understandable Persian texts. Needless to repeat the suggestion of Buckler to throw all the acronyms away and instead use the original references. This thesis started with an exposition of the linguistic problem of acronyms which has been drawn without any control into the area of accounting. It is emphasised that Iranian researchers have so far not considered this issue. It is even indicated that in the English accounting literature there is a lack of

1) As FIFO stands for 'First In First Out' the Persian translation of this phrase, 'Avvalin Saadereh az Avvalin Vaaredeh' has been used in building this acronym: 'ASAVA'.

2) ASAKHO stands for 'Avvalin Saadereh az AKHarin Vaaredeh' (notice that the last V is written and pronounced as 'o') which is the translation of 'Last In First Out', LIFO.

academic attempts to even examine the success of acronyms. Iranian accounting is in its initial stages, and it will be necessary to clarify ideas about the future of the Acronym Assaults to it; and this can be considered as a guideline for future studies.

3.5. Conclusion

In this chapter some of Persian accounting terms have been examined to show that a linguistic approach is relevant to accounting. This argument is open ended; Iranian accounting as well as any human knowledge need to be continuously fed by these sorts of studies. However, this dissertation did not aim to list, analyse and solve the linguistic problems of Iranian accounting. This chapter can be accounted as a practical aspect of what was discussed in the previous chapter. This chapter concludes that because accounting is either a language or stands in a very close and interrelated area to language, and because language either affects or determines our thought and understanding, then to improve our accounting thought and understanding, an improvement in accounting language is required. The understanding of accounting becomes more difficult when less attention is paid to its language and linguistic problems. Therefore, the main aim which forms this thesis, the significance of language on accounting, was supported practically in this chapter. The next chapter focuses on accounting and language from a philosophical point of view. The main aim of the thesis is then supported from yet a further aspect.

Chapter 4. A Philosophical Aspect of Language, Thought and Accounting

If a false thought is so much as expressed boldly & clearly, a great deal has already been gained. Ludwig Wittgenstein (p. 86e)

4.1. Introduction

Even if some people (such as Gauker 1994, p. 3) ignore the role of language as the medium of every kind of thought, it is not totally ignored by philosophers and thinkers that language has the very first role in the communication of human knowledge and thought. As mentioned in chapter 2 (section 2.5.1) language has several crucial functions. ‘Communication tool’ and ‘thinking medium’ are two metaphorical phrases which all published

philosophers working in this realm, used singly or together to announce the functional appearance of language.

Despite the researcher's inability to imagine how thinking may happen without language, to be more conservative, the less ignored role and functional aspect of language is taken as the starting base for this section. As the main human communication tool, language plays an unavoidable role in transferring 'meanings' between humans. Meanings are either expressed or not (let's not challenge here that not all meanings are expressed). If one can imagine meanings which are not expressed, without trying to deny his/her opinion, they are labelled as entirely individual secrets. Therefore, it is not possible to make a judgement about their nature as thoughts, ambitions, feelings, or whatever. Therefore, it is not possible to assert that they are true or false. By 'meaning' the meaning of a word, a phrase, or a sentence is intended. Without a word or a sentence, the meaning does not find any form of existence. This does not deny the previous argument titled as ambiguity according to which a word or a sentence may carry more than one meaning. Nor is it ignored that a word or a sentence may be entirely meaningless.

Transferring a meaning necessitates the existence of language. This is the minimum dependence of meanings on language, let alone the beautiful but for some people questionable idea that a meaning is not generated without language. Based on such an understanding of the dependency of language and meaning, this chapter provides an introduction to accounting thought. As established in the first chapter, this study aims to explain the significance of language for accounting theory and methodology. The

linguistic problems of accounting were examined in the previous chapter. It was discovered that the inherent problems of language produce difficulties in accounting. Through the philosophical debate presented in this chapter it is affirmed that language and hence linguistic problems are an unavoidable part of accounting. Therefore, to resolve or reduce the linguistic problems, the relevance of linguistic approaches should be primarily regarded. It is also indicated that culture, history, religion, etc. which are embodied in language and have their existence closely related to language, have a bold presence in accounting thought; they are to be necessarily studied prior to establishing a generally accepted theory. As a PhD thesis, this study is too limited in length to consider all those elements of the theory which are brought in by language (let alone the academic weaknesses of the researcher to do so).

This chapter consists of three arguments. First, a philosophical argument about the relationship between language and thought is presented. This argument is based on a critical reading of Frege's philosophical definition of thought. It is demonstrated that truth and falsity have different natures and because of their different natures they are found through different approaches. It is argued that truth is discovered while falsity is created. Based on this philosophy, it is then taken that accounting theory is discoverable not creatable. Secondly, the development of accounting thought through history is reviewed. It is declared that accounting does not have a generally accepted theory as yet. It is found that despite sharing a single ontology, accounting scholars have demonstrated different views of accounting. These findings lead the chapter to where accounting is explained

as a multidimensional discipline. The third part of the chapter describes the main disagreement between accounting thinkers. The processes of generalising positive theories and identifying boundaries of the discipline are then challenged. A new¹ explanation of accounting that introduces accounting as a multidimensional discipline is presented and is to be regarded as the outcome of this chapter. Language has a different and particular sort of function in every dimension of accounting. The succeeding chapter will focus on one of the dimensions of accounting where the role of language has so far been less considered.

4.2. Language and Thought

Looking for the nature and actuality of thoughts in his sensible essay titled as *Thoughts*, which seems to be one of the most plausible philosophical guidelines of the English-speaking world, Frege (1918, p. 30) concludes that “thoughts are not wholly unactual but their actuality is quite different from the actuality of things”. He begins his essay with the assumption that scientists are looking for truth and then comes to the position that the only sort of truth, which is the aim of science to discern, is true thought or “fact” (p. 25). Mentioning that a thought can be true or false, and the true one is the goal of science, Frege describes how thoughts neither exist in the realm of ideas, nor in the realm of visible objects. He believes in a third realm, in which thoughts exist. The main conclusion of this essay of Frege is introducing the world of language as a third realm of existence, which is neither inner nor

1) The idea of Multidimensional Accounting is hired from Chabrak (2005). The way this label is used in this thesis might be different with her reading in some extent, because she has just alluded the phrase but not presented a deep explanation about what she precisely means.

outer but somewhere between, partly inner and partly outer, and the emphasis of the significance of this world, language, in the improving of human knowledge and thought.

One of the primal suppositions of western philosophy is that everything which exists, exists in a **place**, somewhere in the world, inner or outer. Frege (1918, p. 13) believes that even unphilosophical people will necessarily recognise a distinction between the inner world and the outer one. The outer world holds those phenomena, which are visible, touchable, smellable, tastable, or audible according to one's ontological belief. Even though these external phenomena or objects are perceivable via the five senses, their existence is independent of this perception. The existence of internal occurrences such as feelings, moods, sensations, wishes, and so on, which are briefly called 'ideas' (Frege 1918, p. 14) is, on the contrary, dependent on their owners. When I¹ say, 'wearing new glasses I feel good tonight', a good feeling exists in my mind, dependent on my existence, awareness, and consciousness; but if I die, or forget this good feeling, or fall into a deep sleep, only my glasses will exist and not this good feeling. Frege (pp. 14-15) outlines the main characteristics of the internal phenomena separating them from the external ones extracted briefly as:

- Ideas cannot be seen, or touched, or smelt, or tasted, or heard.
- Ideas belong to the content of man's consciousness. They are the reason for 'my existence' because "I am not my idea" but "I have idea" (p. 24); I have an idea, therefore I exist.

1) The researcher is aware that the generally regarded academic writing style does not support the 'first person' sentences. The 'first person' style is intentionally selected here to illustrate the fact that one is not aware of the others' ideas to explain them.

- Ideas need an owner. They do not exist independently.
- Every idea has only one owner. It is not possible to compare ideas.

One's good feeling is only her/his good feeling; therefore, it is not comparable with that of the others'. Thus, it is impossible to judge its trueness or falseness. Ideas then, are not subjects of truth.

Catering to a question in the reader's mind here, Frege pulls back the debate towards truth and its region. If ideas are not subjects of truth, then what is what being labelled true or false? What sort of phenomena is capable of predicating that sort of truth, which it is the aim of science to discern? As the task of all sciences, Frege describes, is to discover truths, the region within which truth can be predicated, should indeed be delimited (pp. 1-2). Indicating that truth is ordinarily used about pictures, ideas, sentences, and thoughts, Frege (p. 4) remarks that "what is improperly called the truth of pictures and ideas is reduced to the truth of sentences"; and then suggests that "when we call a sentence true we really mean that its sense is true". With this fencing, Frege narrows the region of truth down to the realm of thoughts and without trying to offer a definition simply says, "Thoughts are senses of sentences without wishing to assert that the sense of every sentence is a thought". Frege's schoolmate, Ludwig Wittgenstein also believes that "thought is a meaningful sentence" (1961, p. 34; cited in Green 2001).

Frege says, "A sentence expresses a thought". He distinguishes two things in a sentence: the content, and assertion; and indicates that the content of a sentence is a thought or at least contains the thought. Therefore, it is possible to express a thought without laying it down as true (1918, p. 7).

Frege consequently distinguishes thinking from judgement from assertion. Thinking means grasping a thought, false or true; judgement is the act of acknowledging truth of a thought; and assertion is the manifestation of this judgement. (p. 7)

The main characteristics of thoughts show that they do not belong to the realm of either an internal or external world. Whereas thoughts based on Frege's philosophy are:

- not visible, touchable, smellable, tastable, or audible
- not creatable by a human but discoverable
- existent independently of being grasped or discovered
- subjects of trueness and falseness judgement

thus they are neither internal existences called ideas, nor external existences called objects (Frege 1918, p. 26). So, there must be a third world.

. . . A third realm must be recognized. Anything belonging to this realm has it in common with ideas that it cannot be perceived by the senses, but has it in common with things that it does not need an owner so as to belong to the contents of his consciousness. (Frege 1918, p. 17)

Thought, according to Frege, is the sense of a sentence, which might be true or false. Carrying thoughts on its sentences, language functions as an instrument in human communications and gives them the ability to circulate their thoughts and knowledge. Frege transfers his thought and his knowledge through language (via his writings) to other humans, and the reader is able to grasp it through language after [say] one century. This is

happening because language exists, independently of Frege's existence and of the reader's existence; language is visible (in the case of writing) and audible (in the case of speech), so one can perceive Frege's past thoughts in the present time through reading his books. The intelligence of Frege in emphasising the importance of language is crystallised when he reflects on how people communicate their thoughts:

The influence of man on man is brought about for the most part by thoughts. People communicate thoughts. How do they do this? . . . Could the great events of world history have come about without the communication of thoughts? (Frege 1918, p. 30)

4.3. Thoughts and Dreams

With all due respect to Frege and his cleverness in emphasising the significance of language in the improving of human knowledge and thought, we may very conservatively mention two comments on his philosophical approach. First, his classification of the existence into three groups is because of a weak definition of the external world. According to his philosophy, the external phenomenon should be perceivable via only five senses. If we cannot see, hear, smell, touch, or taste a phenomenon, it has not a real or external existence according to Frege. This definition and Frege's classification of existence does not solve any problem of human understanding. The Division of the existence into inner and outer is not a problematic classification to be a subject of changes. Everything which exists independently of man's perception is external; some of them are perceivable via the five senses, but most of them are not; some of them are created by

people (i.e. their existence is dependent on human creativity power), but most of them are not; some of them are under control [of humans], and most of them are not. Language is regarded as an external existent in such a wide definition of the external world therefore.

The other critique of Frege's philosophy is about the nature of false thoughts and true thoughts. There is a paradox in what Frege says about thoughts and their likewise nature. On the one hand he believes that thoughts are not creatable by man but discoverable. This means that thoughts *exist* in the realm of language and what humans do through *thinking* is **not** to *create* but to *discover* them. Instancing the Theorem of Pythagoras, he believes that the Theorem was in existence even if man (e.g. Pythagoras) did not discover it, because its existence is not dependent upon the existence of man; it existed before Pythagoras, and what Pythagoras did was just to reveal that thought by means of the mathematical language.

On the other hand he mentions that thoughts are the senses of sentences, true or false. He emphasises that he counts what is false among thoughts no less than what is true. The paradoxical conclusion is that false thoughts exist independently in the realm of language as well as true ones. It is not entirely unacceptable to say that the world is full of true thoughts ready to be discovered by human; but how do false thoughts fare? Do they independently exist in the world? A meaningful sentence may represent a true thought or a false one but it does not mean that true thoughts and false thoughts are common in their nature of existence. The outcome of Frege's taking trueness and falseness common in their nature necessarily involves a

puzzling positivistic method of enquiry in which while the scientist is seeking true thoughts frequently false ones are discovered.

Think of $2+2=4$ as a true thought and of $2+2=5$, $2+2=6$, and $2+2=7$ as false thoughts. According to Frege scientists try to discover the true thought $2+2=4$; one of them may discover that $2+2=7$; another one may discover that $2+2=6$. A positivistic puzzling out activity springs to mind. One says $2+2=7$; the other one says $2+2=6$. The latter seems better than the former. It predicts better, it controls more strongly, it is more useful! The next genius may be so lucky as to solve the puzzle and say that $2+2=5$. This man might be a candidate for the Nobel Prize. There is not any end point for such a positivistic process. Every thought might be improved by a better one. Therefore if in a positivistic attempt one accidentally points out $2+2=4$, the others would essentially try to find a better (i.e. truer!) one. This is the positivistic consequence of Frege's philosophy.

The non-positivistic consequences of Frege's philosophy are not so different from the positivistic one. While some take every thought as true until as such time as when a truer one is discovered, others read the reverse face of the same coin and say 'everything is changing through time'. That means 'true thing is changing through time' then it will not be true forever. This sounds in translation as the same thing that positivists are saying. Or those who say that 'everything you perceive is true for you in respect of your own horizon of view, your own culture, your own history, your own personal entity, etc.' Sharing the same core, all of these theories are different layers of the same fruit. Nonetheless, a meaningful sentence may represent a true thought

or a false one but it does not mean that true thoughts and false thoughts are common in their nature of existence. According to the nature of trueness and falseness it is argued that true thoughts exist in the world but that false thoughts do not.

Falseness is NOT a cosmos. Motahhari (1993a, pp. 125-129) argues that 'non-existence' refers to 'nothing'. More precisely, 'non-existence' does not refer to anything that already exists. "Existence and Non-existence are not two separate groups in the world" Motahhari says. One can neither ascertain two separate objects in the outer world as those which exist and those which do not, nor imagine two separate subjects in the inner world as those which exist and those which do not. A word which refers to a nonexistent meaning indeed refers to the absence or the lack of real existence. Darkness is the absence of brightness. Blindness is the absence of sight. Poverty is the lack of money or the absence of richness. Bad refers to a situation which is not good. Death means that life has gone. Ignorance and unknowingness refer to a situation where knowledge is absent. Falseness is distinctly the lack of trueness. A situation which is not true is labelled as false. Therefore it does not seem reasonable to say that trueness and falseness are two separate things existing independently of each other in the world.

In reference to Frege's argument, to discover means to reveal something that already exists. As non-existences do not exist to be discovered, false thoughts are not existent thoughts to be discovered. What exists out of one's mind is truth and true thoughts, therefore one cannot

mention 'false thoughts' as real existences. In spite of this, we may still write and speak a false but meaningful sentence as in for example $2+2=5$. Then why is this so? If the true thought $2+2=4$ exists in the world to be discovered and the false thought $2+2=5$ does not have such an existence then how are humans able to write and speak of them similarly?

4.3.1. Ambition is the Death of Thought¹

True thoughts and false thoughts are not common in their nature. True thoughts are outer, genuine, and real (not necessarily in terms of empirical [materialistic] phenomena) but false ones are not. However what gives humans the power to produce meaningful sentences in reference to both true and false meanings similarly, is their lingual power. Viewing that language has two distinct functions: external communications among humans and internal manipulation of one's thoughts, Vygotsky (1962, p. 68; cited in Greene 1975) calls it the miracle of human cognition that both these systems use the same linguistic code and so can be translated one into the other. Maybe the best and the shortest explanation of this fact are the words of Ludwig Wittgenstein: "Language sets everyone the same traps" (1998, p. 25e). The structure of human language is so productive that it supports a potentially infinite list of words, phrases, sentences, and texts from such a limited list of phonemes (as mentioned in chapter 2). Every word and every sentence is also extremely capable of carrying several different meanings. There is not any rule in human language hindering it of presenting false meanings along with true ones.

1) Ludwig Wittgenstein (1998, p. 88e)

Our lingual power enables us to present falsity or truth. Lying is an example of humans' lingual power to produce falsity. While telling the truth means representing something which exists truly, lying is not representing such a true existence. To tell the truth, one should find out the truth which exists independent of her/him. On the contrary in telling a lie, s/he produces a meaning which does not exist independently. If several people want to tell the truth about one thing separately of each other, they should and would say 'one thing' because they will try to **discover** and then represent the thing which already exists. But if the same group are asked to tell a lie about the same thing, it is not totally unacceptable to hear different things from them; because individually they would try to **create** something in their minds. So truth and falsity come from different realms. That is why it is underlined that the nature of true thoughts is different to the nature of what is generally labelled as false thoughts.

The difference in the nature of truth and falsity is a guideline for the difference in their method of enquiry. While because of its real existence, truth is the subject of discovery, falsity which is not existent in the world is a subject of creation within the human mind. Accordingly, the nature of true thoughts lies in the realm of thoughts which are externally, independently existent, while the nature of false thoughts is rooted in the realm of dreams, fictions, imaginations, figments, daydreams, etc. which are called here 'dreams' for the sake of brevity. Therefore we separate true thoughts from what which is generally named false thoughts based on their natures and discern them as two different conceptual groups: thoughts and dreams. By

thoughts we refer to true thoughts, and false thoughts are taken as dreams for their dream-like nature in this study¹. Therefore Frege's definition that thoughts are not creatable but discoverable, and his counting what is false among thoughts no less than what is true, is adjusted to:

- True thoughts are different in nature to what are generally called false thoughts.
- True thoughts are real existences (not in terms of empirically observable objects), so they are discoverable not creatable.
- False thoughts are dreams in their nature. Therefore they are not discoverable but creatable in the mind.
- After being discovered and after being created, thoughts and dreams are similarly transferable to others through the unique approach of language if they are expressed.

4.4. Thinking

The definition of thinking is mostly of more interest for psychologists than to philosophers. Psychologists from different schools have widely argued about what thinking is and how it precisely happens (e.g. Gilhooly 1996; Radford and Burton 1974; Reeves 1965). The more attempts to do this have resulted in few generally accepted definitions. There is not an agreement among psychologists even about whether thinking should be defined as an external, behavioural process or an internal, cognitive process (Mayer 1992, p. 7). Some of them consider thinking as an internal process

1) Needless to emphasise that every dream is not called a false thought here. A dream may accidentally [or however] point to a true thought. As 'dreaming' is an individual process of creating meanings, it cannot be regarded as a human common cognitive process of producing knowledge. Nor is it possible to judge about its trueness and falseness. Human knowledge is human thought, let alone alien/exotic (e.g. religious) meaningful sentences. Every false thought is a dream while every dream is not a false thought.

with no relationship to behaviour and others believe that behaviour is merely the manifestation or result of thinking (Mayer 1992, p. 7). These sorts of problems are clearly rooted in the fact that philosophically, thinking is the best tool human beings can use to discover what thinking is. The best thing one can do is to 'think' to understand what 'think' means. This is circular; and this circle becomes more problematic when one tries to understand and define 'thinking' through 'observing'. Decreasing the level of thinking to 'problem solving' is an instance of trying to understand the meaning of thinking through observing. Greene (1975, pp. 15-16) notices the problem of thinking about thinking and the difficulty of trying to describe thinking by examining its divergence. She (p. 16) points out that even limiting thinking to problem solving is not ending the difficulty of defining it. What such an empiricist psychologist as Mayer (1992, p. 7) draws as a compromise that most psychologists who study thinking might accept and accordingly suggests some basic ideas for the process of thinking that a general definition of thinking would include, is a sample of trying to consider 'observing' in understanding the meaning of 'thinking'.

Philosophers, but, locomote to another direction. They are generally not engaged in explaining the process of 'thinking' to classify it as mental or physical or whatever. What they give importance to, is 'thought' instead. To philosophers the outcome of thinking, 'thought' itself and its nature, sounds more vital than 'thinking'. What and where thought is, how many types there are, how it is transferred between people, whether it is creatable or discoverable, and basically what role humans have in generating it, are some

of the philosophical questions in this field. This study has a bias toward philosophy rather than psychology; so it follows the philosophical aspects of this subject and leaves the study of nature, structure, process, function and other similarly important topics about 'thinking' to another discipline.

A classification of thought, to determine how many possible types there are, will provide a guideline for applying the most appropriate methods of enquiry. In this study an implication of a philosophical classification of human knowledge presented by Jurgen Habermas (1978) is examined. This implication leads the thesis to a multidimensional understanding of accounting. It is then argued that language has particular functional presences in every dimension of the discipline. Prior to all of this, a review of the development of accounting thought through the last century is presented. Reviewing the accounting literature prepares an historical background to the multidimensional reading of the discipline. Accounting thinkers have obviously tried to theorise accounting through different approaches. None of the approaches have been successful in entirely theorising accounting. A multidimensional reading of accounting which is designed according to Habermas' knowledge classification will explain how the divergent theories of accounting are strong in the discovery of divergent parts but weak and wrong in identifying the whole. This argument will immediately follow the brief literature review of accounting thought.

4.5. The Development of Accounting Thought

The supervisor of this thesis, Professor Michael Gaffikin has provided an historical serial study (1987; 1988; 2005a; 2005b) analysing the development of accounting theory since its very beginning to date. His first paper (1987) focuses on the period from 1907 to 1953, the second one (1988) covers the period after 1955, the third one (2005a) explains what has happened to accounting theory after 1970, and the fourth one (2005b) shows an overall view of accounting theory prior to 1970. The main concern of the first two papers (i.e. 1987; 1988) is the methodological underpinnings of accounting theory, and the later ones (i.e. 2005a; 2005b) provide a wider sight of the history of accounting theory. The first two papers present a chronological history of accounting theory in respect to its underlying methodology while the next two papers aim to criticise the different approaches to theorising accounting. Criticising and accordingly rejecting all theory approaches of accounting, Gaffikin consequently presents a working paper (2005c) in which 'Regulation' is introduced as an approach of theorising accounting. These studies form the basis of this section in reviewing the development of accounting theory and methodology.

There are very few other studies (i.e. Littleton 1933; Chatfield 1977; cited in Gaffikin 1987) investigating accounting methodology prior to Gaffikin. However, they either cover the period to 1900 or produce only a superficial description. Agreeing with Littleton (1933), Gaffikin (1987) indicates that accounting expositions had been "technical manuals adopting a variety of, often simplistic, pedagogical tools to encourage an appreciation of the

process of bookkeeping or accounting” before 1900. Therefore Gaffikin’s studies are some of the first in-depth historical analyses of the developments in the methodological arguments of accounting theorists of the last century, evaluating their degree of philosophical sophistication. An overview of his papers invites the conclusion that accounting thought (in terms of its methodology and philosophy) is very young. He takes the first half of the last century as accounting’s babyhood with a birth year of 1907 with Sprague’s *The Philosophy of Accounts*; “while some may jest that accounting is the second oldest profession, intellectually it is in its infancy” (1987, p. 25); and the period after 1955 as the time of “increasing awareness of methodology” [say childhood] of accounting (1988, p. 16).

The first contributor, who published a book arguing about the philosophy of accounts as the title of his book shows, is Charles E. Sprague. He claims that his book which is dated 1907 is “the product of over thirty years’ handling of accounts in all grades of service and of six years’ teaching the subject” in a university. Sprague (1972, first print is 1907) “tries to provide a sound theoretical framework for accounting” (Gaffikin 1987). He takes accounting as a branch of mathematical and classificatory science in which the principles are determined through a priori reasoning (Sprague 1972). Pointing to where (i.e. p.3) Sprague takes an account as a representative statement of facts, and comparing it with his earlier viewpoint, Gaffikin (1987) concludes that Sprague was confused: “To Sprague accounting was both science and art; it depended on both a priori and inductive reasoning. At face value, this suggests that Sprague was confused.” Nevertheless, the work of

Sprague sounds worthy and important as a “revolutionary” attempt in establishing “a rigorous theoretical framework for the discipline” to Gaffikin, Chambers, and Paton, even if it is not successful in drawing a consistent methodology (Gaffikin 1987).

The second contribution was Hatfield's *Modern Accounting* (Hatfield 1909, later edition: *Accounting, Its Principles and Problems*, 1927). Gaffikin introduces this book as just “alluding to techniques and tools of analysis and not the heuristic of accounting”. Therefore, in the first two decades of the last century “accounting was methodologically raw” (Gaffikin 1987).

Paton's *Accounting Theory* (1973, original print is dated 1922) is the third attempt in this realm which has contributed to the theoretical development of accounting and is reckoned as the first attempt to find an “analytical and empirical premise on which accounting rests”; a so called “potentially epoch making” work by which he cut through the technical bookkeeping of the earlier texts by so comprehensive an examination of some of the crucial problems of accounting (Gaffikin 1987). “It represents the beginning of formal theorising” (Chambers 1962; cited in Gaffikin 1987, p. 2). However, there is not a generally accepted suggestion about Paton's school. Some people introduce him as a normative theorist, primarily deductivist, and some others describe his work as empirical or descriptive. Even though Paton tried to alert accountants of the need for a theoretical consideration of their subject, his book methodologically lacks rigour as well as systematics (Gaffikin 1987).

The fourth contributor is Canning who is introduced by Gaffikin as an empiricist. Gaffikin (1987) of course states that Canning's *The Economics of Accountancy* (1929) is not an empirical study even though it obviously relies on induction. Gaffikin (1987) believes that Canning's methodology is neither so formal to be labeled a logical positivist analysis nor so appropriate to describe him as a typical "normative-deductive theorist". While Fisher (1930; cited by Gaffikin 1987) describes the work of Canning as "an exposition of accounting procedure", Gaffikin closes the argument with introducing Canning as having "seemed to be attempting to develop a 'model' which would be of use to both accountants and economists".

The fifth contributor whose work is considered by Gaffikin is DR Scott. Gaffikin (1987) introduces Scott's book (1973, original print is dated 1931) as a remarkable work for its "significant methodological insight"; the cultural aspect of both science and technology. Gaffikin (1987) explains:

Intentionally or unintentionally Scott was presaging methodological claims which are today regarded as novel, even 'radical'. By placing the knowledge process in a cultural/social context and claiming a discontinuous process of knowledge accumulation he was anticipating the notions of T. S. Kuhn and other contemporary philosophers of science. In laying stress on the social science nature of accounting he was making claims very similar to some contemporary, radical accounting writers, such as Tinker [et al.] . . . (1982) and Laughlin and Puxty (1983).

Gaffikin draws a conclusion that Scott was not consistent. Claiming against the optimistic view of science, and then rejecting methodological dualism, or emphasising objective knowledge, sounds as evidence of Scott's

inconsistency; he adds, “Scott does not claim to have presented the ideal accounting theory; his work suffers from many of the limitations of the economic institutionalists to whom he seems most aligned.” Gaffikin (1987) argues that after this time accounting theoreticians tried to establish “a suitable set of rules for good accounting practice” for more than three decades. In this sense the work of Scott is considerable.

Gaffikin (1987) considers the work of Sanders *et al.* (1938) as one of the early attempts toward establishing accounting principles through an empirical method. He argues that because they tested low level data without any attempt to test the results, many would consider that they did not present a theory. Gilman (1939) also tried to discover principles of accounting by empirical examinations. Gaffikin ranks this work as ‘no better’ than the previous one. He also indicates that Gilman’s “major contribution seems to have been to create further confusion (through the subsequent textbook literature) by separating the ‘principles’ into conventions and doctrines”.

Gaffikin considers the common work of Paton and Littleton (1965, original print is dated 1940) as “probably the most influential work in American accounting literature”. He (1987) argues that Paton and Littleton despite their contrary theoretical positions exerted “a considerable influence on subsequent accounting thought” through this book. He introduces Littleton as “a[n] historically oriented inductivist”, while Paton was a deductivist who was “concerned with building a logical structure on certain stated assumptions”. Gaffikin’s judgement about this book is that:

It does not present a theory but merely a description of practice (cf. Chambers 1955a). It is essentially comprised of a set of, often unrelated (cf. Chambers 1962, p. 8) propositions. Any methodology is simplistic.

Littleton's *Structure of Accounting Theory* (1953) is most considered by Gaffikin for its "over emphasis on methodology". Littleton believes in the inductive approach of producing knowledge and traditional empiricism. Gaffikin takes Littleton's work as "the final work in the era of 'pre-methodological' accounting theoretical literature". He argues that for Littleton "was the first to attempt to develop a theory with some sort of conscious methodological rigour", his "work marks a turning point in accountants' attitudes to methodology" (Gaffikin 1987).

The second paper of Michael Gaffikin (1988) is also an "historical study which traces the development of the notion of methodology in the mainstream theoretical accounting literature". In this paper a number of accounting thinkers and scholars who affected accounting theory and methodology since 1955 are reviewed. Gaffikin (1988) concludes that "despite the different research methods employed, because the ontological and epistemological presuppositions are the same, the methodological underpinnings have remained fairly constant".

Gaffikin (1988) investigates the works of Chambers, Mattessich, Devine and Sterling for they stand out as having made "the most significant contributions" to the methodological sophistication of accounting. He indicates (with support from Yu 1976; and Henderson and Peirson 1983) that the "seminal work" which has had "a tremendous impact upon accounting

thinking” is the paper of Chambers (1955a). Chambers “suggested four closely interrelated premises as the basis of a sound accounting theory. First, accounting entities are collaborative systems, which, secondly, are rationally managed, thirdly, by recourse to current and relevant financial information, and fourthly, the derivation of which is a service function”. The first suggested premise is criticized by Gaffikin (1988) as:

The notion of system is ill-defined in the literature and subject to many and varied interpretations. The idea of a system is based on certain epistemological and ontological presuppositions. The idea of a system is a formal, positivist notion. If a system is viewed as a group of related elements, organized for a purpose, it is necessary to be able to distinguish its boundaries and be aware of its purpose¹. Boundaries are invariably arbitrarily (but conveniently or expediently) defined. Purpose can only be determined from a set of social and political presuppositions.

However the work of Chambers (1955a) is important “to the development of accounting theory” because of “its call for methodological rigour”. The next three articles of Chambers (1955b; 1957; 1960) are introduced as ‘follow-ups’ of the first article. Chambers believed in ‘hypothetico-deductivism’ as the unique, universal, and scientific methodology of accounting. Devine (1960), Ijiri (1967), and Sterling (1970) whose works are considered by Gaffikin (1988) for their attention paid to “the

1) Professor Gaffikin does not explain why identifying a system necessitates distinguishing its boundaries. As mentioned in chapter 2, systems come in different levels from Frameworks to Transcendentals. While in the low level systems (i.e. Frameworks, Clockworks . . .) the boundaries of a system and its components are obviously precisely determined, in the higher level systems it is logically impossible to distinguish the boundaries. Nonetheless, this study has a bias toward General Systems Theory as an understandably reasonable medium of identifying the world and its components, without being attendant to positivism, as well as its being based on realism without being stuck in materialism.

philosophical aspects of methodology”, have also come to the same conclusions as those of Chambers (1966). Mattessich is introduced by Gaffikin as an ‘explorer’ and a ‘synthesizer’. “The two works in his ‘preparatory stage’ (1956; 1957) seem designed to suggest alternative sources of methods for accounting theorists”, Gaffikin (1988) concludes that both Mattessich's works (i.e. 1956; 1957) “are directed to methods rather than methodology and, unlike his later work, no philosophical framework is developed”.

During the 1960s, the tendency toward a scientific empirical methodology becomes much clearer. The dominant ontological belief of this era is that the exterior world is a world of objective reality which can be perceived through the five senses, the sentiency. The dominant epistemological presumption related to that ontology is that knowledge about the world can be obtained through testing the ‘objective facts’, empiricism. Gaffikin (1988) indicates that most of theoretical literatures of accounting are similar in terms of their ontological and epistemological basis. Authors in the 1960s’ decade followed the way of Chambers and Mattessich in determining the well-reasoned foundations of accounting. Gaffikin states that the works of Mattessich, Chambers and Ijiri are “the major postulational attempts” in this realm. He describes how they are methodologically similar. The methodology of Mattessich was that of scientific research: logical empiricism. “More specifically”, Gaffikin (1988) indicates, “his methodology is essentially hypothetico-deductivism”, and that is the same as what was employed by Chambers and Ijiri. Despite this methodological similarity, they show specific

differences in terms of the applied substances. Mattessich *et al.* (1984, pp. 32-3; cited in Gaffikin 1988) criticizes Chambers and claims that “whereas I tried to infer inductively the basic assumptions by studying various extant micro- and macro-accounting systems . . . Chambers started from a preconceived, and to my mind, dogmatic objective”. Gaffikin (1988) explains that “despite its mathematical rigour, Ijiri's work (1967) is not as general as Chambers' and Mattessich's . . . whereas they were concerned with general theories of accounting, Ijiri was attempting a theoretical justification of historical cost valuation.”

The other contributor of accounting thought is Devine (1960). Gaffikin (1988) believes that “Devine seems to have been little concerned with developing any theory.” Scientific method to Devine, “is composed primarily of the interaction of deductive methods and the philosophical doctrine known as empiricism” (Gaffikin 1988; quoting from Devine 1960, p. 392). Therefore, the same scientific methodology of Chambers, Mattessich, and Ijiri, “hypothetico-deductivism” is respected by Devine, even more clearly than any other accounting writer up to and of this time (Gaffikin 1988). However drawing attention to weaknesses in it, he cautions against the belief in objectivity of observations. Devine believes that “accounting has all the ‘problems of science’ plus normative and psychological problems that the physical sciences do not ordinarily possess”, and therefore, the scientific method, despite its unchallengeable benefits, cannot solve all the problems of accounting. Gaffikin indicates that neither Devine nor his critics Bedford

and Dopuch (1961) “are presenting theories of accounting but merely discussing methodological considerations necessary for theory formation”.

The other important author considered by Gaffikin (1988) is Nicolas Dopuch (1979). As the editor of the *Journal of Accounting Research*, “he rejected any work which he considered to be normative theorizing”. Hendriksen and Van Breda (1992, first edition is dated 1965), Mattessich *et al.* (1984), Henderson and Peirson (1983), Abdel-Khalik and Ajinkya (1979), Ijiri (1975), and many other accounting researchers during 1970s and 1980s accepted and followed empirical and quantitative research methods.

Watts and Zimmerman (1978; 1979) and Zimmerman (1979) are also considered by Gaffikin (1988) for their influence on accounting theory and methodology. They are of members of the Rochester School which clearly rejects all past attempts in constructing accounting theories for their being unscientific, prescriptive, or normative, rather than positive or descriptive. Positive theory came to be the most accepted methodology of accounting, and even the devastating critiques (such as for example Christenson 1983; Tinker *et al.* 1982; Lowe *et al.* 1983) have had little effect on it. Critics have argued that the meaning of methodology is necessarily normative. However, “research purporting to be positive accounting continued to be undertaken” (cf. Watts and Zimmerman 1986); Gaffikin explains that the term ‘normative’ has been wrongly used for ‘untested’ theories and the term ‘positive’ [wrongly] for ‘empirical’. He classifies accounting theories up to that time into two major groups. As illustrated in

Figure 4-1 Types of the Theories (Gaffikin 1988, p.26)

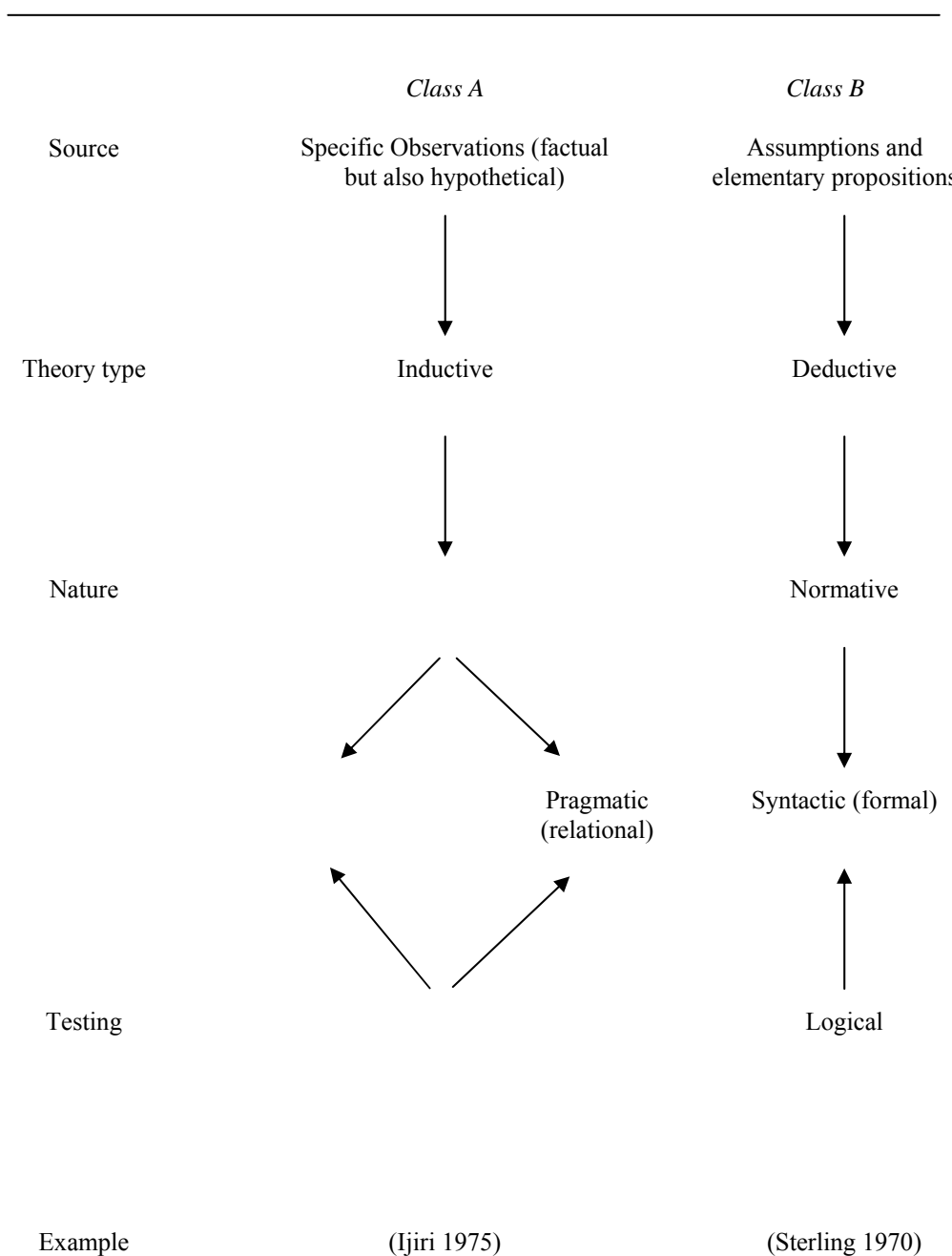


figure 4-1, accounting theories based on his classification had been either inductive or deductive (1988).

Emphasising that “since 1970 the greater part of research in accounting has been consciously empirical . . . empirical research has been

prescribed as the only acceptable form of research”, he concludes that both uncritical empiricists (of post 1970) and a priorists (of 1960s) despite their different methods share roughly the same methodological underpinning. While a hypothetico-deductivist derives “a priori assumptions from general observation, an uncritical empiricist similarly perceives a research problem through observation”. He describes:

A priorists are said to be normative because they start from certain assumptions which they claim the theory should explain or justify. The uncritical empiricist, nowadays referred to as a positive researcher, is not really proceeding any differently. The selection of his or her problem and the possible solutions to it are equally normative . . . Assumptions are necessary and they arise from definitions, beliefs and value systems. Positive accounting theory is merely an extension of the general direction of accounting research since the late 1960s. It aspires to the same standards of scientific rigour that had been absent in earlier accounting research and theorizing. However, as Schreuder (1984) has argued, it is a misnomer: it should be termed empirical. As with all research in the uncritical empiricist phase, its method is empirical, and its methodology is conventionalist, positivist empiricism. No more profound critique of its methodology is possible.

Any [human] valid knowledge would be the reasonable outcome of a methodologically rigorous process. Methodology itself as human knowledge and “a product of philosophy” is derived from epistemology which is in turn determined by ontology. Gaffikin (1987; 1988) examines the ontological and epistemological origins of accounting methodologies and concludes that the different methodologies applied to accounting are based on realism and foundationalism. According to realism the exterior world exists irrespective of

humans' awareness of it. Materialism is a realistic ontology according to which, real existence is constructed of material phenomena. In western schools 'realism' is generally taken as 'materialism'. Nevertheless, in contrast, a realist ontological school may represent a view of realism according to which the exterior existence is constructed of both material and non-material (metaphysical) phenomena. For example, Islamic philosophy affirms such a post-materialistic view of realism (Motahhari 1993b; 1993c; 1993d). Therefore, the ontological difference between Islam and materialism might be sought in the lingual meaning of the concept 'real'. Accounting theorists despite their differences have shared a materialistic view of realism. Hypothetico-deductivism and positivism which are the dominant empirical methodologies of accounting (of post 1970s), and the applied methodologies of a priorist accounting researchers (of 1960s, which is referred to as the 'golden age' of accounting theory by Gaffikin 1988), all "imply a realist ontology and a foundationalist epistemology". Gaffikin (1988, p. 32) closes his argument as:

Thus, it is possible to subject the work in both periods to the same methodological scrutiny. In both periods there is a presumption that the researcher is a dispassionate observer of accounting/economic 'reality' with no political, sociological or ethical ideals. Not only would these characteristics interfere with the 'search for truth', they can never be rationally justified. However, most scientific communities adopt a dominant value orientation. This becomes so well entrenched that it is difficult to challenge or change. These dominant entrenchments influence expectations as to what projects will lead to definitive, scientifically useful results. With the similar ontological and epistemological presuppositions in accounting research in both periods, it is little

wonder that in neither periods have generally acceptable solutions to accounting problems been presented. The 'golden age' a priorists were considered to be on a fruitless journey. Their methods were replaced by those of the uncritical theorists. Yet even an ardent exponent of uncritical empiricism admits that "no empirical study by itself can provide conclusive evidence on an issue" (Dopuch 1979, p. 76). (Gaffikin 1988, p. 32)

The above studies show that accounting methodologies despite their different substances share a single epistemological underpinning and a unique ontological domain. Gaffikin has also recently presented a serial set of working papers (2005a; 2005b; 2005c) emphasising the same findings. Standing on the same position as of two decades ago, is not a matter of reprinting the once generated ideas. There is evidence in his writings that certifies that he has been thinking of and revising his findings during the last years. An overall comparative conclusion to his writings in accounting theory and methodology, suggests that Gaffikin is consistently an historian critic of accounting mainstream at all levels from its ontological underpinnings to the employed methods. Indicating to the popularly regarded classification (with which he disagrees) of accounting theory as normative (prior to 1970) and positive (post 1970), He caters to the mind of his readers that the former has definitely lost the game, while the latter has not won it. To Gaffikin, accounting is still naive in terms of its theory and methodology.

In *Accounting Research and Theory: The age of neo-empiricism* (2005a) the "dramatic change" of accounting theory which occurred around 1970 is considered. Gaffikin (2005a) believes that the normative approach to accounting was rejected around 1970 because of failing to provide "general

theories". It is generally said that while a normative statement says 'what should be', a positive statement represents 'what is'. However, "It is a little simplistic to suggest that statements can be categorized as purely positive or purely normative" (2005a), particularly if positivists insist that the theory 'should be' positive. The difference[s] between 'what is' and 'what should be' might be seen as not real but rhetorical (c.f. McCloskey 1983, chapters 2 and 4). For example in a positivistic hypothesis, such as 'financial regulation is not necessary in the markets as market forces will operate to optimise the allocation of resources' there exists a 'should be' sense hidden by its rhetoric. The aimed meaning of that sentence is that 'government should not regulate the market'.

"The most defining characteristic of mainstream research since 1970 is its commitment to empiricism." Gaffikin (2005a; citing Henderson *et al.* 1992) indicates that this approach is called "neo-empirical" because of its emphasis on "a more systematic use of empirical evidence". Neo-empirical accounting research despite its different underlying hypotheses, models, etc (e.g. 'Efficient Market Hypothesis', 'Capital Assets Pricing Model', etc.) has the same epistemological and ontological underpinnings as the prior methodologies of accounting. Adopting a realist ontology, empiricist epistemology, positivist methodology, and a hypothetico-deductivist method of research, neo-empirical accounting has been the subject of a substantial amount of critiques "at all levels from the underlying ontological assumptions to the research methods employed" (Gaffikin 2005a).

Gaffikin criticises the mainstream accounting research at several levels. He (2005a) seriously challenges the underlying presumption of Positive Accounting Theory (and also of the other theories) according to which people behave rationally in making their financial decisions. Gaffikin states that “there has been mounting evidences that many investors do not act rationally as believed; they, in fact, act (economically) irrationally.” Induction is another issue, which is the most significant practical problem of Positive Accounting to Gaffikin. At the level of epistemology he emphatically stands on his belief that empiricism, based on which “all knowledge is derived from sensory experience” is not entirely acceptable.

There are problems with a purely empirical epistemology and it has generally been rejected by philosophers of science. Christenson (1983) describes some of the problems. Knowledge cannot be derived from pure empiricism as it will have to be described in a language and use concepts which must be a priori. (Gaffikin 2005a)

Gaffikin also criticises Positive Accounting Theory for its rhetorical tendency toward “a particular economic ideology” and quotes Tom Mouck (1992) that positivist accounting theoreticians “have employed rhetorical devices to convince others that theirs is the only way to accounting truth.” It will be discussed in this chapter that neither positivism nor its contradictories are presenting the only way to accounting truth. It will be argued that accounting facts have a multidimensional nature. Consequently, to discover each dimension a particular method of enquiry is applicable. This thesis emphatically rejects a single methodology for such a multidimensional

discipline as accounting. This premature sentiment, which is aimed to be among the main contributions of this research, has emerged from Habermas' philosophical opinion about human knowledge and a systemic definition of accounting. This argument will include the validity of theory, which is entirely related to the validity of its methodology. If the validity of a method of discovering a thought is not proven, then the validity of its outcomes, the thought, is questionable.

The mainstream research of accounting has apparently provided insights into the possible use of accounting. Most of the currently, seemingly working techniques and methods of accounting are the outcomes of the so called mainstream accounting research. However, there are many technical difficulties ("such as how to interpret the evidence (Healy and Palepu 2002, p. 1419)"), "methodological inconsistencies and misunderstanding (such as those raised by Christenson 1983)", and questionable sociological assumptions (such as economic rationality) to which "it has been unable to respond intellectually" (Gaffikin 2005a).

The next working paper of Gaffikin (2005b) concentrates on accounting theory in the first 70 years of the last century. In this study Gaffikin confirms the same findings of his previously published articles (Gaffikin 1987; 1988) that during that time accounting scholars have noticed that they need a "greater conceptual rigour in accounting theory and research". Indicating that to be successful, a theory "must be acceptable to the vast majority of those involved with the practice of the discipline", Gaffikin (2005b) discloses that the general aim of theorising accounting during that

time has been to provide a basis for practice and “to solve a major accounting problem”. Many attempts were formed in the last century “to develop an acceptable theory”. However, to an historian critic “the claim that accounting theory is a twentieth century phenomenon” is challengeable (Gaffikin 2005b).

The American Accounting Association has published several accounting theory statements during the last century. Gaffikin (2005b) indicates that the contents of these statements “indicate a major shift in thinking about theories”. He, however, discloses that there has been “an optimism about the possibility of a single accounting theory”, which is questionable from this thesis’ viewpoint, and will be critically discussed in this chapter as briefly indicated above. Several individual accounting writers have also “made major contributions to accounting thought” during the last century. This chapter reviewed the major works of accounting scholars based on Gaffikin’s (1987; 1988) papers. Accounting theory contributors consciously or unconsciously have been looking for a single theory and a unique methodology.

Michael Gaffikin has also recently presented another working paper (2005c) in which he aims to discuss and compare the theories of regulation. His paper (2005c) is entirely related to this chapter for its critiques on previously introduced accounting theories and methodologies, and for what the title of his work suggests, originating a new approach for theorising accounting. As mentioned above, to Gaffikin neither normative nor positive approaches are successful in theorising accounting; another approach is

required. Of course he does not claim to have originated a new accounting theory. However, denying previous approaches and introducing an alternative, might be taken as originating a new theory [without his permission]. If so, this paper will involve many questions and challenges. A reading of this working paper is the end point of an historical review of accounting theory in this chapter.

In *Regulation as Accounting Theory* (Gaffikin 2005c) the “theories of regulation are discussed and compared”. Positive Accounting Theory assumes that market forces will cause the best allocation of resources; consequently, regulation is not necessary. “However, there are many who point out that markets do not always operate in the best interests of societies so some form of intervention in the form of regulation is necessary”, Gaffikin (2005c) indicates, “it is not hard to realise that there are many instances w[h]ere regulations protect societies from undesirable activities”. To Gaffikin, regulations govern accounting in many ways today, and this sounds positive to him. He emphasises that laws and rules should necessarily form and control peoples’ behaviour because they obviously do not behave rationally all the time (Gaffikin 2005a; 2005c).

Regulation should not be perceived purely in ‘negative’ terms because it also facilitates and enables activities. For example, the road rules . . . are designed to enable people to feel secure in driving knowing that there are rules that other drivers will (should?) follow . . . Very simply stated, there will always be ill-intentioned accountants and users of accounting information who will not act in the interest of society. This of course is true of most professions – for example, medical doctors taking drugs, lawyers devising criminal schemes to avoid justice, engineers using inferior

materials to cut costs of projects and many other similar situations. Therefore, whether we like it or not, societies have seen fit to impose some safeguards against such actions – professional and other sanctions – in the form of regulation. (Gaffikin 2005c)

Gaffikin argues that regulation is evidence for what he calls “theory failure” of Positive Accounting. The need for regulation shows that Positive Accounting Theory has already failed to be successful in explaining the operation of the market. He explains that “there is a paradox in the free market argument as history has shown that considerable regulation has been necessary to ensure that the market can operate reasonably efficiently.” Gaffikin (2005c) declares his sociological interest in appending a social aspect of accounting to his argument.

Both these positions – “theory failure” and totally free markets – are simplistic in that they ignore the broader social setting of the discipline. Once again, history demonstrates that no amount of theory or regulation will prevent some people engaging in inappropriate activities. For example, complex income tax legislation does not prevent tax evasion schemes being devised by some accountants. Accountants will still be involved in corporate fraud and collapses. Accounting is a social discipline and cannot be isolated from the broader implications of those who prepare accounting information and those who use it.

Gaffikin in this paper (2005c) apparently aims to introduce a new way of theorising accounting. He finally concludes that even though regulation is a beneficial necessity for accounting, establishing a set of precise, extensive, and understandable rules is not that simple. The situation sounds more complex to him when he considers that ‘the public interest’ is not the only

motive for regulation. Pointing to 'group interest' and 'private interest' as the other approaches, he concludes, "it is difficult to discern which approach is relevant to much of the regulation as it seems to be a combination of many approaches". On the other hand each of these 'interests' can be seen as the subject of different interpretations, as Gaffikin (2005c) clearly asserts that "there is also difficulty in determining the public interest." Regulation is a 'political process' and as Gaffikin explains "irrespective of the approach adopted there is little doubt that regulation will be the result of the interplay of political forces . . . but there are very different interpretations of what this means".

4.6. Lingual and Non-Lingual Disagreements

An overall conclusion of the above historical review suggests that there is not an agreement about accounting theory and even methodology among its scholars. None of the established theories and methodologies has succeeded identifying an accounting acceptable to all accounting thinkers. In a simplified classification the differences between their thoughts can be classified into lingual and non-lingual. A lingual difference points to where a linguistic problem such as ambiguity effectively appears in accounting theorising. As a very small example, while a crucial part of positive accounting methodology turns around the 'validity' of a research method, the critical researchers defend the 'credibility' of their findings. Empirical validity and critical credibility despite their apparently different meanings share a single central sense. Even though important and producing difficulties, these kinds of differences are only lingual, and hence subjected to linguistics. The

impact of linguistic problems on accounting was examined in the previous chapter. A non-lingual difference in understanding accounting can be illustrated as a situation where accounting is thought about from a different aspect and/or through a different method of enquiry. The difference between taking accounting as an 'empirical object' to be discovered through a positivistic approach and taking accounting as 'socially constructed' to be improved through normative and critical studies is not primarily a matter of linguistic differences. Molana illustrates two cases where people do not agree with each other because of their misunderstandings. A reading of Molana (Roumi, Molana Jalal-eldin Mohamad Balkhi (1207 - 1273)) will efficaciously and metaphorically describe what has happened to accounting thought.

A linguistic case in Molana's poems is where he explains how several people fall into a terrible argument because of a lingual misunderstanding. The story happens when a group of people are to order something to eat. While one prefers Ozum (Turkish) another angrily refuses it but orders Inab (Arabic) and the other one insists on Angoor (Persian) and so forth. To Molana there is a solution for a linguistic misunderstanding. As soon as someone serves them with 'grapes' they all declare that it is what they exactly mean. The linguistic problems of accounting that produce difficulties and misunderstandings were discussed in chapter 3.

The elephant in a dark room is the title of another poem of Molana illustrating major sorts of non-lingual difference between researchers. This is the story of some people who try to find out what an elephant is. The elephant is kept in a dark room, so, they cannot see but they can touch and

feel it with their hands. By touching the object they gain different ideas about what it looks like. Everybody touches a particular part and describes his opinion, being generalised to the whole. "One felt its trunk, and declared that the beast resembled a water-pipe. Another felt its ear, and said it must be a large fan. Another its leg, and thought it must be a pillar. Another felt its back, and declared the beast must be like a great throne. According to the part which each felt, he gave a different description of the animal" (Whinfield 1898). This represents a metaphorical view of the major differences between accounting theories. Each employed philosophy has explained accounting through a particular aspect. Each applied methodology has considered a particular dimension of the discipline. The study of parts even if being useful in understanding the parts, does not provide an understanding of the whole. As described in chapter 2, the whole is bigger than the total sum of its parts.

There are of course several other narrations of Molana's elephant. What gives Molana's narration a priority over others is not only his precedence in time (i.e. 13th century) but also his epistemological belief in the possibility of knowledge and the methodological resolution he suggests. Molana's narration criticises the validity of the empirical methodologies in identifying the whole. The resolution is a light; "if every body had a candle in his hand, there would no longer exist any difference in their words." To Molana the misunderstanding in the case of *the elephant* is not a linguistic problem. However, he sees that there are resolutions for both linguistic and non-linguistic misunderstandings and mistakes. The story of Molana's elephant has, in turn appeared in the poetic writings of several people, with

different narrations and different findings. As an example, another poetic narration appeared in Persian literature decades after Molana suggesting that if people bring the elephant out of the dark room, in the light of sun, they will clearly see what it is. This suggests that because 'the elephant in a dark room' is not discoverable, the problem should be changed to 'the elephant out of the dark room'. Changing the problem means erasing and generating; erasing the current problem and generating a new one. Erasing is not the sensible method of resolving a problem.

A very similar poetic story is narrated by the American poet John Godfrey Saxe (1816-1887) as *The Blind Men and the Elephant*¹ through which on one hand the validity of observation in identifying a whole is denied, and on the other hand it is indicated that the individual observations are valid in explaining the parts.

*And so these men of Indostan
Disputed loud and long,
Each in his own opinion
Exceeding stiff and strong,
Though each was partly in the right,
And all were in the wrong!*

There is no way to know the unknown in this narration for the men are blind; epistemologically, the possibility of knowledge (an understanding of the whole in this case) is denied, and methodologically, man has to be empiricist because of the lack of a reliable alternative.

1) <http://www.wvu.edu/~lawfac/jelkins/lp-2001/saxe.html>

4.7. Generalising and Boundary Assumptions

The historical studies of accounting thought declare that **the accounting elephant** has been studied from different aspects. Every contributor to accounting thought has explained a different view of it. Mainstream research has apparently accepted the validity of observations. The tragic part of the story is where observation-based understanding of a part is generalised to the whole. Accounting today, suffers from such generalised understandings. Generalising is based on the presumption that every part has the same nature and characteristics of the whole. An observation based theory of accounting even if being useful in predicting and controlling the behaviour of the 'parts' would not be valid enough to be generalised to the 'whole'. The nature and characteristics of parts of a system are not necessarily the same as those of the whole (see chapter 2).

The mainstream, however, has tried to introduce accounting as an object separated from the other neighbouring objects (as the elephant to be identified separated from the room where it is kept in, for example). The objective identification of accounting has also led theoreticians to unsuccessful boundary-making attempts. Theorising accounting during the last century has involved attempts to determine the boundaries of accounting. Hendriksen (1965, p. 81) states that "the starting point for any field of study is to set forth its boundaries". Trying to find the boundaries of an academic discipline is based on an objective understanding of Systems Theory. As mentioned previously, the boundaries of high level systems are not logically identifiable.

In addition, boundary identification is also based on a challengeable presumption. In order to assume a boundary around a discipline separating it from other disciplines there should be a belief in their singularity. A single object may be apparently recognised separated from other objects. But this is a view of low level systems (e.g. clockworks). In high level systems such as human, society, nation, knowledge, language, etc. the boundaries are not identifiable. It is out of the range of this study to enter into a deep philosophical debate about the impossibility of boundary making in high level systems. It is only indicated that not only the boundaries of different types of human knowledge are challengeable but also the assumed boundaries of all modern and classic academic sciences are frequently broken nowadays. It might be useful and even necessary for librarians to assume some boundaries between disciplines (Kasher and Lappin 1977, p. IV), but in a real sense separating the disciplines and drawing clear borders around them seems impossible. Boundaries are not only unnecessary for scholars and researchers but also produce limitations in thinking. The criterion by which a branch of knowledge is recognised does not appear as its boundaries, but as the core of the discipline. The core or the central concept of a discipline might not be always single dimensional. The core of an interdisciplinary branch of knowledge such as accounting may appear as a multidimensional or even plural concept.

4.8. Accounting is Multidimensional

The historical study of accounting theory developments leads to examining an implication of Habermas' knowledge classification. Habermas'

philosophy is applicable by two manners dependent upon the ontological understanding of the accounting world. If accounting is assumed as a single fact, then a generalised unique definition of that would be accepted among its thinkers and scholars. The lack of such a singularly based definition of accounting to be generally accepted among accounting scholars certifies that either none of the contributors has still supplied such a generally acceptable, singular based definition or the nature of accounting is not singular. The former does not seem acceptable as during the five centuries of working life since Pacioli and one century of theorising life since Sprague, many motivated genii around the world have attempted to establish a generally accepted theory for the discipline. They have evidentially taken accounting as singular. To this, the implication of Habermas' philosophy has been that accounting theory stands as only one of the possible types of human knowledge. Accounting thinkers and writers during the last century have consciously or unconsciously followed this opinion. By accounting theory, they have basically meant a universally unique theory. As reviewed above, most accounting theoreticians have assumed that accounting is only an analytical empirical science (e.g. Littleton, Chambers, Zimmerman, Henderikson, and many others). They have consciously adopted empirical methodologies for their research to establish a so called Positive Accounting Theory. However, there has been a considerable amount of critique of this mainstream research methodology (Gaffikin 2005a, p. 14). Those scholars who espoused critical methodology (e.g. Arrington, Tinker, Merino, Hopwood, and many others) have also assumed it as an *alternative* to [say instead of]

the empirical one. However, their theories have failed to be universal and generally accepted.

An alternative ontological belief which asserts a pluralistic nature for accounting suggests identifying the discipline as a multidimensional fact. Accounting can be seen from different aspects and theorised through different approaches. Every possible and identifiable aspect along with its accessing approach is considered as a particular dimension of the discipline. The implication of Habermas' (1978) philosophical classification of human knowledge is to match each dimension of accounting with a particular type of human knowledge. The advantage of this implication would be providing an atmosphere for discovering, explaining, interpreting, and criticising all accounting thought without it being necessary to deny or ignore the others. Prior to this a simplified and short reading of Habermas' classification is presented.

4.9. A Knowledge Classification

One of the major attempts and contributions of philosophy has been identifying and classifying the possible types of human knowledge. Philosophers have classified human knowledge in various ways. A knowledge classification would be useful in applying the most appropriate methods of enquiry. Academic disciplines are primarily allocated to a particular type of human knowledge. There should be however some interdisciplinary courses to interrelate all academic disciplines together. An interdisciplinary discipline such as accounting, would essentially partly share

with every type of human knowledge. From this viewpoint, accounting would appear as a multidimensional and [maybe] even a **poly**¹ discipline.

Prior to reviewing accounting as a multidimensional field of study, a brief review of Habermas' philosophy on classifying human knowledge is presented. Selecting Habermas' classification in this part does not mean that it is the best description and classification of human knowledge. There is not any comparison between his classification of knowledge and others. Reviewing and comparing knowledge classifications seems to be a deep and wide philosophical subject which is surely out of range of this study. The purpose of this section is to only prepare a background to claim that the idea of seeing accounting as a multidimensional discipline is not primarily deniable. In this section it is sought to examine how accounting can be studied as a multidimensional discipline. Language has a different presence in each dimension of accounting. The presence of language in the hermeneutical dimension of accounting will constitute the core of the next chapter.

Habermas provides a deep philosophical description on how human interests affect enquiring and forming human knowledge. He argues about three cognitive interests which cause a movement toward acquiring knowledge. According to Habermas every particular type of human cognitive

1) Derived from the idea of multidimensional accounting, 'Poly Accounting' means that Accounting is constructed from several different but interrelated disciplines. While a multidimensional explanation introduces accounting core as a single concept which can be studied from different dimensions through different methodological approaches, a polyaccounting explanation introduces the discipline as not a single discipline, but a construction of several disciplines that all together have a unique final goal. Auditing, Banking, Finance, Financial Management, etc. are among the well known disciplines which collectively form accounting. Therefore, accounting is polyaccounting indeed. The idea of polyaccounting is too premature to be relied upon in this study. It is left for future studies.

interest leads toward a particular type of knowledge. Human cognitive interests are classified by Habermas (p. 308) into three groups as technical, practical, and emancipatory. Human knowledge is accordingly classified into three groups each of which is interrelated with one particular type of human cognitive interest. "The approach of the empirical-analytic sciences incorporates a technical cognitive interest; that of the historical-hermeneutic sciences incorporates a practical one; and the approach of critically oriented sciences incorporates the emancipatory cognitive interest." (Habermas 1978, p. 308)

The empirical-analytic sciences are those which are inquired through a hypothetico-deductive method which permits the deduction of law-like hypotheses with empirical content. The empirical content refers to a stated measurable relationship between two or more observable phenomena or events. Physics, chemistry, biology, mechanics, and so on, are instances of this group. The observation based unrefuted hypotheses are [with a degree of probability] reliable in predicting the behaviour of the objects. Objects are insisted to be scientific, meaning perceptible through the five senses. The relationship between the objects should essentially be measurable. The laboratory research tools help the researcher observe and measure more accurately. Mathematics and hence statistics provide models for quantifying, classifying, and analysing data and then, testing the hypotheses. Accounting physical objects and events are subject to this sort of research. Empirical research in accounting which has dominated the accounting realm for the last decades (i.e. mainstream) is the target of many challenges and critiques as

earlier mentioned. Critics of an empirical approach or positive accounting theory, suggest a critical alternative.

A critical approach of gaining knowledge is the way freely thinking and refining thoughts; free of environmental restrictions. Habermas argues that economics, sociology, and political sciences will not remain satisfied with “producing nomological knowledge” through an empirical-analytic approach. These disciplines are originally critical rather than empirical. A critical perspective of accounting has been widely considered by accounting thinkers over the last decades. The social dimension of accounting, where accounting is intertwined with humans’ sociological behaviour, illustrates a critical perspective of the discipline. Needless to indicate that the term ‘critical accounting’ has been used for a range of research which is apparently more than critical. It has been used in a general sense for any non-empirical study in accounting. Arrington and Francis (1993) mostly prefer to use the word ‘alternative’ for apparently the word ‘critical’ is not appropriately representing all of those studies which are done under this class of research. By ‘alternative’ they mean those research types which are not empirical. Critical, as to be an alternative to empirical research, has not won the race of theorising accounting. The **empiricism empire** has not expired or even weakened yet.

Hermeneutics is the approach of acquiring knowledge through understanding the meaning, not observing the object. Interpretation of the texts in this approach is the counterpart of the verification of law-like hypotheses of the empirical approach. The aim of this type of knowledge is to

provide an understanding of the facts for man, in order to perform a 'better' function. The understanding of an accounting report is an essential stage prior to consciously making financial decisions. The next chapter portrays hermeneutics as an approach to accounting knowledge in which language plays the first role.

4.10. Termination

This chapter is constructed from three major interrelated parts. The first part is based on a critical reading of Frege's philosophy on the definition of thought and the significance of language. It has been demonstrated that truth and falsity have different natures and because of their different natures they are generated through different approaches. It has been argued that truth is discovered while falsity is created. Based on this understanding, human knowledge, as truth is definitely not created, but discovered. In the next chapter where the hermeneutical approaches of gaining accounting knowledge are discussed, it is indicated that those hermeneutical approaches which confirm a dream-like method of interpretation which lead to the creation of new meanings cannot logically be regarded as the systemic and reliable approaches of generating knowledge.

The second part of the chapter provided an historical review of accounting thought. It has been declared that accounting thought is extremely young and is not as what dominantly catered to young students, 'Generally Accepted'. The brief review of accounting theory and methodology has disclosed that despite sharing a single ontology, accounting scholars

have demonstrated different views of accounting. The historical reading of accounting theory and methodology led the chapter to its last part where accounting is explained as a multidimensional discipline. Dividing differences between accounting theories into lingual and non-lingual, the third part of the chapter provides a metaphorical explanation of what has already happened to accounting thought. This part criticises and hence denies 'generalising observation-based (i.e. positive) theories to the whole' and 'assuming boundaries around the discipline'. The outcome of the third part presents a new explanation of accounting that is to be regarded as a contribution to the research.

Accounting is explained briefly as a multidimensional discipline according to the way Habermas classifies human knowledge. As mentioned above, without trying to claim that selecting this philosophical classification is the best, human knowledge is classified into empirical, critical, and hermeneutical types by Habermas. It has been briefly (appropriately for this chapter), argued that accounting has common sense with each type of introduced human knowledge. It has been mentioned that none of the single understandings of accounting can be reasonably generalised as to represent the whole of accounting and therefore, the idea of multidimensional accounting is introductorily discussed. Based on this idea, accounting can be studied from different aspects. An empirical-analytic perspective of accounting as favoured by positivists, describes the natural behaviour of accounting objects. For instance, how a building is depreciated and which mathematical models best explain and predict the rate of its depreciation,

and which financial models best calculate its expenses is obviously a subject of empirical research. Accounting can be also studied from a social aspect. A critical perspective of accounting describes the social behaviour of accounting. For instance the impact of culture, religion, language, history, morality, and many other social and humane issues on financial decisions [and vice versa] can be seen as a critical aspect of the discipline. Or as to match with the previous example, the depreciation rate of a building might be affected by people working there or it may affect the way people work . . . all these sorts of studies announce a social-critical dimension of the discipline, which are obviously not able to be analysed through the perceptions and measurements of empirical methods. They are alternatively studied through a critical approach.

The third dimension of accounting which links this chapter to the next one, reads accounting from the hermeneutical-historical aspect. Accounting theories, financial statements, audit reports, etc. are all subjects open to interpretation. They are all interpreted in order to be understood. The aim of hermeneutics is to provide a better understanding. In this, language plays a crucial role. From all accounting dimensions, with its doubtless linguistic basis, the hermeneutical one is historically explored through the next chapter. This selection will support the aim of the research, the significance of language for accounting theory and methodology, so as to affirm that a reliably accurate understanding of accounting will not happen without an understanding of language as well as culture and history.

Chapter 5. An Historical View of

Hermeneutical Accounting

5.1. Introduction

The previous chapter concluded with the idea of identifying accounting as a multidimensional discipline outlining that accounting has a multidimensional nature in which every dimension has a particular methodology and methods of research. The three discussed dimensions were empirical, critical, and hermeneutical; this does not hinder recognition and identification of more dimensions of the discipline. The previous chapter did not aim to devise a new accounting. In contrast, it aimed to regard every contemporary accounting theory as representing particular dimensions of the discipline without generalising any of them to the whole. In order to study accounting from each perspective, language plays a crucial role. This chapter

concentrates on a hermeneutical perspective of accounting and examines within it the important and unavoidable presence of language.

Hermeneutics is primarily defined as 'interpretation' and also the 'principles' and 'methods' of interpretation (Mautner 1997). The main purpose of interpreting is 'to understand the meaning'. Hermeneutics, hence, is a necessity for human thought (since, as described in chapter 2, thoughts exist in the realm of 'language', they are subjects of interpretation and understanding). In this chapter the implication of divergent readings of hermeneutics in accounting is examined. The methodological approach of this chapter is intended to be mainly historical and less critical. Historical research provides a context for subsequent critical and philosophical essential research foundations. Therefore, this chapter reviews historically the hermeneutical perspective of accounting. This chapter indicates that accounting contributors have already tried to examine the implications of every type of hermeneutics in accounting.

The debate begins by introducing hermeneutics as it is known amongst its contributors, and it grows through reviewing the history of hermeneutical studies of accounting. Accounting as a text and a subject of interpretation is explored; and how it can be a realm of hermeneutical understanding. Divergent readings of hermeneutics have divergent implications for accounting. A comparatively historical review of implicating different types of hermeneutics in accounting will provide a background to examine their relevance and reliability through the subsequent philosophical and critical studies.

Prior to entering the debate it is necessary to define some of the key words of this chapter. In this argument the word 'text' refers to any sort of written, oral, etc. construction that carries a meaning or [at least] is capable of representing a meaning; everything which is a subject of interpretation and understanding is called a text for the sake of brevity. It is considered that the models of speech differ with the models of writing (see Arrington and Francis 1993); This study, however, does not narrate such detailed implications of a particular reading of hermeneutics where the differences between communication methods are determinant. Consequently, the word 'author' refers to the entity which is the generator of a text in its widest sense; by 'author' every sort of text producer, such as writer, lecturer, singer, poet, artist, film producer, musician, etc. is meant. 'Reader' which is sometimes accompanied by the word 'interpreter' refers to the person (i.e. human) for whom the text is generated and finally addressed to her/him. Reader is not only the reader of written texts but also the audience of a speech or a music composition, or the viewer of a film and so forth. Author, text, and reader construct a hermeneutical processing circle; some accounting thinkers have tried to fit and explain accounting understanding through this circle. Prior to apprising them, a brief description of hermeneutics is presented.

5.2. Hermeneutics

The first section of this chapter provides a short introductory explanation of hermeneutics. Hermeneutics is entirely related to interpretation and understanding the meaning[s] of a text. As well as any other branch of human knowledge, hermeneutics has improved through time.

Every philosopher of hermeneutics has apparently established a refined or a completely new approach, through a sort of criticising or rejecting of previous ones. This historical development has left several different readings of hermeneutics. Different hermeneutics have different implications. It is even observed that some accounting contributors (e.g. Lavoie 1987) mix two or more readings of hermeneutics in order to answer their specific concerns. The presentation of an explanation for every type of hermeneutics is the basic stage of examining their implications within accounting.

5.2.1. Definitions

Hermeneutics has evolved with many changes during its history. Johann Martin Chladenius (1710-1759), Friedrich Daniel Ernst Schleiermacher (1768-1834), Wilhelm Dilthey (1833-1911), Edmund Gustav Albrecht Husserl (1859-1938), Martin Heidegger (1889-1976), Emilio Betti (1890-1968), Hans-Georg Gadamer (1900-2002), Paul Ricoeur (1913-2005), Ronald Barthes (1915-1980), Wolfgang Iser (1926-), Eric Donald Hirsch (1928-), Jurgen Habermas (1929-), Jacques Derrida (1930-2004) . . . are the most well-known thinkers and scholars who have directly considered the problem of understanding and hermeneutics. There are at least seven [or even more] different readings of hermeneutics. The oldest reading of hermeneutics defines it as “the principles of biblical interpretation” (Palmer 1969, p. 34). It is traditionally referred to as the art of interpretation of religious texts. Chladenius stands in this position. Schleiermacher, who is generally introduced as the father and the originator of modern hermeneutics,

believes it to be 'the method of interpreting texts'. He expands the realm of hermeneutics from religious texts to all texts (Bayat 2001).

Dilthey believes in hermeneutics as "a basic and unique method for humanities"; Heidegger originates philosophical hermeneutics. He believes in hermeneutics as the knowledge of understanding, the knowledge which determines how to understand. Gadamer follows the philosophical approach of Heidegger with a new reading of hermeneutics. He takes hermeneutics from the methodological level [introduced by Dilthey] to an ontological level. Gadamer defines hermeneutics as the ontology of understanding. Ricoeur deals with hermeneutics as "the process of interpreting and understanding texts" (Bayat 2001). Habermas emphatically originates and defends 'critical hermeneutics'. Barthes and Iser, and many others who believe in 'reader' rather than in 'author' and 'text', follow a different reading of hermeneutics. 'Reader response hermeneutics' or 'reception hermeneutics' are the sensible labels suggested for this reading to demonstrate its attention to the role of 'reader' in interpreting and understanding a text (Bayat 2001). This chapter briefly reviews these divergent readings of hermeneutics. Hermeneutics and criticism provide two different but interrelated paradigms which are effective and hence important in three realms of ontology, epistemology, and methodology (Ghanbari 1998).

The main concern affecting the structure of this chapter is whether all different readings of hermeneutics are applicable to accounting or not? This concern forms a couple of questions which might not be completely answered through this research practice, but they are obviously effective in

settling down the debate process and the sequence of discussions. If every possible reading of hermeneutics is logically applicable to accounting then arguments around why and how the different readings are applicable should be formed. And, if only one or some of the readings are logically possible to apply, then the significant question about its/their reliability/reliabilities arises as to what is the criterion for the relevance and validity of a specific reading of hermeneutics? How logically can one reject a reading and accept another one to in relation to accounting?

A hypothetically premature claim is that every type of hermeneutics has a particular implication in accounting. If so, then accounting is involved with all readings of hermeneutics in all levels and dimensions. Therefore, hermeneutics is applied as an elucidative transparency in understanding every part of accounting. A closer view of historical developments of hermeneutics prepares a background to apprise this issue more precisely.

5.2.2. Historical Development

Illustrating the historical development of hermeneutics, Mamoori (2003) indicates that the idea of hermeneutics goes back to Immanuel Kant's (1724-1804) epistemology where he distinguishes two interrelated but different existences; "Something (i.e. object) exists out there (i.e. out of my mind) and something is formed in my mind in relation to the object". Based on Kant's epistemology, the concept which is formed in one's mind is separate from the object which exists in the real world. Therefore, individuals' perceptions of the real objective existences would be different in sense. It is

logically possible to precept [and/or understand] several different things (i.e. concepts) from a single thing (i.e. object or subject). Under the Kantian epistemological banner a variety of classic and modern readings of hermeneutics flourish. Mamoori (2003) argues that the epistemology of Kant underpins the philosophical questions of understanding. The main concern is about the validity and reliability of hermeneutics. It is crucial to establish a reliable approach to understanding; if the interpretation is not valid then the understanding is not reliable and it will not be positively effective.

5.2.2.1. Religious Hermeneutics

In the Middle Ages, hermeneutics was taken as “the interpretation of the Holy Scripture” (Karimi 2000). Accounting is obviously secular in nature and not religious and holy. Therefore, this reading of hermeneutics has no direct implication for accounting. However, because of its considerable effects on the latter readings, it cannot be ignored. Pre 19th century hermeneutics (i.e. the way of understanding holy texts) presumes that the Holy Scripture comes from God to convey a message to humans; God is the creator of humans and knows them better, so, He does not send a message to them which is not understandable for them, because He is wise. Accordingly a complete understanding of the text is possible. Chladenius defines hermeneutics as “the art of interpreting and gaining the complete understanding of the Holy Scripture” (Khosropanah 2001). A complete understanding hence means having access to what God means. This reading performed a major lane of hermeneutics until recent times; a form of this reading is also present in some of the most modern versions of

hermeneutics. For instance, Hirsch who believes in an objectivistic reading of hermeneutics argues that it is possible to reach a true understanding of the text (Karimi 2000). In this sense Hirsch and Chladenius regardless of what they mean by 'text', share the presumption that the meaning of the text is fixed and that it is possible that it can be understood truly and completely.

5.2.2.2. General Hermeneutics

General hermeneutics began with Schleiermacher who expanded the realm of middle Ages' hermeneutics from Holy Scripture to any text with roughly the same assumptions (Mansoori Larijani 2004). On this account he is respected as the father of modern hermeneutics (Bayat 2001). To Schleiermacher, hermeneutics is "the science of understanding language and the rules of interpreting texts" (Karimi 2000). This reading aims to be a method for hindering misunderstanding; the criterion for true understanding in this reading is the mind of author (Khosropanah 2001). In this sense Schleiermacher adopts the tradition of biblical understanding. The critics of this approach refer to it as romantic hermeneutics probably for its romantic belief in the possibility of having access to a complete understanding of the true meaning of a text.

5.2.2.3. Methodological Hermeneutics

Dilthey originated a scientific reading of hermeneutics. He identified hermeneutics as the "methodology of humanities" (Karimi 2000). For Dilthey two different types of human knowledge (i.e. experimental sciences and humanities) should have two different methodologies. Dilthey believes that

humanities are objective; similarly to experimental sciences. He believes in history as a clear example of objective human sciences (Rastegar 2003). Therefore, he takes hermeneutics as the methodology of humanities to be the counterpart of empiricism which is the methodology of experimental sciences (Khosropanah 2001; Mansoori Larijani 2004). For Dilthey, along with Schleiermacher, the meaning of text is what its author means (Ghanbari 1998). To discover the true meaning of a text, the study and analysis of the psychological entity and historical and cultural environment of the author of that text is suggested.

5.2.2.4. Philosophical Hermeneutics

Heidegger, Gadamer, and next Ricoeur and Derrida are of the most famous philosophers who pulled up hermeneutics from the levels of method and methodology to philosophically higher levels. To them the reality and nature of understanding is the main concern. (Karimi 2000; Mansoori Larijani 2004). The key person who originated philosophical hermeneutics is Martin Heidegger. To him language is those things through which the meaning is clarified. Arguing that one can never find a situation higher than language and think about it from there, Heidegger opines that existence [of human] is language-like and humans live in language (Mansoori Larijani 2004). To Heidegger human beings and meanings are alive within dialogue; humanity is dialogue.

Philosophical hermeneutics is primarily based on Nietzsche's (1844-1900) doctrine that to construct the future, the past interpretations should be

forgotten. Nietzsche and then Freud (1856-1939) came to the position that interpretation never reaches truth. To them true facts are exactly those things which do not exist. This idea formed a primary foundation of philosophical hermeneutics. The other philosophical basis which has impacted on hermeneutics is Husserl's phenomenology. Ricoeur introduces hermeneutics as a branch of phenomenology. Gadamer argues that 'meaning' is not a post-lingual phenomenon but it is a part of the world of language signs. This illustrates a phenomenological reading of 'meaning'.

5.2.2.5. Ontological Hermeneutics

In following the philosophical approach of Heidegger, through clarifying the reality of understanding, Gadamer argues that only those meanings which come into language can be understood. In summary, hermeneutics for Gadamer means evolving with the world [of cosmoses] through language (Karimi 2000; Mansoori Larijani 2004). The main outcome of Gadamer's ontological reading is that a single interpretation does not stay true [or false] forever; nor does any criterion exist for determining the trueness [or falsity] of an interpretation. Knowingness to Gadamer is language-like. He believes that humans always reach thought and knowledge through lingual interpretations of the real world (Ghanbari 1998).

5.2.2.6. Critical Hermeneutics

The foundation of Habermas' argument is based on passing language and arriving at a communication which is independent of any tool. Hermeneutics is not universal but applicable in particular fields. Habermas

agrees with Gadamer in opposing positivistic approaches in social sciences, but in believing in relativity (relativism) and also in ignoring the necessity of an absolute criterion for judgement disagrees with him; Habermas believes that Gadamerian ontology will be refined and completed by a critical theory (Ghanbari 1998).

5.2.2.7. Reception Hermeneutics

“Reader’s response hermeneutics” or ‘reception hermeneutics’ is among the suggested titles for a reader oriented reading of hermeneutics. This reading considers and empowers the role of the reader in generating a meaning for a text. Iser and Barthes are the most known believers in this reading. Reception hermeneutics is a turn from author and text toward paying attention to the reader. According to this reading, the text is not completed until it is read. In other words, the act of author is the starting point of a process which is completed by the act of the reader. If one writes a text it is incomplete until one reads it (Ghanbari 1998).

There are three main elements in the process of understanding: author, text, and reader. Every hermeneutist has shown a tendency towards one of these as the most significant element in understanding. A particular classification of hermeneutics is formed based on this issue. Author oriented hermeneutics is intended to provide an understanding of what an author means. It is aimed to understand the author through his/her writings. Sheleiermacher and Dilthey believe in this. The best level of understanding in this approach is accessing what the author meant. Text oriented

hermeneutics seeks understanding of the text, not the author. A text should be interpreted and understood independently of its author. The author is also a reader and an interpreter of his/her text. A text is capable of transferring several meanings which are not necessarily intended by its author. Heidegger and Gadamer are the key figures of this class. In reader oriented hermeneutics, the approaches of Iser and Barthes for example, understanding is that which the reader derives. Neither author nor text can hinder the reader interpreting and understanding different things. The text does not transfer a meaning; the reader creates a meaning for the text. A reader's satisfaction with her/his understanding, leading her/him to a particular [say] enjoyment, benefit, practice, use, and so forth, is the criterion of understanding.

5.2.3. The Contemporary Battle

The contemporary battle of hermeneutists is formed between two main traditions. All three groups of author-oriented, text-oriented, and reader-oriented hermeneutists are lined up into two major traditions. As Palmer (1969, p. 46) indicates, all definitions of hermeneutics which are found in the spectrum of contemporary hermeneutical thinking, can be classified into two categories. First, the tradition of Schleiermacher and Dilthey, and second, the tradition of Heidegger and his followers. Karimi (2000) also classifies all hermeneutists into two groups, objectivists who believe that reaching the true and complete understanding of a text is possible, and historicists who say that there is no such possibility. Khosropanah (2001) describes that the objective understanding of text was the mainstream hermeneutics prior to

Heidegger. In these classifications, the believers and followers of reader oriented hermeneutics (e.g. Iser and Barthes) are united with those of the tradition of Heidegger and Gadamer against the objectivistic pre-Heideggerian mainstream. Palmer (1969, p. 46) introduces Betti and Gadamer as the pre-eminent representatives of these two basic positions:

Betti, in the tradition of Dilthey, aims at providing a general theory of how “objectivations” of human experience can be interpreted; he argues strongly for . . . the possibility of historical “objectivity” in making valid interpretations. Gadamer, following Heidegger, orients his thinking to the more philosophical questions of what understanding itself is; he argues with equal conviction that understanding is an historical act and as such is always connected to the present. (Palmer 1969, p. 46)

The tradition of Schleiermacher [and Dilthey] seeks the method of accurate understanding and hindering misunderstandings through a) the study of the historical and cultural background of the author and b) the study of the psychological entity of the author (Bayat 2001). The conceptual paradigm of this tradition is that to discover the true meaning of a text, the cultural, historical, psychological . . . environment of the author should be understood, and vice versa. In other words, understanding ‘author’ and understanding ‘text’ conform with a hermeneutic circle in which an understanding of each side supports an understanding of the other side (Rastegar 2003). The main headline of this tradition is the presumption of the accessible true and complete understanding endpoint in the hermeneutic circle.

The alternative tradition, originated by Heidegger, does not necessarily believe in an accessible true and complete understanding of meanings. The philosophical hermeneutics of Heidegger aims to determine the nature of understanding and the circumstances under which an understanding is gained. Gadamer supports this philosophical approach and argues about the nature of understanding too. To him, interpreting a text is not limited to the purpose of author; a text accepts a variety of interpretations and the author's interpretation is one of the possible interpretations; the author is also a reader of her/his own writings. Gadamer argues that a purely true [or false] understanding cannot be logically identified (Bayat 2001). He has also drawn an aesthetical argument into his ontological hermeneutics (Rastegar 2003). A closer view of this tradition is followed by a brief review of its critiques to close this section and examine the implications of different readings of hermeneutics in accounting.

5.2.3.1. Post-Modern Hermeneutics

The modern tradition of hermeneutics faced the revolutionary philosophy of Martin Heidegger. He spliced hermeneutics with Husserl's phenomenology and readied a philosophical underpinning for his student, Hans-George Gadamer who upgraded hermeneutics from the levels of methods and methodologies to the level of ontology. Their hermeneutics has attracted the attention of many thinkers in many realms. The most significant implication of philosophical hermeneutics is the approach of Paul Ricoeur in the realm of social sciences. He applies a revised version of the Gadamerian approach.

It is true, as Paul Ricoeur insists along with Gadamer, that Verstehen (understanding) envelops the entire process of interpretation. But it is also true, as Ricoeur correctly insists against Gadamer, that Erklären (explanatory methods) can develop our understanding of how the meaning is produced through the very form and structure of the text (Grant and Tracy 1985, p. 164).

Ricoeur tries to be a critic of Gadamer; he gets close to the main concern of hermeneutics which is attempting to find a valid interpretation (Mamoori 2003). However, he could not escape from the snares of philosophical hermeneutics. The effects of language, history, prejudgement, cultural traditions, psychological entity, and social position of the interpreter on her/his understanding of a text and hence the appearance of several different interpretations of a text led them all (i.e. Heidegger, Gadamer, Ricoeur, Derrida, and their followers) to the assumption of the impossibility of presenting an absolutely true interpretation of a text.

The possibility of presenting several interpretations for a single text supports the opinion that the meaning of a text is not singular but necessarily plural in fact. The philosophical tradition comes to the issue that a final and absolute meaning for the text does not exist. In this sense, every interpreter discovers/creates a new meaning for the same text. Philosophical hermeneutics, as mentioned above, does not consider what authors mean by writing texts as the criterion of true understanding. A reader of a text may understand its meaning in a way different from what its author means. The author is also a reader and interpreter of her/his own writings. S/he may even understand her/his own writings differently with what s/he meant before

(Khosropanah 2001; Mansoori Larijani 2004). Sobhani (2001) outlines the main outcomes of philosophical hermeneutics as:

- Understanding of text is the result of the emergence of the conceptual horizon of a text and the conceptual horizon of the interpreter
- A real and objective understanding is not possible
- For everybody there is an interpretation; there are infinite possible interpretations of a text
- A final and fixed understanding of a text does not exist
- An interpreter does not determine the aim and the purpose of the author; the author is also a reader and interpreter of her/his own works (i.e. text, speech, etc.)
- A criterion for recognising a valid interpretation from an invalid one does not exist.

5.2.3.2. Critics of Post-Modern Hermeneutics

Despite its dominance over all realms of human thought and knowledge, the philosophical approach of Heidegger and Gadamer has faced serious critiques. Two groups refuse to accept and/or critically refine philosophical hermeneutics. First, are those who believe in the modernist tradition of Schleiermacher and Dilthey (such as Hirsch), and second, those who seek new approaches (such as Habermas). Hirsch argues that understanding skills are separate from interpreting skills. He criticises Gadamer for uniting these two kinds of skills and taking them as one (Mansoori 2003). Hirsch believes that all divergent understandings arise from the stage of clarifying and explaining and not the stage of understanding.

Hirsch sought a criterion by which 'valid' knowledge is recognised. He totally disagrees with Gadamerian philosophical hermeneutics.

Developing a new approach to understanding, Habermas is the key critic of Gadamer. Likewise philosophical hermeneutics which was formed through criticising its precedent approach (i.e. general hermeneutics), the critical hermeneutics of Habermas is also formed through criticising its precedent approach i.e. philosophical hermeneutics. Habermas believes that philosophical hermeneutics is only valid in the realms of arts and history. He rejects generalising philosophical hermeneutics to all realms of understanding (Khosropanah 2001). The validity of pluralistic understandings of artistic senses is not generalisable to all realms of understanding. There is no criterion to examine the validity of one's particular interpretation of [say] a painting; nor exists a logically identifiable final and purely true understanding of the painting. This is because of art's nature which supports the artist in aiming to send different messages to different readers through creating a single artistic object. A reader of such artistic objects (e.g. the viewer of the painting) is intentionally allowed to interpret the work according to her/his own presumptions.

Habermas denies that such divergent interpretations, which are formed based on different presumptions is valid in the realms other than art and history. A prejudgement based interpretation is logically possible of course. The concern of Habermas is not about the possibility of such interpretations. He refuses the validity or, more importantly, the utility of such interpretations. There are three things which should not be mixed with each

other, A) the possibility of prejudgement based interpretations, B) the occurrence of prejudgement based interpretations, and C) the utility of prejudgement based interpretations. It is logically possible to interpret every text according to different presumptions and prejudgements in different ways. It is also observed that a single text is interpreted in different ways. It has been and still is obviously possible to understand different and sometimes opposite meanings from a single sentence (Bayat 2001). Therefore A and B are not matters of critique. The issue which is under question is the validity and or utility of such divergent interpretations.

The central problem of hermeneutics concerns the realm and the subject of interpretation. The majority of the philosophers of hermeneutics claim that hermeneutics is about every text and since they see the world as a text, they believe that all existences are the subjects of hermeneutics. Gadamerian hermeneutics, however, does not satisfy a hermeneutists' expectation about the subject of interpretation. It has uses only in some types of texts (Mansoori Larijani 2004). The validity of a Gadamerian approach in logic, mathematics . . . and even science is not proved. Even though not as important as its validity concern, there are other concerns with and criticisms of philosophical hermeneutics. Experience and induction are obviously useful in performing an understanding of empirical events and phenomena, but philosophical hermeneutics does not consider them (Khosropanah 2001). Gadamer insists that hermeneutics is not 'methodological'; however, all of his own writings are about the 'method' of understanding (Khosropanah 2001).

5.3. Hermeneutics of Accounting

The problem of understanding has been considered by most accounting thinkers. However, to date, only a few scholars have directly introduced hermeneutical arguments into the realm of accounting. The paucity of hermeneutical arguments in the realm of accounting is most probably because the majority of contemporary accounting theoretical research is spent on the “empiricism-critical battle”. It has been primarily assumed that hermeneutics would not accompany either empiricism or critical theory.

In this section the implications of divergent readings of hermeneutics in accounting are historically studied. The most rigorous attempts which have directly considered the hermeneutical dimension of the discipline are the research papers of Lavoie (1987), Boland (1989), Arrington and Francis (1993), Francis (1994), Cooper and Puxty (1994), and Chabrak (2005); Arrington and Puxty (1991) and Lodh and Gaffikin (1997) also represent the critical approach of Habermas which was referred to as critical hermeneutics [in a sense] in the previous section. The selected papers which represent the major hermeneutical studies of accounting are classified and reviewed in four categories. The first category covers those that consider modern hermeneutics (i.e. the tradition of Schleiermacher and Dilthey). In spite of his own claims, the work of Lavoie (1987) is classified in this category; it is of course shown that even though he has merged a considerable part of philosophical hermeneutics of Gadamer into his words, the main lane of his concern is mostly methodological rather than ontological.

Boland (1989), Arrington and Francis (1993), Francis (1994), and Chabrak (2005) introduce the philosophical tradition of hermeneutics to accounting. Their concern is mainly ontological and epistemological. They mainly intend to theorise accounting in the frame of Heideggerian philosophical hermeneutics. Even though not too precise, this category is labelled postmodernist for the sake of recognisably separating them from the modernist approach of positivists. The third category belongs to critics of the Heideggerian and hence Gadmerian approach. They introduce critical accounting research rooted in Habermas' critical reading of understanding and hermeneutics. Arrington and Puxty (1991) examine the implication of Habermas' critical hermeneutics for accounting. Lodh and Gaffikin (1997) provide an historical view of the implications of Habermas' critical school in the accounting world. The last category belongs to the most radical face of philosophical hermeneutics which is the reader oriented approach of Iser and Barthes (and many others); readers' response or reception hermeneutics. The work of Cooper and Puxty (1994), is reviewed as a recent research paper introducing hermeneutics to accounting, in this category.

5.3.1. Modern Hermeneutics of Accounting

One of the early works introducing hermeneutics to accounting is the research paper of Don Lavoie (1987). He begins with challenging the objectivistic philosophical assumptions underlying mainstream accounting research and continues with utilising the hermeneutical view to decision making. "Human decisions are not seen as objective, mechanical or behavioristic but as meaningful utterances of minds, as part of a bidirectional

communicative process.” Lavoie argues that, scientific decisions, like everyday decisions, are “interpretive processes of communication in language.” Therefore, the main part of his paper examines a hermeneutical approach of understanding in the accounting realm. He also considers the Austrian school as an interpretive version of neoclassical economics. The main line of argument of Lavoie confirms that the professional judgments made by both accounting researchers and practicing accountants are matters of interpretation.

Lavoie takes a metaphorical sentence (i.e. accounting is the language of business) as a true premise and without indicating the similarities and dissimilarities of accounting and language establishes an argument upon it. McClure (1983) bases his thesis on the same metaphorical sentence and without arguing about the nature of metaphors and without philosophising how the validity of an approach can be generalised through a metaphor, concludes that a linguistic approach is valid to accounting. A simple question represents the weakness of establishing a logical deduction in a metaphorical sense; if it is true that accounting is the *heart* of management information systems, is it reasonable to suggest medical treatment or a *heart* surgery operation for accounting?! This is the way McClure starts his argument:

[I]t is frequently claimed that accounting is “the language of business”. If this is true, then linguistic analysis is certainly relevant to accounting. (McClure 1983, p. 2)

Regardless of the challengeable reasoning of McClure, if a linguistic approach is valid to *language*, it is valid to accounting *language* and any other *language*. Lavoie also begins his deep argument with a similar weak introduction:

Accounting, as it is often said in elementary textbooks, is the language of business. In the subsequent analysis I would like to take this statement seriously and to pursue its implications for the nature of accounting research and practice. The methodological approach that is proper for the study of any language - including, I will argue, that of scientists - is not a positivistic search for falsifiable statements, but an interpretive search for intelligible meanings. Accounting theory and practice, I will argue, are matters of interpretation. (Lavoie 1987)

Despite the starting point, his philosophical argument of challenging positive research for its inability to explain accounting theory and practice and then suggesting a hermeneutical alternative approach is quite rigorous. Lavoie finds out that “in everyday language when a judgment is said to be ‘a matter of interpretation’ it is often assumed that the judgment is arbitrary.” The objectivistic reading of accounting, in which the accountant is not to state her/his own point of view on the matter of [say] the profit and loss status of the firm but to report the objective facts of the matter, sees accountants not as humans but as reporting machines. In this view, the financial reports are not to represent the accountant’s opinion, but to represent the reality of the financial facts. Such objective reports are not to be subjects of judgements and matters of interpretations. Lavoie rejects such positivistic reading of the discipline in both professional practicing and academic theorising realms.

To Lavoie accounting practice and theory are both processes of bidirectional and interpersonal communications. Accounting family members are not cement mixers; they obviously are parts of their reports, with a professional approach of communicating to the users of their reports. A true and fair audit report is a representation of the auditor's specific understanding of true and fair. In this issue, the professional judgements of accountants and auditors are naturally similar to those of academicians and researchers. "The adequacy of these professional judgments is no simple matter of calculative accuracy which can be determined independently of the concrete circumstances of the persons who make them" (Lavoie 1987).

The functional congruity of accounting and language is considered as they both not only are 'communicating systems' but also are 'thinking media'. As language is what humans say to generate and transfer a meaning to other people, accounting is what accountants do to produce and send a message to others (i.e. the users of information). As language is taken as the way humans see the world, accounting is introduced as the way people see the financial entity. These, of course, do not mean that accounting is "what the typical practising accountant knows"; as well as language that is definitely not limited to what an individual speaks. The communicative character of accounting leads Lavoie to introduce hermeneutics to accounting:

What academic and practicing accountants do is a matter of the interpretation, rather than the objective measurement, respectively, of truth and profits, but this in no way implies that such professional judgments are arbitrary. The aim of this paper, then, is to introduce accountants to a way of thinking about the kinds of professional judgments they make which treats them as

neither objective nor arbitrary, that is, which treats them as "matters of interpretation." (Lavoie 1987)

The specific approach which is introduced to accounting by Lavoie "to present a radically anti-positivist view of the nature of understanding in the sciences" is based on Gadamer's philosophical hermeneutics as he claims. Nonetheless, he occasionally uses a literary style through his essay which is not purely Gadamerian. Issues such as getting rid of ambiguity, controlling the effects of any social, cultural, historical, religious, political, environmental . . . biases, seeking algorithmic solutions for measurable problems, producing useful theory, etc. are mostly concerns of pre-Heideggerian traditions. Philosophical hermeneutics is not entirely turning around such *modernistic* methodological issues. Lavoie therefore mixes a part of methodological hermeneutics of Dilthey (1976) to his argument to gratify his cognition. As an instance, suggesting and explaining 'the hermeneutical circle' according to which "the meaning of any un-interpreted subset (say, a sentence) of a writer's life work can only be disclosed by reference to the whole (a paragraph, or the whole article, or his life's work) of which it is a part" and meanwhile "the whole is made up entirely of such parts, and thus its meaning can only be derived from theirs" is obviously a guideline of the classical tradition of Schleiermacher and Dilthey not that of Heidegger and Gadamer.

Lavoie also slightly broaches an argument about the relationship of hermeneutics with rhetoric through considering persuasion of 'good' conversations.

One implication of the hermeneutical view of knowledge, then, is that the problem of theory-choice, at its roots, is always a matter of whatever persuades open-minded but critical members of the scientific community. Science works whenever it does because it has consisted of “good” conversations, because its contributors were skilful in the art of persuasion - and of being persuaded - by “good” reasons. And the meaning of “good” in this context is itself the product of conversations. Thus there is a close affinity between hermeneutical philosophy and the ancient art of rhetoric.’ Gadamer (1976, p. 24) notes that “the theoretical tools of the art of interpretation (hermeneutics) have been to a large extent borrowed from rhetoric.” . . . Indeed, as Gadamer (1976, p. 25) points out, the rhetorical and hermeneutical aspects of language “completely interpenetrate each other.” (Lavoie 1987)

The work of Lavoie is worthy and considerable for its precedence. Ebeling (1985; 1986) also writes about hermeneutical economics and pulls the argument toward market processes. However the work of Lavoie is the first philosophical debate on hermeneutical accounting.

5.3.2. Post Modern Hermeneutics of Accounting

A number of accounting thinkers and scholars have already examined the implication of philosophical hermeneutics in accounting to a different extent. Boland (1989) cooks a tasty argument to find out that interpreting and understanding accounting follows the Gadamerian prejudgement-based approach. He had also introduced the Gadamerian approach to the realm of Information Systems prior to this research (in 1985). He (1989) starts with the classic definition that “hermeneutics is the study of interpretation and originally addressed the problem of interpreting ancient

religious texts”; the texts which are “truly alien”. The hermeneutic problem to Boland is “to gain meaning from such an alien text by engaging in an interpretative dialogue with it”. He adds that “the social world is an alien text” too; and hence subject of interpretation and hermeneutical understanding.

The social scientist is a reader of that text or, more precisely, a reader of the way social actors read that text to themselves (Geertz 1972). Thus, theory does not stand apart from action as the objective, impersonal essence of a subjective and personal performance. Rather, theory and action are inextricably bound and emerge from a common field of language practice. (Boland 1989)

Boland draws on the hermeneutical implications of Morgan’s *Images of Organisations* (1986) in the realm of accounting to examine the appreciation of the philosophical hermeneutics of Gadamer and Rorty. Accounting in this sense is essentially taken as a human practice and a socially constructed text. Morgan introduces eight images which metaphorically represent different aspects of organisations. Boland examines if and how Morgan’s ‘images’ provide a basis for understanding accounting. His study confirms that the ‘images’ are helpful in applying a Gadamerian philosophical approach in interpreting and understanding accounting.

The Gadamerian prejudgement-based understanding is observed through Boland’s examination. As mentioned through the first section of this chapter, one of the guidelines of Gadamerian philosophical hermeneutics is that interpreting and understanding a text begins with some presumptions which form a prejudgement about the context. Boland concludes that “our prejudice is the way we are open to the world and the search for truth in

interpretation is a dialogue that opens our horizon of prejudice to that of another (Boland 1989).” Morgan’s ‘images’ conform to reader’s judgement before involving accounting specifically. It is of course emphasised that the ‘images’ conform to an elementary basis of understanding all together; none of them may stand alone in this sense. Morgan’s ‘images’ therefore, conform with elements of pre-understanding, that is to say necessary elements of understanding according to Gadamer.

On the other hand, philosophical hermeneutics identifies understanding as the emergence of the horizons [of reader and text]. To Gadamer, when the horizon of reader gets close to the horizon of the text, the reader understands a meaning of the text. In this sense understanding is based on the reader’s traditions. In other words, the reader does not enter into the process of understanding with an empty mind; she/he has specific historical, cultural, psychological, etc. characteristics which determine her/his [traditional] horizon of understanding indeed. Therefore, only those meanings which appear on this horizon are understandable. Boland suggests Morgan’s *Images of Organization* as “a primer for the array of traditions we draw upon in reading the organization . . .” To Boland Morgan’s images conform with the horizons of understanding.

Another considerable part of Boland’s examination of philosophical hermeneutics through investigating Morgan’s ‘images’ within accounting is about Gadamer’s belief in a pluralistic nature of meaning. Boland concludes that the manager is urged to abandon the hope for a single reading and “to accept that multiple, conflicting readings are the best way to keep our

thinking about organizations as potent and diverse as organizations themselves.” Another issue which is lightly considered by Boland is that meanings are generated through applying Morgan’s metaphorical images, but not discovered; “meanings made by organizational actors who engage accountings and meanings made by researchers as they study accounting in its organizational context.” This issue (that the reader creates a meaning for the text) is one of the main results of philosophical hermeneutics as mentioned above. In this sense Boland has indicated that Morgan’s metaphorical approach of gaining knowledge about organisations is consistent with philosophical hermeneutics.

In conclusion, Boland (1989) insists on hermeneutics in understanding accounting. “A hermeneutic reading of accounting as text is the most hopeful way to approach an organizational understanding of accounting as a human practice.” Nonetheless he insists that implicating hermeneutics in accounting does not necessitate being only subjectivist. He does not believe in separating objective and subjective knowledge indeed.

The point to be made is that neither the subjective nor the objective can stand alone as an area of study and that we need to appreciate the nature of their genuine union in the experience of both those who use accounting and those who research it (Boland and Pondy 1983; 1986) . . . It is a mistake to pose a dichotomy between the two or to suggest that there are two different kinds of researchers (objectivist and subjectivist) who appropriately focus on one realm of experience or another . . . The objective fact is socially constructed and the symbolic meaning is empirically grounded . . . The hermeneutic turn which is taking place in the broader social sciences and which is reflected in the appearance

of subjectivist accounting research, is properly understood as a rejection of the subjective-objective dichotomy. The hermeneutic turn appreciates that our knowledge of accounting and organizations is not guaranteed by a method that separates the objective from the subjective in order to penetrate to the "laws" of the social universe. Instead, our knowledge of accounting and organizations is constructed through a social practice in which such distinctions are not meaningful. (Boland 1989)

Boland declares that Morgan (1986) has gone “beyond the false dichotomy between the subjectivist and the objectivist”. However, he (i.e. Boland) presents a specific reading of Morgan’s text that “relates it to the hermeneutic turn in the social sciences and explores its implications for understanding accounting in its organizational context as well as for doing accounting research.”

Another research paper which has introduced hermeneutics into the accounting literature with a tendency toward the philosophically post-modern hermeneutics of Gadamer, is the work of Arrington and Francis (1993). They philosophise “how the hermeneutical horizon of the economic account can be explained as an analogue to the hermeneutics of speech and the hermeneutics of writing.” Accounting here is taken as a ubiquitous aspect of human experience, and not necessarily as what was ordinarily known, an institutionally professionalised practice of accountants. Giving and receiving economic accounts is something that all humans do in diverse cultural, social, political, and economic settings. Accounts, in this sense, have economic, moral, and hermeneutical implications for those who give and receive them. The moral dimension of economic experience is outlined

according to the moral philosopher H. Richard Niebuhr, and the hermeneutical aspect of accounts is explained within a particular reading of Paul Ricoeur's philosophy; "a selective way that conceals more about his broad and intriguing hermeneutical agenda than it reveals" (Arrington and Francis 1993).

They see accounting as a "practical response to the tensions that surround moral-economic experience". This understanding of accounting performs their very different particular argument. They first offer a "one way of comprehending these moral-economic tensions, and one way of understanding why discursive practices of giving accounts are necessary in the face of these tensions", and then turn to "the question of how economic accounts come to donate intelligibility, meaning and understanding to moral-economic experience." They explain three images of what they refer to as 'the moral economic self'; self-as-maker, self-as-citizen, and self-as-answerer are the three metaphorical labels explaining three different but interrelated senses of accounting entity in this specific reading.

'Self-as-maker' refers to the productive aspect of human beings. The claims of morality in this aspect arise about "the good of production (claims about what is good) and the claim that all production is a candidate for discourse with respect to the good that it seeks." This illustrates that "economic choices and actions have a teleological moral dimension". 'Self-as-citizen' refers to the social character of the economic self. "The productive self does not live and act in isolation", but in a society/community. Economic self finds herself/himself "accountable to the values, mores, customs,

expectations, and obligations that follow from identity as a citizen". 'Self-as-answerer' represents the inter-subjective, communal, and relational character of the moral economic self. The productive entity who lives within a society, has a third moral dimension, that is her/his responding function. "Responding to questions of accountability and responsibility are now seen as hermeneutical tasks to be performed rather than mere checking of the simple correspondence between actions and ex ante criteria presumed to govern the agent" (Arrington and Francis 1993). The moral economic self dimensions are subjects of hermeneutically discursive understanding models through appropriating a selective reading of Ricoeur's structural hermeneutics.

The work of discourse can be modelled in terms of two very different structures of discourse, one that corresponds to discourse-as-speech, and another that corresponds to discourse-as-writing, These two structures have very different hermeneutical horizons; that is, very different possibilities for rendering the choices and actions of economic agents intelligible, understandable, and meaningful as moral-economic phenomena . . . to approach accounting as a broadly conceived discursive practice, it must be freed from identification with any particular language (e.g. the double-entry calculus) since such a constraint would obviously limit the giving of accounts to only those individuals competent and literate with respect to that particular language. To escape such a constraint, hermeneutical questions -- questions of meaning, interpretation, and understanding - must come to be seen as largely independent of what language is used in the giving of economic accounts. By drawing a distinction between language and discourse, Ricoeur makes just this sort of independence possible. (Arrington and Francis 1993)

By the next year (in 1994), Francis published another research paper in which hermeneutics is considered in the [general] realm of accounting. He aims to show that good auditing normatively requires the auditor to engage in a hermeneutical practice. He examines the Gadamerian philosophical reading of hermeneutics in auditing practice, and concludes that “our present understanding of auditing as a hermeneutical practice is threatened and deformed through its displacement by scientism and technocratic rationality”. Francis (1994) bases his argument upon the Aristotelian ethical sense of goodness, that is, “to be a good or virtuous auditor requires a good understanding” . . . “and a good understanding is achieved through a hermeneutically informed audit, not from a scientific audit. . . In short, “good” action as an auditor can proceed only from a “good” understanding, and “good” understanding emerges through an openly self-reflective hermeneutical audit” (Francis 1994 all emphases on “good” are from him). Francis is of course well aware that his claim that “auditing is appropriately understood and practised as hermeneutics” is “controversial from a contemporary cultural perspective because it denies the authority of objectivist knowledge in general (and in auditing in particular).”

Francis (1994) indicates that the auditor’s professional judgment has traditionally been a sort of subjective understanding. But, during the last decades “auditing has increasingly privileged objectivist knowledge and technocratic rationality”. Language is of course a matter of importance within objective knowledge gaining process. As Francis indicates, “the language of scientism and technocratic rationality is important because it affects the way

we talk about, think about, and understand auditing practice.” But the crucial role of language to Francis, leading him to a hermeneutical understanding of auditing is that, language “ultimately affects the way auditing is practised.” Francis does not focus on the centrality of language to hermeneutics; his concern is mainly to expand the idea that auditing is a normatively hermeneutical practice about which there is nothing transcendental. To Francis, the particular way in which auditing has historically emerged or is socially constituted, as well as accounting and all human practices, is entirely interpretive and hermeneutical. To him, as a critic of objectivistic approaches in accounting and auditing, “scientism and technocratic rationality deform the auditor's capacity to audit within the framework of hermeneutics and practical reasoning” (p. 263).

Following Gadamer in developing a philosophically (rather than historically) grounded argument about subjective human understanding, Francis (1994) argues about how both ‘understanding’ and ‘practice’ of auditing are deformed by scientism and technocratic rationality. He examines an implication of Gadamer’s philosophical reading of hermeneutics in auditing realm and clearly explains:

Interpretation and understanding, in auditing argot, concerns the question of whether or not the financial statements are fairly presented. To state this somewhat more hermeneutically, an auditor is situated within a practice tradition and draws on this tradition to interpret and understand the "economic text" narrated by the financial statements and to evaluate whether or not this is a reasonable narrative of the firm's economic events. The auditor, as interpreter, is distanced both spatially and temporally from the object-text to be interpreted. That is, the auditor is not "on location"

and cannot "see" when or where events occur that are to be accounted for. The auditor's interpretative task of understanding the financial statements arises precisely in response to this distance. In the same way, the owner of the firm is also distanced from the financial statements (and their meanings) and thus the economic rationale for auditing is (in part) a response to this distance between owners of the firm and the "text" of accountability produced by the managers/accountants of the firm. Somewhat surprisingly, then, the so called agency theory of the firm is compatible with philosophic hermeneutics, at least in terms of the implication of the separation of ownership and management (i.e. "distance") on the owner's understanding of the firm and the positive role played by auditing in achieving an understanding for the owner. (Francis 1994, p. 245)

Francis explains that Generally Accepted Accounting Principles (GAAP) which form a large part of the accounting tradition, are subjects of interpretation. An accountant interprets GAAP to make them sensible and hence applicable within her/his specific situation. This is called a hermeneutical account of accounting which results in an "accounting sense" of the organization's economic activity. The counterpart of GAAP in auditing, GAAS (Generally Accepted Auditing Standards) are also subject of interpretation and understanding the tradition of auditing practice. Francis implies that the hermeneutical character of auditing is even bolder than in accounting:

One could argue that there is a much stronger self-awareness of tradition and the hermeneutical character of practice in auditing than there is in accounting. One reason is that there is a more clearly defined practice community of auditors (public accountants), whereas a less clear sense of community exists amongst accountants.(Francis 1994, p. 246)

This paper of Francis concludes by examining some of the criticisms that have been voiced about hermeneutics. Showing a concern about the exchange between hermeneutics and critical thought as the main concern of the three, Francis mentions that “critical theorists like Habermas consider hermeneutical inquiry as insufficient precisely because it requires, as a supplement, a more explicitly articulated view of the social world and the consequential effect on human subjectivity. Critical research more directly probes questions of ideology and the power, domination, corruption, and historical emergence of institutions such as accounting.” Francis, however, believes in the Gadamerian view that critical theory is itself being historically situated within a tradition and is necessarily interpretive and hermeneutical in character. Announcing his tendency toward criticism, Francis argues that critical theory is essentially hermeneutical. To him, “failure to recognize the essentially hermeneutical quality of critical theory renders its practitioner monological and incapable of learning from their experience.” In other words, in response to the anxiety that introducing hermeneutics into accounting literature may reject critical research, he defends hermeneutics and demonstrates that hermeneutics covers the limits of critical theory.

Hermeneutics is critical in the sense that it underscores the finitude, the incompleteness, the fallibility of human knowledge, and the normative role of dialogical openness to achieve an authentic hermeneutical understanding and fusion of horizons. As (Warnke 1987, p. 131) suggests, "political maturity and responsibility follow not from the possession of a theory of society but rather from an awareness of our hermeneutic situation or historical horizon and hence an awareness, as he [Gadamer] puts it, that opinions opposed to our own 'could be right'". . . There are

also epistemological limits to critical theory that underscore the centrality of hermeneutics and its concern with tradition. Fay (1987) points out that critical theory's goal of emancipation and overcoming of the oppressive features of society can only be achieved through rational self-clarity and the overcoming of false and distorted understandings. . .Finally, there is an intransigent ethical problem with the emancipation project of critical theory and which once again turns the argument back to hermeneutics. It is morally problematical to presume an individual is emancipated and empowered only if that requires or presumes the rejection of their cultural heritage. Fay (1987, p. 162) agrees with the basic hermeneutical point that our very -subjectivity is derived from participation in tradition. (Francis 1994, p. 266)

One of the most recent works introducing hermeneutics to accounting is a research work of Chabrak (2005). Through criticising positive accounting theory, she comes to the position that positive research fails to recognise “the socially constitutive character of academic knowledge”. Doubting and criticising the possibility of positive theory in providing “a reliable concept of what accounting policy really is”, she intelligently rejects positive research and alternatively offers phenomenological hermeneutics as a framework for exploring and constructing a new understanding of organisational accounting policy. Chabrak alludes to the dynamic and multidimensional nature of accounting (as indicated in chapter 4) as well as its social integration. Seeing accounting as ‘dynamic’ and ‘multidimensional’ prevents her from accepting a static and single methodology such as positivism.

Accounting practices consist in part of the meanings and sense the practitioners give to their acts and choices. These are

conditioned by cultural aspects and values of the society to which they belong. This means that the description of an accounting practice as social phenomenon requires interpretation of cultural symbols and the underlying significations (Whitley 1988). Why attempt to grasp singularity through generality? Human experience can only be revealed and take form and meaning in the framework of its unique, historical context. Human experience cannot be grasped by particularizing a law, because it never ceases being an individual case, a unique phenomenon that is accessible only as a whole. (Chabrak 2005)

The first section of Chabrak's argument concludes that positive accounting theory fails to identify accounting comprehensively, because of its basic limitations in understanding the social aspects of academic knowledge as well as its underlying value predispositions. This criticism leads her to suggest hermeneutical prejudgement-based understanding and propose "hermeneutic phenomenology as an approach to construct a new understanding of organizational accounting policy" in which, "the researcher has to learn to live with prejudices, without being transcended".

Hermeneutic phenomenology allows understanding to be constructed in the immediacy of the experience, in other words, in continuity with the phenomenon reality. Accounting research should give an understanding of accounting as a social practice by adopting contextual paradigms. (Chabrak 2005)

Chabrak bases the second section of her paper on Ricoeur's phenomenological, and hence Gadamer's philosophical, readings of hermeneutics. Within this tradition of hermeneutics, an accounting researcher is a *reader* whose social culture, historical tradition, political institution, intellectual position, etc specify her/his understanding horizon. In this sense,

every individual researcher has expectedly a differently particular interpretation of an accounting text. “In Ricoeur’s words, because we are different, our subjectivity is different, and our interpretations, understandings and knowledge are different.” As mentioned above, according to philosophical hermeneutics [which underpins Ricoeur’s approach], a unique interpretation of a text to be labelled as the only true, final, and complete interpretation does not exist. This hermeneutical reading is suggested through Chabrak’s (2005) paper, as an alternative to positivism to cover the weakness of positivistic research in theorising accounting.

5.3.3. Critical Hermeneutics of Accounting

A part of accounting literature in this realm is the research paper of Arrington and Puxty (1991) through which “the value of Jurgen Habermas’ theory of communicative action to the critical accounting research agenda” is suggested. Arrington and Puxty outline “the formal pragmatic properties of accounting as communicatively rational social action, juxtaposing those properties against more customary senses of the term rationality in the context of accounting.” Their claim is that “accounting acts always and already are implicated in the teleological possibilities and actualities that inform objective, intersubjective, and private experience”. They examine the implications of Habermas’ reciprocal notions of communicative rationality to accounting and argue that accounting is mainly a rational social action.

The implication of Habermas’ critical reading of understanding and hermeneutics within accounting research is also examined by Lodh and

Gaffikin (1997). Their argument criticises positivistic mainstream research and comes to the suggestion of an alternative critical methodology for the discipline. This paper presents an historical review of the accounting literature supporting their argument of replacing positivism with critique and concludes that “the notion of Habermasian emancipatory interest (only) can be considered a potential advancement in making sense of researching accounting as an interested social and institutional practice.”

5.3.4. Reception Hermeneutics and Accounting

Cooper and Puxty (1994) examine the implication of reception hermeneutics, specifically the poststructuralist reading of Roland Barthes, to show how an accounting text can be disrupted by the reader. This reading of hermeneutics necessitates their critique of the linkages between accounting texts and the intentions of their authors. They announce their belief in the freedom of the author in actively reading and interpreting a text. To them, according to Barthes' hermeneutics, the interpretation and hence understanding of an accounting text (e.g. a financial statement, a legislative act, an audit report, a commercial code, an accounting standard, an academic paper or book, etc) “will vary from reader to reader just as it varies from text to text.” It is possible to present more than one interpretation for a single text. Nonetheless, they acknowledge that the number of possible constructions of a text is not infinite. Believing in plurality of meanings, they argue that a text is not closed on a singularly fixed meaning:

The text is opened up and it becomes legitimate to allow multiple interpretations. . . Belsey (1985) writes that meaning is

never a fixed essence inherent in the text but is always constructed by the reader, the result of a “circulation” between social formation, and text . . . texts are open to play, to a continual reconfiguration as the reader herself develops, and as the social configuration of the reader changes. If a reader always rewrites the text then other readings, for example feminist readings, would not be an illegitimate distortion, but an acceptable product. (Cooper and Puxty 1994)

Cooper and Puxty indicate that “the suggestion that texts have an inherent and legitimate multiplicity is not new” in general, but it should be examined in the realm of accounting. Their paper concludes that financial statements and other accounting reports fail to provide a single, authoritative, or accurate interpretation of reality. Without arguing about similarities or differences between artistic senses and scientific concepts, they bring an example from the realm of cinema confirming the possibility of presenting several different interpretations about a specific film. To them, the same way a viewer interprets a film to generate a particular meaning she/he prefers to understand, is applied to accounting texts. This approach is referred to as ‘active reading’.

5.4. Conclusion

This chapter consisted of two sections. The first section provided an introductory explanation of divergent readings of hermeneutics and the last section illustrated an historical review of that part of the accounting literature that considers the interpretive and hermeneutical perspective of the discipline. It is revealed through the chapter that accounting theory and

practice is a text and hence a matter of interpretation. The implications of the major readings of hermeneutics in accounting are reviewed. This chapter did not establish a new philosophical or critical approach in this realm. As an historical research [practice] this chapter concludes that there is not a strong agreement amongst the few researchers and thinkers who have already considered the hermeneutical dimension of accounting on a single reading of hermeneutics. Differences in paradigmatic concerns, cognitive interests, ontological beliefs, etc of the thinkers lead them to establish different theorising approaches.

The methodology of this chapter was intentionally historical. An historical study is a primary stage of philosophising and theorising the hermeneutical dimension of the discipline. It is not claimed that the chapter covers every single related issue. However, the majority of writings on hermeneutics of accounting were reviewed to explore the significance of language to theorising in accounting. It is concluded, through the historical study of hermeneutical accounting, that the main differences between the philosophers of hermeneutics are drawn into the accounting realm.

It is not totally agreed amongst the accounting scholars whether a true accounting meaning exists or not, if there is a true meaning whether it is possible to understand it or not, whether a true meaning is singular or plural, whether the assumed true meaning is representively related to a real fact or not, whether the assumed true meaning of an accounting text (such as a financial statement) represents the mind of its author (e.g. the accountant) or not, whether the reader is allowed to understand whatever she/he expects (in

relation to her/his own ontological paradigm) or not . . . A contribution of this chapter is to explain that these sorts of disagreements and divergences are directly rooted in the realm of philosophy of hermeneutics that has appeared with more than seven divergent faces through its history. The next chapter closes the dissertation with the summary and results of the whole study.

Chapter 6. Conclusion

This report, by its very length, defends itself against the risk of being read.

Winston Churchill

6.1. Introduction

This thesis has looked across the significance of language for accounting theory and methodology and has studied the issue through three interrelated approaches. Some lingual problems of accounting were linguistically analysed to conclude that a linguistic problem produces misunderstandings and difficulties in accounting theory and practice. A philosophical debate explored the linkage of accounting thought to language as well as culture and history. Finally an historical study came about to examine the significance of language in accounting through reviewing the hermeneutical perspective of the discipline. This thesis concludes with support for the primary aim of the research that in understanding and

improving accounting theory and practice, language has an extensive empirical, philosophical, and historical presence. The current chapter presents a summary of this thesis' findings and contributions. The difficulties and limitations with which this research project has been involved are then listed, and finally the important research proposals are suggested.

6.2. Summary

As outlined in chapter one, the body of this thesis is organised within four chapters to cover three different arguments about the presence of language in accounting theory and practice. Chapter 3 approaches a linguistic analysis of accounting language to show that linguistic problems cause difficulties and misunderstandings in accounting. Chapter 4 presents a philosophical debate on how accounting theory and methodology are interrelated to language. Chapter 5 illustrates a hermeneutical perspective of accounting literature through an historical study. Prior to these, chapter 2 establishes a systemic approach of understanding, to provide a theoretical background for merging all three views of the issue and concludes with a holistic understanding of accounting and language. In this section a summary of the contents of the body chapters is presented to extract the findings and contributions of the research.

Chapter 2 establishes a theoretical, introductory foundation for identifying accounting and language as two interrelated high level systems. General Systems Theory is selected as the most reliable way to understand the world in a holistic sense. It is illustratively shown that systems thinking

suggests a more spacious understanding of the world in comparison to its precedent schools of thoughts because of its holistic sense. Chapter 2 shows that systems thinking school covers both objective and subjective concepts. The language of systems thinking is discussed as one of the most important misunderstood attributes of systems; this misunderstanding produces difficulties and misunderstandings in describing high level systems. It is argued that systems thinking language, contrary to that of positivists, is not a unique and necessarily objective one. The complexity level of systems thinking language is determined in relation to the complexity level of the system in which it is used.

Chapter 2 criticises the scientific (i.e. positivistic) approach for using unmatched language in theorising accounting. Figurative and mathematical models despite their accuracy in the realm of Frameworks and Clockworks, fail to theorise accounting which stands in the level of Social Organisations or higher (see figure 2-1). Chapter 2 suggests that high level languages be used in the theorising of accounting and language systems as both stand at very high levels of complexity. An implication of General Systems Theory in identifying language is examined in chapter 2. The main attributes and characteristics of language are discussed. Moreover, a metaphorical language is employed to envisage the functional and structural characteristics of language. The interactions of language with culture, history and thought are also studied. And, finally, through introducing linguistics as a discipline which is concerned with the problems and behaviour of language, a number of problems and difficulties of language are introductively discussed.

Ambiguity, translation, and acronyms are considered in chapter 2 for they cause and produce difficulties and misunderstandings in the realm of accounting and finally the relevance of linguistic approaches in dealing with such linguistic problems is approved.

The linguistic problems which are introduced in chapter 2 are consequently examined in the realm of accounting in chapter 3. The aim of chapter 3 is to show that a linguistic problem may produce difficulties and misunderstandings in accounting. Through this chapter it is confirmed that paying less attention to the language and linguistic problems of accounting causes some basic difficulties in its ability to educate, the profession itself, regulations, etc. Chapter 3 examines the implication of linguistic approaches to accounting through some case studies and conclusively emphasises the relevance of linguistics for accounting. The main aim of the whole research that language is very important in accounting theory and methodology is also entirely supported throughout this chapter. It comes within two main sections. The first section of chapter 3 reviews the historical background of the linguistics of accounting and shows that implicating a linguistic approach to accounting is widely considered through the English accounting literature. Iranian accounting suffers from a paucity of such research attempts. The few Iranian studies in this realm are reviewed. The last part of chapter 3 studies a few cases of Iranian accounting language in which a sort of linguistic problem is observed.

The presence of some linguistic problems, i.e. translation, ambiguity, and acronyms, in Iranian accounting is examined through a number of case

studies in the last section of chapter 3. The Persian word hesaabdaaree which is supposed to mean 'accounting' and 'accountancy' is viewed as a crucial case of misleading accounting terms. It is argued that this word causes significant misinterpretations and misunderstandings of the sense of 'accounting' as meant in English language and culture. The other term that is studied as an ambiguous case of Persian accounting terminology is the word 'sarghoflee'. It is argued that sarghoflee is not representing its supposedly equivalent, 'goodwill'. This case exemplifies the two linguistic problems, translation and ambiguity. Bedehkaar and bestaankaar are also alluded to as two ambiguous cases of Iranian accounting terms that make its education difficult particularly with non-accounting (e.g. management and economics) students. The third linguistic problem which is discussed for the first time in the realm of accounting language is the contemporary rapidly increasing use of acronyms. Through indicating some of the dangers of acronyms it is suggested to stop building and using them. Acronyms are not functionally and structurally parts of language.

Chapter 4, the centrepiece of this thesis, focuses from a philosophical perspective, on the significance of language for accounting theory and methodology. It consists of three arguments. First, a philosophical argument about the relationship between language and thought is presented. This argument is based on a critical reading of Frege's philosophical definition of thought. It is demonstrated that truth and falsity have different natures and because of their different natures they are developed through different approaches. It is argued that truth is discovered while falsity is

created. Based on this philosophy, it is then taken that accounting theory is discoverable not creatable. Secondly, the historical development of accounting thought is reviewed. It is declared that accounting does not have a generally accepted theory as yet. It is restated that despite sharing a single ontology, accounting scholars have demonstrated different views of accounting. These findings lead chapter 4 to identify accounting as a multidimensional discipline. The main disagreements between accounting thinkers are described and then the processes of generalising positive theories and identifying boundaries of the discipline are challenged. A new explanation of accounting that introduces accounting as a multidimensional discipline is presented. It is then demonstrated that language has a different and specific sort of function within every dimension of accounting.

In following chapter 4 that introduces three interrelated dimensions of accounting as empirical, critical, and hermeneutical, chapter 5 concentrates on hermeneutics of accounting and presents an historical analysis to examine the significance of language in understanding accounting. Hermeneutics has many different readings and definitions. Chapter 5 examines the implication of divergent readings of hermeneutics through the accounting literature. It is presumed that historical research provides an insight for future critical and philosophical arguments. Chapter 5 is organised within two sections. The first section provides an introductory explanation of divergent readings of hermeneutics and the last section illustrates an historical review of that part of accounting literature which considers the interpretive and hermeneutical dimension of the discipline. It is revealed

through chapter 5 that accounting theory and practice is a text and hence a matter of interpretation. The implications of the major readings of hermeneutics in accounting are reviewed. As an historical research, chapter 5 concludes that there is not strong agreement amongst the contributors who have considered the hermeneutical dimension of accounting on a single reading of hermeneutics. Differences in paradigmatic concerns, cognitive interests, ontological beliefs, etc. of the thinkers lead them to establish different theorising approaches.

6.3. Contributions

This research concludes with a list of the main and minor findings and its contributions. The main line of this research was examining the significance of language for accounting through different approaches. A number of linguistic cases are analysed to see how a linguistic problem which is drawn into the accounting realm produces difficulties and misunderstandings. A philosophical argument is presented about the interrelationship of language and thought to see how powerful language is in the mixing up of true and false meanings. Historical studies are presented to explain an interpretive view of accounting. The main findings and contributions of the research are extracted as follows:

1. The presence of some linguistic problems in Iranian accounting is examined. Translation, ambiguity, and acronyms are discussed as the most problematic lingual issues of accounting (sections 3.3 and 3.4). The Persian term hesaabdaaree is analysed to see if it produces

misunderstandings. The linguistic analysis of hesaabdaaree is approached through both localistic and holistic lexical semantics. Both examinations confirm that the Persian word hesaabdaaree is definitely problematic. The Persian accounting term sarghoflee which is used as the equivalent of accounting 'goodwill' is also linguistically analysed. It is found that both goodwill and sarghoflee are ambiguous in several ways. It is even found that the different meanings of goodwill and sarghoflee do not overlap each other. These two case studies confirm that translation and ambiguity are two linguistic problems of accounting which produce and cause misunderstandings and difficulties within Iranian accounting education, regulation, theorising, etc. These cases also show the relevance of a linguistic approach to accounting.

2. Another major contribution of this research (section 3.4.4) is its discussion about the dangers of acronyms. It is discussed, for the first time in accounting literature, that acronyms produce misunderstandings and misinterpretations. It is illustrated how acronyms produce difficulties in accounting theory and practice particularly when they are copied from English into Persian.
3. A philosophical argument about language and thought is presented (sections 4.2 and 4.3). This argument is based on criticising Frege's philosophy which describes how truth and falsity have different natures and hence different methods of inquiry. It is philosophised that true meanings exist in the realm of language to be discovered while false meanings are created. On this basis it is concluded that accounting

thought (as well as any human knowledge) is not to be created but discovered.

4. A creative breakthrough of this research is the explanation that accounting is a multidimensional discipline. Three major dimensions of accounting are explained as empirical, critical, and hermeneutical (section 4.8). The implications of Habermas' philosophy in multidimensional identification of accounting are also examined (section 4.9). It is found that multidimensional accounting is positively supported by the Habermasian philosophical classification of human knowledge.
5. And finally the hermeneutical dimension of accounting is historically explored (chapter 5). The implication of divergent readings of hermeneutics in accounting is examined through an historical study and it is conclusively shown that different readings of hermeneutics have different implications for accounting. It is found that accounting theory contributors do not agree on implicating a single reading of hermeneutics in accounting.

In addition to the above contributions, as in any other academic research, a number of minor findings have emerged from this long term research project. Needless to indicate that the minor contributions are entirely related to the main aim of the research. They, however, stand as either the findings of necessarily theoretical introductions of chapter 2 and 4, or the considerable subsidiaries of chapter 3. A brief list of minor contributions of the thesis is extracted as followings:

6. The implication of General Systems Theory in explaining the characteristics and features of language is positively examined (section 2.4).
7. The 'globalisation theory' in the sense of establishing a unique language for all people around the world is criticised (section 2.5).
8. Ambiguity, translation, and acronyms as some of the linguistic problems that produce misunderstandings and difficulties in human communication are explained (section 2.8).
9. The historical study of Iranian accounting literature shows that language has not been considered as an important issue in improving accounting theory and practice as yet (section 3.2.1).
10. Through reviewing linguistic studies of international accounting literature it is concluded that English accounting contributors have seriously considered language and linguistics in theorising and practising accounting. The relevance of divergent approaches of linguistic analysis in accounting is historically examined (section 3.2.2).
11. The philosophical essay of Frege which is universally regarded as a masterpiece of western schools of thought is conservatively questioned. The outcome of this criticism is a refined reading of Frege based on which a distinction between truth and falsity in terms of their nature and hence their methods of inquiry is recognised (section 4.3).
12. The development of accounting thought is historically reviewed. This study confirms as have previous studies that accounting does not have

a generally accepted theory as yet. It shows that despite sharing a single ontology, accounting scholars have demonstrated different views of accounting (section 4.5).

13. It is argued that the majority of disagreements between accounting theoreticians are matters of lingual misinterpretations and disagreements. A theoretical background on classifying disagreements as either lingual or non-lingual is presented (section 4.6).
14. Two features of positive research, generalising theories and boundary presumptions, are criticised (section 4.7).

6.4. The Limitations of This Research

Along with all general difficulties and limitations an overseas PhD student may face in an Australian university, this study has suffered from a particular problem without which a more qualified thesis could have been presented. A major part of this research has focused on linguistic problems of Iranian accounting. This part has suffered from the difficulties of access to the accounting and linguistics [Persian] literature. A short period of travel to Iran came about midway in this study through which some materials were collected. Personal contacts with a number of colleagues were also helpful in collecting some data. Parts of the requirements were found through websites. However, the linguistic part of this thesis obviously suffers from the paucity of related Persian [academic] resources. A fair claim about the linguistic analysis presented in this thesis, is to call it a research practice then; a practical attempt to emphasise the relevance of linguistics to the [Persian]

accounting literature. Further linguistic studies about Iranian accounting and any related area ought to either be performed inside Iran or be planned to organise a number of data collection trips to the field.

6.5. Proposed Research

This research does not claim to be conclusive research but as the foundation and basis of future studies. The best explanation for the current bound pages is to say this is a research practice that scratches the surface of accounting theory and methodology. Criticising this study, therefore, is the most welcomed suggested research proposal. The significance of language for accounting theory and methodology is not a matter of objectivistic observation to be explained conclusively. Such a theoretical subject will always stand as a matter of philosophising within different languages and different cultures by different thinkers and researchers through different ages. Rather than criticising and rejecting this thesis, a number of subjects are audaciously suggested as areas to be studied. These issues have been directly alluded to throughout the thesis; however, either the limitations of the research have not allowed them to be concluded or the issue is not a matter of being researched once for all but to be the subject of continuous repeated research attempts.

A crucial effective element of understanding which is particularly considered within the realm of human sciences and hence in economics and accounting (see for instance: Arrington and Schweiker 1992; Arrington and Francis 1989; Merino and Mayper 2001; McCloskey 1983; Brown 1987;

Mouck 1992; Carruthers and Espeland 1991; Carlston 1987; Crum 1990) is the persuasive approach of using language: *rhetoric*. The present research was planned to supply a chapter on the rhetorical aspect of accounting. This could be both a matter for historical and critical studies. A considerable amount of time was spent on this issue. However, the general and particular limitations of the research impacted on the thesis structure so that rhetorical accounting, despite its significance, did not mature enough to be presented concurrently. An initial literature review shows that Iranian accounting and its neighbouring disciplines (i.e. economics, management, etc.) suffer from the lack of research publications on the issue of rhetoric.

This research has also shown the lack of mature linguistic research publications in Iranian accounting literature. Linguistic analysis research proposals are continuously needed in accounting. They are also matters for local study. Even though the major part of academic needs (e.g. sciences, mathematics, engineering, etc.) of a developing country such as Iran might be imported through translating English, French, German . . . books and articles, crucial parts of knowledge that are of a native and local nature, are to be generated locally. Despite the procedural accounting techniques already generated and explored universally, the social and critical aspect of accounting is not a matter of being universally theorised. Linguistic problems of Iranian accounting are definitely not matters of universal concern to be generated by non-Persian researchers. It seems that every accounting researcher should consider language and linguistics meanwhile within her/his

particular research attempts in order to optimise accounting language and hence improve accounting knowledge.

Contrary to empirical and critical perspectives of accounting, hermeneutical perspective of accounting is not well explained and theorised as yet. Hermeneutical accounting is quite young and premature. Therefore, different types of research attempts are required in this realm. The current research has explored an history of hermeneutical perspective of accounting. It shows that a very few number of research papers have concentrated on this issue to date. The implications of different readings of hermeneutics in accounting have not been examined as yet. For example, reader-oriented readings of hermeneutics have not as yet been considered within accounting. The positions of accounting statements' producers and their users in discovering or creating the meaning of the statements are to be theorised both philosophically and critically. These sorts of studies for their social and cultural nature are not subjects of a single theory to be generalised as a single universal accounting. These are subjects of local studies within every individual nation's accounting.

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is Laureen A. Maines and the Principal Author of this paper is Linda Vincent.)

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Appendix 1: English Acronyms in Persian Scripts

It seems normal to put an English acronym in a Persian script nowadays. Here are six instances extracted from a few pages of an Iranian daily newspaper¹. Thousands of acronyms appear in Persian publications every day. These examples show that English acronyms as they are in English scripts appear in Persian scripts without any change. Not only the appearance of these Persian texts seems out of harmony, but also its reading is problematic. The pronunciation of English letters varies between different groups of Iranians and it is not odd to hear some people pronounce a mixture of French, English, Arabic, and Persian (e.g. H₂O is mostly pronounced as /hʌ[.do.o/ which is French 'H', /hʌ[/, Persian 'two', /do/, and English 'O!'). Graphology of Persian is also different with English. Firstly its script is right-to-left while English and most of others are left-to-right. Secondly in Persian a word is basically a bunch of letters attached together, Iranians are not trained to read separated letters easily. The English acronyms appearing in these examples produce an interruption while reading.

Please see print copy for this chart.

1) Ettela'at 20/5/2006 S/N 23631: شنبه ۳۰ اردیبهشت ۱۳۸۵ - ۲۲ ربیع الثانی ۱۴۲۷ - ۲۰ مه ۲۰۰۶ - شماره ۲۳۶۳۱

Appendix 2: Persian Letters and Phonemes

The Persian phonology is constructed from 23 consonants and 6 vowels. The 23 consonants appear in 32 letters. Some of these 32 letters represent Arabic phonemes, which are rarely pronounced by ordinary Persian speakers except in reading the Holy Quran and Prayers. The following table provides a simplified list of the Persian consonants.

	Persian Letter	English Scripture	Phonetic Symbol	English Example	Persian Example
1	ا (ء) - ع	'	'	-	<u>Ba'd</u> /bæ'd/
2	ب	B / b	b	Bed /bed/	<u>Bad</u> /bæd/
3	پ	P / p	p	Pen /pen/	<u>Paa</u> /pΛ/
4	ت - ط	T / t	t	Tea /ti/	<u>Tan</u> /tæn/
5	ج	J / j	j	Jam /jæm/	<u>Jad</u> /jæd/
6	چ	Ch / ch	tʃ	Chat /tʃæt/	<u>Chap</u> /tʃæp/
7	ه - ح	H h	h	Hat /hæt/	<u>Ham</u> /hæm/
8	خ	Kh / kh	ɣ	-	<u>Khar</u> /ɣær/
9	د	D / d	d	Did /did/	<u>Dik</u> /dik/
10	ز - ذ - ض - ظ	Z / z	z	Zoo /zü/	<u>Zoor</u> /zür/
11	ر	R / r	r	Red /red/	<u>Ram</u> /ræm/
12	ژ	Zh / zh	ʒ	Vision /viʒn/	<u>Zhaaleh</u> /ʒΛ.le/
13	س - ص - ث	S / s	s	Sad /sæd/	<u>Sard</u> /særd/
14	ش	Sh / sh	ʃ	Shoe /ʃü/	<u>Shen</u> /ʃen/
15	ق - غ	Gh / gh	ġ	-	<u>Gham</u> /ġæm/
16	ف	F / f	f	Fat /fæt/	<u>Fan</u> /fæn/
17	ک	K / k	k	Cat /kæt/	<u>Kam</u> /kæm/
18	گ	G / g	g	Gift /gift/	<u>Gorg</u> /gorg/
19	ل	L / l	l	Leg /leg/	<u>Lam</u> /læm/
20	م	M / m	m	Man /mæn/	<u>Mard</u> /mærd/
21	ن	N / n	n	Nag /næg/	<u>Nam</u> /næm/
22	و	V / v	v	Valid /vælid/	<u>Vaam</u> /vΛm/
23	ی	Y / y	y	Yes /yes/	<u>Yek</u> /yek/

There are also six vowels which are classified into two groups: Short vowels and Long vowels. The Short vowels are the three vowels which are not written as letters. For example, in the word شن there are (from right to left) only two letters ش and ن, but it is pronounced as shen /ʃen/ which contains three phones. The more precise type of writing in Persian is شین which is constructed from two letters and a small sign (slope dash) under the first one (i.e. ش ن from right to left). Therefore in Persian with the two letters ش and ن we can write three words: شن /ʃæn/ (meaningless), شَن /ʃon/ (meaningless), and شین /ʃen/ (means sand). A unique word form represents two or more meaningful words in many cases. The Long vowels are the three vowels which are written in the text by using some particular consonants. The following table presents a simple list of Persian vowels.

	Persian sign	English scripture	Phonetic symbol	English Example	Persian Example
1	َ	A / a	æ	Man /mæn/	<u>Man</u> /mæn/ [<u>Man</u> : I, me]
2	ِ	E / e	e	Ten /ten/	<u>Shen</u> /ʃen/ [<u>shen</u> : sand]
3	ُ	O / o	o	Boy /boy/	<u>Dom</u> /dom/ [<u>dom</u> : tail]
4	آ	Aa / aa	ʌ	Tub /tʌb/	<u>Ketaab</u> /ke.tʌb/ [<u>ketaab</u> : book]
5	ای	Ee / ee	ī	Seem /sīm/	<u>Seem</u> /sīm/ [<u>seem</u> : wire]
6	او	Oo / oo	ü	Food /fūd/	<u>Dood</u> /dūd/ [<u>dood</u> : smoke]

Appendix 3: A Selected List of the Combinations of the Suffix Daaree

Bonakdaaree /bo.næk.dʌ.ri/ [bonak: store] Shopping, grocery store, food market,
the business of selling food materials such as cheese, oil, rice, etc.

Bonakdaar /bo.næk.dʌr/: Wholesaler

Daamdaaree /dʌm.dʌ.ri/ [Daam: domestic animal] cattle farm, caring for domestic
animals such as sheep, cow, goat, etc. to use their meat, milk, etc.

Gaavdaaree /gʌv.dʌ.ri/ [Gaav: Cow] A particular cattle farm only for cow; owning,
feeding, and caring for domestic cows to use their meat, milk, etc.

Morghdaaree /morɣ.dʌ.ri/ [Morgh: Chicken, Chick] chicken farm

Ketaabdaaree /ke.tʌb.dʌ.ri/ [Ketaab: Book] library science, library services.

Ketaabdaar sb trained in library science and engaged in library services.
Librarian.

Maghaazehdaaree /mæ.ɣʌ.ze.dʌ.ri/ [Maghaazeh: shop, store] shopping, business
of buying and selling groceries. Maghaazehdaar: shopper, grocer.

Dokkaandaaree /dok.kʌn.dʌ.ri/ [Dokkaan: shop, store] shopping, business of buying
and selling groceries. Dokkaandaar: shopper, grocer.

Baaghdaaree /bʌɣ.dʌ.ri/ [Baag: garden] gardening, taking care of garden, growing
trees in the garden. Baaghdaar: gardener, Orchard man.

Khaanehdaaree /kʰʌ.ne.dʌ.ri/ [Khaaneh: home, house] housekeeping,
householding, housecleaning, managing family affairs at home such as
cooking, cleaning, shopping, caring for babies, and so on. In hotels there is

an office named Khanehdaaree which is responsible of cleaning and maintaining hotel rooms.

Raahdaaree /rʌh.dʌ.ri/ [Raah: road, way, path, street, way] taking care of, maintaining, and . . . cleaning a road.

Sarreshtehdaaree /sær.reʃ.te.dʌ.ri/ [sarreshteh: competence, skill] a job in accounting department of king's palace. Sarreshtehdaar: paymaster, Chief cashier.

Tankhaahdaaree /tæn.ɔʌh.dʌ.ri/ [tankhaah: Fund, revolving fund, petty cash] the job of Tankhaahdaar. Tankhaahdaar is someone who pays small amounts of expenses on behalf of his lord. This word has changed to tankhaahgardaan /tæn.ɔʌh.gær.dʌn/ in Iranian accounting terminology from about 50 years ago.

Shahrdaaree /ʃæhr.dʌ.ri/ [shahr: city, town] Mayorship, City council office. Maintaining, managing, and cleaning a city; City Management. Shahrdaar: Mayor.

Bakhshdaaree /bæɔʃ.dʌ.ri/ [bakhsh: suburb, small town] Maintaining, managing, cleaning . . . a small town. The office that does so. Sherifdom. Bakhshdaar: mayor of a small town.

Dehdaaree /deh.dʌ.ri/ [deh: village] Maintaining, managing, cleaning . . . a village. The office that does so. Dehdaar: mayor of a village.

Khazaanehdaaree /ɔʌ.zʌ.ne.dʌ.ri/ Khazeenehdaaree /ɔʌ.zi.ne.dʌ.ri/ [Khazaaneh: treasure house, treasure] treasury, treasurership, treasure department. Khazaanehdaar, khazeenehdaar: treasurer.

Keleeddaaree ke.li.dʌ.ri/ [keeled: key]. Keleeddaar is someone who keeps the keys of a building to open and close the doors for safety. Guard. Security officer. Turnkey. Gaoler.

Jaamehdaaree /JΛ.me.dΛ.rī/ [jaameh: Garb, dress, clothes] an office in king's palace (and in public baths also) whose duty was to maintain clothes; the job of jaamehdaar. Jaamehdaar was a person who held and took care of clothes. Years ago in king's palace there were several people maintaining king's clothes. In the public bathes, there were people who held the dresses of people when they went into the public baths to take a shower. This is not a job nowadays because every house has a bath and there is no longer any king in Iran. However, the words are meaningful to people and they appear in tales.

Rakhtdaaree /rækt.daarī/, Rakhdaaree /ræχ.dΛ.rī/ [Rakht: dress, clothes] the business of watching clothes where needed. E.g. when people went to the sport fields they needed someone to watch their things particularly their clothes. This was also a department of Ghajar's regime (kingdom) in which the new (unused) garbs, dresses, clothes, and so on were watched. Rakhtdaar, or Rakhdaar was someone who worked in Rakhtdaaree and his duty was taking care of the clothes.

Chaarvaadaaree /tʃΛr.vΛ.dΛ.rī/ [chaarvaa = chaar: four + vaa (paa): leg = animal, donkey] the agency which maintained donkeys and horses and people could hire them to carry their things or travel on them. Not subject of today's life in cities but in villages.

Kaaravaansaraadaaree /kΛ.ræ.vΛn.sæ.rΛ.dΛ.rī/ [Kaaravaansaraa = Kaaravaan: caravan, travelling group of people + saraa: house, camp] People had to travel in groups for safety and for the slow vehicles it took them several days to go from one city to another. Karavaansaraa was a place that the travelling groups could stay and rest in at night. Kaaravaansaraadaar manager of Kaaravaansaraa.

Daalaandaaree /dʌ.lʌn.dʌ.ri/ [daalaan: hall, Vestibule, lobby, corridor, porch, house, camp, where people bought and sold goods, public market place] owning and managing a market place. Daalaandaar was the owner of a big covered area and lent the sellers small parts to sell their goods. This service is nowadays mostly provided by the city mayor at weekend street markets.

Seraayehdaaree /se.rʌ.ye.daari/, Seraaydaaree /se.rʌ.y.daari/, Seraadaaree /se.rʌ.dʌ.ri/ [seraa: house]. Seraayehdaar, Seraaydaar, seraadaar someone who guards and maintains a house (buildings); Caretaker; Conservator; Custodial; Custodian; Janitor.

Aabdaaree /ʌb.dʌ.ri/ [aab: water, drink]. Aabdaar was responsible for drinks, he held and served different types of drinks at a bar or café.

Sharaabdaaree /ʃæ.rʌb.dʌ.ri/ [sharaab: drink, wine]. Sharaabdaar Cupbearer, Tapster.

Choobdaaree /tʃüb.dʌ.ri/ [choob: wood] 1-buying and selling sheep, goat, cow . . . (shepherd held a piece of wood to control sheep) 2- the business of holding the scale to weigh and record the weight. (Scales (T-shaped or any type) were made of wood).

Rekaabdaaree /re.kʌb.dʌ.ri/ [rekaab: pedal, treadle]. Rekaabdaar was someone who held the treadle of the horse with his hands and helped his lord to ride on the horse. He was living and travelling with his lord as his/[seldom her] servant.

Maktabdaaree /mæk.tæb.dʌ.ri/ [maktab: school] owning or managing and teaching at a traditional (i.e. mostly religious) school. Maktabdaar: Traditional teacher.

Davaatdaaree /dæ.vʌt.dʌ.ri/ [davaat: ink, inkwell, inkstand] the job of davaatdaar.

Davaatdaar was someone who worked as writer in the king's palace.

Davaatdaar held ink, pen, paper, etc. and wrote whatever his lord ordered; equal to today's typists' job.

Tashtdaaree /tæʃt.daari/. [tasht: washtub, finger bowl] Tashtdaar was someone who

worked as a servant in the king's palace or lords' houses. His job was to clean and care ewers and finger bowls and bring them to the table before and after food time to wash his lords' hands.

Aaftaabehtaaree /ʌf.tʌ.be.daari/, Lolaheendaaree /lov.læ.hin.daari/,

Lolahangdaaree /lov.læ.hæng. daari/, Ebreeghdaaree /eb.riġ. daari/

[Aaftaabeht, Lolaheen (Lolahang), Ebreegh: Ewer, pitcher . . . (different types)] a job in the king's palace and the lords' houses. Aaftaabehtaar, Lolaheendaar, Lolahangdaar, or Ebreeghdaar was a person who held the ewer and washed his lord's hands before and after food as well as his lord's feet to rest. The same job was in schools and mosques also but the worker who did the job was only responsible to take care of the ewers and people (students, prayers ...) took the ewer to wash them in the toilet. This job exists in poor areas where as yet there is not a modern water network (pipes).

Selaahdaaree /se.lʌh.daari/, Aslehehtaaree /æs.le.he.dʌ.ri/ [Selaah, Asleheh:

Weapon (Gun, Sword . . .)] the office in the army which has responsibility to store, maintain, record, control . . . the weapons.

Gallehtaaree /gæl.le.daari/, Ramehtaaree /ræ.me.dʌ.ri/ [Galleh, Rameh: herd,

drove] driving a herd, Gallehtaar, Ramehtaar: herder, drover, cowman, herdsman.

Goospahtaaree /güs.pænd.dʌ.ri/ , Goosfahtaaree /güs.fænd.dʌ.ri/ [Goospaht,

Goosfaht: sheep]. Owning, feeding . . . driving a herd of sheep.

Goospanddaar, goosfanddaar owns, cares . . . and keeps the sheep together in a flock; shepherd; sheepman.

Shotordaaree /ʃo.tor.daari/, Oshtordaaree /oʃ.tor.dʌ.ri/ [Shotor, Oshtor: Camel] The business of owning, feeding, driving . . . camels to sell them or their meat or carry (transport) people (passengers) or their goods and things on them.

Olaaghdaaree /o.lʌŋ.dʌ.ri/ [olaagh: donkey] Olaaghdaar is the owner of donkeys, caring, feeding, and keeping them ready to hire them to others. This job is still active in villages and farms.

Beemaardaaree /bi.mʌr.daari/, Teemaardaaree /ti.mʌr.dʌ.ri/ Naakhoshdaaree /nʌ.ʃoʃ.dʌ.ri/ [Beemaar, Teemaar: sick, ill. Naakhosh: Unwell (i.e. ill, sick)] Taking care of ill, sick . . . people, nursery. Beemaardaar, Teemaardaar, Naakhoshdaar: nurse.

Kaardaaree /kʌr.dʌ.ri/ [kaar: act, work], a position in embassy. Kaardaar /kʌr.dʌr/ : diplomat, Charge D'affaires, political agent.

Mahzardaaree /mæh.zær.dʌ.ri/ [mahzar: in someone's or something's presence] the service of providing legal registries such as recording deeds, documents of any sort of deals, marriage, divorce, etc. in the legal (court) books; approving the signature . . . Mahzardaar Notary; Notary Public. Someone who owns and manages a Mahzar and provides legislative services.

Mohrdaaree /mohr.dʌ.ri/ [Mohr: cachet, seal, stamp]: approving the financial records, letters, documents . . . Mohrdaar was a person in the king's palace who sat close to the king and affixed the approval seal, cachet, or something like that on the letters the king approved; Chancery.

Gaaraazhdaaree /gʌ.rʌʒ.dʌ.ri/ [gaaraazh: garage, parking, terminal]. Gaaraazhdaar manager of a truck or bus terminal, whose business is to manage transporting and conveying passengers and goods.

Cheraaghdaaree /tʃe.rʌʒ.dʌ.ri/ [cheraagh: lamp, torch, light] cleaning, pouring oil in, turning on and off, and watching the lamps or torchlights of the lords' houses or of the streets. Cheraaghdaar was responsible for lamps (torchlight) in king's palace, lords' houses, public offices and places, or city's streets.

Mash'aldaaree /mæʃ.æl.daa.ri/, Mash'alehdaaree /mæʃ.æ.le.dʌ.ri/ (mash'al: torch, blowtorch) Mash'aldaar, Mash'alehdaar: Linkboy, linkman.

Tahseeldaaree /tæh.sil.dʌ.ri/ Amaldaaree /'æ.mæl.dʌ.ri/ [tahseel: acquire, collect. amal: work, act] collecting tax. Tax office Tahseeldaar, Amaldaar went around to collect the tax on behalf of the king or government, Tax officer; collector.

Potkdaaree /potk.dʌ.ri/ [potk: Sledgehammer, hammer]. Potkdaar worked on iron by hammering it while it was hot and malleable; Smith; ironsmith.

Kafdaaree /kæf.dʌ.ri/ [kaf: foam, spume, froth] the business of making people happy by jugglery, trickery, chicanery. . .

Farmaandaaree /fær.mʌn.dʌ.ri/ [farmaan: command, order, edict, rescript] the top governmental office in a city.

Taraazoodaaree/tæ.rʌ.zü.dʌ.ri/ Ghappaandaaree /ʒæp.pʌn.dʌ.ri/ [taraazoo: scale. Ghappaan: Plate-form scale, trone] keeping the scale and weigh things for sellers and buyers.

Kamaandaaree /kæ.mʌn.dʌ.ri/ [kamaan: bow. Kamaandaar kæ.mʌn.dʌr/ was an armed soldier who was expert in toxophily, Bowman.

Neyzehdaaree /ney.ze.dʌ.ri/ [Neyzeh: Spear, Lance, Harpoon] the position and job of a soldier armed with spear. The job of Neyzehdaar in king's army. Neyzehdaar cavalryman, Lancer.

Mehmaandaaree /meh.mʌn.dʌ.ri/ Meehmaandaaree /mi.h.mʌn.dʌ.ri/ [mehmaan, meehmaan: guest, visitor, hosteller]. Mehmaandaar Meehmaandaar is someone who hospitalise the guests in a guesthouse or hotel.

Novghaandaaree /nov.ɡʌn.dʌ.ri/ [novghaan: cocoon, silk worm] Sericulture, Raising silkworms in order to obtain raw silk.

Aayenehdaaree /ʌ.ye.ne.dʌ.ri/ Aayeenehdaaree /ʌ.yi.ne.dʌ.ri/ [Aayeneh, Aayeeneh: mirror, looking glass]. Aayenehdaar, Aayeenehdaar cuts the hair and beautifies people; Hairdresser; Barber.

Behdaaree /beh.dʌ.ri/ [beh: good, well, healthy] Sick bay, sick berth.

Teeshehdaaree /ti.ʃe.dʌ.ri/ [teesheh: adze]. Teeshehdaar worked with adze to break the bricks and build the building; mason.

Karkhaanehdaaree /kʌr.ʃʌ.ne.dʌ.ri/ [karkhaaneh: factory, manufactory, Workhouse]. Karkhaanehdaar owner and manager of a factory.

Bongaahdaaree /bon.ɡʌh.dʌ.ri/ [Bongaah: agency, company, realstate] the office in which the information about buying, selling, renting, etc. of lands, buildings, properties, automobiles, etc. is provided. To rent a house one goes to the accommodation bongaah. Bongaahdaar is some one who serves people in a bongaah, finds buyers and sellers and introduces them together; he may sometimes appear in the role of buyer, seller, or owner too.

Maasheendaaree /mʌ.ʃin.dʌ.ri/ [maasheen (English machine): car, truck, bus . . .] owning and working (driving) on truck, bus, etc. Maasheendaar

Kaameeyoondaaree /kʌ.mī.yŭn.dʌ.rī/ [kaameeyoon (from English origin: commune): truck] owning and working (driving) on truck. Kaameeyoondaar is owner (mostly the driver) of a truck whose business is carrying goods and properties.

Mazra'edaaree /mæz.ræ.'e.dʌ.rī/ [Mazra'e: farm]. Mazra'edaar is someone who owns and takes care of a farm; Farmer.

Kafshdaaree /kæfʃ.dʌ.rī/ [kafsh: shoe] the place in which shoes are watched (mostly in the entrance of mosques and holy places). Kafshdaar keeps the shoes of people for safety.

Baankdaaree /bʌnk.dʌ.rī/ [Baank: bank] banking.

Sandooghdaaree /sæn.dúŋ.dʌ.rī/ [sandoogh: box, money box] cashiering. holding and money or cash box to receive and pay money at the bank or any office or shop. Sandooghdaar: the employee of a bank or shop or any office who receives and/or pays out money.

Anbaardaaree /æn.bʌr.dʌ.rī/ [anbaar: store, inventory, warehouse] warehousing; holding maintaining and managing inventories. Anbaardaar is someone who manages a warehouse.

Daftardaaree /dæf.tær.dʌ.rī/ [daftar: booklet, notebook, book] bookkeeping. Writing account books. Writing legal books and documents. Daftardaar maintains and takes care of legal and/or financial books and writes information in them.

Hesaabdaaree /he.sʌb.dʌ.rī/ [hesaab: account] the act of keeping accounts for traders Hesaabdaar: accountant.